



**Auditor of State
Betty Montgomery**

ANDOVER PUBLIC LIBRARY
ASHTABULA COUNTY

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Trustees:

We have audited the accompanying financial statements of the Andover Public Library, Ashtabula County (the Library) as of and for the years ended December 31, 2002 and December 31, 2001. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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 that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Library prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserve for encumbrances of the Library as of December 31, 2002 and December 31, 2001, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 27, 2003 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of the audit committee, management, Board of Trustees and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by 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

May 27, 2003

**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, 2002**

	<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>	
Cash Receipts:				
Property and Other Local Taxes	\$260,440	\$0	\$0	\$260,440
Patron Fines and Fees	14,623			14,623
Earnings on Investments	401	203	1,622	2,226
Contributions, Gifts and Donations	4,085		54,000	58,085
Total Cash Receipts	279,549	203	55,622	335,374
Cash Disbursements:				
Current:				
Salaries and Benefits	172,493			172,493
Supplies	14,455			14,455
Purchased and Contracted Services	56,938			56,938
Library Materials and Information	35,433		502	35,935
Other Objects	4,448			4,448
Capital Outlay	6,419	13,138	24,129	43,686
Total Cash Disbursements	290,186	13,138	24,631	327,955
Total Cash Receipts Over/(Under) Cash Disbursements	(10,637)	(12,935)	30,991	7,419
Other Financing Receipts/(Disbursements):				
Transfers-In	20,662			20,662
Transfers-Out		(9,062)	(11,600)	(20,662)
Total Other Financing Receipts/(Disbursements)	20,662	(9,062)	(11,600)	0
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	10,025	(21,997)	19,391	7,419
Fund Cash Balances, January 1	7,901	22,582	95,271	125,754
Fund Cash Balances, December 31	\$17,926	\$585	\$114,662	\$133,173
Reserves for Encumbrances, December 31	\$1,500	\$0	\$0	\$1,500

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
NONEXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>Fiduciary Fund Types</u>
	<u>Nonexpendable Trust</u>
Operating Cash Receipts:	
Patron Fees and Fines	\$1,793
Operating Cash Disbursements:	
Current:	
Library Materials and Information	332
Operating Income/(Loss)	1,461
Fund Cash Balances, January 1	76,716
Fund Cash Balances, December 31	<u><u>\$78,177</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, 2001**

	Governmental Fund Types		Fiduciary Fund Type	Totals (Memorandum Only)
	General	Capital Projects	Expendable Trust	
Cash Receipts:				
Property and Other Local Taxes	\$282,425	\$0	\$0	\$282,425
Patron Fines and Fees	13,321			13,321
Earnings on Investments	722	833	7,292	8,847
Contributions, Gifts and Donations	11,410			11,410
Total Cash Receipts	307,878	833	7,292	316,003
Cash Disbursements:				
Current:				
Salaries and Benefits	139,991			139,991
Supplies	17,928			17,928
Purchased and Contracted Services	67,173			67,173
Library Materials & Info.	69,786		937	70,723
Other Objects	5,497			5,497
Capital Outlay	20,242	27,424		47,666
Total Cash Disbursements	320,617	27,424	937	348,978
Total Cash Receipts Over/(Under) Cash Disbursements	(12,739)	(26,591)	6,355	(32,975)
Fund Cash Balances, January 1	20,640	49,173	88,916	158,729
Fund Cash Balances, December 31	\$7,901	\$22,582	\$95,271	\$125,754
Reserves for Encumbrances, December 31	\$1,000	\$0	\$0	\$1,000

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
NONEXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2001**

	Fiduciary Fund Types
	Nonexpendable Trust
Operating Cash Receipts:	
Patron Fees and Fines	\$1,999
Operating Cash Disbursements:	
Current:	
Purchased and Contracted Services	2,498
Operating Income/(Loss)	(499)
Fund Cash Balances, January 1	77,215
Fund Cash Balances, December 31	\$76,716

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, 2002 AND 2001**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Andover Public Library, Ashtabula County, (the Library) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of Ohio. The Library is directed by a seven-member Board of Trustees appointed by Pymatuning Valley Local School District Board of Education.

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 prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized 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 prescribed or permitted by the Auditor of State.

C. Cash and Investments

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

Certificates of deposit are valued at cost. Stocks are recorded at cost and reported at fair value in the respective funds.

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 is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Capital Project Funds

This fund is used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Library had the following significant 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, 2002 AND 2001
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Fiduciary Funds (Trust Funds)

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Library to maintain the corpus of the trust, the fund is classified as a nonexpendable trust fund. Other trust funds are classified as expendable. 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 2002 and 2001 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as capital outlay disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the basis of accounting the Library uses.

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Library maintains a cash and investments pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 follows:

	2002	2001
Demand deposits	\$25,658	\$66,776
Certificates of deposit	136,597	86,599
Total deposits	162,255	153,375
Investments:		
Common stock (at cost, see below for the fair value at December 31, 2002 and 2001, respectively.)	49,095	49,095
Total deposits and investments	\$211,350	\$202,470

**ANDOVER PUBLIC LIBRARY
ASHTABULA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

2. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation or (2) collateralized by the financial institution's public entity deposit pool.

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 12/31/02 and 12/31/01 are listed below:

Company	# of Shares	\$ per Share	Fair Value @ 12/31/02
Exxon	480	34.94	\$16,771.20
Ford	220	9.30	2,046.00
GM (Common)	60	36.86	2,211.60
GM (H)	2	25.08	50.16
GM (Delphi)	41	8.05	330.05
Sears	60	36.86	2,211.60
Morgan Stanley	46	39.92	1,836.32
All-State	55	36.99	2,034.45
Andover Bank	3	700.00	2,100.00
Citigroup	84	35.19	2,955.96
Visteon	28	6.96	<u>194.88</u>
Total			\$32,742.22

Company	# of Shares	\$ per Share	Fair Value @ 12/31/01
Exxon	240	39.30	\$9,432.00
Ford	220	15.72	3,458.40
GM (Common)	60	48.60	2,916.00
GM (H)	2	15.45	30.90
GM (Delphi)	41	13.66	560.06
Sears	60	47.64	2,858.40
Morgan Stanley	46	55.94	2,573.24
All-State	55	33.70	1,853.50
Andover Bank	3	700.00	2,100.00
Citigroup	84	50.48	4,240.32
Visteon	28	15.04	<u>421.12</u>
Total			\$30,443.94

**ANDOVER PUBLIC LIBRARY
ASHTABULA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending 2002 and 2001 as follows:

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$301,000	\$291,686	\$9,314
Capital Projects	22,000	22,200	(200)
Fiduciary	98,600	36,563	62,037
Total	\$421,600	\$350,449	\$71,151

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$338,199	\$321,617	\$16,582
Capital Projects	50,000	27,424	22,576
Fiduciary	10,200	3,435	6,765
Total	\$398,399	\$352,476	\$45,923

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 LLGSF is allocated 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 Public Employees Retirement System of Ohio (PERS) is a state operated, cost-sharing, multiple employer public employee retirement system. PERS provides retirement benefits to vested employees who are eligible to retire based upon years of service. PERS also provides survivor and disability benefits to vested employees.

Contribution rates are prescribed by the Ohio Revised Code. The Library's PERS members contributed 8.5% of their gross salaries. The Library contributed an amount equal to 13.55% of participants' gross salaries for 2002 and 2001. The Library has paid all contributions required through December 31, 2002.

6. RISK MANAGEMENT

Commercial Insurance

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

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



Auditor of State Betty Montgomery

REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Andover Public Library
Ashtabula County
142 West Main Street
Andover, OH 44003

To the Board of Trustees:

We have audited the accompanying financial statements of the Andover Public Library, Ashtabula County (the Library) as of and for the years ended December 31, 2002 and December 31, 2001, and have issued our report thereon dated May 27, 2003. 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.

Compliance

As part of obtaining reasonable assurance about whether the Library's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on 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 such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Library's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a 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 in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted one matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the Library in a separate letter dated May 27, 2003.

Andover Public Library
Ashtabula County
Report of Independent Accountants on Compliance and on Internal Control
Required by *Government Auditing Standards*
Page 2

This report is intended solely for the information and use of the audit committee, management and Board of Trustees, and is not intended to be and should not be used by 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

May 27, 2003

**ANDOVER PUBLIC LIBRARY
ASHTABULA COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEARS ENDING DECEMBER 31, 2002-01**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2000-41104-001	Finding for Recovery	Yes	
2000-41104-002	Ohio Admin Code 117-04-07	Yes	
2000-41104-003	Ohio Revised Code 3375.35	Yes	
2000-41104-004	Disbursement	Yes	



**Auditor of State
Betty Montgomery**

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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
JUNE 12, 2003**