

**RODMAN PUBLIC LIBRARY
STARK COUNTY**

INDEPENDENT AUDITOR'S REPORT

FOR THE YEARS ENDED
DECEMBER 31, 2005 AND DECEMBER 31, 2004



Mary Taylor, CPA

Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the Rodman Public Library, Stark County, prepared by Varney, Fink & Associates, Inc., for the audit period January 1, 2004 through December 31, 2005. 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. The Rodman Public Library is responsible for compliance with these laws and regulations.

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

Mary Taylor, CPA
Auditor of State

March 23, 2007

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**RODMAN PUBLIC LIBRARY, OHIO
STARK COUNTY
FOR THE YEARS ENDED
DECEMBER 31, 2005 AND DECEMBER 31, 2004**

TABLE OF CONTENTS

Independent Auditor's Report.....	1
Combined Statement of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balances - All Governmental Fund Types - December 31, 2005	3
Combined Statement of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balances - All Governmental Fund Types - December 31, 2004	4
Statements of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balances – Nonexpendable Trust Fund – December 31, 2005 and December 31, 2004	5
Notes to the Financial Statements.....	6
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

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Rodman Public Library, Stark County
215 East Broadway Street
Alliance, OH 44601

We have audited the accompanying financial statements of Rodman Public Library, Stark County (the Library), as of and for the years ended December 31, 2005 and 2004. These financial statements are the responsibility of the Library's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe 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, 2005 and 2004. Instead of the combined funds the accompanying financial statements present for 2005 and 2004, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2005 and 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 this non-GAAP basis is in the second following paragraph.

INDEPENDENT AUDITOR'S REPORT (continued)

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 2005 and 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, 2005 and 2004, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of Rodman Public Library, Stark County, as of December 31, 2005 and 2004, 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 years ended December 31, 2005 and 2004. The Library has not presented Management's Discussion 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 December 1, 2006 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.

VARNEY, FINK & ASSOCIATES, INC.
Certified Public Accountants

December 1, 2006

**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, 2005**

	Governmental Fund Types		Total (Memorandum Only)
	General	Capital Projects	
Cash Receipts			
Taxes	\$1,804,871	\$0	\$1,804,871
Intergovernmental	2,000	0	2,000
Patron Fines and Fees	38,405	0	38,405
Earnings on Investments	7,043	69,543	76,586
Contributions, Gifts and Donations	10,725	40,100	50,825
Miscellaneous	3,499	0	3,499
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	1,866,543	109,643	1,976,186
Cash Disbursements			
Current:			
Salaries and Benefits	1,128,345	0	1,128,345
Supplies	45,178	0	45,178
Purchased and Contracted Services	242,723	153,599	396,322
Library Materials and Information	417,003	0	417,003
Other	5,664	0	5,664
Capital Outlay	7,248	232,756	240,004
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	1,846,161	386,355	2,232,516
Total Cash Receipts Over/(Under) Cash Disbursements	20,382	(276,712)	(256,330)
Fund Cash Balances, January 1, 2005	144,720	3,006,381	3,151,101
Fund Cash Balances, December 31, 2005	<u>\$165,102</u>	<u>\$2,729,669</u>	<u>\$2,894,771</u>
Reserve For Encumbrances	<u>\$105,446</u>	<u>\$1,753,436</u>	<u>\$1,858,882</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, 2004

	Governmental Fund Types		Total (Memorandum Only)
	General	Capital Projects	
Cash Receipts			
Taxes	\$1,792,809	\$0	\$1,792,809
Intergovernmental	7,902	0	7,902
Patron Fines and Fees	38,449	0	38,449
Earnings on Investments	4,503	82,006	86,509
Contributions, Gifts and Donations	4,812	0	4,812
Miscellaneous	828	0	828
Total Cash Receipts	<u>1,849,303</u>	<u>82,006</u>	<u>1,931,309</u>
Cash Disbursements			
Current:			
Salaries and Benefits	1,074,480	0	1,074,480
Supplies	48,624	0	48,624
Purchased and Contracted Services	218,948	0	218,948
Library Materials and Information	429,681	0	429,681
Other	5,173	0	5,173
Capital Outlay	47,285	28,407	75,692
Total Cash Disbursements	<u>1,824,191</u>	<u>28,407</u>	<u>1,852,598</u>
Total Cash Receipts Over Cash Disbursements	25,112	53,599	78,711
Other Financing Sources/(Uses)			
Transfers In	0	80,000	80,000
Transfers Out	(80,000)	0	(80,000)
Total Other Financing Sources/(Uses)	<u>(80,000)</u>	<u>80,000</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Sources Over/(Under) Cash Disbursements and Other Financing Uses	(54,888)	133,599	78,711
Fund Cash Balances, January 1, 2004	<u>199,608</u>	<u>2,872,782</u>	<u>3,072,390</u>
Fund Cash Balances, December 31, 2004	<u>\$144,720</u>	<u>\$3,006,381</u>	<u>\$3,151,101</u>
Reserve For Encumbrances	<u>\$122,538</u>	<u>\$258,545</u>	<u>\$381,083</u>

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

**Rodman Public Library
Stark County
Statements of Cash Receipts, Cash Disbursements and
Changes in Fund Cash Balances - Nonexpendable Trust Fund
For the Years Ended December 31, 2005 and December 31, 2004**

	Fiduciary Fund Types	
	2005 Nonexpendable Trust	2004 Nonexpendable Trust
Operating Cash Receipts		
Contributions Gifts and Donations	\$26,974	\$0
Earnings on Investments	3,167	1,316
Miscellaneous	0	618
Total Operating Cash Receipts	<u>30,141</u>	<u>1,934</u>
Operating Cash Disbursements		
Library Materials and Information	1,311	2,175
Purchased and Contracted Services	154	387
Total Operating Cash Disbursements	<u>1,465</u>	<u>2,562</u>
Operating Income/(Loss)	28,676	(628)
Fund Cash Balances, January 1,	<u>103,039</u>	<u>103,667</u>
Fund Cash Balances, December 31,	<u>\$131,715</u>	<u>\$103,039</u>
Reserved for Encumbrances	<u>\$833</u>	<u>\$255</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, 2005 AND DECEMBER 31, 2004

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.

Certificates of deposit are valued at cost. The investments in STAR Ohio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer. The donated common stock is valued at its fair market value at the date of receipt.

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, 2005 AND DECEMBER 31, 2004

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.

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

Fiduciary Funds (Non-Expendable Trust Fund):

Trust funds are used to account for assets held by the Library in a trustee capacity for another government, organization, or individuals subject to the terms of the contractual trust agreement.

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 2005 and 2004 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, 2005 AND DECEMBER 31, 2004

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:

	2005	2004
Demand deposits	\$640,956	\$1,530,742
Certificates of Deposit	260,000	400,000
 Total Deposits	 900,956	 1,930,742
 U.S. Treasury Securities	 645,794	 355,144
U.S. Government Bonds	1,479,736	968,254
 Total Investments	 2,125,530	 1,323,398
 Total Deposits and Investments	 \$3,026,486	 \$3,254,140

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 – The U.S. Treasury Securities and U.S. Government Bonds are reported at cost. The financial institution maintains records identifying the Library as owner of these securities.

RODMAN PUBLIC LIBRARY
STARK COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND DECEMBER 31, 2004

3. **BUDGETARY ACTIVITY**

Budgetary activity for the years ended December 31, 2005 and December 31, 2004 was as follows:

2005 Budget vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$1,868,539	\$1,866,543	(\$1,996)
Capital Projects	67,975	109,643	41,668
Fiduciary	29,820	30,141	321
Total	<u>\$1,966,334</u>	<u>\$2,006,327</u>	<u>\$39,993</u>

2005 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$2,013,257	\$1,951,607	\$61,650
Capital Projects	3,074,356	2,139,791	934,565
Fiduciary	4,885	2,298	2,587
Total	<u>\$5,092,498</u>	<u>\$4,093,696</u>	<u>\$998,802</u>

2004 Budget vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$1,847,215	\$1,849,303	\$2,088
Capital Projects	28,657	162,006	133,349
Fiduciary	1,553	1,934	381
Total	<u>\$1,877,425</u>	<u>\$2,013,243</u>	<u>\$135,818</u>

2004 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$2,046,822	\$2,026,729	\$20,093
Capital Projects	2,901,437	286,952	2,614,485
Fiduciary	4,219	2,817	1,402
Total	<u>\$4,952,478</u>	<u>\$2,316,498</u>	<u>\$2,635,980</u>

RODMAN PUBLIC LIBRARY
STARK COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND DECEMBER 31, 2004

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:

Columbiana County 2004 \$13,214 and 2005 \$13,287;
Mahoning County 2004 \$79,821 and 2005 \$80,259;
Stark County 2004 \$1,699,774 and 2005 \$1,711,325.

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 2005 and 2004, OPERS members contributed 8.5% of their wages. The Library contributed an amount equal to 13.55% of participants' gross salaries. The Library has paid all contributions required through December 31, 2005.

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 provides health insurance to all full-time employees through a private carrier.

**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
Rodman Public Library, Stark County
215 East Broadway Street
Alliance, OH 44601

We have audited the financial statements of Rodman Public Library, Stark County (the Library), as of and for the years ended December 31, 2005 and 2004, and have issued our report thereon dated December 1, 2006, wherein we noted the Library follows the accounting principles the Auditor of State prescribes rather than the 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 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. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. 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. We noted no matters involving the internal control over financial reporting and its operations that we consider to be material weaknesses.

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 affect 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 instance of noncompliance or other matters that are required to be reported under

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* (continued)

Government Auditing Standards.

We noted certain matters that we reported to management of the Library in a separate letter dated December 1, 2006.

This report is intended solely for the information and use of management, the Board of Trustees and other officials authorized to receive this report, and is not intended to be and should not be used by anyone other than those specified parties.

VARNEY, FINK & ASSOCIATES, INC.
Certified Public Accountants

December 1, 2006



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
APRIL 5, 2007