

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

***AUDIT REPORT***

***FOR THE YEAR ENDED DECEMBER 31, 2006***

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





# Mary Taylor, CPA

Auditor of State

Board of Trustees  
Barberton Public Library  
602 West Park Avenue  
Barberton, Ohio 44203-2458

We have reviewed the *Report of Independent Accountants* of the Barberton Public Library, Summit County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2006 through December 31, 2006. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

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

Mary Taylor, CPA  
Auditor of State

October 29, 2007

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**BARBERTON PUBLIC LIBRARY**  
**SUMMIT COUNTY, OHIO**  
**Audit Report**  
**For the Year Ended December 31, 2006**

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*Charles E. Harris & Associates, Inc.*  
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**REPORT OF INDEPENDENT ACCOUNTANTS**

Barberton Public Library  
Summit County  
602 West Park Avenue  
Barberton, Ohio 44203-2458

To the Board of Trustees:

We have audited the accompanying financial statements of the Barberton Public Library (the Library), as of and for the year ended December 31, 2006, as listed in the table of contents. 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.

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

As described more fully in Note 1, the Library has prepared the financial statement using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, we presume they are material.

We were unable to satisfy ourselves as to the fund balance allocation of the beginning and ending fund balances.

Revisions to GAAP would require the Library to reformat its financial statement presentation and make other changes effective for the year ended December 31, 2006. Instead of the combined funds the accompanying financial statements present for 2006, the revisions require presenting entity wide statements and also to present its larger (i.e., major) funds separately for 2006. While the Library does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Library has elected not to reformat its statements. Since this Library does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding three paragraphs, the financial statements referred to above, for the year ended December 31, 2006, does 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, 2006, or is changes in financial position for the year then ended.

Also, in our opinion, except as noted above, the financial statement referred to above presents fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Barberton Public Library, Summit County, as of December 31, 2006, and its combined cash receipts and disbursements for the year then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Library to included Management's Discussion and Analysis for the year ended December 31, 2006. The Library has not presented Management's Discussion and Analysis, which the accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, its financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 22, 2007 on our consideration of the Library's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. That report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

***Charles E. Harris & Associates, Inc.***  
June 22, 2007

**BARBERTON PUBLIC LIBRARY**  
**SUMMIT COUNTY, OHIO**  
**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND**  
**CHANGES IN FUND CASH BALANCES**  
**All Governmental Fund Types**  
**For the Year Ended December 31, 2006**

	Governmental Fund Types			Total Memorandum Only
	General	Special Revenue	Capital Projects	
<b>Receipts:</b>				
Property and Other Local Taxes	\$ 506,281	-	-	\$ 506,281
Other Government Grants-In-Aid	1,097,724	-	-	1,097,724
Intergovernmental Revenues	55,135	\$ 1,455	-	56,590
Patron Fines and Fees	33,735	-	-	33,735
Earnings on Investments	21,020	-	-	21,020
Contributions, Gifts and Donations	3,726	375	-	4,101
Miscellaneous Revenue	2,961	-	-	2,961
<b>Total Receipts</b>	<b>1,720,582</b>	<b>1,830</b>	<b>-</b>	<b>1,722,412</b>
<b>Disbursements:</b>				
<b>Current:</b>				
Salaries	719,758	-	-	719,758
Employee Benefits	205,416	1,914	-	207,330
Purchased and Contractual Services	180,782	1,090	\$ 21,575	203,447
Library Materials and Information	173,622	31	-	173,653
Supplies	20,846	-	-	20,846
Miscellaneous	6,484	-	-	6,484
Capital Outlay	1,434	495	29,263	31,192
<b>Total Disbursements</b>	<b>1,308,342</b>	<b>3,530</b>	<b>50,838</b>	<b>1,362,710</b>
<b>Total Receipts Over/(Under)</b>				
Disbursements	412,240	(1,700)	(50,838)	359,702
<b>Other Financing Sources (Uses):</b>				
Transfers In	-	-	20,000	20,000
Transfers Out	(20,000)	-	-	(20,000)
<b>Total Other Financing Sources (Uses)</b>	<b>(20,000)</b>	<b>-</b>	<b>20,000</b>	<b>-</b>
<b>Excess/Deficiency of Receipts and Other Sources Over Disbursements and Other Uses</b>	<b>392,240</b>	<b>(1,700)</b>	<b>(30,838)</b>	<b>359,702</b>
<b>Fund Cash Balance, January 1</b>	<b>453,349</b>	<b>130,049</b>	<b>135,817</b>	<b>719,215</b>
<b>Fund Cash Balance, December 31</b>	<b>\$ 845,589</b>	<b>\$ 128,349</b>	<b>\$ 104,979</b>	<b>\$ 1,078,917</b>
<b>Reserve for Encumbrances, December 31</b>	<b>\$ 2,995</b>	<b>\$ -</b>	<b>\$ 2,000</b>	<b>\$ 4,995</b>

See accompanying Notes to the Financial Statements.



**BARBERTON PUBLIC LIBRARY  
SUMMIT COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended December 31, 2006**

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A. **DESCRIPTION OF THE ENTITY**

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

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

B. **BASIS OF ACCOUNTING**

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursement basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e. when an encumbrance is approved.)

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

C. **CASH AND INVESTMENTS**

Investments are included in the fund cash balances. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

D. **FUND ACCOUNTING**

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

**Governmental Fund Types:**

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

**Special Revenue Funds:** To account for the proceeds of specific revenue sources that are legally restricted to disbursements for specified purposes. The Library's significant special revenue fund is UHL Bequest Fund, which accounts for monies received from bequest and gifts.

**BARBERTON PUBLIC LIBRARY  
SUMMIT COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended December 31, 2006**

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

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

**E. BUDGETARY PROCESS**

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

**F. PROPERTY, PLANT AND EQUIPMENT**

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

**G. UNPAID VACATION AND SICK LEAVE**

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

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

The Library maintains a cash and investments pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 was as follows:

	2006
Demand deposits	\$ 228,567
Certificate of Deposit	850,000
Petty Cash	350
Total deposits and investments	\$ 1,078,917

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

***Investments:*** The Library's agent holds securities collateralizing certificate of deposits. The securities are pooled and not in the Library's name.

**BARBERTON PUBLIC LIBRARY  
SUMMIT COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended December 31, 2006**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the year ended December 31, 2006 follows:

2006 Appropriations vs. Budgetary Expenditures				
Fund Type	Appropriations	Budgetary Expenditures	Variance	
General	\$ 1,448,570	\$ 1,331,337	\$	117,233
Special Revenue	37,488	3,530		33,958
Capital Projects	184,948	52,838		132,110

**4. RISK MANAGEMENT**

The Library has obtained commercial insurance for the following risks:

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

There were no significant reductions in coverage from the prior year and claims have not exceeded insurance coverage in any of the past three years. The Library pays the State Worker's Compensation System a premium based on a rate of \$100 of salaries. This rate is based on accident history and administrative costs.

The Library also provides 65% health insurance coverage to employees working 25 or more hours per week through a private carrier.

**5. PENSION AND RETIREMENT PLAN**

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

The Ohio Revised Code provides statutory authority for employee and employer contributions. The employee contribution rate was 9% of their gross salaries 2006. For local government employer units, the rate was 13.7% of covered payroll for 2006. The contribution rate is determined actuarially. The Library has paid all contributions required through December 31, 2006.

**6. CONTINGENT LIABILITIES**

Management believes there are no pending claims or lawsuits.

**BARBERTON PUBLIC LIBRARY  
SUMMIT COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended December 31, 2006**

**7. GRANTS-IN-AID AND TAX RECEIPTS**

The primary source of revenue for Ohio public libraries is the State Library and Local Government Support Fund (LLGSF). The LLGSF is allocated to each county based on the county's prior intangibles tax of LLGSF revenues, and its population. The County Budget Commission allocates these funds to the Library based on its needs, such as for the construction of new buildings, improvements, operation, maintenance, or other expenses. The Budget Commission cannot reduce its allocation of these funds to the Library based upon any additional revenues the Library receives.

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

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

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

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

**8. PRIOR PERIOD ADJUSTMENT**

Based on Auditor of State Bulletin 2005-005, the Library reclassified its Expendable Trust Fund to a Special Revenue Fund. The result is a decrease of the Expendable Trust Fund for \$122,676 and an increase to the Special Revenue Funds of \$122,676.

**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**

Barberton Public Library  
Summit County  
602 West Park Avenue  
Barberton, Ohio 44203-2458

To the Board of Trustees:

We have audited the financial statements of the Barberton Public Library, Summit County, Ohio (the Library) as of and for the year ended December 31, 2006, and have issued our report thereon date June 22, 2007, wherein we noted the Library followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. Also, we qualified the opinion since we could not satisfy ourselves as to the beginning or ending fund balance allocation. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Controls Over Financial Reporting**

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Library's ability to initiate, authorize, record, process, or report financial data reliably in accordance with accounting practices the Auditor of State prescribes such that there is more than a remote likelihood that a misstatement of the Library's financial statements that is more than inconsequential will not be prevented or detected by the Library's internal control. We consider the deficiency described in the accompanying schedule of findings, item 2006-001, to be a significant deficiency in internal control over financial reporting.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that also considered to be material weaknesses. However, we consider the significant deficiency above to be a material weakness.

#### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Library's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

The Library's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the Library's response and, accordingly, we express no opinion on it.

We noted certain matters that we have reported to management of the Library in a separate letter dated June 22, 2007.

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

***Charles E. Harris and Associates, Inc.***  
June 22, 2007

**BARBERTON PUBLIC LIBRARY  
SUMMIT COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2006**

<p><b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b></p>
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Material Weakness:

**FINDING NUMBER 2006-001**

**Procedure Manual**

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

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

Management agrees and is in the process of developing a formal written accounting procedure manual assist in the event that the Clerk-Treasurer and/or the Deputy Clerk-Treasurer is on vacation, sick or are no longer working for the Library.

**BARBERTON PUBLIC LIBRARY  
SUMMIT COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2006**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2005-001	Ohio Admin. Code 117-8-02 requires the Library Board to adopt appropriation measures to control the spending without exceeding the budgeted amount.	Yes	Fully corrected. Finding no longer valid.
2005-002	Appropriations for each fund should not exceed estimated resources. It was noted that appropriations exceeded estimated resources in several funds.	No	Partially corrected. Appropriations of several funds have exceeded estimated resources at December 31, 2006. Reissued in management letter.
2005-003	The Library has not adopted a formal written accounting procedure manual, which should include items such as written job descriptions for the Clerk-Treasurer and Deputy Clerk-Treasurer, accounting procedure narrative for receipts, non-payroll expenditures and payroll expenditures and appropriate training for those positions.	No	The accounting procedure manual is still under development. The library has not finished developing the accounting procedure manual at the time of the audit performed. See finding 2006-001.
2005-004	The Library did not maintain sound accounting records in process of conversion of accounting system.	Yes	Fully Corrected. Finding no longer valid.
2005-005	The Library did not maintain sound reports for employees' absences, i.e. sick leave & vacation and employer's quarterly income return	Yes	Fully corrected. Finding no longer valid.





**Mary Taylor, CPA**  
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  
NOVEMBER 8, 2007**