

**RODMAN PUBLIC LIBRARY
STARK COUNTY**

INDEPENDENT AUDITOR'S REPORT

FOR THE YEARS ENDED DECEMBER 31, 2007
AND DECEMBER 31, 2006

Varney, Fink & Associates, Inc.
Certified Public Accountants



Mary Taylor, CPA

Auditor of State

Members of the Board
Rodman Public Library
215 East Broadway Street
Alliance, Ohio 44601

We have reviewed the *Independent Auditor's Report* of Rodman Public Library, Stark County, prepared by Varney, Fink & Associates, Inc., for the audit period January 1, 2006 through December 31, 2007. 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 *Independent Auditor's Report* 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 *Independent Auditor's Report* 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. Rodman Public Library is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

November 25, 2008

88 E. Broad St. / Fifth Floor / Columbus, OH 43215-3506
Telephone: (614) 466-4514 (800) 282-0370 Fax: (614) 466-4490
www.auditor.state.oh.us

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**RODMAN PUBLIC LIBRARY
STARK COUNTY**

**FOR THE YEARS ENDED DECEMBER 31, 2007
AND DECEMBER 31, 2006**

TABLE OF CONTENTS

Independent Auditor’s Report	1
Combined Statement of Cash Receipts, Cash Disbursements and Change in Fund Cash Balances – All Governmental Fund Types December 31, 2007	3
Combined Statement of Cash Receipts, Cash Disbursements and Change in Fund Cash Balances – All Governmental Fund Types December 31, 2006	4
Notes to the Financial Statements.....	5
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</i> <i>Auditing Standards</i>	11

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INDEPENDENT AUDITOR'S REPORT

Members of the Board
Rodman Public Library
215 East Broadway Street
Alliance, Ohio 44601

We have audited the accompanying financial statements of the Rodman Public Library (the Library), as of and for the years ended December 31, 2007 and December 31, 2006. These financial statements are the responsibility of the Library's management. Our responsibility is to express opinions 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 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 the 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 GAAP, we presume they are material.

Revisions to GAAP would require the Library to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2007 and December 31, 2006. Instead of the combined funds the accompanying financial statements present for 2007 and 2006, the revisions require presenting entity wide statements and also to present its larger (ie. major) funds separately for 2007 and 2006. 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 certain 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 years ended December 31, 2007 and December 31, 2006 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 and December 31, 2006, or its changes in financial position for the years ended.

INDEPENDENT AUDITOR'S REPORT (continued)

Also, 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 Rodman Public Library, as of December 31, 2007 and December 31, 2006, and its combined cash receipts and disbursements and combined budgeted and actual receipts and budgeted and actual 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 years ended December 31, 2007 and December 31, 2006. 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 October 17, 2008 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. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and on the results of the testing, and not to provide an opinion 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* and important for assessing the results of our audit.

Varney, Fink & Associates

VARNEY, FINK & ASSOCIATES, INC.
Certified Public Accountants

October 17, 2008

Rodman Public Library
Stark County
Combined Statement of Cash Receipts, Cash Disbursements and Change in Fund Cash
Balances - All Governmental Fund Types
For the Year Ended December 31, 2007

	Governmental Fund Types			Total (Memorandum Only)
	General	Special Revenue	Capital Projects	
Cash Receipts				
Taxes	\$1,777,431	\$0	\$0	\$1,777,431
Patron Fines and Fees	28,019	0	0	28,019
Earnings on Investments	6,772	6,828	37,974	51,574
Contributions, Gifts and Donations	28,487	0	13,615	42,102
Miscellaneous	27,750	0	0	27,750
Total Cash Receipts	<u>1,868,459</u>	<u>6,828</u>	<u>51,589</u>	<u>1,926,876</u>
Cash Disbursements				
Current:				
Salaries and Benefits	1,237,691	0	0	1,237,691
Supplies	40,601	0	0	40,601
Purchased and Contracted Services	259,241	2,000	2,130	263,371
Library Materials and Information	287,448	1,360	15,504	304,312
Other	6,687	0	0	6,687
Capital Outlay	7,826	0	290,291	298,117
Total Cash Disbursements	<u>1,839,494</u>	<u>3,360</u>	<u>307,925</u>	<u>2,150,779</u>
Excess/(Deficiency) of Cash Receipts Over/ (Under) Cash Disbursements Before Other Financing Sources/(Uses)	28,965	3,468	(256,336)	(223,903)
Other Financing Sources/(Uses)				
Transfers In	0	39	0	39
Transfers Out	0	0	(39)	(39)
Total Other Financing Sources/(Uses)	<u>0</u>	<u>39</u>	<u>(39)</u>	<u>0</u>
Total Cash Receipts Over/(Under) Cash Disbursements	28,965	3,507	(256,375)	(223,903)
Fund Cash Balances, January 1, 2007	<u>113,796</u>	<u>138,433</u>	<u>989,697</u>	<u>1,241,926</u>
Fund Cash Balances, December 31, 2007	<u>\$142,761</u>	<u>\$141,940</u>	<u>\$733,322</u>	<u>\$1,018,023</u>
Reserve For Encumbrances	<u>\$8,243</u>	<u>\$0</u>	<u>\$163</u>	<u>\$8,406</u>

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

Rodman Public Library
Stark County
Combined Statement of Cash Receipts, Cash Disbursements and Change in Fund Cash
Balances - All Governmental Fund Types
For the Year Ended December 31, 2006

	Governmental Fund Types			Total (Memorandum Only)
	General	Special Revenue	Capital Projects	
Cash Receipts				
Taxes	\$1,810,601	\$0	\$0	\$1,810,601
Intergovernmental	4,553	0	0	\$4,553
Patron Fines and Fees	26,144	0	0	\$26,144
Earnings on Investments	7,541	5,373	82,375	\$95,289
Contributions, Gifts and Donations	23,073	5,166	50,000	\$78,239
Miscellaneous	12,645	0	0	\$12,645
Total Cash Receipts	<u>1,884,557</u>	<u>10,539</u>	<u>132,375</u>	<u>2,027,471</u>
Cash Disbursements				
Current:				
Salaries and Benefits	1,179,365	0	0	1,179,365
Supplies	49,362	0	0	49,362
Purchased and Contract Services	247,497	1,022	52,210	300,729
Library Materials and Information	415,974	2,799	0	418,773
Other	5,785	0	0	5,785
Capital Outlay	37,880	0	1,820,137	1,858,017
Total Cash Disbursements	<u>1,935,863</u>	<u>3,821</u>	<u>1,872,347</u>	<u>3,812,031</u>
Total Cash Receipts Over Cash Disbursements	(51,306)	6,718	(1,739,972)	(1,784,560)
Excess of Cash Receipts and Other Financing Sources Over/(Under) Cash Disbursements and Other Financing Uses	(51,306)	6,718	(1,739,972)	(1,784,560)
Fund Cash Balances, January 1, 2006 (Restated See Note 7)	<u>165,102</u>	<u>131,715</u>	<u>2,729,669</u>	<u>3,026,486</u>
Fund Cash Balances, December 31, 2006	<u>\$113,796</u>	<u>\$138,433</u>	<u>\$989,697</u>	<u>\$1,241,926</u>
Reserve For Encumbrances	<u>\$58,028</u>	<u>\$0</u>	<u>\$287,559</u>	<u>\$345,587</u>

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

RODMAN PUBLIC LIBRARY
STARK COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND DECEMBER 31, 2006

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A. Description of the Entity

Rodman Public Library, Stark 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 operates under an appointed, seven-member Board of Trustees and is responsible for the day to day operations of the library as well as the services rendered to the residents of the community. 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 (ie. 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 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.

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:

RODMAN PUBLIC LIBRARY
STARK COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND DECEMBER 31, 2006

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

Governmental Fund Types:

General Fund - The General Fund is the general operating fund. 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 – These funds are used to 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’s only Special Revenue Fund is the Special Gifts and Donations Fund. This fund accounts for gifts and donations given to the Library.

Capital Projects Fund – This fund is used to account for receipts that are restricted for the acquisition or construction of major capital projects and maintenance and repair.

E. **Budgetary Process**

The Ohio Administrative Code requires budgeting for each fund annually.

1. Appropriations

The Board must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end. Budgetary expenditures (that is, disbursement and encumbrances) may not exceed appropriations at the fund, function and object level of control.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1.

3. Encumbrances

The Ohio Administrative Code requires the Library to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2007 and 2006 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.

RODMAN PUBLIC LIBRARY
STARK COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND DECEMBER 31, 2006

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

G. Unpaid Vacation Leave

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

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

The Library maintains a cash and investment 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:

	2007	2006
Demand deposits	\$53,802	\$269,128
Certificates of Deposit	650,285	0
 Total Deposits	 704,087	 269,128
 Federal Home Loan Mortgage	 200,153	 200,153
Repurchase Agreement	113,153	0
Federal Home Loan Note	0	146,818
U.S. Treasury Note	0	199,115
Federal National Mortgage	0	426,712
 Total Investments	 313,936	 972,798
 Total Deposits and Investments	 \$1,018,023	 \$1,241,926

Deposits – Deposits are either insured by the Federal Depository Insurance Corporation, collateralized by securities specifically pledged by the financial institution to the Library or collateralized by the financial institutions public entity deposit pool.

Investments – All investments are reported at cost.

RODMAN PUBLIC LIBRARY
STARK COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND DECEMBER 31, 2006

3. **BUDGETARY ACTIVITY**

Budgetary activity for the years ended December 31, 2007 and December 31, 2006 was as follows:

2007 Budget vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$1,848,598	\$1,868,459	\$19,861
Special Revenue	10,000	6,867	(3,133)
Capital Projects	95,000	51,589	(43,411)
Total	\$1,953,598	\$1,926,915	(\$26,683)

2007 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$1,959,269	\$1,847,737	\$111,532
Special Revenue	4,500	3,360	1,140
Capital Projects	647,168	308,127	339,041
Total	\$2,610,937	\$2,159,224	\$451,713

2006 Budget vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$1,880,014	\$1,884,557	\$4,543
Special Revenue	4,968	10,539	5,572
Capital Projects	128,419	132,375	3,956
Total	\$2,013,401	\$2,027,471	\$14,071

2006 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$2,029,890	\$1,993,891	\$35,999
Special Revenue	3,451	3,821	(370)
Capital Projects	2,742,478	2,159,906	582,572
Total	\$4,775,819	\$4,157,618	\$618,201

RODMAN PUBLIC LIBRARY
STARK COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND DECEMBER 31, 2006

4. **STATE TAX**

The State establishes a credit of five and seven-tenths percent of the Ohio income tax collected during the preceding month for the Library and local support fund for distribution. The county budget commission is empowered to allocate the proceeds to library boards on the basis of their needs.

The Rodman Public Library received state taxes as follows:

	<u>2006</u>	<u>2007</u>
Columbia County	\$13,287	\$13,287
Mahoning County	\$80,259	\$80,259
Stark County	\$1,717,055	\$1,683,885

The tax money received from the three counties are allocated to the General Fund to meet current operation expenses.

5. **RETIREMENT SYSTEM**

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

Contribution rates are also prescribed by the Ohio Revised Code. For 2006, OPERS members contributed 9% of their wages and the Library contributed an amount equal to 13.7% of the participants' gross salaries. For 2007, OPERS members contributed 9.5% of their wages and the Library contributed an amount equal to 13.85% 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;
- Vehicles; and
- Errors and omissions

The Library also offers health insurance to all full-time employees through a private carrier.

RODMAN PUBLIC LIBRARY
STARK COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND DECEMBER 31, 2006

7. FUND RECLASSIFICATIONS

The Library has reviewed its funds previously classified as Nonexpendable Trust Fund and reclassified them as a Special Revenue Fund. Fund cash balances at January 1, 2006 have been adjusted as follows:

	<u>Special Revenue</u>	<u>Nonexpendable Trust Funds</u>
Fund Cash Balance as Previously Reported at December 31, 2005	\$0	\$131,715
Reclassification of Funds	<u>131,715</u>	<u>(131,715)</u>
Fund Cash Balance Restated January 1, 2006	<u>\$131,715</u>	<u>\$0</u>

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*

Members of the Board
Rodman Public Library
215 East Broadway Street
Alliance, Ohio 44601

We have audited the financial statements of the Rodman Public Library (the Library), as of and for the years ended December 31, 2007 and December 31, 2006, and have issued our report thereon dated October 17, 2008, 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Library's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Library's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Library's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of 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 accounting practices the Auditor of State prescribes such that there is more than a remote likelihood that a misstatement of the Library's financial statements that is more inconsequential will not be prevented or detected by the Library's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Library's internal control.

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. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as define above.

**Rodman Public Library
Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by Government Auditing Standards**

Page 2

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 and grant agreements, 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 or other matters that are required to be reported under *Government Auditing Standards*.

We noted a matter that we reported to management of the Library, in a separate letter dated October 17, 2008.

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

Varney, Fink & Associates

VARNEY, FINK & ASSOCIATES, INC.
Certified Public Accountants

October 17, 2008



Mary Taylor, CPA
Auditor of State

RODMAN PUBLIC LIBRARY

STARK 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
DECEMBER 9, 2008**