



Dave Yost • Auditor of State



MASSILLON PUBLIC LIBRARY  
STARK COUNTY

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# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Massillon Public Library  
Stark County  
208 Lincoln Way East  
Massillon, Ohio 44646

To the Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Massillon Public Library, Stark County, Ohio, (the Library) as of and for the year ended December 31, 2010, which collectively comprise the Library's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Library's management. Our responsibility is to express opinions 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. The Library processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Library because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code § 117.11(A) mandates the Auditor of State to audit Ohio governments.

We believe our audit provides a reasonable basis for our opinions

As discussed in Note 2, the accompanying financial statements and notes follow the modified cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Massillon Public Library, Stark County, Ohio, as of December 31, 2010, and the respective changes in modified cash financial position thereof, and the budgetary comparison for the General Fund and McClymonds Library Fund thereof for the year then ended in conformity with the accounting basis Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 24, 2012, 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.

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis* as listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any other assurance.



**Dave Yost**  
Auditor of State

August 24, 2012

**Massillon Public Library**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2010*  
*Unaudited*

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This discussion and analysis of the Massillon Public Library's (the Library) financial performance provides an overall review of the Library's financial activities for the year ended December 31, 2010, within the limitations of the Library's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Library's financial performance.

**Highlights**

Key highlights for 2010 are as follows:

- Net assets of governmental activities increased \$9,290, or .6 percent, a slight change from the prior year.
- The Library's general receipts are primarily property taxes and the "PLF". These receipts represent respectively 34 percent and 56 percent of the total cash received for governmental activities during the year. Property tax receipts decreased approximately 1 percent and PLF decreased approximately 6 percent due to severe State cuts in the PLF effective August 1, 2009.

State revenues for public libraries had remained unchanged for many prior years. The State instituted severe budget cuts in mid-year 2009. As a result of this, the Library received \$276,845 less in Public Library funds in 2009 and another \$68,433 less in 2010, which is an overall 22% decrease.

- On November 1, 2009 Mary Schultz was contracted to serve as Interim Fiscal Officer. She was subsequently employed as the permanent Fiscal Officer on April 5, 2010.

**Using the Basic Financial Statements**

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Library's cash basis of accounting.

**Report Components**

The Statement of Net Assets and the Statement of Activities provide information about the cash activities of the Library as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Library as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The Library adopts an annual appropriated budget. A budgetary comparison report demonstrates compliance with this budget.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

**Massillon Public Library**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2010*  
*Unaudited*

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**Basis of Accounting**

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Library has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Library's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

**Reporting the Library as a Whole**

The Statement of Net Assets and the Statement of Activities reflect how the Library did financially during 2010, within the limitations of cash basis accounting. The Statement of Net Assets presents the cash balances and investments of the governmental activities of the Library at year end. The Statement of Activities compares cash disbursements with program receipts for each governmental program activity. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Library's general receipts.

These statements report the Library's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Library's financial health. Over time, increases or decreases in the Library's cash position is one indicator of whether the Library's financial health is improving or deteriorating. When evaluating the Library's financial condition, you should also consider other nonfinancial factors as well such as the Library's property tax base, the condition of the Library's capital assets and infrastructure, the extent of the Library's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property taxes and the "PLF".

In the Statement of Net Assets and the Statement of Activities, the Library reports all financial activity as Governmental Activities. This activity includes all the Library's basic activities, including library services and capital outlay. Benefits provided through governmental activities are not necessarily paid by the people receiving them.

**Reporting the Library's Most Significant Funds**

Fund financial statements provide detailed information about the Library's major funds – not the Library as a whole. The Library establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Library are categorized as governmental funds.



**Massillon Public Library**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2010*  
*Unaudited*

The governmental fund financial statements provide a detailed view of the Library's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Library's programs. The Library's significant governmental funds are presented on the financial statements in separate columns. The information for non-major funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Library's major governmental funds are the General Fund and the McClymonds Library Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements. The McClymonds Library, as a separate component entity, was dissolved in May 2010.

**The Library as a Whole**

Table 1 provides a summary of the Library's net assets for 2010 compared to 2009 on a cash basis.

(Table 1)

**Net Assets**

	<b>Governmental Activities</b>	
	<u>2010</u>	<u>2009</u>
<b>Assets</b>		
Cash and Cash Equivalents	\$1,520,230	\$1,083,555
Cash In Segrated Accounts		14,722
Investments		412,663
Total Assets	<u>\$1,520,230</u>	<u>\$1,510,940</u>
<b>Net Assets</b>		
Restricted for:		
Capital Projects	\$71,292	\$75,760
Permanent Fund - Expendable		407,385
Permanent Fund - Nonexpendable	23,669	23,665
Other Purposes	402,097	8,559
Unrestricted	<u>1,023,172</u>	<u>995,571</u>
Total Net Assets	<u>\$1,520,230</u>	<u>\$1,510,940</u>

As mentioned previously, net assets of governmental activities increased \$9,290 or .6 percent during 2010.

Table 2 reflects the changes in net assets on a cash basis in 2010 and 2009 for governmental activities.

**Massillon Public Library**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2010*  
*Unaudited*

(Table 2)  
**Changes in Net Assets**

	Governmental Activities	
	2010	2009
Receipts:		
Program Receipts:		
Charges for Services and Sales	\$42,502	\$51,470
Operating Grants and Contributions	15,536	23,220
Capital Grants and Contributions	12,074	
Total Program Receipts:	70,112	74,690
General Receipts:		
Property Taxes	733,832	744,851
Grants and Entitlement not Restricted to Specific Programs	1,335,285	1,404,101
Unrestricted Gifts and Contributions Grants	7,843	50,000
Sale of Capital Assets		5,817
Interest	1,314	54,715
Miscellaneous	43,760	27,637
Total General Receipts	2,122,034	2,287,121
Total Receipts	2,192,146	2,361,811
Cash Disbursements:		
Library Services	2,156,678	2,260,418
Capital Outlay	26,178	66,297
Total Disbursements	2,182,856	2,326,715
Increase (Decrease) in Net Assets	9,290	35,096
Net Assets, January 1	1,510,940	1,475,844
Net Assets, December 31	\$1,520,230	\$1,510,940

Program receipts represent only 3 percent of total receipts and are primarily comprised of charges for services, operating grants and contributions and capital grants and contributions.

General receipts represent 97 percent of the Library's total receipts, and of this amount, 97 percent are unrestricted state entitlements ("PLF") and property taxes. Other receipts are very insignificant and somewhat unpredictable revenue sources.

**Governmental Activities**

If you look at the Statement of Activities on page 10, you will see that the first column listed on the statement of activities shows the major services provided by the Library. The next column identifies the cost of providing these services. The major program disbursements for governmental activities are for library services which account for 99 percent of all governmental disbursements. The next three columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Library that must be used to provide a specific service. The Net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

**Massillon Public Library**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2010*  
*Unaudited*

(Table 3)  
**Governmental Activities**

	Total Cost of Services 2010	Net Cost of Services 2010	Total Cost of Services 2009	Net Cost of Services 2009
Library Services	\$2,156,678	\$2,086,566	\$2,260,418	\$2,185,728
Capital Outlay	26,178	26,178	66,297	66,297
<b>Total</b>	<b>\$2,182,856</b>	<b>\$2,112,744</b>	<b>\$2,326,715</b>	<b>\$2,252,025</b>

The dependence upon "PLF" and property and other tax receipts is apparent as over 96 percent of governmental activities are supported through these general receipts.

**The Library's Funds**

Total governmental fund receipts were \$2,192,146 and disbursements were \$2,182,856. The fund balance of the General Fund increased \$27,601.

**General Fund Budgeting Highlights**

The Library's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During 2010, the Library amended its General Fund budget several times to reflect changing circumstances. Actual receipts were \$166,050 above budgeted receipts. Actual disbursements were \$174,164 less than budgeted.

**Current Issues**

The challenge for all Libraries is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. The Library relies heavily on the "PLF" and its operating levy to provide quality service to its patrons.

**Contacting the Library's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Massillon Public Library's finances and to reflect the Library's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Fiscal Officer, Massillon Public Library, 208 Lincoln Way East, Massillon, Ohio 44646.

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**Massillon Public Library**  
**Stark County**  
*Statement of Net Assets - Cash Basis*  
*For the Year Ended December 31, 2010*

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	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$1,520,230</u>
<b>Net Assets</b>	
Restricted for:	
Capital Projects	\$71,292
Nonexpendable	23,669
Other Purposes	402,097
Unrestricted	<u>1,023,172</u>
<i>Total Net Assets</i>	<u>\$1,520,230</u>

See accompanying notes to the basic financial statements

**Massillon Public Library**  
**Stark County**  
*Statement of Activities - Cash Basis*  
*For the Year Ended December 31, 2010*

	Program Cash Receipts				Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
<b>Governmental Activities</b>					
Library Services	\$2,156,678	\$42,502	\$15,536	\$12,074	(\$2,086,566)
Capital Outlay	26,178				(26,178)
<i>Total Governmental Activities</i>	<u>\$2,182,856</u>	<u>\$42,502</u>	<u>\$15,536</u>	<u>\$12,074</u>	<u>(\$2,112,744)</u>
		<b>General Receipts</b>			
		Property and Other Local Taxes			733,832
		Unrestricted Gifts and Contributions			7,843
		Grants and Entitlements not Restricted to Specific Programs			1,335,285
		Interest			1,314
		Miscellaneous			43,760
		<i>Total General Receipts</i>			<u>2,122,034</u>
		Change in Net Assets			9,290
		<i>Net Assets Beginning of Year</i>			<u>1,510,940</u>
		<i>Net Assets End of Year</i>			<u>\$1,520,230</u>

See accompanying notes to the basic financial statements

**Massillon Public Library**  
**Stark County**  
*Statement of Cash Basis Assets and Fund Balances*  
*Governmental Funds*  
*December 31, 2010*

	General Fund	McClymonds Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$1,023,172	\$399,755	\$97,303	\$1,520,230
<b>Fund Balances</b>				
Unreserved:				
Undesignated (Deficit), Reported in:				
General Fund	1,023,172			1,023,172
Special Revenue Funds		399,755	2,342	402,097
Capital Projects Funds			71,292	71,292
Permanent Funds - Nonexpendable			23,669	23,669
<i>Total Fund Balances</i>	<u>\$1,023,172</u>	<u>\$399,755</u>	<u>\$97,303</u>	<u>\$1,520,230</u>

See accompanying notes to the basic financial statements

**Massillon Public Library  
Stark County**

*Statement of Cash Receipts, Disbursements and Changes in Fund Balances - Cash Basis  
Governmental Funds  
For the Year Ended December 31, 2010*

	General Fund	McClymonds Library Fund	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>				
Property and Other Local Taxes	\$733,832			\$733,832
Public Library Fund	1,218,457			1,218,457
Intergovernmental	116,828		\$12,257	129,085
Patron Fines and Fees	42,502			42,502
Contributions, Gifts and Donations	7,843		15,353	23,196
Earnings on Investments	933	\$305	76	1,314
Miscellaneous	40,655		3,105	43,760
<i>Total Receipts</i>	<u>2,161,050</u>	<u>305</u>	<u>30,791</u>	<u>2,192,146</u>
<b>Disbursements</b>				
Current:				
Library Services	2,089,174	7,935	59,569	2,156,678
Capital Outlay	24,683	-	1,495	26,178
<i>Total Disbursements</i>	<u>2,113,857</u>	<u>7,935</u>	<u>61,064</u>	<u>2,182,856</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>47,193</u>	<u>(7,630)</u>	<u>(30,273)</u>	<u>9,290</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	1,408	-	56,661	58,069
Transfers Out	(21,000)	(20,000)	(17,069)	(58,069)
<i>Total Other Financing Sources (Uses)</i>	<u>(19,592)</u>	<u>(20,000)</u>	<u>39,592</u>	<u>-</u>
<i>Net Change in Fund Balances</i>	27,601	(27,630)	9,319	9,290
<i>Fund Balances Beginning of Year</i>	<u>995,571</u>	<u>427,385</u>	<u>87,984</u>	<u>1,510,940</u>
<i>Fund Balances End of Year</i>	<u><u>\$1,023,172</u></u>	<u><u>\$399,755</u></u>	<u><u>\$97,303</u></u>	<u><u>\$1,520,230</u></u>

See accompanying notes to the basic financial statements



**Massillon Public Library**  
**Stark County**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual - Budget Basis*  
*General Fund*  
*For the Year Ended December 31, 2010*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Property and Other Local Taxes	\$724,560	\$724,560	\$733,832	\$9,272
Public Library Fund	1,094,615	1,094,615	1,218,457	123,842
Intergovernmental	112,961	112,961	116,828	3,867
Patron Fines and Fees	45,400	45,400	42,502	(2,898)
Contributions, Gifts and Donations	100	100	7,843	7,743
Earnings on Investments	2,000	2,000	933	(1,067)
Miscellaneous	15,364	15,364	40,655	25,291
<i>Total receipts</i>	1,995,000	1,995,000	2,161,050	166,050
<b>Disbursements</b>				
Current:				
Library Services	2,215,000	2,243,840	2,089,174	154,666
Capital Outlay	66,000	44,181	24,683	19,498
<i>Total Disbursements</i>	2,281,000	2,288,021	2,113,857	174,164
<i>Excess of Receipts Over (Under) Disbursements</i>	(286,000)	(293,021)	47,193	340,214
<b>Other Financing Sources (Uses)</b>				
Transfers In	-	-	1,408	1,408
Transfers Out	(43,000)	(37,000)	(21,000)	16,000
<i>Total Other Financing Sources (Uses)</i>	(43,000)	(37,000)	(19,592)	17,408
<i>Net Change in Fund Balance</i>	(329,000)	(330,021)	27,601	357,622
<i>Fund Balance Beginning of Year</i>	994,550	994,550	994,550	-
Prior Year Encumbrances Appropriated	-	1,021	1,021	-
<i>Fund Balance End of Year</i>	\$665,550	\$665,550	\$1,023,172	\$357,622

See accompanying notes to the basic financial statements

**Massillon Public Library**  
**Stark County**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual - Budget Basis*  
*McClymonds Library Fund*  
*For the Year Ended December 31, 2010*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Receipts</b>				
Earnings on Investments	-	-	\$305	\$305
<i>Total receipts</i>	-	-	305	305
<b>Disbursements</b>				
Current:				
Library Services	-	-	7,935	(7,935)
<i>Total Disbursements</i>	-	-	7,935	(7,935)
<i>Excess of Receipts Over (Under) Disbursements</i>	-	-	(7,630)	(7,630)
<b>Other Financing Sources (Uses)</b>				
Transfers Out	-	-	(20,000)	(20,000)
<i>Total Other Financing Sources (Uses)</i>	-	-	(20,000)	(20,000)
<i>Net Change in Fund Balance</i>	-	-	(27,630)	(27,630)
<i>Fund Balance Beginning of Year</i>	427,385	427,385	427,385	-
Prior Year Encumbrances Appropriated	-	-	-	-
<i>Fund Balance End of Year</i>	<u>\$427,385</u>	<u>\$427,385</u>	<u>\$399,755</u>	<u>(\$27,630)</u>

See accompanying notes to the basic financial statements

**Massillon Public Library  
Stark County**

*Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010*

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**Note 1 – Description of the Library and Reporting Entity**

Massillon Public Library, Stark County, Ohio, (the Library) was organized as a school district public library in 1922 under the laws of the State of Ohio. The Library has its own Board of Trustees of seven members who are appointed by the Massillon City School's Board of Education. Appointments are for seven-year terms and members serve without compensation. Under Ohio statutes, the Library is a body politic and corporate capable of suing and being sued, contracting, acquiring, holding, possessing, and disposing of real property, and of exercising such other powers and privileges conferred upon it by law. The Library also determines and operates under its own budget. Control and management of the Library is governed by sections 3375.33 to 3375.39 of the Ohio Revised Code with the administration of the day-to-day operations of the Library being the responsibility of the Director and financial accountability being solely that of the Fiscal Officer.

The Library is fiscally independent of the Massillon City School's Board of Education, although the Board of Education serves in a ministerial capacity as the taxing authority for the Library. The determination to request approval of a tax levy, the role and purpose(s) of the levy, are discretionary decisions made solely by the Board of Library Trustees. Once those decisions are made, the Board of Education must put the levy on the ballot. There is no potential for the Library to provide a financial benefit to or impose a financial burden on the Board of Education.

Under the provisions of Statement No. 14 of the Governmental Accounting Standards Board, "The Financial Reporting Entity," the Library is considered to be a related organization of the Massillon City School's Board of Education.

Component units are legally separate organizations for which the Library is financially accountable. The Library is financially accountable for an organization if the Library appoints a voting majority of the organization's governing board and (1) the Library is able to significantly influence the programs or services performed or provided by the organization; or (2) the Library is legally entitled to or can otherwise access the organization's resources; the Library is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Library is obligated for the debt of the organization. The Library is also financially accountable for any organizations for which the Library approves the budget, the issuance of debt or the levying of taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Library, are accessible to the Library and are significant in amount to the Library. Prior to May 2010, the Library's component unit was the McClymonds Public Library Association (Association) a not-for-profit entity incorporated under Chapter 1702 of the Ohio Revised Code.

The Library Board and Fiscal Officer held the same positions for the Association. The Association was a blended component unit of the Library and was reported as a major fund of the Massillon Public Library. The Association was an association library established in 1897. The principal and earnings of the endowments are restricted.

In May 2010 the McClymonds Library Board of Trustees voted to dissolved the corporation and transfer all funds to the Massillon Public Library. The dissolution was filed with the State of Ohio. The McClymonds Public Library is now maintained in separate funds on the records of the Massillon Public Library. The original donation will remain intact. The balance of the McClymonds Library funds are held as a special revenue fund on the Massillon Public Library books, with restricted use.

**Massillon Public Library  
Stark County**

*Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010  
(Continued)*

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**Note 1 – Description of the Library and Reporting Entity (continued)**

The Friends of Massillon Public Library is a not-for-profit organization with a self-appointing board. The Library is not financially accountable for the organization, nor does the Library approve the budget or the issuance of debt of the organization. The funds maintained by the organization are not significant in amount to the Library's total resources.

The Library participated in two joint ventures, the Barry Askren Memorial Branch and the Stark Library Information Consortium. These organizations are described in Note 11 of the Notes to the Basic Financial Statements.

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

**Note 2 - Summary of Significant Accounting Policies**

As discussed further in Note 2.C, the financial statements of the Library have been prepared on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The most significant of the Library's accounting policies are described below.

**A. Basis of Presentation**

The Library's basic financial statements consist of government-wide statements, including a Statement of Net Assets and a Statement of Activities, and fund financial statements, which provide a more detailed level of financial information.

**Government-wide Financial Statements**

The Statement of Net Assets and the Statement of Activities display information about the Library as a whole. These statements include the financial activities of the primary government. Governmental activities generally are financed through taxes, intergovernmental receipts and other non-exchange transactions.

The Statement of Net Assets presents the cash balance of the governmental activities of the Library at year's end. The Statement of Activities compares disbursements with program receipts for each of the Library's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Library is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program, and receipts of interest earned on grants that are required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a cash basis or draws from the Library's general receipts.

**Massillon Public Library  
Stark County**

*Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010  
(Continued)*

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**Note 2 - Summary of Significant Accounting Policies (continued)**

A. Basis of Presentation (continued)

Fund Financial Statements

During the year, the Library segregates transactions related to certain Library functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Library at this more detailed level. The focus of governmental fund financial statements is on major funds. The Library's major funds are presented in separate columns. Non-major funds are aggregated and presented in a single column.

B. Fund Accounting

The Library uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. The Library's funds are all classified as governmental.

Governmental Funds

Governmental funds are financed primarily from taxes, intergovernmental receipts (e.g. grants), and other non-exchange transactions. Monies are assigned to the various governmental funds according to the purposes for which they may or must be used. The following are the Library's major governmental funds:

General Fund – The general fund accounts for all financial resources except those required to be accounted for in another fund. The general fund balance is available to the Library for any purpose provided it is expended or transferred according to the general laws of Ohio.

McClymonds Library Fund – The McClymonds Library fund accounts for expendable monies received for the benefit of the citizens of the Massillon Public Library. Per the original bequest, only the interest could be spent for purchase and acquisition of books and other literature and for the repairing and re-binding of books and magazines.

C. Basis of Accounting

The Library's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Library's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued liabilities and the related expenses) are not recorded in these financial statements.

D. Budgetary Process

The Library's funds are legally required to be appropriated. The appropriations resolution is the Trustees' authorization to spend resources and sets limits on cash disbursements plus encumbrances at the level of control selected by the Trustees. The legal level of control has been established at the fund and function level for the general fund and the fund level for all other funds. Budgetary modifications at the legal level of control may only be made by resolution of the Board of Library Trustees.

**Massillon Public Library  
Stark County**

*Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010  
(Continued)*

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**Note 2 - Summary of Significant Accounting Policies (continued)**

**D. Budgetary Process (continued)**

For control purposes, the Library estimates cash receipts for the year. These estimated receipts, together with the unencumbered carry-over balances from the prior year, set a limit on the amount the Trustees may appropriate. The estimated receipts may be revised during the year if projected increases or decreases in receipts are identified by the Fiscal Officer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts of estimated resources at the time final appropriations were enacted by the Trustees.

The appropriations resolution is subject to amendment throughout the year with the restriction that appropriations should not exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Trustees during the year.

**E. Cash and Cash Equivalents**

To improve cash management, cash received by the Library is pooled and invested. Individual fund integrity is maintained through the Library's records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents."

Investments with original maturities of three months or less at the time they are purchased and investments of the cash management pool are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

Investments are reported as assets. 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 negative receipts, respectively.

During 2010, investments were limited to STAR Ohio.

STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31, 2010. Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest receipts credited to the General Fund during 2010 amounted to \$933.

**F. Inventory and Prepaid Items**

The Library reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

**Massillon Public Library  
Stark County**

*Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010  
(Continued)*

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**Note 2 - Summary of Significant Accounting Policies (continued)**

**G. Capital Assets**

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

**H. Accumulated Leave**

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Library's modified cash basis of accounting.

**I. Employer Contributions to Cost-Sharing Pension Plans**

The Library recognizes the disbursement for their employer contributions to cost-sharing pension plans when they are paid. As described in Notes 8 and 9, the employer contributions include portions for pension benefits and for post-retirement health care benefits.

**J. Net Assets**

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include the revenue sources that are restricted for the Library own programs.

The Library's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

**K. Fund Balance Reserves**

The Library reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. There are no fund balance reserves at December 31, 2010.

**L. Interfund Transactions**

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements. The Library had the following interfund transfers:

<u>From</u>	<u>To</u>	<u>Amount</u>
General Fund	Capital Projects - Building and Repair Fund	\$21,000
McClymonds Funds	McClymonds Library Endowment	\$20,000
Building and Repair Fund	Dome Restoration Fund	\$15,661
d'Allessandro Memorial Fund	General Fund	\$1,408

**Massillon Public Library  
Stark County**

*Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010  
(Continued)*

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**Note 3 – Budgetary Basis of Accounting**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the General Fund and the McClymonds Library Fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget.

The difference between the budgetary basis and the cash basis is that outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis). There were no outstanding encumbrances at year end.

**Note 4 – Deposits and Investments**

A. Library

Monies held by the Library are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Library treasury. Active monies must be maintained either as cash in the Library treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Board has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the Library can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;



**Massillon Public Library  
Stark County**

*Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010  
(Continued)*

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**Note 4 – Deposits and Investments (continued)**

A. Library (continued)

4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and
7. The State Treasurer's investment pool (STAR Ohio).

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Library, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

At year end, the Library had \$1,500 in undeposited, petty cash on hand which is included as part of "Equity in Pooled Cash and Cash Equivalents" on the financial statements.

B. Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the Library will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, the carrying amount of the Library's deposits was \$543,341 and the bank balances were \$603,533. Of the Library's bank balance, \$572,442 was covered by the Federal Deposit Insurance Corporation (FDIC) and \$31,091 was exposed to custodial credit risk because those deposits were uninsured and uncollateralized with securities held by the pledging financial institution's trust department or agent, but not in the Library's name.

The Library has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Library or qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

C. Investments

As of December 31, 2010, the Library had the following investment:

	<u>Carrying Value</u>	<u>Maturity</u>
STAR Ohio	\$965,889	Less than 3 months

**Massillon Public Library  
Stark County**

*Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010  
(Continued)*

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**Note 4 – Deposits and Investments (continued)**

C. Investments (continued)

Interest rate risk arises because the fair value of investment changes as interest rates change. The Library's investment policy addresses interest rate risk by requiring that the Library's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments, thereby avoiding that need to sell securities on the open market prior to maturity, and by investing operating funds primarily in short-term investments.

STAR Ohio carries a rating of AAAM by Standard and Poor's. The Library has no investment policy dealing with investment credit risk beyond the requirements in state statutes. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service.

**Note 5 – Public Library Fund**

The primary source of revenue for Ohio public libraries is the Public Library Fund ("PLF"). The "PLF" was enacted by the State of Ohio seeking to incorporate the intangible tax into the State's personal income tax. Currently the "PLF" is funded with 1.97 percent of the receipts of personal income tax and distributed to each county monthly through an equalization formula. The Stark County Budget Commission allocates these funds to the Library based on a formula which incorporates square footage, full-time equivalent employees, general fund expenditures for library materials, number of cardholders and circulation. The Budget Committee cannot reduce its allocation of these funds to the Library based on any additional revenues the Library receives.

**Note 6 - Property Taxes**

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Massillon City School District and the Villages of Navarre and Brewster. Property tax receipts received in 2010 for real and public utility property taxes represents collections of the 2009 taxes. Property tax payments received during 2010 for tangible personal property (other than public utility property) is for 2010 taxes.

2010 real property taxes are levied after October 1, 2009 on the assessed values as of January 1, 2010, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. 2010 real property taxes are collected in and intended to finance 2011.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2010 public utility property taxes which became a lien on December 31, 2009, are levied after October 1, 2009, and are collected in 2010 with real property taxes.

The full tax rate for all Library operations for the year ended December 31, 2010, was \$1.90 per \$1,000 of assessed value. The assessed values of real and personal property upon which 2009 (2010) property tax receipts were based are as follows:

**Massillon Public Library  
Stark County**

*Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010  
(Continued)*

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**Note 6 - Property Taxes (Continued)**

Real Property	\$462,422,990
Public Utility Property	21,863,240
Tangible Personal Property	568,490
Total Assessed Values	<u>\$484,854,720</u>

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the Library. The County Auditor periodically remits to the Library its portion of the taxes collected.

**Note 7 - Risk Management**

The Library is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2010, the Library contracted with several companies for various types of insurance coverage as follows:

<u>Company</u>	<u>Type of Coverage</u>	<u>Amount of Coverage</u>
Westfield Insurance	Commercial Property	\$9,926,500
	General Liability	3,000,000
Auto-Owners Insurance	Vehicle	500,000
Chubb Group	Errors and Omissions	1,000,000 occurrence 5,000,000 aggregate

Settled claims have not exceeded coverage in any of the last three years and there was no significant reduction in coverage from the prior year.

The Library pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs. The System administers and pays all claims.

**Note 8 - Defined Benefit Pension Plan**

Plan Description - The Library participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate retirement plans. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The Combined Plan has a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to, but less than, the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

**Massillon Public Library  
Stark County**

*Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010  
(Continued)*

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**Note 8 - Defined Benefit Pension Plan (Continued)**

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-6705 or (800) 222-7377.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions and currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units. Member contribution rates, as set forth in the Ohio Revised Code, are not to exceed 10 percent of covered payroll. For the year ended December 31, 2010, members in state and local classifications contributed 10 percent of covered payroll. Members in the state and local divisions may participate in all three plans. For 2010, member and employer contribution rates were consistent across all three plans.

The Library's 2010 contribution rate was 14.0 percent. The portion of employer contributions used to fund pension benefits is net of post-employment health care benefits.

The Library's required contributions for pension obligations to the Traditional and Combined Plans for the years ended December 31, 2010, 2009, and 2008 were \$145,415, \$160,158 and \$168,546, respectively. The full amount has been contributed for 2010, 2009 and 2008.

**Note 9 – Post-employment Benefits**

Plan Description – Ohio Public Employees Retirement System (OPERS) administers three separate retirement plans: The Traditional Pension Plan—a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan—a defined contribution plan; and the Combined Plan—a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing multiple-employer defined benefit post-employment health care plan for qualifying members of both the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care. The plan includes a medical plan, a prescription drug program and Medicare Part B premium reimbursement.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised Code permits, but does not mandate, OPERS to provide health care benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are provided separately in the OPERS financial report which may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or (800) 222 – 7377.

**Massillon Public Library  
Stark County**

*Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010  
(Continued)*

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**Note 9 – Post-employment Benefits (Continued)**

Funding Policy – The post-employment health care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). The Ohio Revised Code provides the statutory authority requiring public employers to fund post-retirement health care through contributions to OPERS. A portion of each employer’s contribution to OPERS is set aside for the funding of post-retirement health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2010, state and local employers contributed at a rate of 14.0 percent of covered payroll, and public safety and law enforcement employers contributed at 17.87 percent. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units and 18.1 percent of covered payroll for law and public safety employer units.

Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan was 5.5 percent from January 1 through February 28, 2010, and 5 percent from March 1 through December 31, 2010. The portion of employer contributions allocated to health care for members in the Combined Plan was 4.73 percent from January 1 through February 28, 2010, and 4.23 percent from March 1 through December 31, 2010.

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the post-employment health care plan.

The Library’s contributions allocated to fund post-employment health care benefits for the years ended December 31, 2010, 2009, and 2008 were \$52,418, \$67,209, and \$84,273, respectively; 100 percent has been contributed for 2010, 2009 and 2008.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates increased on January 1 of each year from 2006 to 2008. Rates for law and public safety employers increased over a six year period beginning on January 1, 2006, with a final rate increase on January 1, 2011. These rate increases allowed additional funds to be allocated to the health care plan.

**Note 10 – Leases**

The Library leases buildings and other equipment. During 2010, the Library entered into a new lease for a postage machine at a cost of \$144 per quarter starting in 2011. The Library disbursed \$756 to pay lease costs for the year ended December 31, 2010. Future lease payments are as follows:

<u>Year</u>	<u>Amount</u>
2011	576
2012	576
2013	576
2014	576
2015	576
Total	<u>\$ 2,880</u>

**Massillon Public Library  
Stark County**

*Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010  
(Continued)*

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**Note 11 – Joint Ventures**

The Barry Askren Memorial Branch is a joint venture with the Towpath-YMCA. According to the lease agreement, the Library leases the building at a cost of \$100 per year. The Library is responsible for staffing the building while open to the public.

The Library also entered into a contract with the Stark County District Library and the Louisville Public Library to form the Stark Libraries Information Consortium (SLIC). SLIC Executive Directors Council is the policy making Board for SLIC. Its members consist of the Directors, or their liaisons, of the member libraries. Directors are the voting members. The Stark County District Library purchased a new circulation system in 2007 called Millennium to improve customer access to library collections and allow access to additional items. This new system is to be used in conjunction with Massillon Public Library and Louisville Public Library as part of the SLIC. The system hardware and software utilized by SLIC is titled to Stark County District Library. SLIC is not accumulating significant financial resources or experiencing fiscal stress, which would cause additional financial benefit or burden to the Library. SLIC funding comes from the three member libraries and the Stark County District Library is responsible for dividing the cost on the other members based on a percentage of circulations. Complete financial information of SLIC can be obtained from Stark County District Library.

**Note 12 – Subsequent Event**

In May 2011, the Library Board submitted the issue of a replacement levy of 1.9 mills to the electorate. The levy passed with a 74% majority vote.



# Dave Yost • Auditor of State

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

Massillon Public Library  
Stark County  
208 Lincoln Way East  
Massillon, Ohio 44646

To the Board of Trustees:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Massillon Public Library, Stark County, Ohio, (the Library) as of and for the year ended December 31, 2010, which collectively comprise the Library's basic financial statements and have issued our report thereon dated August 24, 2012, wherein we noted the Library uses a comprehensive accounting basis other than generally accepted accounting principles. We also noted the Library processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Library because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code § 117.11(A) mandates the Auditor of State to audit Ohio governments. 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*.

### 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 opining on the effectiveness of the Library's internal control over financial reporting. Accordingly, we have not opined 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.

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[www.ohioauditor.gov](http://www.ohioauditor.gov)

### **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 did note certain matters not requiring inclusion in this report that we reported to the Library's management in a separate letter dated August 24, 2012.

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

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State

August 24, 2012





# Dave Yost • Auditor of State

**MASSILLON 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 11, 2012**