



**Auditor of State
Betty Montgomery**

**KAUBISCH MEMORIAL PUBLIC LIBRARY
SENECA COUNTY**

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Kaubisch Memorial Public Library
Seneca County
205 Perry Street
Fostoria, Ohio 44830-2290

To the Board of Trustees:

We have audited the accompanying financial statements of the Kaubisch Memorial Public Library, Seneca County, (the Library) as of and for the years ended December 31, 2003 and 2002. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Library prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Kaubisch Memorial Public Library, Seneca County as of December 31, 2003 and 2002, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 21, 2004 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of the audit committee, management, Board of Trustees, and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by 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

April 21, 2004

**KAUBISCH MEMORIAL PUBLIC LIBRARY
SENECA COUNTY**

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

	Governmental Fund Types		Fiduciary Fund Type	Totals (Memorandum Only)
	General	Capital Projects	Expendable Trust	
Cash Receipts				
Property and Other Local Taxes	\$ 692,140	\$ -	\$ -	\$ 692,140
Other Government Grants-In-Aid	34,846	-	-	34,846
Patron Fines and Fees	8,504	-	-	8,504
Earnings on Investments	21,293	-	3,848	25,141
Contributions, Gifts and Donations	21,206	-	-	21,206
Miscellaneous Receipts	19,410	-	-	19,410
Total Cash Receipts	797,399	-	3,848	801,247
Cash Disbursements				
Current:				
Salaries and Benefits	520,265	-	-	520,265
Supplies	25,398	-	-	25,398
Purchased and Contracted Services	85,939	-	-	85,939
Library Materials and Information	171,547	-	1,804	173,351
Other Objects	3,825	-	-	3,825
Capital Outlay	63,326	-	1,000	64,326
Total Cash Disbursements	870,300	-	2,804	873,104
Total Cash Receipts Over/ (Under) Cash Disbursements	(72,901)	-	1,044	(71,857)
Fund Cash Balances, January 1	737,940	7,073	142,993	888,006
Fund Cash Balances, December 31	\$ 665,039	\$ 7,073	\$ 144,037	\$ 816,149
Reserves for Encumbrances, December 31	\$ 16,002	\$ -	\$ -	\$ 16,002

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

**KAUBISCH MEMORIAL PUBLIC LIBRARY
SENECA COUNTY**

STATEMENT OF CASH RECEIPTS, AND
CHANGES IN FUND CASH BALANCES
NONEXPENDABLE TRUST FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2003

	Fiduciary Fund Type
	Nonexpendable Trust
Non-Operating Cash Receipts	
Earnings on Investments	\$ 43,290
Fund Cash Balances, January 1	881,341
Fund Cash Balances, December 31	\$ 924,631
Reserves for Encumbrances, December 31	\$ -

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

**KAUBISCH MEMORIAL PUBLIC LIBRARY
SENECA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2002**

	Governmental Fund Types		Fiduciary Fund Type	Totals (Memorandum Only)
	General	Capital Projects	Expendable Trust	
Cash Receipts				
Property and Other Local Taxes	\$ 708,384	\$ -	\$ -	\$ 708,384
Other Government Grants-In-Aid	50,000	-	-	50,000
Patron Fines and Fees	6,550	-	-	6,550
Earnings on Investments	21,381	-	8,525	29,906
Contributions, Gifts and Donations	10,038	-	-	10,038
Miscellaneous Receipts	24,249	-	-	24,249
Total Cash Receipts	820,602	-	8,525	829,127
Cash Disbursements:				
Current:				
Salaries and Benefits	459,003	-	-	459,003
Supplies	21,836	-	-	21,836
Purchased and Contracted Services	85,395	2,599	-	87,994
Library Materials and Information	202,325	-	915	203,240
Other Objects	11,145	-	-	11,145
Capital Outlay	175,090	-	36,246	211,336
Total Cash Disbursements	954,794	2,599	37,161	994,554
Total Cash Receipts Over/ (Under) Cash Disbursements	(134,192)	(2,599)	(28,636)	(165,427)
Fund Cash Balances, January 1	872,132	9,672	171,629	1,053,433
Fund Cash Balances, December 31	\$ 737,940	\$ 7,073	\$ 142,993	\$ 888,006
Reserves for Encumbrances, December 31	\$ 35,834	\$ -	\$ 296	\$ 36,130

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

**KAUBISCH MEMORIAL PUBLIC LIBRARY
SENECA COUNTY**

STATEMENT OF CASH RECEIPTS, AND
CHANGES IN FUND CASH BALANCES
NONEXPENDABLE TRUST FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2002

	Fiduciary Fund Type
	Nonexpendable Trust
Non-Operating Cash Receipts	
Earnings on Investments	\$ 47,866
Fund Cash Balances, January 1	833,475
Fund Cash Balances, December 31	\$ 881,341
Reserves for Encumbrances, December 31	\$ -

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

**KAUBISCH MEMORIAL PUBLIC LIBRARY
SENECA COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Kaubisch Memorial Public Library, Seneca County, (the Library) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of Ohio. The Library is directed by a six-member Board of Trustees appointed by the City of Fostoria. 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 prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized 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 prescribed or permitted by the Auditor of State.

C. Cash and Investments

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

Certificates of deposit are valued at cost. Money market mutual funds are recorded at share values reported by the mutual fund.

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:

**KAUBISCH MEMORIAL PUBLIC LIBRARY
SENECA COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Capital Project Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those finance through trust funds). The Library had the following significant capital project funds:

Ohio School Net Fund - This fund received a grant for video conferencing equipment and service at the library.

Building and Repair Fund - This fund was established to pay for repairs and maintenance to the library.

3. Fiduciary Funds (Trust Funds)

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Library to maintain the corpus of the trust, the fund is classified as a nonexpendable trust fund. Other trust funds are classified as expendable. The Library had the following significant fiduciary funds:

Evelyn Cranch Fund - This fund is a nonexpendable trust for which the earnings are to be used for the purchase of land, buildings, furnishing, supplies, and equipment.

Emily Smith Fund – This fund is an expendable trust fund which may be used for any Library purpose.

Janet Green Fund – This fund is an expendable trust fund which may be used for foreign language books and materials.

E. Budgetary Process

The Board must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end. Budgetary

**KAUBISCH MEMORIAL PUBLIC LIBRARY
SENECA COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)

expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function, and object level of control.

A summary of 2003 and 2002 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as capital outlay disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the basis of accounting the Library uses.

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	2003	2002
Demand deposits	\$ 70,590	\$ 83,739
Certificates of deposit	745,559	804,267
Total deposits	816,149	888,006
Money Market Mutual Funds	924,631	881,341
Total deposits and investments	\$ 1,740,780	\$ 1,769,347

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation, (2) collateralized by securities specifically pledged by the financial institution to the Library, or (3) collateralized by the financial institution's public entity deposit pool.

Investments: Investments in mutual funds are not evidenced by securities that exist in physical or book-entry form.

**KAUBISCH MEMORIAL PUBLIC LIBRARY
SENECA COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2003 and 2002 follows:

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 1,558,121	\$ 886,302	\$ 671,819
Capital Projects	7,073		7,073
Fiduciary	278,002	2,804	275,198
Total	\$ 1,843,196	\$ 889,106	\$ 954,090

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 1,719,855	\$ 990,628	\$ 729,227
Capital Projects	9,672	2,599	7,073
Fiduciary	256,772	37,457	219,315
Total	\$ 1,986,299	\$ 1,030,684	\$ 955,615

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 LLGSF is allocated 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 any additional revenues the Library receives.

5. RETIREMENT SYSTEM

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

**KAUBISCH MEMORIAL PUBLIC LIBRARY
SENECA COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)

Contribution rates are prescribed by the Ohio Revised Code. 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, 2003.

6. RISK MANAGEMENT

Commercial Insurance

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

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

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**Auditor of State
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND ON INTERNAL
CONTROL REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

Kaubisch Memorial Public Library
Seneca County
205 Perry Street
Fostoria, Ohio 44830-2265

To the Board of Trustees:

We have audited the accompanying financial statements of the Kaubisch Memorial Public Library, Seneca County, (the Library) as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated April 21, 2004. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Library's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on 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 such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted an immaterial instance of noncompliance that we have reported to management of the Library in a separate letter dated April 21, 2004.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Library's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not

necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a 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 in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Library in a separate letter dated April 21, 2004.

This report is intended solely for the information and use of the audit committee, management, and Board of Trustees, and is not intended to be and should not be used by 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

April 21, 2004



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

KAUBISCH MEMORIAL PUBLIC LIBRARY

SENECA 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
MAY 18, 2004**