



**Auditor of State  
Betty Montgomery**



**KINGSVILLE PUBLIC LIBRARY  
ASHTABULA COUNTY**

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**Auditor of State  
Betty Montgomery**

Kingsville Public Library  
Ashtabula County  
6006 Academy Street  
Kingsville, Ohio 44048

To the Board of Trustees:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

A handwritten signature in cursive script that reads "Betty Montgomery".

**Betty Montgomery**  
Auditor of State

October 17, 2005

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## Auditor of State Betty Montgomery

### INDEPENDENT ACCOUNTANTS' REPORT

Kingsville Public Library  
Ashtabula County  
6006 Academy Street  
Kingsville, Ohio 44048

To the Board of Trustees:

We have audited the accompanying financial statements of Kingsville Public Library, Ashtabula County, (the Library) as of and for the years ended December 31, 2004 and 2003. These financial statements are the responsibility of the Library's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. The Library processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Library because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Library has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Revisions to GAAP would require the Library to reformat its financial statement presentation and make other changes effective for the year ended December 31, 2004. Instead of the combined funds the accompanying financial statements present for 2004 (and 2003), the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2004. While the Library does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Library has elected not to reformat its statements. Since this Library does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the year ended December 31, 2004 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Library as of December 31, 2004, or their changes in financial position for the year then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Kingsville Public Library, Ashtabula County, as of December 31, 2004 and 2003, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Library to include Management's Discussion and Analysis for the year ended December 31, 2004. The Library has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 17, 2005, on our consideration of the Library's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



**Betty Montgomery**  
Auditor of State

October 17, 2005



**KINGSVILLE LIBRARY  
ASHTABULA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>			
Other Government Grants-In-Aid	\$263,100		\$263,100
Patron Fines and Fees	5,490		5,490
Earnings on Investments	198	\$4	202
Services Provided to Other Entities	960		960
Contributions, Gifts and Donations	583		583
Miscellaneous Receipts	1,167		1,167
<b>Total Cash Receipts</b>	<u>271,498</u>	<u>4</u>	<u>271,502</u>
<b>Cash Disbursements:</b>			
Current:			
Salaries and Benefits	177,533		177,533
Purchased and Contracted Services	36,699	1,500	38,199
Other Objects	25,699		25,699
Capital Outlay	1,900		1,900
<b>Total Cash Disbursements</b>	<u>241,831</u>	<u>1,500</u>	<u>243,331</u>
<b>Total Cash Receipts Over/(Under) Cash Disbursements</b>	<u>29,667</u>	<u>(1,496)</u>	<u>28,171</u>
<b>Other Financing Receipts/(Disbursements):</b>			
Transfers-In	161		161
Transfers-Out		(161)	(161)
<b>Total Other Financing Receipts/(Disbursements)</b>	<u>161</u>	<u>(161)</u>	<u>0</u>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<u>29,828</u>	<u>(1,657)</u>	<u>28,171</u>
<b>Fund Cash Balances, January 1</b>	<u>30,717</u>	<u>2,394</u>	<u>33,111</u>
<b>Fund Cash Balances, December 31</b>	<u><u>\$60,545</u></u>	<u><u>\$737</u></u>	<u><u>\$61,282</u></u>

*The notes to the financial statements are an integral part of this statement.*

**KINGSVILLE LIBRARY  
ASHTABULA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	Fiduciary Fund Types		Totals (Memorandum Only)
	Non-Expendable Trust	Agency	
<b>Operating Cash Receipts:</b>			
Services Provided to Other Entities		\$147,552	\$147,552
Earnings on Investments	\$14	993	1,007
<b>Total Operating Cash Receipts</b>	<b>\$14</b>	<b>148,545</b>	<b>148,559</b>
<b>Operating Cash Disbursements:</b>			
Current:			
Supplies		1,912	1,912
Purchased and Contracted Services		144,134	144,134
Other Objects		2,657	2,657
<b>Total Operating Cash Disbursements</b>		<b>148,703</b>	<b>148,703</b>
Operating Income/(Loss)	14	(158)	(144)
Fund Cash Balances, January 1	739	76,409	77,148
<b>Fund Cash Balances, December 31</b>	<b>\$753</b>	<b>\$76,251</b>	<b>\$77,004</b>

*The notes to the financial statements are an integral part of this statement.*

**KINGSVILLE LIBRARY  
ASHTABULA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>			
Other Government Grants-In-Aid	\$261,464		\$261,464
Patron Fines and Fees	4,843		4,843
Earnings on Investments	243	\$34	277
Services Provided to Other Entities	960		960
Contributions, Gifts and Donations	1,590	213	1,803
Miscellaneous Receipts	2,362	51	2,413
	<u>271,462</u>	<u>298</u>	<u>271,760</u>
<b>Total Cash Receipts</b>			
<b>Cash Disbursements:</b>			
Current:			
Salaries and Benefits	200,827		200,827
Purchased and Contracted Services	33,039	3,380	36,419
Other Objects	41,139		41,139
Capital Outlay	2,000		2,000
	<u>277,005</u>	<u>3,380</u>	<u>280,385</u>
<b>Total Cash Disbursements</b>			
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(5,543)</u>	<u>(3,082)</u>	<u>(8,625)</u>
<b>Other Financing Receipts/(Disbursements):</b>			
Proceeds from Sales of Property	<u>185</u>		<u>185</u>
Total Other Financing Receipts/(Disbursements)	<u>185</u>	<u>0</u>	<u>185</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(5,358)	(3,082)	(8,440)
Fund Cash Balances, January 1	<u>36,075</u>	<u>5,476</u>	<u>41,551</u>
<b>Fund Cash Balances, December 31</b>	<b><u><u>\$30,717</u></u></b>	<b><u><u>\$2,394</u></u></b>	<b><u><u>\$33,111</u></u></b>

*The notes to the financial statements are an integral part of this statement.*

**KINGSVILLE LIBRARY  
ASHTABULA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2003**

	Fiduciary Fund Types		Totals (Memorandum Only)
	Nonexpendable Trust	Agency	
<b>Operating Cash Receipts:</b>			
Services Provided to Other Entities		\$141,577	\$141,577
Earnings on Investments	\$15	1,499	1,514
Total Operating Cash Receipts	15	143,076	143,091
<b>Operating Cash Disbursements:</b>			
Current:			
Supplies		609	609
Purchased and Contracted Services		145,215	145,215
Other Objects		1,040	1,040
Capital Outlay		7,458	7,458
Total Operating Cash Disbursements		154,322	154,322
Operating Income/(Loss)	15	(11,246)	(11,231)
Fund Cash Balances, January 1	724	87,655	88,379
<b>Fund Cash Balances, December 31</b>	<b>\$739</b>	<b>\$76,409</b>	<b>\$77,148</b>

*The notes to the financial statements are an integral part of this statement.*

**KINGSVILLE PUBLIC LIBRARY  
ASHTABULA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Kingsville Public Library, Ashtabula County, (the Library) as a body corporate and politic. The Buckeye Local School District appoints a seven-member Board of Trustees to govern the Library. The Library provides the community with various educational and literary resources.

The Library's management believes these financial statements present all activities for which the Library is financially accountable.

**B. Basis of Accounting**

These financial statements follow the basis of accounting the Auditor of State prescribes or permits. This accounting basis is similar to the cash receipts and disbursements basis. The Library recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred.

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

**C. Cash and Investments**

The Library's accounting basis includes investments as assets. Accordingly, the Library does not record investment purchases as disbursements or investment sales as receipts. The Library records gains or losses at the time of sale as receipts or disbursements, respectively.

The Library values certificates of deposit and common stock at cost or fair value when donated.

**D. Fund Accounting**

The Library uses fund accounting to segregate cash and investments that are restricted as to use. The Library classifies its funds into the following types:

**1. General Fund**

The General Fund accounts for all financial resources except those required to be accounted for in another fund.

**2. Capital Project Funds**

These funds account for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The Library had the following significant capital project fund:

*Building – Permanent Improvement* – The Board established this fund with monies from the General Fund. Currently interest, donations and miscellaneous revenues are the funding source and is used for capital improvements at the Library.

**KINGSVILLE PUBLIC LIBRARY  
ASHTABULA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**3. Fiduciary Funds (Trust and Agency Funds)**

Trust funds account for resources restricted by legally binding trust agreements. If the agreement requires the Library to maintain the corpus of the trust, the Library classifies the activity as a nonexpendable trust fund. The Library classifies funds for which it acts in an agency capacity as agency funds. The Library had the following significant fiduciary funds:

*Non-Expendable Trust* – The Library was donated stock in prior years with the proceeds of dividends/interest to be used for the betterment of the Library.

*Agency Fund* – the Library is fiscal agent for the Council of Ashtabula County Libraries (CACL).

**E. Budgetary Process**

The Board must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year end. Budgetary expenditures may not exceed appropriations at the fund, function, and object level of control.

A summary of 2004 and 2003 budgetary activity appears in Note 3.

**F. Property, Plant, and Equipment**

The Library records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

**G. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

**2. EQUITY IN POOLED CASH AND INVESTMENTS**

The Library maintains a cash and investments pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 follows:

	2004	2003
Demand deposits	\$87,381	\$59,989
Certificates of deposit	50,635	50,000
Total deposits	138,016	109,989
Common stock at cost, (fair value per share, was \$39.51 and \$35.20 at December 31, 2004 and 2003, respectively.)	270	270
Total investments	270	270
Total deposits and investments	\$138,286	\$110,259

**KINGSVILLE PUBLIC LIBRARY  
ASHTABULA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003  
(Continued)**

**2. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)**

**Deposits:** Deposits are either (1) insured by the Federal Depository Insurance Corporation, or (2) collateralized by the financial institution's public entity deposit pool.

**Investments:** The Library was donated seven shares of First Energy Corp. common stock with a market value of \$270 (\$38.58/share) at the date of donation – June 9, 1998. The market value of the stock on December 31, 2004 was \$276.57 and at December 31, 2003, \$246.40.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2004 and December 31, 2003 follows:

2004 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$268,960	\$271,659	\$2,699
Capital Projects	265	4	(261)
Fiduciary	15	14	(1)
Total	\$269,240	\$271,677	\$2,437

2004 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$297,761	\$241,831	\$55,930
Capital Projects	2,428	1,661	767
Fiduciary	0	0	0
Total	\$300,189	\$243,492	\$56,697

2003 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$271,435	\$271,647	\$212
Capital Projects	265	298	33
Fiduciary	15	15	0
Total	\$271,715	\$271,960	\$245

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$306,929	\$277,005	\$29,924
Capital Projects	5,738	3,380	2,358
Fiduciary	0	0	0
Total	\$312,667	\$280,385	\$32,282

**KINGSVILLE PUBLIC LIBRARY  
ASHTABULA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003  
(Continued)**

**4. GRANTS-IN-AID AND TAX RECEIPTS**

The primary source of revenue for Ohio public libraries is the State Library and Local Government Support Fund (LLGSF). The State allocates LLGSF to each county based on the county's prior intangibles tax of LLGSF revenues, and its population. The County Budget Commission allocates these funds to the Library based on its needs such as for the construction of new library buildings, improvements, operation, maintenance, or other expenses. The Budget Commission cannot reduce its allocation of these funds to the Library based on of any additional revenues the Library receives.

Real property taxes become a lien on January 1 preceding the October 1 date for which the taxing authority of the subdivision to whose jurisdiction the Library is subject adopts rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Other Governments' Grants In Aid. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the taxing district.

Property owners assess tangible personal property tax. These owners must file a list of tangible property to the County by each April 30.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Library.

**5. RETIREMENT SYSTEM**

The Ohio Public Employees Retirement System (OPERS) is a state operated, cost-sharing, multiple employer public employee retirement system. The Ohio Revised Code prescribes retirement benefits for vested employees who are eligible to retire based upon years of service. OPERS also provide survivor and disability benefits to vested employees as the Ohio Revised Code prescribes.

The Ohio Revised Code also prescribes contribution rates. The Library's OPERS members contributed 8.5 percent of their gross salaries. The Library contributed an amount equal to 13.55 percent of participants' gross salaries. The Library has paid all contributions required through December 31, 2004.

**6. RISK MANAGEMENT**

**Commercial Insurance**

The Kingsville Public Library has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

The Library also provides health insurance coverage to full-time employees through a private carrier.





## Auditor of State Betty Montgomery

### INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Kingsville Public Library  
Ashtabula County  
6006 Academy Street  
Kingsville, Ohio 44048

To the Board of Trustees:

We have audited the financial statements of Kingsville Public Library, Ashtabula County (the Library) as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated October 17, 2005, wherein we noted the Library followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We also noted that the Library uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Library because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

#### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Library's internal control over financial reporting to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses.

#### **Compliance and Other Matters**

As part of reasonably assuring whether the Library's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed no instance of noncompliance we must report under *Government Auditing Standards*.

Kingsville Public Library  
Ashtabula County  
Independent Accountants' Report on Internal Control over Financial Reporting and  
On Compliance and Other Matters Required by *Government Auditing Standards*  
Page 2

We intend this report solely for the information and use of management and the Board of Trustees. It is not intended for anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

October 17, 2005



**Auditor of State  
Betty Montgomery**

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**KINGSVILLE PUBLIC LIBRARY**

**ASHTABULA COUNTY**

**CLERK'S CERTIFICATION**

**This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.**

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
NOVEMBER 29, 2005**