



Mary Taylor, CPA
Auditor of State

ADA PUBLIC SCHOOL DISTRICT LIBRARY
HARDIN COUNTY

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Mary Taylor, CPA

Auditor of State

Ada Public School District Library
Hardin County
320 N. Main St.
Ada, Ohio 45810

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.

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

Mary Taylor, CPA
Auditor of State

May 28, 2010

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Ada Public School District Library
Hardin County
320 N. Main St.
Ada, Ohio 45810

To the Board of Trustees:

We have audited the accompanying financial statements of the Ada Public School District Library, Hardin County (the Library), as of and for the years ended December 31, 2009 and 2008. 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, 2009 and 2008 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, 2009 and 2008, 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 the Ada Public School District Library, Hardin County, as of December 31, 2009 and 2008, 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 May 28, 2010, 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.

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

Mary Taylor, CPA
Auditor of State

May 28, 2010

**ADA PUBLIC SCHOOL DISTRICT LIBRARY
HARDIN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2009**

	All Fund Types					Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Permanent	Private Purpose Trust Funds	
Cash Receipts:						
Library and Local Government Support	\$236,652					\$236,652
Patron Fines and Fees	6,601	\$14				6,615
Contributions, Gifts and Donations	3,276	163				3,439
Earnings on Investments	1,346	20,391	\$19,927	\$3,167	\$33	44,864
Miscellaneous	42					42
Total Cash Receipts	247,917	20,568	19,927	3,167	33	291,612
Cash Disbursements:						
Current:						
Salaries	156,567					156,567
Employee Fringe Benefits	47,757					47,757
Purchased and Contractual Services	39,624					39,624
Library Materials and Information	23,324	2,853				26,177
Supplies	6,100	1,028				7,128
Other	3,345					3,345
Capital Outlay	1,628		28,155			29,783
Total Cash Disbursements	278,345	3,881	28,155			310,381
Total Receipts Over/(Under) Disbursements	(30,428)	16,687	(8,228)	3,167	33	(18,769)
Other Financing Receipts:						
Sale of Fixed Assets	1,905					1,905
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	(28,523)	16,687	(8,228)	3,167	33	(16,864)
Fund Cash Balances, January 1	106,223	509,917	884,499	139,448	1,441	1,641,528
Fund Cash Balances, December 31	\$77,700	\$526,604	\$876,271	\$142,615	\$1,474	\$1,624,664
Reserve for Encumbrances, December 31	\$1,853	\$0	\$0	\$0	\$0	\$1,853

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

**ADA PUBLIC SCHOOL DISTRICT LIBRARY
HARDIN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2008**

	All Fund Types					Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Permanent	Private Purpose Trust Funds	
Cash Receipts:						
Library and Local Government Support	\$287,904					\$287,904
Patron Fines and Fees	6,735	\$44				6,779
Contributions, Gifts and Donations	3,653	69				3,722
Earnings on Investments	3,587	30,397	\$32,046	\$4,576	\$49	70,655
Miscellaneous	37					37
Total Cash Receipts	301,916	30,510	32,046	4,576	49	369,097
Cash Disbursements:						
Current:						
Salaries	157,397					157,397
Employee Fringe Benefits	49,548					49,548
Purchased and Contractual Services	48,037					48,037
Library Materials and Information	33,381	2,792				36,173
Supplies	5,995	1,191			47	7,233
Other	4,388					4,388
Capital Outlay	1,000		486			1,486
Total Cash Disbursements	299,746	3,983	486		47	304,262
Total Receipts Over/(Under) Disbursements	2,170	26,527	31,560	4,576	2	64,835
Other Financing Receipts:						
Sale of Fixed Assets	105					105
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements	2,275	26,527	31,560	4,576	2	64,940
Fund Cash Balances, January 1	103,948	483,390	852,939	134,872	1,439	1,576,588
Fund Cash Balances, December 31	\$106,223	\$509,917	\$884,499	\$139,448	\$1,441	\$1,641,528
Reserve for Encumbrances, December 31	\$1,499	\$0	\$0	\$0	\$0	\$1,499

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

**ADA PUBLIC SCHOOL DISTRICT LIBRARY
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

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 Ada Public School District Library, Hardin County, (the Library) as a body corporate and politic. The Ada Exempted Village School District's Board appoints a seven member Board of Trustees to govern the Library. The Library provides the community with various educational and literary resources.

The Friends of the Ada Public Library, Inc. is a not-for-profit organization with a self appointing board. The Library is not financially accountable for the organization, nor does the Library approve the budget or the issuance of debt of the organization. Therefore, this organization has been excluded from the reporting entity of the Library.

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. 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. Special Revenue Funds

These funds account for proceeds from specific sources (other than from private-purpose trusts or for capital projects) that are restricted to expenditure for specific purposes. The Library had the following significant Special Revenue Funds:

**ADA PUBLIC SCHOOL DISTRICT LIBRARY
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A.S. Stambaugh Trust Fund—This fund received donations and interest income for the purchase of books, reference materials, and supplies.

Memorial Donations Fund – This fund received interest income for the purchase of books, furniture, clocks, or other such materials.

3. 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:

Permanent Improvement Fund - This fund received interest income to be used for major building improvements.

4. Permanent Funds

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:

Henning Memorial Trust Fund - This fund received interest income for the maintenance of the Library.

5. 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's private purpose trust fund, the A.S. Stambaugh Grave Fund, is for the care and maintenance of the Avanell C. Stambaugh cemetery plot.

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 2009 and 2008 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.

**ADA PUBLIC SCHOOL DISTRICT LIBRARY
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

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:

	2009	2008
Demand deposits	\$ 20,351	\$ 31,637
Certificates of deposit	1,448,662	1,291,248
Total deposits	<u>1,469,013</u>	<u>1,322,885</u>
STAR Ohio	69,796	232,788
Common stock	85,855	85,855
Total investments	<u>155,651</u>	<u>318,643</u>
Total deposits and investments	<u><u>\$1,624,664</u></u>	<u><u>\$1,641,528</u></u>

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.

Stock	Donated Value	Market Value 12/31/09	Market Value 12/31/08
CMS Energy Corporation (70 shares)	\$1,440	\$1,096	\$ 708
Liberty National Bank (2,297 shares)	84,415	80,969	80,969

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2009 and 2008 follows:

2009 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$235,277	\$249,822	\$14,545
Special Revenue	17,485	20,568	3,083
Capital Projects	27,660	19,927	(7,733)
Permanent	2,800	3,167	367
Private Purpose Trust	25	33	8
Total	<u>\$283,247</u>	<u>\$293,517</u>	<u>\$10,270</u>

2009 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 340,000	\$280,198	\$ 59,802
Special Revenue	367,911	3,881	364,030
Capital Projects	912,159	28,155	884,004
Permanent	83,674	83,674	83,674
Private Purpose Trust	1,466	1,466	1,466
Total	<u>\$1,705,210</u>	<u>\$312,234</u>	<u>\$1,392,976</u>

**ADA PUBLIC SCHOOL DISTRICT LIBRARY
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2008 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$306,725	\$302,021	(\$ 4,704)
Special Revenue	25,230	30,510	5,280
Capital Projects	61,025	32,046	(28,979)
Permanent	5,100	4,576	(524)
Private Purpose Trust	50	49	(1)
Total	<u>\$398,130</u>	<u>\$369,202</u>	<u>(\$28,928)</u>

2008 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 408,012	\$301,245	\$ 106,767
Special Revenue	264,639	3,983	260,656
Capital Projects	913,964	486	913,478
Permanent	81,398		81,398
Private Purpose Trust	1,489	47	1,442
Total	<u>\$1,669,502</u>	<u>\$305,761</u>	<u>\$1,363,741</u>

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 2009 and 2008, OPERS members contributed 10% of their gross salaries and the Library contributed an amount equaling 14% of participants' gross salaries. The Library has paid all contributions required through December 31, 2009.

**ADA PUBLIC SCHOOL DISTRICT LIBRARY
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

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.
- Public employees dishonesty

The Library also provides group health plan coverage to all employees whose normal work week consists of 25 hours or more.

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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*

Ada Public School District Library
Hardin County
320 N. Main St.
Ada, Ohio 45810

To the Board of Trustees:

We have audited the financial statements of Ada Public School District Library, Hardin County (the Library), as of and for the years ended December 31, 2009 and 2008, and have issued our report thereon dated May 28, 2010, wherein we noted the Library prepared its financial statements using accounting practices the Auditor of State prescribes or permits 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 the purpose of expressing our opinion on the financial statements, but not for the purpose of opining 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 *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Library's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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 did note a certain matter not requiring inclusion in this report that we reported to the Library's management in a separate letter dated May 28, 2010.

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

May 28, 2010



Mary Taylor, CPA
Auditor of State

ADA PUBLIC SCHOOL DISTRICT LIBRARY

HARDIN 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
JUNE 24, 2010