



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.

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Mary Taylor, CPA
Auditor of State

June 17, 2009

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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, 2007, 2006 and 2005. 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.

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, 2007, 2006 and 2005 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, 2007, 2006 and 2005, 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, 2007, 2006 and 2005, 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 June 17, 2009, on our consideration of the Library's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

Mary Taylor, CPA
Auditor of State

June 17, 2009

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, 2007**

	All Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Permanent	
Cash Receipts:					
Library and Local Government Support	\$271,968	\$0	\$0	\$0	\$271,968
Intergovernmental		6,048			6,048
Patron Fines and Fees	12,528				12,528
Contributions, Gifts and Donations	498	26,375			26,873
Earnings on Investments	1,351	2,698	2	2,680	6,731
Miscellaneous	20,000				20,000
Total Cash Receipts	306,345	35,121	2	2,680	344,148
Cash Disbursements:					
Current:					
Salaries	138,901				138,901
Employee Fringe Benefits	50,585				50,585
Purchased and Contractual Services	56,432	4,501			60,933
Library Materials and Information	29,370	33		3,520	32,923
Supplies	11,255				11,255
Other	3,350				3,350
Capital Outlay	25,041	6,048			31,089
Total Cash Disbursements	314,934	10,582	0	3,520	329,036
Total Receipts Over/(Under) Disbursements	(8,589)	24,539	2	(840)	15,112
Other Financing Receipts / (Disbursements):					
Transfers-In			10,000		10,000
Transfers-Out	(10,000)				(10,000)
Other Financing Uses				(6,093)	(6,093)
Total Other Financing Receipts / (Disbursements)	(10,000)	0	10,000	(6,093)	(6,093)
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(18,589)	24,539	10,002	(6,933)	9,019
Fund Cash Balances, January 1	36,976	51,966	497	81,002	170,441
Fund Cash Balances, December 31	\$18,387	\$76,505	\$10,499	\$74,069	\$179,460

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 FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2006**

	All Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Permanent	
Cash Receipts:					
Library and Local Government Support	\$270,118	\$0	\$0	\$0	\$270,118
Intergovernmental					0
Patron Fines and Fees	12,363				12,363
Contributions, Gifts and Donations	3,674	5,000			8,674
Earnings on Investments	1,203	1,867	4	8,642	11,716
Total Cash Receipts	287,358	6,867	4	8,642	302,871
Cash Disbursements:					
Current:					
Salaries	130,693				130,693
Employee Fringe Benefits	39,543				39,543
Purchased and Contractual Services	65,183	10,653			75,836
Library Materials and Information	39,108			2,904	42,012
Supplies	12,535	1,480	200		14,215
Other	1,496				1,496
Total Cash Disbursements	288,558	12,133	200	2,904	303,795
Total Receipts Over/(Under) Disbursements	(1,200)	(5,266)	(196)	5,738	(924)
Other Financing Receipts / (Disbursements):					
Transfers-In	1,222				1,222
Transfers-Out		(1,222)			(1,222)
Other Financing Sources	140			477	617
Other Financing Uses	(455)	(42)		(100)	(597)
Total Other Financing Receipts / (Disbursements)	907	(1,264)	0	377	20
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(293)	(6,530)	(196)	6,115	(904)
Fund Cash Balances, January 1	37,269	58,496	693	74,887	171,345
Fund Cash Balances, December 31	\$36,976	\$51,966	\$497	\$81,002	\$170,441

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 FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2005

	All Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Permanent	
Cash Receipts:					
Library and Local Government Support	\$268,746				\$268,746
Patron Fines and Fees	9,908				9,908
Contributions, Gifts and Donations	1,928	\$4,000			5,928
Earnings on Investments	327	1,126	\$3	\$1,007	2,463
Total Cash Receipts	280,909	5,126	3	1,007	287,045
Cash Disbursements:					
Current:					
Salaries	100,872				100,872
Employee Fringe Benefits	59,786				59,786
Purchased and Contractual Services	58,115				58,115
Library Materials and Information	36,048	5,905			41,953
Supplies	14,024				14,024
Other	4,525	1,721			6,246
Capital Outlay		8,569			8,569
Total Cash Disbursements	273,370	16,195	0	0	289,565
Total Receipts Over/(Under) Disbursements	7,539	(11,069)	3	1,007	(2,520)
Other Financing Receipts / (Disbursements):					
Transfers-In				1,045	1,045
Transfers-Out	(1,045)				(1,045)
Other Financing Sources	399				399
Total Other Financing Receipts / (Disbursements)	(646)	0	0	1,045	399
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	6,893	(11,069)	3	2,052	(2,121)
Fund Cash Balances, January 1	30,376	69,565	690	72,835	173,466
Fund Cash Balances, December 31	\$37,269	\$58,496	\$693	\$74,887	\$171,345

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

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**ANDOVER PUBLIC LIBRARY
ASHTABULA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007, 2006 AND 2005**

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. Cash and Investments

The Library's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

The Library values certificates of deposit 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 Special Revenue Funds:

Ohio Public Library Information Network Grant – This grant is to help with costs directly associated with the implementation, upgrade, renewal, and/or maintenance of the Internet content filter solution.

**ANDOVER PUBLIC LIBRARY
ASHTABULA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007, 2006 AND 2005
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Marvin Wendell Trust – This Library receives \$4,000 annually as a memorial gift to be used without restriction by the Library Board of Trustees.

3. Capital Project Fund

These funds account 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, and function level of control for the General Fund and the Fund level for all other Library Funds.

A summary of 2007, 2006 and 2005 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.

**ANDOVER PUBLIC LIBRARY
ASHTABULA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007, 2006 AND 2005
(Continued)**

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	2007	2006	2005
Demand deposits	\$30,719	\$28,314	\$72,652
Certificates of deposit	84,377	94,044	49,598
Total deposits	115,096	122,358	122,250
Investments:			
Common stock (at cost, fair value was \$83,398, \$81,241 and \$46,404 at December 31, 2007, 2006 and 2005, respectively.)	64,364	48,082	49,095
Total investments	64,364	48,082	49,095
Total deposits and investments	<u>\$179,460</u>	<u>\$170,440</u>	<u>\$171,345</u>

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, and to the Library's Permanent 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 12/31/07, 12/31/06 and 12/31/05 are listed below:

Company	# of Shares	\$ per Share	Fair Value @ 12/31/07
Exxon	480	93.69	\$44,971.20
Ford	220	6.73	1,480.60
GM (Common)	60	24.89	1,493.40
GM (H)	2	15.91	31.82
GM (Delphi)	41	.145	5.94
Morgan Stanley	92	53.11	4,886.12
All-State	55	52.23	2,872.65
Andover Bank	28	895.00	25,060.00
Citigroup	84	29.44	2,472.96
Visteon	28	4.39	<u>122.92</u>
Total			\$83,397.61

**ANDOVER PUBLIC LIBRARY
ASHTABULA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007, 2006 AND 2005
(Continued)**

2. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)

Company	# of Shares	\$ per Share	Fair Value @ 12/31/06
Exxon	480	76.63	\$36,782.40
Ford	220	7.51	1,652.20
GM (Common)	60	30.72	1,843.20
GM (H)	2	19.07	38.14
GM (Delphi)	41	3.82	156.62
Morgan Stanley	92	81.43	7,491.56
All-State	55	65.11	3,581.05
Andover Bank	28	885.00	24,780.00
Citigroup	84	55.70	4,678.80
Visteon	28	8.48	237.44
Total			\$81,241.41

Company	# of Shares	\$ per Share	Fair Value @ 12/31/05
Exxon	480	56.17	\$26,961.60
Ford	220	7.72	1,698.40
GM (Common)	60	19.42	1,165.20
GM (H)	2	14.10	28.20
GM (Delphi)	41	.291	11.93
Sears	60	24.719	1,483.14
Morgan Stanley	92	56.74	5,220.08
All-State	55	54.07	2,973.85
Andover Bank	3	870.00	2,610.00
Citigroup	84	48.53	4,076.52
Visteon	28	6.26	175.28
Total			\$46,404.20

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2007, 2006 and 2005 follows:

<u>2007 Budgeted vs. Actual Budgetary Basis Expenditures</u>			
<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$348,852	\$324,934	\$23,918
Special Revenue	62,848	10,582	52,266
Capital Projects	500	0	500
Permanent	36,400	9,613	26,787
Total	<u>\$448,600</u>	<u>\$345,129</u>	<u>\$103,471</u>

**ANDOVER PUBLIC LIBRARY
ASHTABULA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007, 2006 AND 2005
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2007 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$310,041	\$306,345	(\$3,696)
Special Revenue	10,978	35,121	24,143
Capital Projects	0	10,002	10,002
Permanent	1,515	2,680	1,165
Total	<u>\$322,534</u>	<u>\$354,148</u>	<u>\$31,614</u>

2006 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$307,900	\$289,013	\$18,887
Special Revenue	57,300	13,397	43,903
Capital Projects	600	200	400
Permanent	3,150	3,004	146
Total	<u>\$368,950</u>	<u>\$305,614</u>	<u>\$63,336</u>

2006 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$269,793	\$288,720	\$18,927
Special Revenue	5,025	6,867	1,842
Capital Projects	100	4	(96)
Permanent	1,254	9,119	7,865
Total	<u>\$276,172</u>	<u>\$304,710</u>	<u>\$28,538</u>

2005 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$323,800	\$274,415	\$49,385
Special Revenue	73,000	16,195	56,805
Capital Projects	700	0	700
Permanent	1,150	0	1,150
Total	<u>\$398,650</u>	<u>\$290,610</u>	<u>\$108,040</u>

2005 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$294,987	\$281,308	(\$13,679)
Special Revenue	5,475	5,126	(349)
Capital Projects	100	3	(97)
Permanent	1,850	2,052	202
Total	<u>\$302,412</u>	<u>\$288,489</u>	<u>(\$13,923)</u>

**ANDOVER PUBLIC LIBRARY
ASHTABULA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007, 2006 AND 2005
(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 of 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 2007, 2006 and 2005, OPERS members contributed 9.5%, 9% and 8.5%, respectively, of their gross salaries and the Library contributed an amount equaling 13.85%, 13.7% and 13.55%, respectively, of participants' gross salaries. The Library has paid all contributions required through December 31, 2007.

6. RISK MANAGEMENT

Commercial Insurance

The Library has obtained commercial insurance for the following risks:

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



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 the Andover Public Library, Ashtabula County, (the Library) as of and for the years ended December 31, 2007, 2006 and 2005, and have issued our report thereon dated June 17, 2009, 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. 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 expressing our opinion on the financial statements, but not to opine 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Library's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Library's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

We consider finding 2007-001 described in the accompanying schedule of findings to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Library's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. Of the significant deficiency described above, we believe finding number 2007-001 is also a material weakness.

We also noted certain internal control matters that we reported to the Library's management in a separate letter dated June 17, 2009.

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 an instance of noncompliance or other matters we must report under *Government Auditing Standards*, which is described in the accompanying schedule of findings as item 2007-001.

The Library's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the Library's responses and, accordingly, we express no opinion on them.

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



Mary Taylor, CPA
Auditor of State

June 17, 2009

**ANDOVER PUBLIC LIBRARY
ASHTABULA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2007, 2006 AND 2005**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2007-001

Noncompliance Citation and Material Weakness

Ohio Administrative Code § 117-2-02(A) states that all public offices shall maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, document compliance with finance related legal and contractual requirements and prepare financial statements.

Ohio Administrative Code § 117-2-02(D) states that all local public officers may maintain accounting records in a manual or computerized format. The records used should be based on the nature of operations and services the public office provides, and should consider the degree of automation and other factors. Such records should include the following:

- (1) Cash Journal, which typically contains the following information: the amount, date, receipt number, account code, purchase order number, and any other information necessary to properly classify the transaction.
- (2) Receipt ledger, which typically assembles and classifies receipts into separate accounts for each type of receipt of each fund the public office uses. The amount, date, name of payer, purpose, receipt number, and other information required for the transactions can be recorded on this ledger. Each receipt should be supported by a pre-numbered pay-in form which is prepared at the time the money is received and remittance advice.
- (3) Appropriation ledger, which may assemble and classify disbursements into separate accounts for, at a minimum, each account listed in the budget. The amount, fund, date, check number, purchase order number, encumbrance amount, unencumbered balance, amount of disbursement and uncommitted balance of appropriations can be recorded on this ledger.
- (4) Check register that includes, in numerical sequence, the check number, payee, net amount and the date.
- (5) Payroll records including W-2's, W-4's and other withholding records and authorizations; a payroll journal that records, assembles and classifies by pay period the name of employee, hours worked, wage rates, pay date, withholdings by type, net pay and other compensation paid to an employee and the fund and account charged for the payments.
- (6) Information, by employee, regarding leave balances and usage.
- (7) Monthly reconciliations of bank balances to accounting record balances.

The Library did not maintain an accounting system that would enable the public office to efficiently identify, assemble, analyze, classify, record and report its transactions, document compliance with finance related legal contractual requirements and prepare financial statements.

**FINDING NUMBER 2007-001
(Continued)**

Noncompliance Citation and Material Weakness

The financial records of the Library were maintained on QuickBooks. The financial reports prepared using this system were deficient in several areas such as:

- (a) Expenditure codes were not established for all Funds of the Library. All expenditures were processed through the General Fund operating account.
- (b) Expenditures from funds other than General Fund were sometimes posted as transfers.
- (c) Appropriations were not entered on the Library's expenditure ledgers.

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 that would provide all required financial information. 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.

Officials Response:

We have read the report and are addressing the issues. We are considering the recommendations of the Auditors. We are now in contact with the UAN staff.

**ANDOVER PUBLIC LIBRARY
ASHTABULA COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2007, 2006 and 2005**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2004-001	Finding for Recovery - (\$39,870.82) checks were written against the Library's account and then altered or paid to non-Library vendors	Legal action taken against former Clerk-Treasurer and bonding company	Library received \$20,000 from the bonding company in 2007 and \$80,000 from the former Clerk-Treasurer in 2008, for the findings and related audit costs.
2004-002	Finding for Recovery - (\$15,920.08) hospitalization payments made on behalf of the Clerk-Treasurer were not deducted from her gross pay	Legal action taken against former Clerk-Treasurer and bonding company	See above comment.
2004-003	Finding for Recovery - (\$15,241.41) payments made on invoices for purchases made on behalf of the Clerk-Treasurer for personal purposes	Legal action taken against former Clerk-Treasurer and bonding company	See above comment.
2004-004	Finding for Recovery - (\$18,706.08) cash collected for Library services was not deposited in the Library bank account	Legal action taken against former Clerk-Treasurer and bonding company	See above comment.
2004-005	Ohio Revised Code § 9.38 - citation for not depositing money collected on a daily basis	Yes	Significantly corrected; Verbal Comment
2004-006	Ohio Revised Code § 149.351 - Citation for not retaining cash register tapes for audit	Yes	
2004-007	Ohio Administrative Code §117-2-02 - Deficiencies in accounting records	No	Partially corrected; citation amended for current audit
2004-008	Voucher Packets/Expenditures – lack of adequate documentation	Yes	



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
JULY 14, 2009**