



**Auditor of State  
Betty Montgomery**



ANDOVER PUBLIC LIBRARY  
ASHTABULA COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Cover Letter .....	2
Independent Accountants' Report.....	3
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, 2004 .....	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - Fiduciary Fund Type - For the Year Ended December 31, 2004 .....	6
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental and Fiduciary Fund Types - For the Year Ended December 31, 2003 .....	7
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - Fiduciary Fund Type - For the Year Ended December 31, 2003 .....	8
Notes to the Financial Statements .....	9
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	15
Schedule of Findings .....	17

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**Auditor of State  
Betty Montgomery**

Andover Public Library  
Ashtabula County  
142 W. Main Street  
P O Box 1210  
Andover, Ohio 44003

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 a February 2, 2005 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 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.

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**Betty Montgomery**  
Auditor of State

December 7, 2006

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

Andover Public Library  
Ashtabula County  
142 West Main Street  
P O Box 1210  
Andover, Ohio 44003

To the Board of Trustees:

We have audited the accompanying financial statements of Andover Public Library, Ashtabula County, (the Library) as of and for the years ended December 31, 2004 and 2003. 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. 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.

Revisions to GAAP would require the Library to reformat its financial statement presentation and make other changes effective for the year ended December 31, 2004. Instead of the combined funds the accompanying financial statements present for 2004 (and 2003), the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2004. 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 the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Library has elected not to reformat its statements. Since this Library does not use GAAP to measure financial statement amounts, 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 year ended December 31, 2004 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, 2004, or its changes in financial position for the year then ended.

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Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of Andover Public Library, Ashtabula County, as of December 31, 2004 and 2003, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Library to include Management's Discussion and Analysis for the year ended December 31, 2004. 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 December 7, 2006, 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.



**Betty Montgomery**  
Auditor of State

December 7, 2006

**ANDOVER PUBLIC LIBRARY  
ASHTABULA 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, 2004**

	<u>Governmental Fund Types</u>		<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
<b>Cash Receipts:</b>				
Property and Other Local Taxes	\$259,341			\$259,341
Patron Fines and Fees	5,777			5,777
Earnings on Investments	273	\$2	\$795	1,070
Contributions, Gifts and Donations	7,818		24,265	32,083
Miscellaneous Receipts	2,401			2,401
<b>Total Cash Receipts</b>	<u>275,610</u>	<u>2</u>	<u>25,060</u>	<u>300,672</u>
<b>Cash Disbursements:</b>				
Current:				
Salaries and Benefits	183,116			183,116
Purchased and Contracted Services	68,568			68,568
Library Materials and Information	28,867		692	29,559
Supplies	7,901			7,901
Other	3,641		75	3,716
<b>Total Cash Disbursements</b>	<u>292,093</u>		<u>767</u>	<u>292,860</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(16,483)</u>	<u>2</u>	<u>24,293</u>	<u>7,812</u>
<b>Other Financing Receipts/(Disbursements):</b>				
Transfers-In	12,185			12,185
Transfers-Out			(12,185)	(12,185)
<b>Total Other Financing Receipts/(Disbursements)</b>	<u>12,185</u>	<u>0</u>	<u>(12,185)</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(4,298)	2	12,108	7,812
Fund Cash Balances, January 1	<u>34,674</u>	<u>688</u>	<u>57,457</u>	<u>92,819</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$30,376</b></u>	<u><b>\$690</b></u>	<u><b>\$69,565</b></u>	<u><b>\$100,631</b></u>
Reserves for Encumbrances, December 31	<u>\$1,500</u>	<u>\$0</u>	<u>\$0</u>	<u>\$1,500</u>

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

ANDOVER PUBLIC LIBRARY  
ASHTABULA COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
FIDUCIARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2004

	<u>Fiduciary Fund Type</u>
	<u>Nonexpendable Trust</u>
<b>Operating Cash Disbursements:</b>	
Current:	
Library Materials and Information	<u>\$6,215</u>
Operating Income/(Loss)	<u>(6,215)</u>
<b>Non-Operating Cash Receipts:</b>	
Earnings on Investments	<u>1,780</u>
Total Non-Operating Cash Receipts	<u>1,780</u>
Net Receipts Over/(Under) Disbursements	(4,435)
Fund Cash Balances, January 1	<u>77,270</u>
<b>Fund Cash Balances, December 31</b>	<u><u>\$72,835</u></u>

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

**ANDOVER PUBLIC LIBRARY  
ASHTABULA 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**

	<u>Governmental Fund Types</u>		<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
<b>Cash Receipts:</b>				
Property and Other Local Taxes	\$257,729			\$257,729
Patron Fines and Fees	7,410			7,410
Earnings on Investments	456	\$3	\$1,309	1,768
Contributions, Gifts and Donations	29,107	100	4,000	33,207
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts	294,702	103	5,309	300,114
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Cash Disbursements:</b>				
Current:				
Salaries and Benefits	182,823			182,823
Purchased and Contracted Services	55,283			55,283
Library Materials and Information	24,854		609	25,463
Supplies	13,485			13,485
Other	1,510			1,510
Capital Outlay			61,905	61,905
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	277,955	0	62,514	340,469
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts Over/(Under) Cash Disbursements	16,747	103	(57,205)	(40,355)
	<hr/>	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	17,927	585	114,662	133,174
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Fund Cash Balances, December 31</b>	<b><u>\$34,674</u></b>	<b><u>\$688</u></b>	<b><u>\$57,457</u></b>	<b><u>\$92,819</u></b>
	<hr/>	<hr/>	<hr/>	<hr/>
Reserves for Encumbrances, December 31	\$2,500	\$0	\$0	\$2,500
	<hr/>	<hr/>	<hr/>	<hr/>

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

**ANDOVER PUBLIC LIBRARY  
ASHTABULA COUNTY**

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

	<b>Fiduciary Fund Type</b>
	<b>Nonexpendable Trust</b>
<b>Operating Cash Disbursements:</b>	
Current:	
Library Materials and Information	\$2,058
Total Operating Cash Disbursements	2,058
Operating Income/(Loss)	(2,058)
<b>Non-Operating Cash Receipts:</b>	
Earnings on Investments	1,151
Total Non-Operating Cash Receipts	1,151
Net Receipts Over/(Under) Disbursements	(907)
Fund Cash Balances, January 1	78,177
<b>Fund Cash Balances, December 31</b>	<b>\$77,270</b>

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

**ANDOVER PUBLIC LIBRARY  
ASHTABULA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003**

**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 Andover Public Library, Ashtabula County, (the Library) as a body corporate and politic. The Pymatuning Valley Local School Board of Education appoints a seven-member Board of Trustees to govern the Library. The Library provides the community with various educational and literary resources.

The Library's management believes these financial statements present all activities for which the Library is financially accountable.

**B. Basis of Accounting**

These financial statements follow the basis of accounting the Auditor of State prescribes or permits. This accounting basis is similar to the cash receipts and disbursements 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. Accordingly, the Library does not record investment purchases as disbursements or investment sales as receipts. The Library records gains or losses at the time of sale as receipts or disbursements, respectively.

The Library values certificates of deposit at cost. Stocks are recorded at cost and reported at fair value when donated.

**D. Fund Accounting**

The Library uses fund accounting to segregate cash and investments that are restricted as to use. The Library classifies its funds into the following types:

**1. General Fund**

The General Fund accounts for all financial resources except those required to be accounted for in another fund.

**2. Capital Project Funds**

This fund accounts for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The Library had one capital project fund:

*Building Fund* – This fund is subsidized by transfers from the General Fund.

**ANDOVER PUBLIC LIBRARY  
ASHTABULA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003  
(CONTINUED)**

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

**3. Fiduciary Funds (Trust and Agency Funds)**

Trust funds account for resources restricted by legally binding trust agreements. If the agreement requires the Library to maintain the corpus of the trust, the Library classifies the activity as a nonexpendable trust fund. The Library classifies other trust funds as expendable. The Library classifies funds for which it acts in an agency capacity as agency funds. The Library had the following significant fiduciary funds:

*Expendable Trust Fund – Meacham Fund*

*Nonexpendable Trust Fund – Sawdy Fund*

**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 and object level of control.

A summary of 2004 and 2003 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 follows:

	2004	2003
Demand deposits	\$66,908	\$59,396
Certificates of deposit	49,598	61,598
Total deposits	116,506	120,994
Common stock (at cost, fair value was \$45,936 and \$41,296 at December 31, 2004 and 2003, respectively.)	56,960	49,095
Total investments	56,960	49,095
Total deposits and investments	\$173,466	\$170,089

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

**ANDOVER PUBLIC LIBRARY  
ASHTABULA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003  
(CONTINUED)**

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

**Investments:** Stock certificates were donated to the Library's General Fund, Sawdy Trust Fund (Nonexpendable Trust), and to the Library's Expendable Trust Funds. These investments are reported at the fair value on the date of donation. Stock dividends are reported at the fair value on the dividend distribution date. The fair value of the stock as of 12/31/04 and 12/31/03 are listed below:

<b>Company</b>	<b># of Shares</b>	<b>\$ per Share</b>	<b>Fair Value @ 12/31/04</b>
Exxon	480	51.26	\$24,604.80
Ford	220	14.64	3,220.80
GM (Common)	60	40.06	2,403.60
GM (H)	2	25.26	50.52
GM (Delphi)	41	9.02	369.82
Sears	60	51.03	3,061.80
Morgan Stanley	46	55.52	2,553.92
All-State	55	51.72	2,844.60
Andover Bank	3	835.00	2,505.00
Citigroup	84	48.18	4,047.12
Visteon	28	9.77	<u>273.56</u>
<b>Total</b>			<b>\$45,935.54</b>

<b>Company</b>	<b># of Shares</b>	<b>\$ per Share</b>	<b>Fair Value @ 12/31/03</b>
Exxon	480	41.00	\$19,680.00
Ford	220	16.00	3,520.00
GM (Common)	60	53.40	3,204.00
GM (H)	2	26.02	52.04
GM (Delphi)	41	10.21	418.61
Sears	60	45.49	2,729.40
Morgan Stanley	46	57.87	2,662.02
All-State	55	43.02	2,366.10
Andover Bank	3	765.00	2,295.00
Citigroup	84	48.54	4,077.36
Visteon	28	10.41	<u>291.48</u>
<b>Total</b>			<b>\$41,296.01</b>

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2004 and 2003 follows:

2004 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$288,831	\$287,795	(\$1,036)
Capital Projects	100	2	(98)
Fiduciary	25,922	26,840	918
Total	<u>\$314,853</u>	<u>\$314,637</u>	<u>(\$216)</u>

**ANDOVER PUBLIC LIBRARY  
ASHTABULA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003  
(CONTINUED)**

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

2004 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$305,400	\$293,593	\$11,807
Capital Projects	650	0	650
Fiduciary	65,950	19,167	46,783
Total	\$372,000	\$312,760	\$59,240

2003 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$299,783	\$294,702	(\$5,081)
Capital Projects	200	103	(97)
Fiduciary	8,020	6,460	(1,560)
Total	\$308,003	\$301,265	(\$6,738)

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$297,500	\$280,455	\$17,045
Capital Projects	580	0	580
Fiduciary	121,300	64,572	56,728
Total	\$419,380	\$345,027	\$74,353

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

The primary source of revenue for Ohio public libraries is the State Library and Local Government Support Fund (LLGSF). The State allocates LLGSF to each county based on the county's prior intangibles tax of LLGSF revenues, and its population. The County Budget Commission allocates these funds to the Library based on its needs such as for the construction of new library buildings, improvements, operation, maintenance, or other expenses. The Budget Commission cannot reduce its allocation of these funds to the Library based on of any additional revenues the Library receives.

**5. RETIREMENT SYSTEM**

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

The Ohio Revised Code also prescribes contribution rates. 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, 2004.

**ANDOVER PUBLIC LIBRARY  
ASHTABULA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003  
(CONTINUED)**

**6. RISK MANAGEMENT**

**Commercial Insurance**

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

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

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## Auditor of State Betty Montgomery

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

Andover Public Library  
Ashtabula County  
142 West Main Street  
PO Box 1210  
Andover, Ohio 44003

To the Board of Trustees:

We have audited the financial statements of the Andover Public Library, Ashtabula County, (the Library) as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated December 7, 2006, wherein we noted the Library follows the accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. 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.

#### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Library's internal control over financial reporting to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Library's ability to record, process, summarize, and report financial data consistent with management's assertions in the financial statements. Reportable conditions are described in the accompanying schedule of findings as items 2004-007 and 2004-008.

A material weakness is a reportable 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 caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered material weaknesses. We consider reportable conditions 2004-007 and 2004-008 listed above to be material weaknesses. In a separate letter to the Library's management dated December 7, 2006, we reported other matters involving internal control over financial reporting which we did not deem reportable conditions.

### **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 instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2004-001 to 2004-007.

We intend this report solely for the information and use of the management and the Board of Trustees. It is not intended for 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

December 7, 2006

**ANDOVER PUBLIC LIBRARY  
ASHTABULA COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2004 AND 2003**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2004-001**

**Finding for Recovery**

During the period of January 1, 2000 to August 1, 2005, a total of nine checks written on the Andover Public Library's bank account to MBNA of America, which is not an account of the Library, and one check written to Target were either altered when the cancelled checks were returned and/or copies of invoices attached to reflect that said payments were to NOLA Regional Library, Ogram Heating Company or Mega-Byte. The total amount of checks that were written against the Library's account and then altered or paid to non-Library vendors was thirty nine thousand eight hundred seventy dollars and eighty two cents (\$39,870.82).

Based upon the foregoing facts and pursuant to Ohio Revised Code §117.28, a finding for recovery for public money illegally expended is hereby issued against Sonia Orahod, Clerk-Treasurer; and The Ohio Casualty Insurance Company, jointly and severally, in favor of the General Fund of Andover Public Library in the amount of \$39,870.82.

**Officials Response:**

The Andover Public Library, through its Board of Trustees, has instituted action against Sonia Orahod and the Library's bonding agent, The Ohio Casualty Company, in the amount of \$39,870.82.

**FINDING NUMBER 2004-002**

**Finding for Recovery**

For the period January 1, 2003 through August 1, 2005, payroll deducted hospitalization payments were either not made or made in error by and on behalf of the Clerk-Treasurer.

Andover Public Library offers hospitalization plans for its employees of which the Library will pay a percent of said plan that the employee chooses. Payroll deductions are made to cover the employee's share of the hospitalization plan based off of the plan chosen. Sonia Orahod, as the Clerk-Treasurer is the person responsible for making said deductions, payable to Nola Regional Library, the consortium where the plans are administered. For the calendar year 2003, one month of Sonia Orahod's hospitalization was not deducted from her check in the amount of \$679.80 and for eleven months, the amount deducted was \$71.24 less per month than what was required, for a total employee share being underpaid in 2003 by \$1,463.44. For calendar year 2004, no payroll deductions were made for hospitalization for Sonia Orahod, which if made, would have been a monthly deduction of \$715.68 for a yearly total due of \$8,588.16. For the period January through August of 2005, no payroll deductions of hospitalization were made for Sonia Orahod, which if made, would have been a monthly deduction of \$733.56 per month for a total of eight months, would have equaled \$5,868.48. During the time frame stated, per the records of Nola Regional Library, Sonia Orahod was covered under the hospitalization plan indicating that Andover Public Library funded the cost of the employee share as well as the employer share. The cumulative total of hospitalization deductions either not made or incorrectly made for Sonia Orahod equal fifteen thousand nine hundred twenty dollars and eight cents (\$15,920.08).

Based upon the foregoing facts and pursuant to Ohio Revised Code §117.28, a finding for recovery for public money illegally expended is hereby issued against Sonia Orahod, Clerk-Treasurer; and The Ohio Casualty Insurance Company, jointly and severally, in favor of the General Fund of Andover Public Library in the amount of \$15,920.08.

**FINDING NUMBER 2004-002**

**Officials Response:**

The Andover Public Library, through its Board of Trustees, has instituted action against Sonia Orahood and the Library's bonding agent, The Ohio Casualty Company, in the amount of \$15,920.08.

**FINDING NUMBER 2004-003**

**Finding for Recovery**

During the period January 1, 2000 through August 1, 2005, various checks paid by Andover Public Library to Sonia Orahood, invoiced to Sonia Orahood's personal mailing address, not approved by the Library Director, or made on accounts not authorized by the Library were deemed not to be a proper public purpose expenditure of Andover Public Library. Nineteen checks in total were found to be in question, and the cumulative total amounted to fifteen thousand two hundred forty-one dollars and 41 cents (\$15,241.41).

Based upon the foregoing facts and pursuant to Ohio Revised Code §117.28, a finding for recovery for public money illegally expended is hereby issued against Sonia Orahood, Clerk-Treasurer; and The Ohio Casualty Insurance Company, jointly and severally, in favor of the General Fund of Andover Public Library in the amount of \$15,241.41.

**Officials Response:**

The Andover Public Library, through its Board of Trustees, has instituted action against Sonia Orahood and the Library's bonding agent, The Ohio Casualty Company, in the amount of \$15,241.41.

**FINDING NUMBER 2004-004**

**Finding for Recovery**

During the period January 1, 2003 through August 1, 2005 cash receipts collected daily for various services and rentals that the Library provides did not agree to amounts deposited to the bank accounts by Sonia Orahood. Based off of the available pre-numbered Z tapes that were provided for audit, for the year 2003, 95 Z tapes were run but of those, only 31 were available for inspection. The total amount reflected as collected on the 31 Z tapes equaled \$14,024.19, and the amount traced to deposits into the Andover Public Library bank accounts by Sonia Orahood totaled \$7,410.36, for a shortage of \$6,613.83. For the year 2004, 101 Z tapes were run, of which only 46 were available for inspection. The total amount reflected as collected on the 46 Z tapes equaled \$15,273.51, and the amount traced to deposits into the Andover Public Library bank accounts by Sonia Orahood totaled \$5,777.01, for a shortage of \$9,496.50. For the period January 1, 2005 through July 31, 2005, we reviewed a spreadsheet prepared by Board Member Richard Mole on the Z tape collection and determined 57 Z tapes total collected amounted to \$7,266.41, and the amount deposited into the Andover Public Library bank accounts by Sonia Orahood totaled \$4,670.66, for a shortage of \$2,595.75. The cumulative total of cash receipts collected and due Andover Public Library and not deposited into the bank accounts of the Library by Sonia Orahood amounted to eighteen thousand seven hundred six dollars and eight cents (\$18,706.08).

Based upon the foregoing facts and pursuant to Ohio Revised Code §117.28, a finding for recovery for public money collected but unaccounted for is hereby issued against Sonia Orahood, Clerk-Treasurer; and The Ohio Casualty Insurance Company, jointly and severally, in favor of the General Fund of Andover Public Library in the amount of \$18,706.08.

**FINDING NUMBER 2004-004**

**Officials Response:**

The Andover Public Library, through its Board of Trustees, has instituted action against Sonia Orahood and the Library's bonding agent, The Ohio Casualty Company, in the amount of \$18,706.08.

**FINDING NUMBER 2004-005**

**Non-Compliance Citation – Ohio Revised Code**

**Ohio Revised Code § 9.38** requires that all monies collected under the color of public office, or monies collected by a public officer or employee, shall be deposited with the treasurer of the taxing district or properly designated depository once every twenty-four hours.

The Clerk-Treasurer did not deposit all monies with the properly designated depository on a daily basis. These monies included donations and over-the-counter receipts consisting of fines, copies, movie rentals, etc.

By not depositing monies on a timely basis and instituting a check and balance system to account for cash receipts and deposits, monies were unaccounted for and diverted without the knowledge of the Board.

**Officials Response:**

The Board of Trustees agrees to review the current banking policy in place.

**FINDING NUMBER 2004-006**

**Non-Compliance Citation – Ohio Revised Code**

**Ohio Revised Code §'s 117.11 and 117.43** authorize the Auditor of State to perform audits of public entities and establish the accounting procedures and records that are required to be utilized by these entities. **Ohio Revised Code §'s 149.35 and 149.43** establish the need for public entities to form a Records Commission and also to make available on notice any public record that is maintained by the entity. **Ohio Revised Code § 149.351** states "records are the property of the public office concerned and shall not be removed, destroyed, mutilated, transferred, or otherwise damaged or disposed of, in whole or in part, except as provided by law or under the rules adopted by the records commissions provided under **Sections 149.38 to 149.42 of the Revised Code.**"

In the course of performing the audit of Andover Library, we noted that the "Weekly Tally Sheets" used to record the daily collections of fines and fees and numerous cash register tapes were discarded and not maintained for audit.

Cash register tapes (Z-tapes) were numbered sequentially:

Z control numbers on the cash register tapes for 2003 ran from 1205 to 1299 – total of 95 tapes. Only 31 of the 95 tapes (33%) were available for inspection.

Z control numbers for 2004 ran from 1300 to 1400 – total of 101 tapes. Only 46 tapes (46%) were available for inspection.

#### FINDING NUMBER 2004-006

##### Non-Compliance Citation – Ohio Revised Code (Continued)

By not maintaining these documents or insuring themselves that said records were to be maintained, the Library violated provisions that the Auditor of State requires to be implemented for accounting purposes and the Revised Code requires to be followed before any public record is disposed of.

Andover Library has established a Schedule of Records Retention and Disposition. This retention schedule did not include cash register tapes and tally sheets. These items should be included on this schedule with a time frame that public records are to be disposed of. The Records Commission should meet annually with the meeting documented by Minute records.

##### Officials Response:

The Schedule of Records Retention and Disposition maintained by the Library will be revised to include cash register tapes and tally sheets. These items will have an appropriate destruction date consistent with other public records. The Records Commission of the Library will meet at least annually with their meeting notes integrated into the Board of Trustee's meeting Minutes.

#### FINDING NUMBER 2004-007

##### Non-Compliance Citation – Ohio Administrative Code / Material Weakness

**Ohio Administrative Code § 117-2-02** states that "all local public offices shall maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, label, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements required by rule **117-2-03** of the **Administrative Code**." The financial records of the Library were deficient in several areas such as:

- a) The accounting records of the Library were maintained on Excel spreadsheets.
- b) The Cash Journal, Receipts Journal and Appropriation Journal pages were filed loosely in a folder. In addition, the journal pages were not numbered.
- c) The receipt and appropriation journal sheets for the Expendable Trust Funds did not include account codes.
- d) Balances forwarded to subsequent months did not always agree with the previous months' balance.

These weaknesses do not provide a proper audit trail and resulted in a lengthy auditing process. Without an accurate account of the financial operations of the Library, undetected errors or irregularities could occur and not be corrected in a timely manner.

We recommend that the Board of Trustees review this matter and strongly consider implementing an electronic data processing system to maintain the Library's financial activity. The Auditor of State provides Libraries access to the Uniform Accounting Network (UAN) System. Besides providing an electronic accounting mechanism, the UAN system provides certain administrative controls which may facilitate the Board's monitoring of the Library's financial activity. Furthermore, the UAN system may also assist the Library in complying with certain applicable provisions of the Ohio Revised and Administrative Codes.

#### **FINDING NUMBER 2004-007**

##### **Non-Compliance Citation – Ohio Administrative Code / Material Weakness (Continued)**

###### **Officials Response:**

Immediately after the suspension of the Clerk-Treasurer in July 2005, the Interim Clerk-Treasurer instituted an accounting system by converting the Library's records to a *QuickBooks* system. A general ledger and cash receipts and disbursements journals were instituted. This system is maintained presently. The Board of Trustees has two members who are familiar with the accounting systems – one is a practicing CPA and the other is a retired public school treasurer. They will continue to monitor the current system.

The Board will study the issue of adopting a Uniform Accounting Network System currently offered by the Auditor of State's office.

#### **FINDING NUMBER 2004-008**

##### **Material Weakness**

###### **Voucher Packets/Expenditures**

The Clerk-Treasurer is responsible for maintaining necessary supporting documentation in the voucher packets to provide adequate documentation of expenditures. There were occasions where vouchers were supported by copies of invoices and not the originals. Also there were indications that checks were being signed prior to the check information being completely filled out in regards to the payee. It was also noted that payments were made to credit card companies that were not affiliated with the Library.

A lack of proper documentation could jeopardize the Library's ability to be accountable for all expenditures. Original documentation also provides assurance that the expenditure is being based off a companies/individuals own stationary and eliminates the possibility of duplicate or unallowed purchases. Signing checks in advance by-passes the checks and balances needed to insure that the expenditures are being made for a proper public purpose and being made to Library authorized accounts

A voucher packet should be prepared for all expenditures and all proper supporting documentation (original invoices) should be included in the packet to provide evidence that the disbursement was valid and was for a proper public purpose. The Director should sign each voucher and provide dates they were approved for payment. The Board Member who co-signs checks should verify prior to signing, that the check is prepared for the correct payee and that original supporting documentation is attached. Credit card purchases should be made sparingly, and when used, the Board should verify the expenditure to the account number of the Library and all support documentation is attached to the credit card statement. Upon payment, all invoices should be marked "paid" to prevent re-use.

###### **Officials Response:**

The Board of Trustees will adopt a policy procedure regarding cancellation of vouchers and invoices. All vouchers and invoices will have the date paid, the check number used and the amount paid on each document to prevent reuse. No checks will be signed without the voucher and appropriate documentation attached. No credit card bill will be paid without proper documentation in the form of credit slips being attached to the credit card statement. No check will be signed that is not complete, with payee, date, numerical amount and the amount written out alphabetically filled in.





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**ANDOVER PUBLIC LIBRARY**

**ASHTABULA COUNTY**

**CLERK'S CERTIFICATION**

**This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.**

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JANUARY 4, 2007**