

**RODMAN PUBLIC LIBRARY
STARK COUNTY**

INDEPENDENT AUDITOR'S REPORT

FOR THE YEARS ENDED DECEMBER 31, 2009
AND DECEMBER 31, 2008

Varney, Fink & Associates, Inc.
Certified Public Accountants



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, 2008 through December 31, 2009. 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.

Mary Taylor

Mary Taylor, CPA
Auditor of State

August 24, 2010

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**RODMAN PUBLIC LIBRARY
STARK COUNTY**

**FOR THE YEARS ENDED DECEMBER 31, 2009
AND DECEMBER 31, 2008**

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INDEPENDENT AUDITOR'S REPORT

Rodman Public Library
215 East Broadway Street
Alliance, Ohio 44601

To the Board of Trustees:

We have audited the accompanying financial statements of the Rodman Public Library, Stark County, (the Library), as of and for the years ended December 31, 2009 and December 31, 2008. These financial statements are the responsibility of the Library's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 2, 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, 2009 and December 31, 2008. Instead of the combined funds the accompanying financial statements present for 2009 and 2008, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2009 and 2008. 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 the 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.

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 31, 2009, and December 31, 2008, 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, 2009, and December 31, 2008, 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 reserve for encumbrances of the Library, as of December 31, 2009, and December 31, 2008, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 2 describes.

The Library has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2010 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 express an opinion 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* and is important for assessing the results of our audit.

Varney, Fink & Associates

VARNEY, FINK & ASSOCIATES, INC.
Certified Public Accountants

June 25, 2010

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, 2009

	Governmental Fund Types			Total (Memorandum Only)
	General	Special Revenue	Capital Projects	
Cash Receipts				
Taxes	\$1,371,020	\$0	\$0	\$1,371,020
Local Grants-In-Aid	1,585	0	0	1,585
Patron Fines and Fees	27,388	0	0	27,388
Earnings on Investments	4,120	1,052	0	5,172
Contributions, Gifts and Donations	12,594	7,800	1,219	21,613
Miscellaneous	27,504	0	0	27,504
Total Cash Receipts	<u>1,444,211</u>	<u>8,852</u>	<u>1,219</u>	<u>1,454,282</u>
Cash Disbursements				
Current:				
Salaries and Benefits	1,023,157	0	0	1,023,157
Supplies	27,983	0	1,394	29,377
Purchased and Contracted Services	200,965	500	0	201,465
Library Materials and Information	183,109	1,386	0	184,495
Other	5,776	0	0	5,776
Capital Outlay	2,260	0	2,523	4,783
Total Cash Disbursements	<u>1,443,250</u>	<u>1,886</u>	<u>3,917</u>	<u>1,449,053</u>
Excess/(Deficiency) of Cash Receipts Over/ (Under) Cash Disbursements Before Other Financing Sources/(Uses)	961	6,966	(2,698)	5,229
Other Financing Sources/(Uses)				
Transfers In	86,000	0	0	86,000
Transfers Out	0	0	(86,000)	(86,000)
Total Other Financing Sources/(Uses)	<u>86,000</u>	<u>0</u>	<u>(86,000)</u>	<u>0</u>
Total Cash Receipts Over/(Under) Cash Disbursements	86,961	6,966	(88,698)	5,229
Fund Cash Balances, January 1, 2009	119,965	156,395	775,680	1,052,040
Fund Cash Balances, December 31, 2009	<u>\$206,926</u>	<u>\$163,361</u>	<u>\$686,982</u>	<u>\$1,057,269</u>
Reserve For Encumbrances	<u>\$10,084</u>	<u>\$0</u>	<u>\$0</u>	<u>\$10,084</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, 2008**

	Governmental Fund Types			Total (Memorandum Only)
	General	Special Revenue	Capital Projects	
Cash Receipts				
Taxes	\$1,721,886	\$0	\$0	\$1,721,886
Patron Fines and Fees	28,692	0	0	28,692
Earnings on Investments	1,404	4,057	21,835	27,296
Contributions, Gifts and Donations	20,145	4,000	25,826	49,971
Miscellaneous	28,000	0	0	28,000
Total Cash Receipts	<u>1,800,127</u>	<u>8,057</u>	<u>47,661</u>	<u>1,855,845</u>
Cash Disbursements				
Current:				
Salaries and Benefits	1,173,616	0	0	1,173,616
Supplies	43,095	0	0	43,095
Purchased and Contracted Services	254,556	857	0	255,413
Library Materials and Information	314,940	2,968	0	317,908
Other	6,073	0	0	6,073
Capital Outlay	15,039	5,381	5,303	25,723
Total Cash Disbursements	<u>1,807,319</u>	<u>9,206</u>	<u>5,303</u>	<u>1,821,828</u>
Excess/(Deficiency) of Cash Receipts Over/ (Under) Cash Disbursements Before Other Financing Sources/(Uses)	(7,192)	(1,149)	42,358	34,017
Other Financing Sources/(Uses)				
Transfers In	0	15,604	0	15,604
Transfers Out	(15,604)	0	0	(15,604)
Total Other Financing Sources/(Uses)	<u>(15,604)</u>	<u>15,604</u>	<u>0</u>	<u>0</u>
Total Cash Receipts Over/(Under) Cash Disbursements	(22,796)	14,455	42,358	34,017
Fund Cash Balances, January 1, 2008	<u>142,761</u>	<u>141,940</u>	<u>733,322</u>	<u>1,018,023</u>
Fund Cash Balances, December 31, 2008	<u>\$119,965</u>	<u>\$156,395</u>	<u>\$775,680</u>	<u>\$1,052,040</u>
Reserve For Encumbrances	<u>\$400</u>	<u>\$0</u>	<u>\$0</u>	<u>\$400</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, 2009 AND DECEMBER 31, 2008

1. REPORTING 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. 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.

B. 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.

C. 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:

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.

RODMAN PUBLIC LIBRARY
STARK COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND DECEMBER 31, 2008

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

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.

D. 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 2009 and 2008 budgetary activity appears in Note 4.

E. 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.

F. 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.

RODMAN PUBLIC LIBRARY
 STARK COUNTY
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEARS ENDED DECEMBER 31, 2009 AND DECEMBER 31, 2008

3. DEPOSITS 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:

	2009	2008
Demand Deposits	\$257,266	\$765,629
Certificates of Deposit	800,000	0
Total Deposits	1,057,266	765,629
Investments		
Repurchase Agreement	0	286,411
Total Deposits and Investments	\$1,057,266	\$1,052,040

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, 2009 AND DECEMBER 31, 2008

4. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2009 and December 31, 2008 was as follows:

2009 Budget vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,529,020	\$1,530,211	\$1,191
Special Revenue	4,500	8,852	4,352
Capital Projects	1,500	1,219	(281)
Total	<u>\$1,535,020</u>	<u>\$1,540,282</u>	<u>\$5,262</u>

2009 Appropriations vs. Actual Expenditures

Fund Type	Appropriation Authority	Actual Expenditures	Variance
General	\$1,648,984	\$1,453,334	\$195,650
Special Revenue	11,000	1,886	9,114
Capital Projects	375,000	89,917	285,083
Total	<u>\$2,034,984</u>	<u>\$1,545,137</u>	<u>\$489,847</u>

2008 Budget vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,832,360	\$1,800,127	(\$32,233)
Special Revenue	24,604	23,661	(943)
Capital Projects	50,000	47,661	(2,339)
Total	<u>\$1,906,964</u>	<u>\$1,871,449</u>	<u>(\$35,515)</u>

2008 Appropriations vs. Actual Expenditures

Fund Type	Appropriation Authority	Actual Expenditures	Variance
General	\$1,975,119	\$1,823,323	\$151,796
Special Revenue	20,200	9,206	10,994
Capital Projects	288,126	5,303	282,823
Total	<u>\$2,283,445</u>	<u>\$1,837,832</u>	<u>\$445,613</u>

RODMAN PUBLIC LIBRARY
STARK COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND DECEMBER 31, 2008

5. 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>2009</u>	<u>2008</u>
Columbia County	\$10,745	\$13,072
Mahoning County	64,907	78,964
Stark County	<u>1,295,368</u>	<u>1,629,850</u>
Total	<u>\$1,371,020</u>	<u>\$1,721,886</u>

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

6. 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. OPERS 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. OPERS members contributed 10% of their wages and the Library contributed an amount equal to 14% of the participants' gross salaries for 2008 and 2009. The Library has paid all contributions required through December 31, 2009.

7. 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.

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

Rodman Public Library
215 East Broadway Street
Alliance, Ohio 44601

To the Board of Trustees:

We have audited the financial statements the Rodman Public Library, Stark County (the Library) as of and for the years ended December 31, 2009 and December 31, 2008, and have issued our report thereon dated June 25, 2010 wherein we noted the Library prepared its financial statements using accounting practices the Auditor of State prescribes or permits 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 audit procedures for the purpose of expressing our opinion 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 have not expressed an opinion 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.

Rodman Public Library
Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by Accordance with *Government Auditing Standards*
Page 2

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

Varney, Fink & Associates

VARNEY, FINK & ASSOCIATES, INC.
Certified Public Accountants

June 25, 2010



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
SEPTEMBER 7, 2010**