



Mary Taylor, CPA
Auditor of State

ANDOVER PUBLIC LIBRARY
ASHTABULA COUNTY

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Mary Taylor, CPA
Auditor of State

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 an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

Mary Taylor

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Auditor of State

July 26, 2010

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Andover Public Library
Ashtabula County
142 W. 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, 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 of Andover Public Library, Ashtabula 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 July 26, 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.



Mary Taylor, CPA
Auditor of State

July 26, 2010

**ANDOVER PUBLIC 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, 2009**

	<u>All Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Permanent</u>	
Cash Receipts:					
Library and Local Government Support	\$220,814	\$0	\$0	\$0	\$220,814
Patron Fines and Fees	11,015				11,015
Services Provided to Other Entities	1,619				1,619
Contributions, Gifts and Donations	24,880	4,000		100	28,980
Earnings on Investments	207	1,064	295	1,674	3,240
Miscellaneous	918				918
Total Cash Receipts	<u>259,453</u>	<u>5,064</u>	<u>295</u>	<u>1,774</u>	<u>266,586</u>
Cash Disbursements:					
Current:					
Salaries	142,732				142,732
Employee Fringe Benefits	55,909				55,909
Purchased and Contractual Services	60,790	6,000			66,790
Library Materials and Information	24,625	3,406		1,071	29,102
Supplies	10,429	355			10,784
Other	887				887
Total Cash Disbursements	<u>295,372</u>	<u>9,761</u>	<u>0</u>	<u>1,071</u>	<u>306,204</u>
Total Receipts Over/(Under) Disbursements	(35,919)	(4,697)	295	703	(39,618)
Fund Cash Balances, January 1	<u>58,213</u>	<u>77,347</u>	<u>20,816</u>	<u>73,066</u>	<u>229,442</u>
Fund Cash Balances, December 31	<u>\$22,294</u>	<u>\$72,650</u>	<u>\$21,111</u>	<u>\$73,769</u>	<u>\$189,824</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 FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>All Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Permanent</u>	
Cash Receipts:					
Library and Local Government Support	\$268,637	\$0	\$0	\$0	\$268,637
Patron Fines and Fees	10,628				10,628
Contributions, Gifts and Donations	17,366	4,000		0	21,366
Earnings on Investments	2,738	2,311	317	995	6,361
Miscellaneous	94,318				94,318
Total Cash Receipts	<u>393,687</u>	<u>6,311</u>	<u>317</u>	<u>995</u>	<u>401,310</u>
Cash Disbursements:					
Current:					
Salaries	145,285				145,285
Employee Fringe Benefits	58,943				58,943
Purchased and Contractual Services	58,658				58,658
Library Materials and Information	33,506			3,047	36,553
Supplies	14,894	1,256		8	16,158
Other	4,024				4,024
Capital Outlay	28,551	3,155			31,706
Total Cash Disbursements	<u>343,861</u>	<u>4,411</u>	<u>0</u>	<u>3,055</u>	<u>351,327</u>
Total Receipts Over/(Under) Disbursements	<u>49,826</u>	<u>1,900</u>	<u>317</u>	<u>(2,060)</u>	<u>49,983</u>
Other Financing Receipts / (Disbursements):					
Transfers-In			10,000		10,000
Transfers-Out	(10,000)				(10,000)
Total Other Financing Receipts / (Disbursements)	<u>(10,000)</u>	<u>0</u>	<u>10,000</u>	<u>0</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>39,826</u>	<u>1,900</u>	<u>10,317</u>	<u>(2,060)</u>	<u>49,983</u>
Fund Cash Balances, January 1	<u>18,387</u>	<u>75,447</u>	<u>10,499</u>	<u>75,126</u>	<u>179,459</u>
Fund Cash Balances, December 31	<u>\$58,213</u>	<u>\$77,347</u>	<u>\$20,816</u>	<u>\$73,066</u>	<u>\$229,442</u>

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, 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 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. 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.

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 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 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:

Garwood Fund – This fund was established with a cash donation to help with costs directly associated the library operations.

Marvin Wendell Trust – The Library receives \$4000 annually as a memorial gift to be used without restriction by the Library Board of Trustees.

**ANDOVER PUBLIC LIBRARY
ASHTABULA COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

3. Capital Project Fund

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.

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:

Sawdy Fund – This fund was established as a bequest to be held in trust by the Library in perpetuity. The income from this fund is used for the purchase of books for children.

E. Budgetary Process

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

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:

**ANDOVER PUBLIC LIBRARY
ASHTABULA COUNTY**

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

2. EQUITY IN POOLED DEPOSITS AND INVESTMENTS – (Continued)

	2009	2008
Demand deposits	\$19,522	\$54,013
Certificates of deposit	54,145	35,145
Other time deposits (savings and NOW accounts)	55,904	80,031
Total deposits	129,571	169,189
Investments:		
Common stock (at cost, fair value was \$60,335 and \$66,802 at December 31, 2009 and 2008, respectively.)	60,253	60,253
Total investments	60,253	60,253
Total deposits and investments	\$189,824	\$229,442

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

Investments: Stock certificates were donated to the Library's General Fund, Sawdy Trust Fund (Permanent Trust), and to the Library's Special Revenue Fund (Lee Fund). 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 12/31/09, and 12/31/08 are listed below:

Company	# of Shares	\$ per Share	Fair Value @ 12/31/09
Exxon	480	68.19	\$32,731
Ford	220	10.00	2,200
GM (Common)	60	.471	28
GM (Delphi)	41	*	*
Morgan Stanley	92	29.6	2,723
All-State	55	30.04	1,652
Andover Bank	28	750.00	21,000
Visteon	28	.026	1
Total			\$60,335

Company	# of Shares	\$ per Share	Fair Value @ 12/31/08
Exxon	480	79.83	\$38,318
Ford	220	2.29	504
GM (Common)	60	3.20	192
GM (Delphi)	41	*	*
Morgan Stanley	92	16.04	1,476
All-State	55	32.76	1,802
Andover Bank	28	875.00	24,500
Visteon	28	.35	10
Total			\$66,802

* In Bankruptcy

**ANDOVER PUBLIC LIBRARY
ASHTABULA COUNTY**

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

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	\$387,709	\$259,453	(\$128,256)
Special Revenue	4,880	5,064	184
Capital Projects	500	295	(205)
Permanent	6,510	1,774	(4,736)
Total	\$399,599	\$266,586	(\$133,013)

2009 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$313,191	\$295,372	\$17,819
Special Revenue	57,952	9,761	48,191
Capital Projects	10,999	0	10,999
Permanent	47,651	1,071	46,580
Total	\$429,793	\$306,204	\$123,589

2008 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$400,665	\$393,687	(\$6,978)
Special Revenue	4,880	6,311	1,431
Capital Projects	500	10,317	9,817
Permanent	1,565	995	(570)
Total	\$407,610	\$411,310	\$3,700

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$416,862	\$353,861	\$63,001
Special Revenue	57,953	4,411	53,542
Capital Projects	10,999	0	10,999
Permanent	36,652	3,055	33,597
Total	\$522,466	\$361,327	\$161,139

**ANDOVER PUBLIC LIBRARY
ASHTABULA COUNTY**

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

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 any additional revenues the Library receives.

5. 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 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.

6. RISK MANAGEMENT

Commercial Insurance

The Library has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Business Auto Coverage; and
- Errors and omissions.

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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*

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

To the Board of Trustees:

We have audited the financial statements of Andover Library, Ashtabula County (the Library) as of and for the years ended December 31, 2009 and 2008 and have issued our report thereon dated July 26, 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.

We did note certain matters not requiring inclusion in this report that we reported to the Library's management in a separate letter dated July 26, 2010.

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Compliance and Other Matters

As part of reasonably assuring whether the Library's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We intend this report solely for the information and use of management, the Board of Trustees, and others within the Library. 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

July 26, 2010

**ANDOVER PUBLIC LIBRARY
ASHTABULA COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2009 AND 2008**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2007-001	Ohio Administrative Code § 117-2-02 (A) and § 117-2-02 (D) – Library's accounting system did not provide adequate information.	Yes	The Library started using the Uniform Accounting Network in September 2009



Mary Taylor, CPA
Auditor of State

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
AUGUST 12, 2010**