



Mary Taylor, CPA  
Auditor of State



**KINSMAN FREE PUBLIC LIBRARY  
TRUMBULL COUNTY**

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**Mary Taylor, CPA**  
Auditor of State

Kinsman Free Public Library  
Trumbull County  
6420 Church Street  
Kinsman, Ohio 44428

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

November 28, 2008

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Kinsman Free Public Library  
Trumbull County  
6420 Church Street  
Kinsman, Ohio 44428

To the Library Board of Trustees:

We have audited the accompanying financial statements of Kinsman Free Public Library, Trumbull County, (the Library) as of and for the years ended December 31, 2007 and 2006. 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, 2007 and 2006 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, 2007 and 2006, or its changes in financial position for the years then ended.

Also, 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 Kinsman Free Public Library, Trumbull County, as of December 31, 2007 and 2006, 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 November 28, 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

November 28, 2008



**KINSMAN FREE PUBLIC LIBRARY  
TRUMBULL COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, DISBURSEMENTS,  
AND CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	Governmental Funds		Fiduciary Fund Type	Total (Memorandum Only)
	General	Capital Projects	Private Purpose Trust	
<b>Cash Receipts:</b>				
Library and Local Government Support	\$555,171			\$555,171
Patron Fines and Fees	17,025			17,025
Contributions, Gifts and Donations	1,715			1,715
Earnings on Investments	8,090	\$10,573	\$907	19,570
Miscellaneous	232			232
<b>Total Cash Receipts</b>	<b>582,233</b>	<b>10,573</b>	<b>907</b>	<b>593,713</b>
<b>Cash Disbursements:</b>				
Current:				
Salaries	300,821			300,821
Employee Fringe Benefits	87,101			87,101
Purchased and Contractual Services	70,466			70,466
Library Materials and Information	92,126			92,126
Supplies	20,693			20,693
Other	6,063			6,063
Capital Outlay	10,720	13,086		23,806
<b>Total Cash Disbursements</b>	<b>587,990</b>	<b>13,086</b>	<b>0</b>	<b>601,076</b>
<b>Total Receipts Over/(Under) Disbursements</b>	<b>(5,757)</b>	<b>(2,513)</b>	<b>907</b>	<b>(7,363)</b>
<b>Other Financing Receipts/(Disbursements):</b>				
Other Financing Uses			(1,142)	(1,142)
<b>Total Other Financing Receipts/(Disbursements)</b>	<b>0</b>	<b>0</b>	<b>(1,142)</b>	<b>(1,142)</b>
<b>Excess of Cash Receipts Over/(Under) Cash Disbursements</b>	<b>(5,757)</b>	<b>(2,513)</b>	<b>(235)</b>	<b>(8,505)</b>
<b>Fund Cash Balance, January 1, 2007</b>	<b>195,412</b>	<b>231,637</b>	<b>19,764</b>	<b>446,813</b>
<b>Fund Cash Balance, December 31, 2007</b>	<b>\$189,655</b>	<b>\$229,124</b>	<b>\$19,529</b>	<b>\$438,308</b>
<b>Reserve for Encumbrances, December 31, 2007</b>	<b>\$8,169</b>	<b>\$0</b>	<b>\$0</b>	<b>\$8,169</b>

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

**KINSMAN FREE PUBLIC LIBRARY  
TRUMBULL COUNTY**

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

	Governmental Funds		Fiduciary Fund Type	Total (Memorandum Only)
	General	Capital Projects	Private Purpose Trust	
<b>Cash Receipts:</b>				
Library and Local Government Support	\$555,171			\$555,171
Intergovernmental	2,124			2,124
Patron Fines and Fees	20,921			20,921
Contributions, Gifts and Donations	3,561			3,561
Earnings on Investments	8,274	\$10,862	\$908	20,044
Miscellaneous	1,113			1,113
<b>Total Cash Receipts</b>	<b>591,164</b>	<b>10,862</b>	<b>908</b>	<b>602,934</b>
<b>Cash Disbursements:</b>				
Current:				
Salaries	289,935			289,935
Employee Fringe Benefits	91,488			91,488
Purchased and Contractual Services	72,645			72,645
Library Materials and Information	100,774			100,774
Supplies	17,241			17,241
Other	2,490			2,490
Capital Outlay	23,866	28,362		52,228
<b>Total Cash Disbursements</b>	<b>598,439</b>	<b>28,362</b>	<b>0</b>	<b>626,801</b>
<b>Total Receipts Over/(Under) Disbursements</b>	<b>(7,275)</b>	<b>(17,500)</b>	<b>908</b>	<b>(23,867)</b>
<b>Other Financing Receipts/(Disbursements):</b>				
Sale of Fixed Assets	445			445
Other Financing Uses			(1,130)	(1,130)
<b>Total Other Financing Receipts/(Disbursements)</b>	<b>445</b>	<b>0</b>	<b>(1,130)</b>	<b>(685)</b>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements And Other Financing Disbursements	(6,830)	(17,500)	(222)	(24,552)
Fund Cash Balance, January 1, 2006	202,242	249,137	19,986	471,365
<b>Fund Cash Balance, December 31, 2006</b>	<b>\$195,412</b>	<b>\$231,637</b>	<b>\$19,764</b>	<b>\$446,813</b>
Reserve for Encumbrances, December 31, 2006	\$4,375	\$0	\$0	\$4,375

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

**KINSMAN FREE PUBLIC LIBRARY  
TRUMBULL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006**

**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 Kinsman Free Public Library, Trumbull County, (the Library) as a body corporate and politic. The Library is directed by a seven-member Board of Trustees appointed by the Joseph Badger Local School District. 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 at cost. Money market mutual funds (including STAR Ohio) are recorded at share values the mutual funds report.

**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 Funds**

These funds account for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The Library's only capital project fund accounts for capital improvements.

**KINSMAN FREE PUBLIC LIBRARY  
TRUMBULL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006  
(Continued)**

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

**3. Private-Purpose Trust Funds**

Private-purpose trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Library's own programs. The Library had the following significant private-purpose trust funds:

Marilyn Vogel Trust Fund -- This fund receives additional donations each year to be used for children's room purchases.

Ernest L. Scott Trust Fund -- This fund provides a scholarship every two years to a Joseph Badger School District student.

Dr. Bruce T. Riley Fund -- This fund provides a scholarship each year to a Joseph Badger School District senior who plans to attend college with a major in English.

**E. Budgetary Process**

The Board must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end. Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function, and object level of control.

A summary of 2007 and 2006 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:

**KINSMAN FREE PUBLIC LIBRARY  
TRUMBULL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006  
(Continued)**

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

	2007	2006
Demand deposits	\$20,130	\$45,691
Public Funds Money Market Account	339,603	178,506
Certificates of deposit	0	147,899
<b>Total deposits</b>	<b>359,733</b>	<b>372,096</b>
Investments:		
STAR Ohio	78,575	74,717
<b>Total investments</b>	<b>78,575</b>	<b>74,717</b>
<b>Total deposits and investments</b>	<b>\$438,308</b>	<b>\$446,813</b>

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by the financial institution's public entity deposit pool.

**Investments:** Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending 2007 and 2006 follow.

2007 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$640,093	\$582,233	(\$57,860)
Capital Projects	12,000	10,573	(1,427)
Private Purpose Trusts	1,000	907	(93)
<b>Total</b>	<b>\$653,093</b>	<b>\$593,713</b>	<b>(\$59,380)</b>

2007 Budgeted vs. Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$704,375	\$596,159	\$108,216
Capital Projects	17,248	13,086	4,162
Private Purpose Trusts	1,200	1,142	58
<b>Total</b>	<b>\$722,823</b>	<b>\$610,387</b>	<b>\$112,436</b>

**KINSMAN FREE PUBLIC LIBRARY  
TRUMBULL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006  
(Continued)**

**3. BUDGETARY ACTIVITY - (Continued)**

2006 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$593,421	\$591,609	(\$1,812)
Capital Projects	6,000	10,862	4,862
Private Purpose Trusts	645	908	263
Total	\$600,066	\$603,379	\$3,313

2006 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$635,171	\$602,816	\$32,355
Capital Projects	31,180	28,362	2,818
Private Purpose Trusts	1,200	1,130	70
Total	\$667,551	\$632,308	\$35,243

**4. GRANTS-IN AID**

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.

**5. RETIREMENT SYSTEM**

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 2007 and 2006, OPERS members contributed 9.5% and 9%, respectively, of their gross salaries and the Library contributed an amount equaling 13.85% and 13.7%, respectively, of participants' gross salaries. The Library has paid all contributions required through December 31, 2007.

**6. COMMERCIAL INSURANCE**

The Library has obtained commercial insurance for the following risks:

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

**KINSMAN FREE PUBLIC LIBRARY  
TRUMBULL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006  
(Continued)**

**7. PUBLIC ENTITY SHARED RISK POOL**

The Library participates in the Northeast Ohio Regional Library System Insurance Consortium, a shared risk pool comprised of member libraries throughout Northeast Ohio. The purpose of the Consortium is to establish and maintain a fund to which Consortium members will contribute to provide and/or purchase medical, prescription drug, vision, dental, life, and other insurance benefits for employees and their eligible dependents or beneficiaries. The members of the Board of Trustees of the Northeast Ohio Regional Library System shall be members of the Board of Trustees of the Consortium. The Consortium revenues are generated from charges for services.

**8. JOINTLY GOVERNED ORGANIZATION**

The Trumbull Library Consortium is a jointly governed organization comprised of six libraries in Trumbull County. The purpose of the Consortium is for member libraries to work cooperatively on projects to improve the quality of library services to residents of Trumbull County.

Each member library shall appoint one representative to Council. Member libraries are billed annually for their fair share of any program costs. All disbursements are made only upon direction of a majority vote of the Trumbull Library Consortium Council.

The Consortium has entered an agreement with the Library Corporation Inc. which has developed a computerized system consisting of hardware and software for authority control, cataloging management, public access catalog, circulation, external/internal multimedia database access, and internet sessions. The computerized system is currently in use and providing services onsite at the location of each member library.

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# 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*

Kinsman Free Public Library  
Trumbull County  
6420 Church Street  
Kinsman, Ohio 44428

To the Library Board of Trustees:

We have audited the financial statements of Kinsman Free Public Library, Trumbull County, (the Library) as of and for the years ended December 31, 2007 and 2006, and have issued our report thereon dated November 28, 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 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 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.

### **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 Board of Trustees. We intend it for no one other than these specified parties.

A handwritten signature in cursive script that reads "Mary Taylor".

**Mary Taylor, CPA**  
Auditor of State

November 28, 2008



**Mary Taylor, CPA**  
Auditor of State

**KINSMAN FREE PUBLIC LIBRARY  
PORTAGE 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  
JANUARY 6, 2009**