



Dave Yost • Auditor of State



**BARBERTON PUBLIC LIBRARY  
SUMMIT COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Barberton Public Library  
Summit County  
602 West Park Avenue  
Barberton, Ohio 44203

To the Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Barberton Public Library, Summit County, Ohio, (the Library) as of and for the year ended December 31, 2010, which collectively comprise the Library's basic financial statements as listed in the Table of Contents. 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. The Library processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Library because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code § 117.11(A) mandates the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinions.

As discussed in Note 2, the accompanying financial statements and notes follow the modified cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash financial position of the governmental activities, the major fund, and the aggregate remaining fund information of Barberton Public Library, Summit County, Ohio, as of December 31, 2010, and the respective changes in modified cash financial position, thereof and the budgetary comparison for the General fund thereof for the year then ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 17, 2011, 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.

Accounting principles generally accepted in the United States of America require this presentation to include *Management's Discussion and Analysis*, as listed in the Table of Contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any other assurance.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "Y" and "O".

**Dave Yost**  
Auditor of State

June 17, 2011

**BARBERTON PUBLIC LIBRARY  
SUMMIT COUNTY**

Management's Discussion and Analysis  
For the Year Ended December 31, 2010  
Unaudited

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This discussion and analysis of the Barberton Public Library's (the Library) financial performance provides an overall review of the Library's financial activities for the years ended December 31, 2010 within the limitations of the Library's modified cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Library's financial performance.

**Highlights**

Key highlights for 2010 are as follows:

In 2010 net assets decreased by \$4,716 or 0.4 percent from 2009. The fund affected by the decrease in cash and cash equivalents was the General Fund, which was the only fund with receipts from outside sources. Other funds relied on transfers from the General Fund to meet expenditures.

The Library's general receipts are primarily property taxes and public library funding. These receipts represent approximately 37.4 percent and 58.3 percent of the total cash received for governmental activities during the year. Property tax receipts for 2010 increased slightly at \$502,817 as development within the community increased. Public library funding receipts decreased in 2010 by \$51,910. This was due to decreased state funding and a decrease in the percentage of allocation to the library.

**Using the Basic Financial Statements**

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Library's modified cash basis of accounting.

**Report Components**

The statement of net assets and the statement of activities provide information about the cash activities of the Library as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Library as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the entity -wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

**Basis of Accounting**

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Library has elected to present its financial statements on a modified cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Library's modified cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the modified cash basis of accounting.

**BARBERTON PUBLIC LIBRARY  
SUMMIT COUNTY**

Management's Discussion and Analysis  
For the Year Ended December 31, 2010  
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**Reporting the Library as a Whole**

The statement of net assets and the statement of activities reflect how the Library did financially during the year ended December 31, 2010, within the limitations of modified cash basis accounting. The statement of net assets presents the cash balances and investments of the governmental activities of the Library at year end. The statement of activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Library's general receipts.

These statements report the Library's cash position and the changes in cash position. Keeping in mind the limitations of the modified cash basis of accounting, you can think of these changes as one way to measure the Library's financial health. Over time, increases or decreases in the Library's cash position is one indicator of whether the Library's financial health is improving or deteriorating. When evaluating the Library's financial condition, you should also consider other nonfinancial factors as well such as the Library's property tax base, the condition of the Library's capital assets and infrastructure, the extent of the Library's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property taxes and public library funding.

In the statement of net assets and the statement of activities, the governmental activities include the Library's basic services, including the purchase of books, circulating materials and public services. Income and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

**Reporting the Library's Most Significant Funds**

Fund financial statements provide detailed information about the Library's major funds – not the Library as a whole. The Library establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. All funds of the Library are reported as governmental funds as of December 31, 2010

Governmental Funds - The governmental fund financial statements provide a detailed view of the Library's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Library's programs. The Library's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Library's only major governmental fund is the General Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.



**BARBERTON PUBLIC LIBRARY  
SUMMIT COUNTY**

Management's Discussion and Analysis  
For the Year Ended December 31, 2010  
Unaudited

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**The Library as a Whole**

Table 1 provides a summary of the Library's net assets for 2009 and 2010 on a modified cash basis:

(Table 1)  
**Net Assets**

	Governmental Activities	
	<u>2010</u>	<u>2009</u>
Assets		
Cash and Cash Equivalents	\$ 1,323,775	\$ 1,328,491
Total Assets	<u>\$ 1,323,775</u>	<u>\$ 1,328,491</u>
Net Assets		
Restricted for:		
Capital Projects	38,178	152,218
Other Purposes	34,264	59,090
Unrestricted	1,251,333	1,117,183
Total Net Assets	<u>\$ 1,323,775</u>	<u>\$ 1,328,491</u>

In 2010 net assets decreased by \$4,716 as previously noted.

**BARBERTON PUBLIC LIBRARY  
SUMMIT COUNTY**

Management's Discussion and Analysis  
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Table 2 reflects the changes in net assets on a modified cash basis in 2010 and 2009 for governmental activities, which represent the library's total primary government.

(Table 2)  
**Changes in Net Assets**

	Governmental Activities	
	2010	2009
	<u>                    </u>	<u>                    </u>
Receipts:		
Program Receipts:		
Patron Fines and Fees	\$29,452	\$26,908
Operating Grants and Contributions		\$71,885
	<u>\$29,452</u>	<u>\$98,793</u>
Total Program Receipts		
General Receipts:		
Property and Other Local Taxes	\$502,817	\$426,135
Library and Local Government Support	\$783,749	\$835,659
Contributions, Gifts and Donations Not		
Restricted to Specific Programs	\$2,282	\$1,260
Interest	\$21,215	\$26,032
Miscellaneous	\$3,955	\$2,582
	<u>\$1,314,018</u>	<u>\$1,291,668</u>
Total General Receipts		
Total Receipts	<u>\$1,343,470</u>	<u>\$1,390,461</u>
Disbursements:		
Library Services	\$ 1,130,578	\$1,336,769
Capital Outlay	\$217,608	\$127,097
Total Disbursements	<u>\$1,348,186</u>	<u>\$1,463,866</u>
Deficiency	(\$4,716)	(\$73,405)
Net Assets, January 1	<u>\$1,328,491</u>	<u>\$1,401,896</u>
Net Assets, December 31	<u><u>\$1,323,775</u></u>	<u><u>\$1,328,491</u></u>

**BARBERTON PUBLIC LIBRARY  
SUMMIT COUNTY**

Management's Discussion and Analysis  
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Program receipts represent only 2.2 percent of total receipts and are primarily comprised of patron fines and fees.

General receipts represent 97.8 percent of the Library's total receipts, and of this amount, 58.3 percent are Library and Local Government Support funds and property tax receipts represent 38 percent. Other receipts are insignificant and somewhat unpredictable revenue sources.

Disbursements for Library Services represent the overhead costs of running the Library and the support services provided for the other Library activities. These include the costs of patron materials, as well as internal services such as payroll.

**Governmental Activities**

If you look at the Statement of Activities, you will see that the first column lists library services as the major service provided. The next column identifies the costs of providing these services. The next column of the statement entitled Program Cash Receipts identify amounts paid by people who are directly charged for the service. The Net (Disbursements) Receipts and Changes in Net Assets column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by taxpayers. A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)

	Governmental Activities			
	Total Cost of Services 2010	Net Cost of Services 2010	Total Cost of Services 2009	Net Cost of Services 2009
	<u>2010</u>	<u>2010</u>	<u>2009</u>	<u>2009</u>
Governmental Activities				
Library Services	\$1,130,578	\$1,101,126	\$1,336,769	\$1,237,976
Capital Outlay	\$217,608	\$217,608	\$127,097	\$127,097
Total Disbursements	<u>\$ 1,348,186</u>	<u>\$1,318,734</u>	<u>\$1,463,866</u>	<u>\$1,365,073</u>

Library service expenditures decreased by \$206,191 in 2010 compared to 2009. This is attributable to the budget cut implemented in September 2009, the result being that salaries were reduced in 2010 by \$102,906 or 15% and the acquisition of library materials were also reduced by \$34,796 or 20% during this same period.

The \$90,511 increase in capital outlay in 2010 from 2009 was due to the one-time opportunity to purchase property adjacent to the library.

The dependence upon property taxes and public library funding receipts is apparent as over 97.8 percent of the library's activities are supported through these general receipts.

**BARBERTON PUBLIC LIBRARY  
SUMMIT COUNTY**

Management's Discussion and Analysis  
For the Year Ended December 31, 2010  
Unaudited

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**The Library's Funds**

In 2010, the total governmental funds had receipts of \$1,343,470 and disbursements of \$1,348,186. The fund balance decreased \$4,716 in 2010. The state's budget cuts due to declining tax revenues and federal aid resulted in the Public Library Funding being reduced.

The total governmental funds are comprised of the General Fund, Special Revenue funds and Capital Projects funds. The General Fund accounts for 94.5% of all fund balances. Special Revenue funds are those funds which are created either by bequest or by Library Board of Trustees directive to allow for monies designated for a specific purpose and the Capital Projects funds are for monies set aside by the Library Board Trustees for major capital projects and technology improvements whose cost are over \$5,000.

**General Fund Budgeting Highlights**

The Library's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During 2010, the Library amended its General Fund budget to allow for the reduction in 2009 as well as the creation of a Special Revenue Fund to support a grant for the Community Health Library branch.

**Current Issues**

The challenge for all libraries is to provide quality services to the public while staying within the restrictions imposed by limited and shrinking funding. We rely heavily on state and local taxes and have very little industry to support the tax base. This fact highlights our dependence on our current levy receipts and the necessity to provide relevant materials, programs and educational resources and maintain open communication with our voters who support the library.

**Contacting the Library's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Library's finances and to reflect the Library's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Julianne Bedel, Director, Barberton Public Library, 602 West Park Avenue, Barberton, Ohio 44203.

**BARBERTON PUBLIC LIBRARY  
SUMMIT COUNTY**

*Statement of Net Assets - Modified Cash Basis  
December 31, 2010*

	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$1,323,775</u>
<i>Total Assets</i>	<u><u>\$1,323,775</u></u>
<b>Net Assets</b>	
Restricted for:	
Capital Projects	\$38,178
Other Purposes	\$34,264
Unrestricted	<u>\$1,251,333</u>
<i>Total Net Assets</i>	<u><u>\$1,323,775</u></u>

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

**BARBERTON PUBLIC LIBRARY  
SUMMIT COUNTY**

*Statement of Activities - Modified Cash Basis  
For the Year Ended December 31, 2010*

	<u>Cash Disbursements</u>	<u>Program Cash Receipts</u>	<u>Net (Disbursements) Receipts and Changes in Net Assets</u>
		<u>Charges for Services and Sales</u>	<u>Governmental Activities</u>
<b>Governmental Activities</b>			
Library Services			
Public Service and Programs	\$773,298	\$29,452	(\$743,846)
Collection Development & Processing	\$147,225		(\$147,225)
Support Services	\$150		(\$150)
Facilities Operation & Maintenance	\$99,325		(\$99,325)
Information Services	\$53,290		(\$53,290)
Business Administration	\$57,290		(\$57,290)
Capital Outlay	\$217,608		(\$217,608)
<i>Total Governmental Activities</i>	<u>\$1,348,186</u>	<u>\$29,452</u>	<u>(\$1,318,734)</u>
<b>General Receipts</b>			
Property Taxes			\$502,817
Unrestricted Gifts and Contributions			\$2,282
Grants and Entitlements not Restricted to Specific Programs			\$783,749
Earnings on Investments			\$21,215
Miscellaneous			\$3,955
<i>Total General Receipts</i>			<u>\$1,314,018</u>
Change in Net Assets			(\$4,716)
<i>Net Assets Beginning of Year</i>			<u>\$1,328,491</u>
<i>Net Assets End of Year</i>			<u>\$1,323,775</u>

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

**BARBERTON PUBLIC LIBRARY  
SUMMIT COUNTY**

*Statement of Modified Cash Basis Assets and Fund Balances  
Governmental Funds  
December 31, 2010*

	General	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$1,251,333	\$72,442	\$1,323,775
<i>Total Assets</i>	<u>\$1,251,333</u>	<u>\$72,442</u>	<u>\$1,323,775</u>
<b>Fund Balances</b>			
Reserved:			
Reserved for Encumbrances	\$5,377		\$5,377
Unreserved:			
Undesignated (Deficit), Reported in:			
General Fund	\$1,245,956		\$1,245,956
Special Revenue Funds		\$34,264	\$34,264
Capital Projects Funds		\$38,178	\$38,178
<i>Total Fund Balances</i>	<u>\$1,251,333</u>	<u>\$72,442</u>	<u>\$1,323,775</u>

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

**BARBERTON PUBLIC LIBRARY  
SUMMIT COUNTY**

*Statement of Cash Receipts, Disbursements and Changes  
In Modified Cash Basis Fund Balances  
Governmental Funds  
For the Year Ended December 31, 2010*

	General	Other Governmental Funds	Total
<b>Receipts</b>			
Property and Other Local Taxes	\$467,945		\$467,945
Public Library	\$783,749		\$783,749
Intergovernmental	\$34,872		\$34,872
Patron, Fines and Fees	\$28,612		\$28,612
Contributions, Gifts and Donations	\$2,972	\$150	\$3,122
Earnings on Investments	\$21,215		\$21,215
Miscellaneous	\$3,955		\$3,955
<b>Total Receipts</b>	<b>\$1,343,320</b>	<b>\$150</b>	<b>\$1,343,470</b>
<b>Disbursements</b>			
Current:			
Library Services			
Public Service and Programs	\$768,552	\$4,746	\$773,298
Collection Development & Processing	\$146,472	\$753	\$147,225
Support Services		\$150	\$150
Facilities Operation & Maintenance	\$99,325		\$99,325
Information Services	\$53,290		\$53,290
Business Administration	\$57,290		\$57,290
Capital Outlay	\$145,633	\$71,975	\$217,608
<b>Total Disbursements</b>	<b>\$1,270,562</b>	<b>\$77,624</b>	<b>\$1,348,186</b>
<b>Excess of Receipts Over (Under) Disbursements</b>	<b>\$72,758</b>	<b>(\$77,474)</b>	<b>(\$4,716)</b>
Other Financing Sources (Uses)			
Transfers In	\$66,067	\$4,675	\$70,742
Transfers Out	(\$4,675)	(\$66,067)	(\$70,742)
<b>Total Other Financing Sources (Uses)</b>	<b>\$61,392</b>	<b>(\$61,392)</b>	<b>\$0</b>
<b>Net Change in Fund Balances</b>	<b>\$134,150</b>	<b>(\$138,866)</b>	<b>(\$4,716)</b>
<b>Fund Balances Beginning of Year</b>	<b>\$1,117,183</b>	<b>\$211,308</b>	<b>\$1,328,491</b>
<b>Fund Balances End of Year</b>	<b>\$1,251,333</b>	<b>\$72,442</b>	<b>\$1,323,775</b>

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



**BARBERTON PUBLIC LIBRARY  
SUMMIT COUNTY**

*Statement of Receipts, Disbursements and Changes  
In Fund Balance - Budget and Actual -Budget Basis  
General Fund  
For the Year Ended December 31, 2010*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Property and Other Local Taxes	\$467,853	\$467,853	\$467,945	\$92
Public Library	\$757,384	\$757,384	\$783,749	\$26,365
Intergovernmental	\$50,000	\$50,000	\$34,872	(\$15,128)
Patron, Fines and Fees	\$29,520	\$29,520	\$28,612	(\$908)
Contributions, Gifts and Donations	\$13,200	\$13,200	\$2,972	(\$10,228)
Earnings on Investments	\$35,000	\$35,000	\$21,215	(\$13,785)
Miscellaneous	\$2,010	\$2,010	\$3,955	\$1,945
<i>Total receipts</i>	<u>\$1,354,967</u>	<u>\$1,354,967</u>	<u>\$1,343,320</u>	<u>(\$11,647)</u>
<b>Disbursements</b>				
Current:				
Library Services				
Public Service and Programs	\$867,510	\$878,860	\$773,192	\$105,668
Collection Development & Processing	\$153,966	\$152,467	\$146,472	\$5,995
Support Services				
Facilities Operation & Maintenance	\$123,900	\$128,200	\$100,054	\$28,146
Information Services	\$63,000	\$63,000	\$53,290	\$9,710
Business Administration	\$68,118	\$71,818	\$57,298	\$14,520
Capital Outlay	\$17,155	\$158,655	\$145,633	\$13,022
<i>Total Disbursements</i>	<u>\$1,293,649</u>	<u>\$1,453,000</u>	<u>\$1,275,939</u>	<u>\$177,061</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>\$61,318</u>	<u>(\$98,033)</u>	<u>\$67,381</u>	<u>\$165,414</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	\$66,067	\$66,067	\$66,067	\$0
Transfers Out		(\$4,675)	(\$4,675)	\$0
Other Financing Uses	(\$20,000)	(\$650)		\$650
<i>Total Other Financing Sources (Uses)</i>	<u>\$46,067</u>	<u>\$60,742</u>	<u>\$61,392</u>	<u>\$650</u>
<i>Net Change in Fund Balance</i>	<u>\$107,385</u>	<u>(\$37,291)</u>	<u>\$128,773</u>	<u>\$166,064</u>
<i>Unencumbered Cash Balance Beginning of Year</i>	\$1,112,642	\$1,112,642	\$1,112,642	\$0
Prior Year Encumbrances Appropriated	\$4,541	\$4,541	\$4,541	\$0
<i>Unencumbered Cash Balance End of Year</i>	<u>\$1,224,568</u>	<u>\$1,079,892</u>	<u>\$1,245,956</u>	<u>\$166,064</u>

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

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**BARBERTON PUBLIC LIBRARY  
SUMMIT COUNTY**

*Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010*

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**Note 1 – Description of the Library and Reporting Entity**

The Barberton Public Library (the Library) was organized as a school district public library in 1903 under the laws of the State of Ohio. The Library has its own Board of Trustees of seven members who are appointed by the Barberton Board of Education. Appointments are for seven-year terms and members serve without compensation. Under Ohio statutes, the Library is a body politic and corporate capable of suing and being sued, contracting, acquiring, holding, possessing, and disposing of real property, and of exercising such other powers and privileges conferred upon it by law. The Library also determines and operates under its own budget. Control and management of the Library is governed by sections 3375.33 to 3375.39 of the Ohio Revised Code with the administration of the day-to-day operations of the Library being the responsibility of the Director and financial accountability being solely that of the Fiscal Officer.

The Library is fiscally independent of the Barberton Board of Education, although the Board of Education serves in a ministerial capacity as the taxing authority for the Library. The determination to request approval of a tax levy, the role and purpose(s) of the levy, are discretionary decisions made solely by the Barberton Board of Library Trustees. Once those decisions are made, the Barberton Board of Education must put the levy on the ballot. There is no potential for the Library to provide a financial benefit to or impose a financial burden on the Barberton Board of Education.

Under the provisions of Statement No. 14 of the Governmental Accounting Standards Board, "The Financial Reporting Entity," the Library is considered to be a related organization of the Barberton City School District.

Component units are legally separate organizations for which the Library 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. The Library is also financially accountable for any organizations for which the Library approves the budget, the issuance of debt or the levying of taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Library, are accessible to the Library and are significant in amount to the Library. The Library has no component units.

The Friends of the Barberton Public Library, Inc. is a not-for-profit organization with a self-appointing board. The Library is not financially accountable for the organization, nor does the Library approve the budget or the issuance of debt of the organization. The Library is not legally entitled to nor can it otherwise access the organization's resources. Therefore, this organization has been excluded from the reporting entity of the Library.

The Library's management believes these financial statements present all activities for which the Library is financially accountable.

**BARBERTON PUBLIC LIBRARY  
SUMMIT COUNTY**

*Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010*

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**Note 2 - Summary of Significant Accounting Policies**

As discussed further in Note 2.C, the financial statements of the Barberton Public Library have been prepared on a *modified* cash basis of accounting. This *modified* cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the *modified* cash basis of accounting. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the *modified* cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The most significant of the Library's accounting policies are described below.

**A. Basis of Presentation**

The Library's basic financial statements consist of government-wide statements, including a statement of net assets and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

**Government-wide Financial Statements**

The statement of net assets and the statement of activities display information about the Library as a whole. These statements include the financial activities of the primary government. Governmental activities generally are financed through taxes, intergovernmental receipts and other nonexchange transactions.

The statement of net assets presents the cash and investment balances of the Library at year end. The statement of activities compares disbursements with program receipts for each of the Library's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Library is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program, and receipts of interest earned on grants that are required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a modified cash basis or draws from the Library's general receipts.

**Fund Financial Statements**

During the year, the Library segregates transactions related to certain Library functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Library at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

**B. Fund Accounting**

The Library uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. The Library's funds are all classified as governmental.

**BARBERTON PUBLIC LIBRARY  
SUMMIT COUNTY**

*Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010*

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**Note 2 - Summary of Significant Accounting Policies (Continued)**

Governmental Funds

Governmental funds are financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions. Monies are assigned to the various governmental funds according to the purposes for which they may or must be used. The following is the Library's only major governmental fund:

General Fund - The general fund accounts for all financial resources except those required to be accounted for in another fund. The general fund balance is available to the Library for any purpose provided it is expended or transferred according to the general laws of Ohio.

The other governmental funds of the Library account for grants and other resources whose use is restricted to a particular purpose.

C. Basis of Accounting

The Library's financial statements are prepared using the *modified* cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Library's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Library are described in the appropriate section in this note.

As a result of the use of this *modified* cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued liabilities and the related expenses) are not recorded in these financial statements.

D. Budgetary Process

All funds are legally required to be appropriated. The appropriations resolution is the Trustee's authorization to spend resources and sets limits on cash disbursements plus encumbrances at the level of control selected by the Trustees. The legal level of control has been established at the fund and character or major category of the object code level for all funds. Budgetary modifications at the legal level of control may only be made by resolution of the Board of Library Trustees.

For control purposes, the Library estimates cash receipts for the year. These estimated receipts, together with the unencumbered carry-over balances from the prior year, set a limit on the amount the Trustees may appropriate. The estimated receipts may be revised during the year if projected increases or decreases in receipts are identified by the Fiscal Officer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts of estimated resources at the time final appropriations were enacted by the Trustees.

The appropriations resolution is subject to amendment throughout the year with the restriction that appropriations should not exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Trustees during the year.

**BARBERTON PUBLIC LIBRARY  
SUMMIT COUNTY**

*Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010*

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**Note 2 - Summary of Significant Accounting Policies (Continued)**

**E. Cash and Cash Equivalents**

Library records identify the purchase of specific investments by specific funds.

To improve cash management, cash received by the Library is pooled and invested. Individual fund integrity is maintained through the Library's records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents."

Investments with original maturities of three months or less at the time they are purchased and investments of the cash management pool are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

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

During 2010, investments were limited to nonnegotiable certificates of deposit (CD's), and certificates of deposit account registry service (CDARS). These investments are recorded at cost.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest receipts credited to the general fund during 2010 amounted to \$21,215.

**F. Restricted Assets**

Cash, cash equivalents, and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. The Library has no restricted assets.

**G. Inventory and Prepaid Items**

The Library reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

**H. Capital Assets**

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

**I. Accumulated Leave**

Upon leaving employment for retirement, employees are entitled to cash payments for 25 percent of their unused sick leave balance. Unpaid sick leave is not reflected as a liability under the Library's modified cash basis of accounting.

**BARBERTON PUBLIC LIBRARY  
SUMMIT COUNTY**

*Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010*

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**Note 2 - Summary of Significant Accounting Policies (Continued)**

**J. Employer Contributions to Cost-Sharing Pension Plans**

The Library recognizes the disbursement for their employer contributions to cost-sharing pension plans when they are paid. As described in Notes 7 and 8, the employer contributions include portions for pension benefits and for postretirement health care benefits.

**K. Net Assets**

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for special revenue funds.

The Library's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

**L. Fund Balance Reserves**

The Library reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. Fund balance reserves have been established for outstanding encumbrances in the amount of \$5,377 at December 31, 2010.

**M. Interfund Transactions**

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

**Note 3 – Budgetary Basis of Accounting**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the *modified* cash basis is outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (*modified* cash basis). The encumbrances outstanding at year end (budgetary basis) amounted to \$5,377 for the general fund.

**Note 4 – Deposits and Investments**

Monies held by the Library are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Library treasury. Active monies must be maintained either as cash in the Library treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

**BARBERTON PUBLIC LIBRARY  
SUMMIT COUNTY**

*Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010*

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**Note 4 – Deposits and Investments (Continued)**

Inactive deposits are public deposits that the Board has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the Library can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio);
8. Certificates of Deposits (CDs) properly insured through FDIC or suitable collateralization, including the Certificate of Deposit Account Registry Services (CDARS). Effective March 4, 2006, the Ohio General Assembly created Ohio Revised Code 135.144 permitting the library to use the CDARS. Each bank accepts less than the FDIC limit so all deposits have FDIC coverage; and
9. Commercial Paper and bankers acceptances if Ohio Revised code training requirements have been met.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Library, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.



**BARBERTON PUBLIC LIBRARY  
SUMMIT COUNTY**

*Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010*

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**Note 4 – Deposits and Investments (Continued)**

At year end, the Library had \$360 in undeposited cash on hand which is included as part of Equity in Pooled Cash and Cash Equivalents on the financial statements.

Deposits

The Library has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Library or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Investments

As of December 31, 2010, the Library had no investments.

**Note 5 - Grants-in-aid and Property Taxes**

The primary source of revenue for Ohio public libraries is the Public Library Fund (PLF). The State allocates PLF to each county based on the total tax revenue credited to the State's general revenue fund during the preceding month. The County Budget Commission bases the amount for distribution on the needs of such library for the construction of new library buildings, parts of buildings, improvements, operation, maintenance, or other expenses. The County Budget Commission cannot reduce its allocation of these funds to the Library based on of any additional revenues the Library receives.

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Barberton City School District. Real property tax receipts received in 2010 represent the collection of 2009 taxes. Real property taxes received in 2010 were levied after October 1, 2009, on the assessed values as of January 1, 2009, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax receipts received in 2010 represent the collection of 2009 taxes. Public utility real and tangible personal property taxes received in 2010 became a lien on December 31, 2009, were levied after October 1, 2009, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

The full tax rate for all Library operations for the year ended December 31, 2010, was \$1.37 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2010 property tax receipts were based are as follows:

Real Property	\$303,733,860
Other Real Value	\$87,841,180
Public Utility Property	\$8,809,490
Remaining TPP Telephone Value	\$506,805
Total Assessed Values	<u>\$400,891,335</u>

**BARBERTON PUBLIC LIBRARY  
SUMMIT COUNTY**

*Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010*

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**Note 5 - Grants-in-aid and Property Taxes (Continued)**

The County Fiscal Officer collects property taxes on behalf of all taxing districts in the county, including the Library. The County Fiscal Officer periodically remits to the Library its portion of the taxes collected.

**Note 6 - Risk Management**

The Library is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2010, the Library contracted with several companies for various types of insurance coverage as follows:

Company	Type of Coverage	Amount of Coverage
Westfield Company	Commercial Property	\$4,750,000
	General Liability	\$ 2,000,000
	Commercial Crime	\$25,000
	Inland Marine	\$351,000
France and Associates	Errors and Omissions	\$1,000,000
Westfield Company	Library Officials	\$50,000

Settled claims have not exceeded coverage in any of the last three years and there was no significant reduction in coverage from the prior year.

The Library pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs. The System administers and pays all claims.

**Note 7 - Defined Benefit Pension Plan**

Plan Description – The Library participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to, but less than, the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost-of-living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

**BARBERTON PUBLIC LIBRARY  
SUMMIT COUNTY**

*Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010*

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**Note 7 - Defined Benefit Pension Plan (Continued)**

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions and currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units. Member contribution rates, as set in the Ohio Revised Code, are not to exceed 10 percent. For the year ended December 31, 2010, members in state and local classifications contributed 10 percent of covered payroll. Members in the state and local divisions may participate in all three plans. For 2010, member and employer contribution rates were consistent across all three plans.

The Library's 2010 contribution rate was 14.0 percent of covered payroll. The portion of employer contributions used to fund pension benefits is net of post-employment health care benefits. The portion of employer contribution allocated to health care for members in the Traditional Plan was 5.5 percent from January 1 through February 28, 2010, and 5 percent from March 1 through December 31, 2010. The portion of employer contributions allocated to health care for members in the Combined Plan was 4.73 percent from January 1 through February 28, 2010, and 4.23 percent from March 1 through December 31, 2010. Employer contribution rates are actuarially determined.

The Library's required contributions for pension obligations for the years ended December 31, 2010, 2009, and 2008 were \$81,144, \$95,930, and \$98,356, the full amount has been contributed for all years.

**Note 8 - Postemployment Benefits**

Plan Description – Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan—a cost sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan—a defined contribution plan; and the Combined Plan—a cost sharing, multiple employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing multiple-employer defined benefit post-employment health care plan for qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage. The plan includes a medical plan, prescription drug program and Medicare Part B premium reimbursement.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised Code permits, but does not mandate, OPERS to provide health care benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report which may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy – The post-employment health care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). The Ohio Revised Code provides the statutory authority requiring public employers to fund post retirement health care through contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care.

**BARBERTON PUBLIC LIBRARY  
SUMMIT COUNTY**

*Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010*

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**Note 8 - Postemployment Benefits (Continued)**

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2010, state and local employers contributed at a rate of 14.0 percent of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units.

Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 5.5 percent from January 1 through February 28, 2010, and 5 percent from March 1 through December 31, 2010. The portion of employer contributions allocated to health care for members in the Combined Plan was 4.73 percent from January 1 through February 28, 2010, and 4.23 percent from March 1 through December 31, 2010.

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the post-employment health care plan.

The Library's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2010, 2009, and 2008 were \$4,125, \$5,636, and \$6,885, respectively; the full amount has been contributed for all years.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates increased on January 1 of each year from 2006 to 2008. These rate increases allowed additional funds to be allocated to the health care plan.

**Note 9 – Interfund Transfers**

The capital project fund transferred \$66,067 to the general fund as a reduction in the 2009 budget. The general fund transferred \$4,675 to the special revenue fund – CHL technology for the purchase of computers, printer and supplies for use at the Community Health Library Branch. These monies will be reimbursed by a grant obtained specifically for this purpose.

**Note 10 – Subsequent Event**

On April 27, 2011, a Library Assistant pleaded guilty to a fourth degree felony charge for grand theft in Summit County Common Pleas Court. The Assistant admitted to stealing approximately 700 books, movies and compact discs from the Library valued at \$14,751 between January 2009 and March 3, 2011. Most of these items were returned to the Library when the Assistant was arrested. Additionally, the Assistant was ordered to pay \$891 in restitution to the Library for the remaining unreturned items, as well as, damage sustained by the returned items



# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Barberton Public Library  
Summit County  
602 West Park Avenue  
Barberton, Ohio 44203

To the Board of Trustees:

We have audited the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Barberton Public Library, Summit County, Ohio, (the Library) as of and for the year ended December 31, 2010, which collectively comprise the Library's basic financial statements and have issued our report thereon dated June 17, 2011, wherein we noted the Library uses a comprehensive accounting basis other than generally accepted accounting principles. We also noted the Library processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Library because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code § 117.11(A) mandates the Auditor of State to audit Ohio governments. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Library's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

### **Compliance and Other Matters**

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

We did note certain matters not requiring inclusion in this report that we reported to the Library's management in a separate letter dated June 17, 2011.

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

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State

June 17, 2011



# Dave Yost • Auditor of State

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  
JULY 5, 2011