

***BARBERTON PUBLIC LIBRARY  
SUMMIT COUNTY, OHIO***

***AUDIT REPORT***

***FOR THE YEARS ENDED DECEMBER 31, 2004 & 2003***

***Charles E. Harris and Associates, Inc.***  
**Certified Public Accountants and Government Consultants**





**Auditor of State  
Betty Montgomery**

Board of Trustees  
Barberton Public Library  
602 W. Park Avenue  
Barberton, Ohio 44203

We have reviewed the *Report of Independent Accountants* of the Barberton Public Library, Summit County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2003 through December 31, 2004. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Report of Independent Accountants* on your financial statements. While the Auditor of State 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. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Report of Independent Accountants* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Barberton Public Library is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Betty Montgomery".

BETTY MONTGOMERY  
Auditor of State

February 14, 2006

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**BARBERTON PUBLIC LIBRARY  
SUMMIT COUNTY, OHIO  
Audit Report  
For the Years Ended December 31, 2004 & 2003**

**TABLE OF CONTENTS**

<u>Title</u>	<u>Page</u>
Table of Contents	i
Report of Independent Accountants	1 - 2
Combined Statement of Cash, Investments and Fund Cash Balances - All Fund Types, As of December 31, 2004 and 2003	3
Combined Statement of Receipts, Disbursements, and Changes in Fund Cash Balances - All Governmental and Fiduciary Fund Types - For the Years Ended December 31, 2004 and 2003	4 - 5
Notes to the Financial Statements	6 - 10
Report On Internal Control Over Financial Reporting And On Compliance And Other Matters Based On An Audit Of Financial Statements Performed In Accordance With <i>Government Auditing Standards</i>	11-12
Schedule of Findings	13-15
Schedule of Prior Audit Findings	16-17

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**REPORT OF INDEPENDENT ACCOUNTANTS**

**Board of Trustees  
Barberton Public Library, Summit County  
Barberton, Ohio**

We have audited the accompanying financial statements of Barberton Public Library (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 *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 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 accounting principles generally accepted in the United States of America, 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 is changes in financial position for the year then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Barberton Public Library, Summit 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 the accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of its financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 12, 2005 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 agreements and other matters. That report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. It does not opine on the internal control over financial reporting or on compliance. 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.

***Charles E. Harris & Associates, Inc.***  
August 12, 2005

**BARBERTON PUBLIC LIBRARY  
SUMMIT COUNTY, OHIO  
COMBINED STATEMENT OF CASH, INVESTMENTS AND FUND  
CASH BALANCES - ALL FUND TYPES  
As of December 31, 2004 & 2003**

	2004 Balance	2003 Balance
Cash and Cash Equivalents	\$ 629,133	\$ 942,848
	\$ 629,133	\$ 942,848

**CASH BALANCES BY FUND CLASS**

**Governmental Fund Types:**

General Fund	\$ 537,725	\$ 616,422
Special Revenue Funds	(1,381)	(1,939)
Capital Projects Funds	91,563	327,139

**Fiduciary Fund Type:**

Expendable Trust	1,226	1,226
<b>Total</b>	<b>\$ 629,133</b>	<b>\$ 942,848</b>

See accompanying Notes to the Financial Statements.



**BARBERTON PUBLIC LIBRARY**  
**SUMMIT COUNTY, OHIO**  
**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND**  
**CHANGES IN FUND CASH BALANCES**  
**All Governmental and Fiduciary Fund Types**  
**For the Year Ended December 31, 2004**

	Governmental Fund Types			Fiduciary Fund Type	Total Memorandum Only
	General	Special Revenue	Capital Projects	Expendable Trust	
<b>Receipts:</b>					
Property and Other Local Taxes	\$ 1,145,442	\$ -	\$ -	\$ -	\$ 1,145,442
Patron Fines and Fees	36,179	-	-	-	36,179
Earnings on Investments	10,693	-	-	-	10,693
Contributions, Gifts and Donations	2,539	-	-	-	2,539
Miscellaneous Revenue	2,019	690	-	-	2,709
<b>Total Receipts</b>	<b>1,196,872</b>	<b>690</b>	<b>-</b>	<b>-</b>	<b>1,197,562</b>
<b>Disbursements:</b>					
<b>Current:</b>					
Salaries	898,110	-	-	-	898,110
Purchased and Contractual Services	174,216	-	44,005	-	218,221
Library Materials and Information	161,762	58	-	-	161,820
Supplies	22,102	74	-	-	22,176
Miscellaneous	5,872	-	-	-	5,872
Capital Outlay	13,507	-	191,571	-	205,078
<b>Total Disbursements</b>	<b>1,275,569</b>	<b>132</b>	<b>235,576</b>	<b>-</b>	<b>1,511,277</b>
<b>Total Receipts Over/(Under) Disbursements</b>	<b>(78,697)</b>	<b>558</b>	<b>(235,576)</b>	<b>-</b>	<b>(313,715)</b>
<b>Fund Cash Balance, January 1</b>	<b>616,422</b>	<b>(1,939)</b>	<b>327,139</b>	<b>1,226</b>	<b>942,848</b>
<b>Fund Cash Balance, December 31</b>	<b>\$ 537,725</b>	<b>\$ (1,381)</b>	<b>91,563</b>	<b>\$ 1,226</b>	<b>\$ 629,133</b>
<b>Reserve for Encumbrances, December 31</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

See accompanying Notes to the Financial Statements.

**BARBERTON PUBLIC LIBRARY**  
**SUMMIT COUNTY, OHIO**  
**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND**  
**CHANGES IN FUND CASH BALANCES**  
**All Governmental and Fiduciary Fund Types**  
**For the Year Ended December 31, 2003**

	Governmental Fund Types			Fiduciary Fund Type	Total Memorandum Only
	General	Special Revenue	Capital Projects	Expendable Trust	
<b>Receipts:</b>					
Property and Other Local Taxes	\$ 1,159,749	\$ -	\$ -	\$ -	\$ 1,159,749
Patron Fines and Fees	35,547	-	-	-	35,547
Earnings on Investments	11,857	-	-	-	11,857
Contributions, Gifts and Donations	1,990	662	-	-	2,652
Miscellaneous Revenue	2,815	542	-	-	3,357
<b>Total Receipts</b>	<b>1,211,958</b>	<b>1,204</b>	<b>-</b>	<b>-</b>	<b>1,213,162</b>
<b>Disbursements:</b>					
<b>Current:</b>					
Salaries	851,696	-	-	-	851,696
Purchased and Contractual Services	186,713	6,355	14,416	-	207,484
Library Materials and Information	149,251	6,450	-	-	155,701
Supplies	16,161	-	-	-	16,161
Miscellaneous	6,763	-	-	-	6,763
Capital Outlay	-	2,701	26,118	-	28,819
<b>Total Disbursements</b>	<b>1,210,584</b>	<b>15,506</b>	<b>40,534</b>	<b>-</b>	<b>1,266,624</b>
<b>Total Receipts Over/(Under) Disbursements</b>	<b>1,374</b>	<b>(14,302)</b>	<b>(40,534)</b>	<b>-</b>	<b>(53,462)</b>
<b>Fund Cash Balance, January 1</b>	<b>615,048</b>	<b>12,363</b>	<b>367,673</b>	<b>1,226</b>	<b>996,310</b>
<b>Fund Cash Balance, December 31</b>	<b>\$ 616,422</b>	<b>\$ (1,939)</b>	<b>327,139</b>	<b>\$ 1,226</b>	<b>\$ 942,848</b>
<b>Reserve for Encumbrances, December 31</b>	<b>\$ -</b>	<b>\$ -</b>	<b>-</b>	<b>\$ -</b>	<b>\$ -</b>

See accompanying Notes to the Financial Statements.

**BARBERTON PUBLIC LIBRARY  
SUMMIT COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS  
For the Years Ended December 31, 2004 and 2003**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. DESCRIPTION OF THE ENTITY**

Barberton Public Library, Summit County, Ohio, (the Library) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Library is directed by a seven-member Board of Trustees appointed by the Barberton City School District. 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. REPORTING ENTITY**

In evaluating how to define the Library for financial reporting purposes, management has considered all agencies, departments and organizations making up Barberton Public Library (the primary government) and its potential component units consistent with Governmental Accounting Standards Board Statement No. 14, "The Financial Reporting Entity." There were no significant changes in the reporting entity related to the implementation of this statement for the current audit period.

Component units are legally separate organizations for which the Library, as the primary government, is financially accountable. The Library is financially accountable for an organization if the Library appoints a voting majority of the organization's governing board and 1) the Library is able to significantly influence the programs or services performed or provided by the organization; or 2) the Library is legally entitled to or can otherwise access the organization's resources; the Library is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Library is obligated for the debt of the organization. Component units may also include organizations for which the Library approves the budget, the issuance of debt, or the levying of taxes.

Based on the above definitions, the Library has determined that there were no component units required to be included the financial statements.

**C. 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 disbursement 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.)

The statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

**BARBERTON PUBLIC LIBRARY  
SUMMIT COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS  
For the Years Ended December 31, 2004 and 2003**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

D. CASH AND INVESTMENTS

Investments are included in the fund cash balances. 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.

Investments in money markets are valued at share price, which is the price the investment could be sold for on December 31, 2003 and 2004.

E. FUND ACCOUNTING

The Library maintains its accounting records in accordance with the principles of "Fund" accounting. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the recording of specific receipts and disbursements. The transactions of each fund are reflected in a self-balancing group of accounts, an accounting entity which stands separate from the activities reported in other funds. The restrictions associated with each class of funds are as follows:

Governmental Fund Types:

General Fund: The General Fund is the general operating fund of the Library. It is used to account for all financial resources except those required by law or contract to be accounted for in another fund.

Special Revenue Funds: To account for the proceeds of specific revenue sources that are legally restricted to disbursements for specified purposes.

Capital Projects Funds: To account for the proceeds of specific revenue sources that are restricted for the acquisition or construction of major capital projects. The Library's major capital project fund is the permanent improvement fund which receives monies for the maintenance of and improvements to the Library's facilities.

Fiduciary Funds (Trust Fund):

These funds are used to account for resources restricted by legally binding trust agreements. The Library's only fiduciary fund is the Expendable Memorial and Gift Trust Fund which is used to account for monies received from bequests and gifts. The monies are expended at the discretion of the Board of Trustees.

F. 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 level of control.

G. PROPERTY, PLANT AND EQUIPMENT

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

**BARBERTON PUBLIC LIBRARY  
SUMMIT COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS  
For the Years Ended December 31, 2004 and 2003**

**H. UNPAID VACATION AND SICK LEAVE**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused vacation and sick leave. Unpaid vacation and sick leave are not reflected as liabilities on the accompanying financial statements.

**I. TOTAL COLUMNS ON FINANCIAL STATEMENTS**

Total columns on the financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. This data is not comparable to a consolidation. Interfund-type eliminations have not been made in the aggregation of this data.

**2. EQUITY IN POOLED CASH AND CASH EQUIVALENTS**

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 was as follows:

	2004	2003
Demand deposits	\$ 328,833	\$ 542,548
Certificate of Deposit	300,000	400,000
Petty Cash	300	300
 Total deposits and investments	 \$ 629,133	 \$ 942,848

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

*Investments:* The Library's agent holds securities collateralizing repurchase agreement. The securities are pooled and not in the Library's name.

**3. BUDGETARY ACTIVITY**

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

2004 Appropriations vs. Actual Expenditures			
Fund Type	Appropriations	Actual Expenditures	Variance
General	\$ 1,259,874	\$ 1,275,569	\$ (15,695)
Special Revenue	1,544	132	1,412
Capital Projects	191,122	235,576	(44,454)
Expendable Trust	1,195	-	1,195
Total	\$ 1,453,735	\$ 1,511,277	\$ (57,542)

**BARBERTON PUBLIC LIBRARY  
SUMMIT COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS  
For the Years Ended December 31, 2004 and 2003**

2003 Appropriations vs. Actual Expenditures			
Fund Type	Appropriations	Actual Expenditures	Variance
General	\$ 1,232,002	\$ 1,210,584	\$ 21,418
Special Revenue	16,636	15,506	1,130
Capital Projects	220,500	40,534	179,966
Expendable Trust	1,195	-	1,195
Total	<u>\$ 1,470,333</u>	<u>\$ 1,266,624</u>	<u>\$ 203,709</u>

**4. RISK MANAGEMENT**

The Library has obtained commercial insurance for the following risks:

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

**5. PENSION AND RETIREMENT PLANS**

The employees of Barberton Public Library are covered by the Ohio Public Employees Retirement System (OPERS). The State of Ohio accounts for the activities of the retirement systems and the amounts of these funds are not reflected in the accompanying financial statements.

**Ohio Public Employees Retirement System (OPERS)**

The Ohio Public Employees Retirement System (OPERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the Ohio Public Employees Retirement Board. OPERS provides basic retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report.

The Ohio Revised Code provides statutory authority for employee and employer contributions. The employee contribution rates are 8.5% of their gross salaries. For local government employer units, the rate was 13.55% of covered payroll for 2004 and 2003. The contribution rates are determined actuarially. The Library has paid all contributions required through December 31, 2004.

**6. CONTINGENT LIABILITIES**

The Library may be a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the legal counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the Library.

**BARBERTON PUBLIC LIBRARY  
SUMMIT COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS  
For the Years Ended December 31, 2004 and 2003**

**7. 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 buildings, improvements, operation, maintenance, or other expenses. The Budget Commission cannot reduce its allocation of these funds to the Library based upon any additional revenues the Library receives.

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the taxing authority of the subdivision to whose jurisdiction the Library is subject. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Other Governments Grants-In-Aid. Payments are due to the County by December 31. If the property owner elects to make semiannual payments, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the taxing district.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Library.

**8. LEGAL COMPLIANCE**

Pursuant to Section 117.11(A) of the Revised Code, we performed tests of compliance with provisions of local, state and/or federal laws, as applicable. The auditor's report on the Library's compliance with the Ohio Revised Code and the Ohio Administrative Code and internal control structure comments are included in a separate part of this presentation.

*Charles E. Harris & Associates, Inc.*  
*Certified Public Accountants*

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND  
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Trustees  
Barberton Public Library  
Barberton, Ohio

We have audited the financial statements of the Barberton Public Library, Summit County as and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated August 12, 2005, wherein we noted the Library prepared its financial statements using accounting practices the Auditor of State established 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 Controls 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 an opinion 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 to be reportable conditions. 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 the assertions of management in the financial statements. Reportable conditions are described in the accompanying Schedule of Findings as items 2004-002, 2004-003 and 2004-004.

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 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. 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 to be material weaknesses. We believe items 2004-003 and 2004-004 described above to be material weaknesses.

We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Library in a separate letter dated August 12, 2005.



## Compliance and Other Matters

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, grant agreements and other matters, 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards*, which is described in the accompanying Schedule of Findings as item 2004-001.

We also noted other matters involving compliance that do not require inclusion in this report, that we have reported to management of the Library in a separate letter dated August 12, 2005.

This report is intended solely for the information and use of the management and Library Board of Trustees and is not intended to be and should not be used by anyone other than these specified parties.

***Charles E. Harris & Associates, Inc.***  
August 12, 2005

**BARBERTON PUBLIC LIBRARY  
SUMMIT 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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**Noncompliance Citation**

**FINDING NUMBER 2004-001**

**Ohio Admin. Code 117-8-02** requires the Library Board to adopt appropriation measures, which establish the fund level as the legal level of control. The Library may not spend in excess of these budgeted amounts.

During budgetary testing, it was noted that expenditures exceeded appropriations at December 31, 2004 in the following funds:

<u>Fund</u> <b>2004</b>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Variance</u>
General (Fund #101)	\$1,259,874	\$1,275,569	\$15,695
Capital Projects (Fund #401)	\$191,122	\$235,577	\$44,455

Expenditures for each fund should not exceed appropriations. Failure to follow approved budgets could lead to overspending and the possibility of negative fund balances. To ensure expenditures do not exceed appropriations, the Library should monitor its financial activity periodically and amend its approved budgets accordingly. Management agrees and will take appropriate actions to correct in the future.

**Reportable Conditions**

**FINDING NUMBER 2004-002**

**Budget Activity**

During budgetary testing, it was noted that appropriations exceeded estimated resources at December 31, 2003 and 2004 in the following funds:

Barberton Public Library  
Summit County  
Schedule of Findings – (continued)

**FINDING NUMBER 2004-002 (Continued)**

<u>Fund</u>	<u>Estimated Resources</u>	<u>Appropriations</u>	<u>Variance</u>
<b>2003</b>			
<b>Special Revenue</b>			
Barberton Community Foundation (Fund # 202)	\$0	\$9,140	\$9,140
Rosiel Roosevelt (Fund # 205)	\$0	\$30	\$30
Josephine Rodenbaugh Tholl (Fund # 208)	\$0	\$1,716	\$1,716
<b>Capital Projects</b>			
Santmyer Bequest (Fund # 405)	\$0	\$30,000	\$30,000
Automation (Fund # 475)	\$0	\$50,000	\$50,000
<b>Trust &amp; Agency</b>			
Janice L. Moody (Fund # 702)	\$0	\$1,195	\$1,195
<b>2004</b>			
<b>Special Revenue</b>			
Josephine Rodenbaugh Tholl (Fund #208)	\$0	\$1,544	\$1,544

Appropriations for each fund should not exceed estimated resources. The Library should establish budgetary policies and procedures which provide for periodic determinations of estimated resources and which limit appropriations to such estimates. Failure to follow such a budgetary system could lead to overspending and the possibility of negative fund balances. To help ensure appropriations do not exceed estimated resources, the Library should monitor its financial activity periodically (perhaps monthly) and amend its approved budgets accordingly. Management agrees and will take appropriate actions to correct in the future.

## **Material Weaknesses**

### **FINDING NUMBER 2004-003**

#### **Bank Reconciliations**

As an established control procedure, the current Clerk-Treasurer performs bank to book reconciliations on a monthly basis. Numerous errors were found in these reconciliation reports during the audit; the errors have caused variances between the cashbook fund balance and bank balance. Since the Library's bank reconciliation reports are not reviewed by anyone other than the Clerk-Treasurer, the errors were not detected and corrected timely.

The monthly bank reconciliations should be presented and reviewed by someone other than the person performing the reconciliation, such as the Deputy Clerk-Treasurer or a member of the Board of Trustees. The individual(s) should review the monthly reconciliations to provide assurance that the amounts reported are accurate. The individual(s) also should sign and date the reconciliations as evidence the review has been performed. Management agrees and will take appropriate actions to correct in the future.

### **FINDING NUMBER 2004-004**

#### **Procedure Manual**

The Library has not adopted a formal written accounting procedure manual, which should include items such as written job descriptions for the Clerk-Treasurer and Deputy Clerk-Treasurer, accounting procedure narratives for receipts, non-payroll and payroll expenditures and appropriate training for those positions. These narratives would detail the procedures necessary to perform each of the duties (receipting and disbursing of non-payroll and payroll transactions) necessary for the Clerk-Treasurer and Deputy Clerk-Treasurer. The lack of a formal written accounting procedure manual creates an undefined system of accounting and reporting which could lead to a lack of segregation of duties, errors not being detected in a timely manner, and incorrect accounting procedures.

The Library should develop and adopt a formal written accounting procedure manual to assist in the event that the Clerk-Treasurer and/or the Deputy Clerk-Treasurer is on vacation, sick or are no longer working for the Library. During these conditions, another member of the Library's administration could use the detailed accounting procedures manual to perform the day to day financial duties during any such absence. In addition, this will ensure that a defined system of accounting and reporting exists at the Library. Management agrees and will take appropriate actions to correct in the future.

**BARBERTON PUBLIC LIBRARY  
SUMMIT COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
FISCAL YEARS ENDED DECEMBER 31, 2004 AND 2003**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2002-001	Ohio Admin. Code 117-4-14 (A) (B) and (D) requires that a purchase order be used and certified by the Clerk-Treasurer to ensure the funding availability.	Yes	Finding no longer valid. Effective January 1, 2001, The Ohio Administrative Code amended library budgetary requirements. Libraries are no longer required to use purchase orders.
2002-002	Ohio Admin. Code 117-8-02 requires the Library Board to adopt appropriation measures to control the spending without exceeding the budgeted amount.	No	Not corrected. It was noted that expenditures of two funds exceeded appropriations as of December 31, 2004. See finding 2004-001.
2002-003	The librarians do not provide support documentation of the types (i.e., fines, fees, copy money, etc.) and amounts of revenue received from patrons when depositing with the Clerk-Treasurer.	Yes	Collection Reports were printed and reconciled and attached to the appropriate receipts to ensure that all money collected is adequately supported.
2002-004	Appropriations for each fund should not exceed estimated resources. It was noted that appropriations exceeded estimated resources in several funds.	No	Not corrected. Appropriations of several funds have exceeded estimated resources at December 31, 2003 and 2004. See finding 2004-002.
2002-005	Due to the lack of training, Deputy Clerk-Treasurer was not able to perform Clerk-Treasurer's duties to ensure the proper operation for Library's accounting needs after Clerk-Treasurer left the position.	Yes	The Clerk-Treasurer and Deputy Clerk-Treasurer were cross trained on the duties for each respective position in order to ensure the daily accounting operation and reporting duties are performed during times of absences by either individual.
2002-006	.The bank reconciliation were not performed monthly by the Clerk-Treasurer to detect any errors and irregularities timely. . The bank reconciliation reports were not reviewed by the Deputy Clerk-Treasurer or a member of the Board of Trustees to assure the balance reported are accurate.	No	The bank reconciliation reports were not reported accurately and reconciliation reports were not reviewed by Deputy Clerk-Treasurer or a member of the Board of Trustees. See finding 2004-003.

2002-007	<p>.The Library did not keep supporting documentation for many of the receipts.</p> <p>. Some of Purchase orders could not be located for expenditures tested.</p> <p>. Several voucher packets did not have adequate supporting documentation.</p>	Yes	<p>For the receipts and voucher packages examined, adequate supporting documentation were found properly attached to the original receipt and voucher. Purchase orders are no longer required by the Ohio Administrative Code.</p>
2002-008	<p>The Library has not adopted a formal written accounting procedure manual, which should include items such as written job descriptions for the Clerk-Treasurer and Deputy Clerk-Treasurer, accounting procedure narrative for receipts, non-payroll expenditures and payroll expenditures and appropriate training for those positions.</p>	No	<p>The accounting procedure manual is still under development. The library has not finished developing the accounting procedure manual at the time of the audit performed. See finding 2004-004.</p>



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**BARBERTON PUBLIC LIBRARY**

**SUMMIT 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  
FEBRUARY 28, 2006**