



**NORTH CANTON 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**



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## REPORT OF INDEPENDENT ACCOUNTANTS

North Canton Public Library  
Stark County  
185 North Main Street  
North Canton, Ohio 44720

To the Board of Trustees:

We have audited the accompanying financial statements of the North Canton 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 combined fund cash balances and reserves for encumbrances of the Library as of December 31, 1999 and 1998, and its combined 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 19, 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 19, 2000

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**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>		<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
<b>Cash Receipts:</b>				
Property and Other Local Taxes	\$1,349,380			\$1,349,380
Other Government Grants-In-Aid	19,377			19,377
Patron Fines and Fees	60,502			60,502
Earnings on Investments	19,339			19,339
Contributions, Gifts and Donations		\$87,450	\$6,817	94,267
Miscellaneous Receipts	9,810	16,000		25,810
<b>Total Cash Receipts</b>	<b>1,458,408</b>	<b>103,450</b>	<b>6,817</b>	<b>1,568,675</b>
<b>Cash Disbursements:</b>				
Current:				
Salaries and Benefits	809,426			809,426
Supplies	52,611			52,611
Purchased and Contracted Services	130,334	2,610	1,085	134,029
Library Materials and Information	332,124	1,284	3,934	337,342
Other Objects	16,534			16,534
Capital Outlay	29,949	168,473	471	198,893
<b>Total Cash Disbursements</b>	<b>1,370,978</b>	<b>172,367</b>	<b>5,490</b>	<b>1,548,835</b>
<b>Total Cash Receipts Over/(Under) Cash Disbursements</b>	<b>87,430</b>	<b>(68,917)</b>	<b>1,327</b>	<b>19,840</b>
<b>Other Financing Receipts/(Disbursements):</b>				
Transfers-In		81,000		81,000
Transfers-Out	(81,000)			(81,000)
<b>Total Other Financing Receipts/(Disbursements)</b>	<b>(81,000)</b>	<b>81,000</b>	<b>0</b>	<b>0</b>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<b>6,430</b>	<b>12,083</b>	<b>1,327</b>	<b>19,840</b>
<b>Fund Cash Balances, January 1</b>	<b>117,788</b>	<b>306,288</b>	<b>12,824</b>	<b>436,900</b>
<b>Fund Cash Balances, December 31</b>	<b>\$124,218</b>	<b>\$318,371</b>	<b>\$14,151</b>	<b>\$456,740</b>
<b>Reserves for Encumbrances, December 31</b>	<b>\$57,160</b>	<b>\$0</b>	<b>\$219</b>	<b>\$57,379</b>

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

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Governmental Fund Types</u>		<u>Fiduciary</u> <u>Fund Type</u>	<u>Totals</u> <u>(Memorandum</u> <u>Only)</u>
	<u>General</u>	<u>Capital</u> <u>Projects</u>	<u>Expendable</u> <u>Trust</u>	
<b>Cash Receipts:</b>				
Property and Other Local Taxes	\$1,225,861			\$1,225,861
Other Government Grants-In-Aid	9,555			9,555
Patron Fines and Fees	62,384			62,384
Earnings on Investments	18,983			18,983
Contributions, Gifts and Donations	110	\$121,167	\$13,966	135,243
Miscellaneous Receipts	8,100			8,100
<b>Total Cash Receipts</b>	<b>1,324,993</b>	<b>121,167</b>	<b>13,966</b>	<b>1,460,126</b>
<b>Cash Disbursements:</b>				
Current:				
Salaries and Benefits	692,766			692,766
Supplies	33,250			33,250
Purchased and Contracted Services	154,016	1,575	2,435	158,026
Library Materials and Information	261,361		4,024	265,385
Other Objects	14,488			14,488
Capital Outlay	120,528	95,618	4,079	220,225
<b>Total Cash Disbursements</b>	<b>1,276,409</b>	<b>97,193</b>	<b>10,538</b>	<b>1,384,140</b>
<b>Total Cash Receipts Over/(Under) Cash Disbursements</b>	<b>48,584</b>	<b>23,974</b>	<b>3,428</b>	<b>75,986</b>
<b>Other Financing Receipts/(Disbursements):</b>				
Transfers-In		154,000		154,000
Transfers-Out	(154,000)			(154,000)
<b>Total Other Financing Receipts/(Disbursements)</b>	<b>(154,000)</b>	<b>154,000</b>	<b>0</b>	<b>0</b>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<b>(105,416)</b>	<b>177,974</b>	<b>3,428</b>	<b>75,986</b>
Fund Cash Balances, January 1	223,204	128,314	9,396	360,914
<b>Fund Cash Balances, December 31</b>	<b>\$117,788</b>	<b>\$306,288</b>	<b>\$12,824</b>	<b>\$436,900</b>
Reserves for Encumbrances, December 31	\$50,146	\$98,197	\$0	\$148,343

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

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

North Canton 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 North Canton City 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 and Investments**

Certificates of deposit are valued at cost.

**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:

**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 Funds**

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Library had the following significant capital projects fund:

Permanent Improvement Fund - This fund receives monies for the maintenance of and improvements to the library's facilities.

**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 1999 AND 1998**  
**(Continued)**

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

**D. Fund Accounting (Continued)**

**3. Fiduciary Fund (Trust Fund)**

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Library to maintain the corpus of the trust, the fund is classified as a nonexpendable trust fund. Other trust funds are classified as expendable. The Library's only fiduciary fund is the Expendable Memorial and Gift Trust Fund which is used to account for monies received from bequest and gifts. The monies are expended at the discretion of the Board of Trustees.

**E. Budgetary Process**

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

**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 1.

**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.

**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 1999 AND 1998**  
**(Continued)**

**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 follows:

	<u>1999</u>	<u>1998</u>
Demand deposits	\$3,452	(\$9,596)
Certificates of deposit	<u>453,288</u>	<u>446,496</u>
 Total deposits and investments	 <u><u>\$456,740</u></u>	 <u><u>\$436,900</u></u>

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

**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	\$1,510,776	\$1,458,408	(\$52,368)
Capital Projects	570,000	184,450	(385,550)
Fiduciary	<u>7,500</u>	<u>6,817</u>	<u>(683)</u>
Total	<u><u>\$2,088,276</u></u>	<u><u>\$1,649,675</u></u>	<u><u>(\$438,601)</u></u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,509,140	\$1,509,138	\$2
Capital Projects	668,197	172,367	495,830
Fiduciary	<u>7,500</u>	<u>5,709</u>	<u>1,791</u>
Total	<u><u>\$2,184,837</u></u>	<u><u>\$1,687,214</u></u>	<u><u>\$497,623</u></u>

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,288,722	\$1,324,993	\$36,271
Capital Projects	280,000	275,167	(4,833)
Fiduciary	9,800	13,966	4,166
Total	\$1,578,522	\$1,614,126	\$35,604

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,387,833	\$1,480,555	(\$92,722)
Capital Projects	344,699	195,390	149,309
Fiduciary	12,039	10,538	1,501
Total	\$1,744,571	\$1,686,483	\$58,088

**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.

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 payment, 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.

**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
- Vehicles
- Errors and omissions

The Library also provides health insurance coverage 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**

North Canton Public Library  
Stark County  
185 North Main Street  
North Canton, Ohio 44720

To the Board of Trustees:

We have audited the accompanying financial statements of the North Canton 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 19, 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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

However, we noted certain immaterial instances of noncompliance that we have reported to management of the Library in a separate letter dated May 19, 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 a matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the Library in a separate letter dated May 19, 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 19, 2000



STATE OF OHIO  
OFFICE OF THE AUDITOR

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**NORTH CANTON 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 20, 2000**