



**CANAL FULTON PUBLIC LIBRARY  
STARK COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



**CANAL FULTON PUBLIC LIBRARY  
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## REPORT OF INDEPENDENT ACCOUNTANTS

Canal Fulton Public Library  
Stark County  
154 Market Street N.E.  
Canal Fulton, Ohio 44614

To the Board of Trustees:

We have audited the accompanying financial statements of the Canal Fulton Public Library, Stark County, Ohio, (the Library) as of and for the years ended December 31, 1999 and 1998. 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 audits.

We conducted our audits in accordance with generally accepted auditing standards 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 audits 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 audits provides a reasonable basis for our opinion.

As discussed in Note 1, the Library prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the fund cash balances and reserves for encumbrances of the Library as of December 31, 1999 and 1998, and its cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 5, 2000 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.

This report is intended solely for the information and use of management, the Board of Trustees and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro".

**Jim Petro**  
Auditor of State

May 5, 2000

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**CANAL FULTON PUBLIC LIBRARY  
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>			
Property and Other Local Taxes	\$627,174		\$627,174
Patron Fines and Fees	15,584		15,584
Earnings on Investments	28,500	\$2,599	31,099
Contributions, Gifts and Donations	5,253		5,253
Miscellaneous	265		265
<b>Total Cash Receipts</b>	<u>676,776</u>	<u>2,599</u>	<u>679,375</u>
<b>Cash Disbursements:</b>			
Current:			
Salaries and Benefits	300,413		300,413
Purchased and Contracted Services	71,108		71,108
Other Objects	125,859		125,859
<b>Total Cash Disbursements</b>	<u>497,380</u>	<u>0</u>	<u>497,380</u>
<b>Total Cash Receipts Over Cash Disbursements</b>	<u>179,396</u>	<u>2,599</u>	<u>181,995</u>
<b>Other Financing Receipts/(Disbursements):</b>			
Transfers-In		95,053	95,053
Transfers-Out	(95,053)		(95,053)
<b>Total Other Financing Receipts/(Disbursements)</b>	<u>(95,053)</u>	<u>95,053</u>	<u>0</u>
<b>Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements</b>	<u>84,343</u>	<u>97,652</u>	<u>181,995</u>
<b>Fund Cash Balances, January 1</b>	<u>612,914</u>	<u>0</u>	<u>612,914</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$697,257</b></u>	<u><b>\$97,652</b></u>	<u><b>\$794,909</b></u>
<b>Reserves for Encumbrances, December 31</b>	<u><b>\$8,553</b></u>	<u><b>\$0</b></u>	<u><b>\$8,553</b></u>

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

**CANAL FULTON PUBLIC LIBRARY  
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - GOVERNMENTAL FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 1998**

	<b>General</b>
<b>Cash Receipts:</b>	
Property and Other Local Taxes	\$585,746
Patron Fines and Fees	16,972
Earnings on Investments	15,447
Contributions, Gifts and Donations	90,100
Miscellaneous	6,483
Total Cash Receipts	714,748
<b>Cash Disbursements:</b>	
Current:	
Salaries and Benefits	271,831
Purchased and Contracted Services	52,795
Other Objects	174,384
Total Cash Disbursements	499,010
Total Cash Receipts Over Cash Disbursements	215,738
Fund Cash Balances, January 1	397,176
<b>Fund Cash Balances, December 31</b>	<b>\$612,914</b>
Reserves for Encumbrances, December 31	\$42,150

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



**CANAL FULTON PUBLIC LIBRARY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Canal Fulton 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 is directed by a seven-member Board of Trustees appointed by the Northwest Local School District Board of Education. 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 (i.e., when an encumbrance is approved).

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

**C. Cash**

Certificates of deposit are valued at cost.

**D. Fund Accounting**

The Library uses fund accounting to segregate cash that is restricted as to use. The Library classifies its funds into the following types:

**1. General Fund**

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

**2. Capital Projects Fund**

This fund is used to account for receipts that are restricted for the acquisition or construction of major capital projects. The Library's only capital project fund is the Building Repair Fund which receives monies to build a parking lot.

**E. Budgetary Process**

The Ohio Administrative Code requires that each fund be budgeted annually.

**CANAL FULTON PUBLIC LIBRARY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998  
(Continued)**

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

**E. Budgetary Process (Continued)**

**1. Appropriations**

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

**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 1999 and 1998 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.

**G. Unpaid Vacation and Sick Leave**

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the Library.

**2. EQUITY IN POOLED CASH**

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

	<u><b>1999</b></u>	<u><b>1998</b></u>
Demand deposits	\$85,770	\$63,813
Certificates of deposit	<u>709,139</u>	<u>549,101</u>
Total deposits	<u><u>\$794,909</u></u>	<u><u>\$612,914</u></u>

**Deposits:** Deposits are either insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

**CANAL FULTON PUBLIC LIBRARY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998  
(Continued)**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 1999 and 1998 follows:

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$701,131	\$676,776	(\$24,355)
Capital Projects	97,652	97,652	0
Total	\$798,783	\$774,428	(\$24,355)

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$505,933	\$600,986	(\$95,053)
Capital Projects	0	0	0
Total	\$505,933	\$600,986	(\$95,053)

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$713,468	\$714,748	\$1,280

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$546,017	\$541,160	\$4,857

Contrary to Ohio Admin. Code Section 117-4-07(D) the General Fund had expenditures that exceeded appropriations by \$95,053 in 1999.

**4. 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 library buildings, improvements, operations, maintenance, or other expenses. The Budget Commission cannot reduce its allocation of these funds to the Library on account of any additional revenues realized by the Library.

**CANAL FULTON PUBLIC LIBRARY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998  
(Continued)**

**5. RETIREMENT SYSTEM**

The Public Employees Retirement System of Ohio (PERS) is a state operated, cost-sharing, multiple employer public employee retirement system. PERS provides retirement benefits to vested employees who are eligible to retire based upon years of service. PERS also provides survivor and disability benefits to vested employees.

Contribution rates are also prescribed by the Ohio Revised Code. The Library's PERS members contributed 8.5% of their gross salaries. The Library contributed an amount equal to 13.55% of participants' gross salaries. The Library has paid all contributions required through December 31, 1999.

**6. RISK MANAGEMENT**

The Library has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Errors and omissions

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



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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL  
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Canal Fulton Public Library  
Stark County  
154 Market Street N.E.  
Canal Fulton, Ohio 44614

To the Board of Trustees:

We have audited the accompanying financial statements of the Canal Fulton Public Library, Stark County, Ohio, (the Library) as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated May 5, 2000. We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

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 grants, 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 audits and, accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying Schedule of Findings as item 1999-01276-001.

We also noted certain immaterial instances of noncompliance that we have reported to management of the Library in a separate letter dated May 5, 2000.

**Internal Control Over Financial Reporting**

In planning and performing our audits, 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 assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a 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 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 operation that we consider to be material weaknesses.

However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Library in a separate letter dated May 5, 2000.

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

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is fluid and cursive, with a large loop at the end.

**Jim Petro**  
Auditor of State

May 5, 2000

**CANAL FULTON PUBLIC LIBRARY  
SCHEDULE OF FINDINGS  
DECEMBER 31, 1999 AND 1998**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**Noncompliance Citation**

**FINDING NUMBER 1999-01276-001**

Ohio Admin. Code Section 117-4-07(D) requires that each disbursement of board money shall be drawn against an appropriate fund and appropriation account.

The Library's General Fund had expenditures that exceeded appropriations by \$95,053 in 1999. The variance was the result of the Board of Trustees not approving the appropriation amendment. Although the Board of Trustees approved the \$95,053 transfer, the Board did not specifically approve the appropriation amendment in the minute records. Consequently, the appropriation amendment was not considered a legal amendment. In addition, the appropriation amendment is not reflected within the Library's budgetary note to the financial statements. In the future, the Library should obtain and specifically document in the minutes the Board of Trustees approval for all appropriation amendments.







STATE OF OHIO  
OFFICE OF THE AUDITOR  

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**CANAL FULTON 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  
JUNE 27, 2000**