



Dave Yost • Auditor of State



**HARBOR TOPKY MEMORIAL LIBRARY  
ASHTABULA COUNTY**

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# Dave Yost • Auditor of State

Harbor Topky Memorial Library  
Ashtabula County  
1633 Walnut Boulevard  
Ashtabula, Ohio 44004

To the Library 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 Library 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 black ink that reads "Dave Yost".

**Dave Yost**  
Auditor of State

May 16, 2012

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# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Harbor Topky Memorial Library  
Ashtabula County  
1633 Walnut Boulevard  
Ashtabula, Ohio 44004

To the Board of Trustees:

We have audited the accompanying financial statements of Harbor Topky Memorial Library, Ashtabula County, (the Library) as of and for the years ended December 31, 2011 and 2010. 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(A) mandates the Auditor of State to audit Ohio Libraries. 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, 2011 and 2010 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, 2011 and 2010, 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 as of December 31, 2011 and 2010 and the reserves for encumbrances as of December 31, 2010 of Harbor Topky Memorial Library, Ashtabula County, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

As described in Note 1, during 2011 the Harbor Topky Memorial Library adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 16, 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.



**Dave Yost**  
Auditor of State

May 16, 2012



**HARBOR TOPKY PUBLIC LIBRARY  
ASHTABULA COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2011**

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
<b>Cash Receipts</b>					
Property and Other Local Taxes	\$240,240				\$240,240
Public Library	326,339				326,339
Intergovernmental	47,879				47,879
Patron Fines and Fees	10,113				10,113
Contributions, Gifts and Donations	1,619	\$1,957			3,576
Earnings on Investments	302	283	\$72	\$24	681
Miscellaneous	14,623				14,623
<i>Total Cash Receipts</i>	<u>641,115</u>	<u>2,240</u>	<u>72</u>	<u>24</u>	<u>643,451</u>
<b>Cash Disbursements</b>					
Current:					
Library Services:					
Public Services and Programs	476,969	14,162			491,131
Capital Outlay		573			573
Debt Service:					
Principal Retirement			87,890		87,890
Interest and Fiscal Charges			44,066		44,066
<i>Total Cash Disbursements</i>	<u>476,969</u>	<u>14,735</u>	<u>131,956</u>	<u>0</u>	<u>623,660</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>164,146</u>	<u>(12,495)</u>	<u>(131,884)</u>	<u>24</u>	<u>19,791</u>
<b>Other Financing Receipts (Disbursements)</b>					
Sale of Notes			713,681		713,681
Transfers In		10,000	142,133		152,133
Transfers Out	(152,133)				(152,133)
Other Financing Uses - Refund 2002 Series Notes			(713,681)		(713,681)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(152,133)</u>	<u>10,000</u>	<u>142,133</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Cash Balances</i>	12,013	(2,495)	10,249	24	19,791
<i>Fund Cash Balances, January 1</i>	<u>151,196</u>	<u>43,012</u>	<u>30,981</u>	<u>15,183</u>	<u>240,372</u>
<b>Fund Cash Balances, December 31</b>					
Restricted		33,048			33,048
Committed					
Assigned		7,469	41,230	15,207	63,906
Unassigned (Deficit)	163,209				163,209
<b><i>Fund Cash Balances, December 31</i></b>	<b><u>\$163,209</u></b>	<b><u>\$40,517</u></b>	<b><u>\$41,230</u></b>	<b><u>\$15,207</u></b>	<b><u>\$260,163</u></b>

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

**HARBOR TOPKY PUBLIC LIBRARY  
ASHTABULA COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
FIDUCIARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2011**

	<b>Fiduciary Fund Types</b>
	<b>Private Purpose Trust</b>
<b>Operating Cash Receipts</b>	
Earnings on Investments (trust funds only)	\$1
<i>Total Operating Cash Receipts</i>	<i>1</i>
<b>Operating Cash Disbursements</b>	
<i>Total Operating Cash Disbursements</i>	<i>0</i>
<i>Operating Income (Loss)</i>	<i>1</i>
<i>Income (Loss) before Capital Contributions, Special Item, Extraordinary Item, Transfers and Advances</i>	<i>1</i>
<i>Net Change in Fund Cash Balances</i>	<i>1</i>
<i>Fund Cash Balances, January 1</i>	<i>399</i>
<b><i>Fund Cash Balances, December 31</i></b>	<b><i>\$400</i></b>

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

**HARBOR TOPKY MEMORIAL LIBRARY  
ASHTABULA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2010**

	All Fund Types					Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Private Purpose Trust Funds	
<b>Cash Receipts:</b>						
Property and Other Local Taxes	\$243,535					\$243,535
Library and Local Government Support	313,677					313,677
Intergovernmental	46,163					46,163
Patron Fines and Fees	9,812					9,812
Contributions, Gifts and Donations	555	\$2,108				2,663
Earnings on Investments	276	504	\$73	\$32	\$1	886
Miscellaneous	595					595
<b>Total Cash Receipts</b>	<b>614,613</b>	<b>2,612</b>	<b>73</b>	<b>32</b>	<b>1</b>	<b>617,331</b>
<b>Cash Disbursements:</b>						
Current:						
Salaries	202,108					202,108
Employee Fringe Benefits	53,031					53,031
Purchased and Contractual Services	79,430	958				80,388
Library Materials and Information	60,372	679				61,051
Supplies	12,899	3,844				16,743
Other	3,217					3,217
Capital Outlay		7,289		4,433		11,722
Debt Service:						
Redemption of Principal			49,491			49,491
Interest and Other Fiscal Charges			43,133			43,133
<b>Total Cash Disbursements</b>	<b>411,057</b>	<b>12,770</b>	<b>92,624</b>	<b>4,433</b>	<b>0</b>	<b>520,884</b>
<b>Total Receipts Over/(Under) Disbursements</b>	<b>203,556</b>	<b>(10,158)</b>	<b>(92,551)</b>	<b>(4,401)</b>	<b>1</b>	<b>96,447</b>
<b>Other Financing Receipts / (Disbursements):</b>						
Transfers-In		10,000	92,624			102,624
Transfers-Out	(102,624)					(102,624)
<b>Total Other Financing Receipts / (Disbursements)</b>	<b>(102,624)</b>	<b>10,000</b>	<b>92,624</b>	<b>0</b>	<b>0</b>	<b>0</b>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	100,932	(158)	73	(4,401)	1	96,447
Fund Cash Balances, January 1	50,264	43,170	30,908	19,584	398	144,324
<b>Fund Cash Balances, December 31</b>	<b>\$151,196</b>	<b>\$43,012</b>	<b>\$30,981</b>	<b>\$15,183</b>	<b>\$399</b>	<b>\$240,771</b>
Reserve for Encumbrances, December 31	\$3,364	\$0	\$0	\$0	\$0	\$3,364

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

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**HARBOR TOPKY MEMORIAL LIBRARY  
ASHTABULA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010**

**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 Harbor Topky Memorial Library, Ashtabula County, (the Library) as a body corporate and politic. The Ashtabula Area City School Board of Education appoints a 7-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. Deposits 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's money market mutual funds are recorded at the 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:

Technology Grant Fund – This fund accounts for the upgrade of computer technology used at the Library.

**HARBOR TOPKY MEMORIAL LIBRARY  
ASHTABULA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010  
(Continued)**

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

Topky Expendable Trust Fund – This fund accounts for the purchase of materials, supplies, books, etc. as needed at the Library.

Memorial Expendable Trust Fund – This fund also accounts for the purchase of materials, supplies, books, etc. as needed at the Library.

**3. Debt Service Funds**

These funds account for resources the Library accumulates to pay bond and note debt. The Library had the following significant Debt Service Fund:

Debt Service Fund – This fund receives public library fund money to retire the building renovation note.

**4. Capital Project Funds**

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

Building & Repair Fund – This fund accounts for capital improvements and renovations to 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 Simmons Trust Fund is for the benefit of Students attending Ashtabula City High Schools and Sts John and Paul High School.

**E. Budgetary Process**

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

A summary of 2011 and 2010 budgetary activity appears in Note 3.

**F. Fund Balance**

For December 31, 2011, fund balance is divided into five classifications based primarily on the extent to which the Library must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

**1. Nonspendable**

The Library classifies assets as nonspendable when legally or contractually required to maintain the amounts intact.

**HARBOR TOPKY MEMORIAL LIBRARY  
ASHTABULA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010  
(Continued)**

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

**2. Restricted**

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

**3. Committed**

Trustees can *commit* amounts via formal action (resolution). The Library must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

**4. Assigned**

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Library Trustees or a Library official delegated that authority by resolution, or by State Statute.

**5. Unassigned**

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Library applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**G. 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.

**H. 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.

**HARBOR TOPKY MEMORIAL LIBRARY  
ASHTABULA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010  
(Continued)**

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

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

	2011	2010
Demand deposits	(\$10,387)	\$20,502
Certificate of deposit	18,790	18,548
Total deposits	8,403	39,050
Money Market Account	252,260	201,721
Total investments	252,160	201,721
Total deposits and investments	\$260,563	\$240,771

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation; or 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.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2011 and 2010 follows:

2011 Budgeted vs. Actual Receipts

	Budgeted	Actual	
Fund Type	Receipts	Receipts	Variance
General	\$597,379	\$641,115	\$43,736
Special Revenue	25,800	12,240	(13,560)
Debt Service	826,405	855,866	29,461
Capital Projects	25	24	(1)
Private Purpose Trust	1	1	0
Total	\$1,449,610	\$1,509,246	\$59,636

2011 Budgeted vs. Actual Budgetary Basis Expenditures

	Appropriation	Budgetary	
Fund Type	Authority	Expenditures	Variance
General	\$729,827	\$692,102	\$37,725
Special Revenue	25,800	14,735	11,065
Debt Service	851,106	845,637	5,469
Capital Projects	15,000	0	15,000
Private Purpose Trust	400	0	400
Total	\$1,622,133	\$1,552,474	\$69,659



**HARBOR TOPKY MEMORIAL LIBRARY  
ASHTABULA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010  
(Continued)**

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

2010 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$576,113	\$614,613	\$38,500
Special Revenue	10,010	12,612	2,602
Debt Service	92,724	92,697	(27)
Capital Projects	25	32	7
Private Purpose Trust	1	1	0
Total	\$678,873	\$719,955	\$41,082

2010 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$626,376	\$517,045	\$109,331
Special Revenue	20,800	12,770	8,030
Debt Service	92,624	92,624	0
Capital Projects	4,609	4,433	176
Private Purpose Trust	399	0	399
Total	\$744,808	\$626,872	\$117,936

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

The primary source of revenue for Ohio public libraries is the Public Library Fund (PLF). The State allocates PLF to each county based on the total tax revenue credited to the State's general revenue fund during the preceding month. The County Budget Commission bases the amount for distribution on the needs of such library for the construction of new library buildings, parts of buildings, improvements, operation, maintenance, or other expenses. The County 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.

**HARBOR TOPKY MEMORIAL LIBRARY  
ASHTABULA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010  
(Continued)**

**5. DEBT**

Debt outstanding at December 31, 2011 was as follows:

	Principal	Interest Rate
Library Fund Library Facilities Notes	\$651,744	4.125%
Total	\$651,744	

Notes were issued from Andover Bank for the purpose of renovating and enlarging the library building in 1998 with an interest rate of 6.25%. In 2002, the Library refinanced the notes (Series 2002) for \$1,139,487.94 at an interest rate of 5.75%. Semi-annual payments were schedule through May 2024. On May 5, 2011 the Library refinanced the Series 2002 notes for \$713,681 at an interest rate of 4.125%. Monthly payments are schedule for Series 2011 notes through May 2020. The Note is collateralized by the Library and Local Government Support funds provided by the State of Ohio.

Amortization of the above debt, including interest, is scheduled as follows:

	Library Facilities Notes 2011
Year ending December 31:	
2012	\$95,385
2013	\$95,385
2014	\$95,385
2015	\$95,385
2016	\$95,385
2017-2020	295,145
Total	\$772,070

The Board has elected to adopt an accelerated payment schedule by paying \$39,092 in addition to the amounts shown above annually. The Board projects that the debt will be retired in March 2017 using the accelerated schedule.

The Library has retired additional principal of \$22,804 during 2011 which is included in the Amortization schedule above.

**6. 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 2011 and 2010, OPERS members contribute 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, 2011.

**HARBOR TOPKY MEMORIAL LIBRARY  
ASHTABULA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010  
(Continued)**

**7. RISK MANAGEMENT**

**Commercial Insurance**

The Library has obtained commercial insurance for the following risks:

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

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# Dave Yost • Auditor of State

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

Harbor Topky Memorial Library  
Ashtabula County  
1633 Walnut Boulevard  
Ashtabula, Ohio 44004

To The Board of Trustees:

We have audited the financial statements of Harbor Topky Memorial Library, (the Library) as of and for the years ended December 31, 2011 and 2010, and have issued our report thereon dated May 16, 2012 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, and wherein we noted the Library implemented Governmental Accounting Standards Board (GASB) Statement 54, "Fund Balance Reporting and Governmental Fund Type Definitions". We also noted 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(A) mandates 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 certain matters not requiring inclusion in this report that we reported to the Library's management in a separate letter dated May 16, 2012.

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

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

**Dave Yost**  
Auditor of State

May 16, 2012



# Dave Yost • Auditor of State

**HARBOR TOPKY MEMORIAL**

**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  
JULY 03, 2012**