



Mary Taylor, CPA
Auditor of State

**KINGSVILLE PUBLIC LIBRARY
ASHTABULA COUNTY
TABLE OF CONTENTS**

TITLE	PAGE
Cover Letter	1
Independent Accountants' Report.....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types - For the Year Ended December 31, 2006.....	5
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - Fiduciary Fund Type - For the Year Ended December 31, 2006.....	6
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2005.....	7
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - Fiduciary Fund Type - For the Year Ended December 31, 2005.....	8
Notes to the Financial Statements	9
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	13

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Mary Taylor, CPA
Auditor of State

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 an 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 adverse 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.

Mary Taylor

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Auditor of State

January 11, 2008

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Auditor of State

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, 2006 and 2005. 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.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Library's larger (i.e. major) funds separately. 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 GAAP presentation requirements. The Auditor of State permits, but does not require Libraries to reformat their statements. The Library has elected not to follow GAAP statement formatting requirements. 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 years ended December 31, 2006 and 2005 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, 2006 and 2005, or its changes in financial position for the years then ended.

Voinovich Government Center / 242 Federal Plaza W. / Suite 302 / Youngstown, OH 44503-1293

Telephone: (330) 797-9900 (800) 443-9271 Fax: (330) 797-9949

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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, 2006 and 2005, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

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 January 11, 2008, 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.



Mary Taylor, CPA
Auditor of State

January 11, 2008

**KINGSVILLE PUBLIC 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, 2006**

	<u>Governmental Fund Types</u>			<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Capital Projects</u>	<u>Permanent</u>	
Cash Receipts:				
Property and Other Local Taxes	\$102,822	\$0	\$0	\$102,822
Library and Local Government Support	261,152			261,152
Intergovernmental	17,668			17,668
Patron Fines and Fees	6,702			6,702
Services Provided to Other Entities	1,050			1,050
Contributions, Gifts and Donations	10,025			10,025
Earnings on Investments	188	1	15	204
Miscellaneous	1,633			1,633
	<u>401,240</u>	<u>1</u>	<u>15</u>	<u>401,256</u>
Total Cash Receipts				
	<u>401,240</u>	<u>1</u>	<u>15</u>	<u>401,256</u>
Cash Disbursements:				
Current:				
Salaries	190,532			190,532
Employee Fringe Benefits	30,069			30,069
Purchased and Contractual Services	50,422			50,422
Library Materials and Information	65,913			65,913
Supplies	16,910			16,910
Other	5,573			5,573
Capital Outlay	20,271			20,271
	<u>379,690</u>	<u>0</u>	<u>0</u>	<u>379,690</u>
Total Cash Disbursements				
	<u>379,690</u>	<u>0</u>	<u>0</u>	<u>379,690</u>
Total Receipts Over/(Under) Disbursements	21,550	1	15	21,566
Fund Cash Balances, January 1	85,594	739	766	87,099
	<u>85,594</u>	<u>739</u>	<u>766</u>	<u>87,099</u>
Fund Cash Balances, December 31	<u>\$107,144</u>	<u>\$740</u>	<u>\$781</u>	<u>\$108,665</u>

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

**KINGSVILLE PUBLIC LIBRARY
ASHTABULA COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2006**

	Fiduciary Fund Type
	Agency
Operating Cash Receipts:	
Services Provided to Other Entities	\$169,032
Total Operating Cash Receipts	169,032
Operating Cash Disbursements:	
Current:	
Purchased and Contractual Services	140,685
Supplies	2,840
Other	2,136
Total Operating Cash Disbursements	145,661
Operating Income/(Loss)	23,371
Non-Operating Receipts/ (Disbursements):	
Earning on Investments	1,498
Miscellaneous Receipts	65
Capital Outlay	(12,399)
Total Non-Operating Receipts / (Disbursements)	(10,836)
Net Receipts Over (Under) Disbursements	12,535
Fund Cash Balances, January 1	99,460
Fund Cash Balances, December 31	\$111,995

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

**KINGSVILLE PUBLIC 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, 2005**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Capital Projects</u>	<u>Permanent</u>	
Cash Receipts:				
Property and Other Local Taxes	\$100,664	\$0	\$0	\$100,664
Library and Local Government Support	261,798			261,798
Intergovernmental	5,935			5,935
Patron Fines and Fees	5,334			5,334
Services Provided to Other Entities	960			960
Contributions, Gifts and Donations	2,113			2,113
Earnings on Investments	209	2	13	224
Miscellaneous	1,347			1,347
	<u>378,360</u>	<u>2</u>	<u>13</u>	<u>378,375</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
Salaries	175,348			175,348
Employee Fringe Benefits	27,153			27,153
Purchased and Contractual Services	56,037			56,037
Library Materials and Information	52,400			52,400
Supplies	11,461			11,461
Other	5,045			5,045
Capital Outlay	25,900			25,900
	<u>353,344</u>	<u>0</u>	<u>0</u>	<u>353,344</u>
Total Cash Disbursements				
	<u>25,016</u>	<u>2</u>	<u>13</u>	<u>25,031</u>
Total Receipts Over/(Under) Disbursements				
	<u>32</u>			<u>32</u>
Other Financing Receipts / (Disbursements):				
Sale of Fixed Assets	32			32
	<u>25,048</u>	<u>2</u>	<u>13</u>	<u>25,063</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements				
	<u>60,546</u>	<u>737</u>	<u>753</u>	<u>62,036</u>
Fund Cash Balances, January 1				
	<u>60,546</u>	<u>737</u>	<u>753</u>	<u>62,036</u>
Fund Cash Balances, December 31	<u>\$85,594</u>	<u>\$739</u>	<u>\$766</u>	<u>\$87,099</u>

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

**KINGSVILLE PUBLIC LIBRARY
ASHTABULA COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2005**

	Fiduciary Fund Type
	Agency
Operating Cash Receipts:	
Services Provided to Other Entities	\$154,462
Total Operating Cash Receipts	154,462
Operating Cash Disbursements:	
Current:	
Purchased and Contractual Services	128,997
Supplies	543
Other	2,682
Total Operating Cash Disbursements	132,222
Operating Income/(Loss)	22,240
Non-Operating Receipts/ (Disbursements):	
Earning on Investments	940
Miscellaneous Receipts	29
Total Non-Operating Receipts / (Disbursements)	969
Net Receipts Over (Under) Disbursements	23,209
Fund Cash Balances, January 1	76,251
Fund Cash Balances, December 31	\$99,460

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, 2006 AND 2005**

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. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting 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. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis 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 reports all financial resources except those required to be accounted for in another fund.

2. Capital Project Fund

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 Fund – The Board established this fund with monies transferred from the General Fund. Currently interest, donations and miscellaneous revenues are the funding sources and are used for capital improvements at the Library.

**KINGSVILLE PUBLIC LIBRARY
ASHTABULA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

3. Permanent Fund

These funds account for assets held under a trust agreement that are legally restricted to the extent that only earnings, not principal, are available to support the Library's programs. The Library had the following significant permanent fund:

Endowment Fund – The Library was donated stock in prior years with the proceeds of dividends/interest to be used for the betterment of the Library.

4. Fiduciary Fund (Agency Fund)

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. .

CACL Fund – The Library is a fiscal agent for the Council of Ashtabula County Libraries.

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 2006 and 2005 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 was as follows:

	2006	2005
Demand deposits	\$118,189	\$135,126
Certificates of deposit	102,202	51,163
Total deposits	220,391	186,289
Investments:		
Common stock (at cost, fair value per share, was \$60.30 and \$48.99 at December 31, 2006 and 2005, respectively.)	270	270
Total investments	270	270
Total deposits and investments	\$220,661	\$186,559

**KINGSVILLE PUBLIC LIBRARY
ASHTABULA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
(Continued)**

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

Deposits: Deposits are either insured by the Federal Depository Insurance Corporation; or 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, 2006 was \$422 and at December 31, 2005, \$343.

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2006 and December 31, 2005 follows:

2006 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$399,394	\$401,240	\$1,846
Capital Projects	105	1	(104)
Permanent	15	15	0
Fiduciary	169,236	170,595	1,359
Total	\$568,750	\$571,851	\$3,101

2006 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$570,582	\$379,690	\$190,892
Capital Projects	1,489	0	1,489
Permanent	1,517	0	1,517
Fiduciary	257,520	158,060	99,460
Total	\$831,108	\$537,750	\$293,358

2005 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$402,700	\$378,392	(\$24,308)
Capital Projects	105	2	(103)
Permanent	15	13	(2)
Fiduciary	155,008	155,431	423
Total	\$557,828	\$533,838	(\$23,990)

2005 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$523,791	\$353,344	\$170,447
Capital Projects	1,487	0	1,487
Permanent	1,503	0	1,503
Fiduciary	307,412	132,222	175,190
Total	\$834,193	\$485,566	\$348,627

**KINGSVILLE PUBLIC LIBRARY
ASHTABULA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
(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 Department of Taxation, Division 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 SYSTEMS

The Library's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2006 and 2005, OPERS members contributed 9% and 8.5%, respectively, of their gross salaries and the Library contributed an amount equaling 13.7% and 13.55%, respectively, of participants' gross salaries. The Library has paid all contributions required through December 31, 2006.

6. RISK MANAGEMENT

Commercial Insurance

The 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.



Mary Taylor, CPA

Auditor of State

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

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

To the Library 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, 2006 and 2005, and have issued our report thereon dated January 11, 2008, 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 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. 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 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 as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Library's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Library's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Library's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Library's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Library's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

Voinovich Government Center / 242 Federal Plaza W. / Suite 302 / Youngstown, OH 44503-1293
Telephone: (330) 797-9900 (800) 443-9271 Fax: (330) 797-9949

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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 instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We intend this report solely for the information and use of the management and the Library Board of Trustees. We intend it for no one other than these specified parties.

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

Mary Taylor, CPA
Auditor of State

January 11, 2008



Mary Taylor, CPA
Auditor of State

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
FEBRUARY 5, 2008**