



Dave Yost • Auditor of State



**NORTH CANTON PUBLIC LIBRARY  
STARK COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Auditor's Report .....	1
Management's Discussion and Analysis.....	5
Basic Financial Statements:	
Statement of Net Position – Cash Basis For the Year Ended December 31, 2013 .....	11
Statement of Activities – Cash Basis For the Year Ended December 31, 2013 .....	12
Statement of Cash Basis Assets and Fund Balances - Governmental Funds - For the Year Ended December 31, 2013 .....	13
Statement of Receipts, Disbursement and Changes in Cash Basis Fund Balances – Governmental Funds - For the Year Ended December 31, 2013.....	14
Statement of Receipts, Disbursement and Changes in Fund Balance - Budget and Actual – Budget Basis – General Fund For the Year Ended December 31, 2013.....	15
Notes to the Basic Financial Statements .....	17
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	29

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

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

To the Board of Trustees:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of North Canton Public Library, Stark County, Ohio (the Library), as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with the cash accounting basis Note 2 describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Library's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Library's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of North Canton Public Library, Stark County, Ohio, as of December 31, 2013, and the respective changes in cash financial position and the budgetary comparison for the General Fund thereof for the year then ended in accordance with the accounting basis described in Note 2.

***Accounting Basis***

We draw attention to Note 2 of the financial statements, which describes the accounting basis, which differs from generally accepted accounting principles. We did not modify our opinion regarding this matter.

***Other Matters***

*Supplemental and Other Information*

We audited to opine on the Library's financial statements that collectively comprise its basic financial statements.

*Management's Discussion & Analysis* includes tables of net position, changes in net position, and governmental activities. This information provides additional analysis and is not a required part of the basic financial statements.

These tables are management's responsibility, and derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected these tables to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling these tables directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and in accordance with auditing standards generally accepted in the United States of America. In our opinion, these tables are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other than the aforementioned procedures applied to the tables, we applied no procedures to any other information in Management's Discussion & Analysis, and we express no opinion or any other assurance on it.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated July 22, 2014, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Library's internal control over financial reporting and compliance.

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  
Columbus, Ohio

July 22, 2014

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**North Canton Public Library**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2013*  
*Unaudited*

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This discussion and analysis of the North Canton Public Library's financial performance provides an overall review of the Library's financial activities for the year ended December 31, 2013, 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 2013 are as follows:

Net position of governmental activities increased by \$177,067, or 10 percent. The fund most affected by the increase in cash balance was the Permanent Improvement Fund, which increased 42 percent from the previous year due to bequests, gifts, and transfers in from the General Fund.

The Library's general receipts are primarily from the Public Library Fund and property taxes. These receipts represent respectively 55 and 37 percent of the total cash received for governmental activities during the year. Public Library Fund receipts and property tax receipts changed little compared to 2012.

**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 position 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 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.

**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.

**North Canton Public Library**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2013*  
*Unaudited*

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**Reporting the Library as a Whole**

The statement of net position and the statement of activities reflect how the Library did financially during 2013, within the limitations of cash basis accounting. The statement of net position 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. Program receipts include patron fines and fees 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, these changes are 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, one 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 tax and Public Library Fund (PLF).

In the statement of net position and the statement of activities, the library reports governmental activities. All of the Library's programs and services are reported here, including general public services, purchased and contracted services, and library materials and information. Benefits provided through governmental activities are not necessarily paid for 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 all governmental funds.

Governmental Funds - The Library's activities are reported in governmental funds. 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 Permanent Improvement Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

**The Library as a Whole**

Table 1 provides a summary comparison of the Library's net assets for 2013 and 2012 on a cash basis.

**North Canton Public Library**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2013*  
*Unaudited*

Table 1

	<b>Net Position</b>	
	Governmental Activities	Governmental Activities
	2013	2012
<b>Assets</b>		
Cash and Cash Equivalents	\$1,909,463	\$1,732,396
<b>Total Assets</b>	<b>\$1,909,463</b>	<b>\$1,732,396</b>
<b>Net Position</b>		
Restricted for:		
Capital Outlay	1,003,794	708,616
Unrestricted	905,669	1,023,780
<b>Total Net Position</b>	<b>\$1,909,463</b>	<b>\$1,732,395</b>

Table 2 reflects the changes in net assets in 2013 and 2012 on a cash basis.

Table 2

	<b>Changes in Net Assets</b>	
	Governmental Activities	Governmental Activities
	2013	2012
Receipts:		
Program Receipts:		
Charges for Services and Sales	\$ 68,943	\$ 76,492
Operating Grants and Contributions	-	-
Capital Grants and Contributions	69,719	172,658
<b>Total Program Receipts</b>	<b>138,662</b>	<b>249,150</b>
General Receipts:		
Property and Other Local Taxes	824,296	876,891
Grants and Entitlements Not Restricted to Specific Programs (PLF)	1,215,499	1,172,329
Sale of Capital Assets	497	-
Interest	2,975	2,312
Gifts and Contributions	24,670	173
Miscellaneous	7,218	16,985
<b>Total General Receipts</b>	<b>2,075,155</b>	<b>2,068,690</b>
<b>Total Receipts</b>	<b>2,213,817</b>	<b>2,317,840</b>
Disbursements:		
Library Services	1,230,399	1,093,116
Support Services	714,676	672,142
Capital Outlay	91,675	63,331
<b>Total Disbursements</b>	<b>2,036,750</b>	<b>1,828,589</b>
<b>Increase (Decrease) in Net Position</b>	<b>\$ 177,067</b>	<b>\$ 489,251</b>
<b>Net Position, January 1</b>	<b>1,732,396</b>	<b>1,243,145</b>
<b>Net Position, December 31</b>	<b>\$ 1,909,463</b>	<b>\$ 1,732,396</b>

**North Canton Public Library**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2013*  
*Unaudited*

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Program receipts represent only about 6 percent of total receipts and are primarily comprised of patron fines and fees, capital grants and contributions and donations.

General receipts represent about 94 percent of the Library's total receipts, and of this amount, about 40 percent are local taxes. Intergovernmental revenues make up the majority of the balance of the Library's general receipts (59 percent). Other receipts are insignificant and from somewhat unpredictable revenue sources.

Disbursements for public service programs, collection development and processing, facilities operation and maintenance, information services and business administration represent the cost of operating the Library.

**Governmental Activities**

On the Statement of Activities, the first column lists the major services provided by the Library. The next column identifies the costs of providing these services. The program disbursements for governmental activities are Library Services (which includes Public Service and Programs, and Collection Development and Processing), Support Services (which includes Facilities Operation and Maintenance, Information Services, and Business Administration), and Capital Outlay, which account for 60 percent, 35 percent, and five percent of all library disbursements, respectively. The next two 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.

Table 3  
**Governmental Activities**

	Total Cost Of Services 2013	Net Cost of Services 2013
Library Services	\$1,230,399	\$1,161,784
Support Services	714,676	714,348
Capital Outlay	91,675	21,956
Total Expenses	\$2,036,750	\$1,898,088

**The Library's Funds**

Total governmental funds had receipts of \$2,213,817 and disbursements of \$2,036,750, increasing the total fund balance by \$177,067 over 2012. The greatest change within governmental funds occurred within the Permanent Improvement Fund. The fund balance of the Permanent Improvement Fund increased more than \$296,000 as the result of a gifts, bequests, and transfers from the General Fund. General Fund receipts were \$114,391 more than disbursements (excluding other financing uses) due to prudent fiscal management.

**North Canton Public Library**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2013*  
*Unaudited*

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**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.

Final budgeted receipts were \$2,136,340, while actual receipts and other sources were \$2,118,531. This resulted in about \$17,809 less in revenue than budgeted. Final disbursements were budgeted at \$2,431,950, while actual disbursements were \$2,138,041, resulting in \$293,909 less expenditures than budgeted. Fund balance of the General Fund decreased by \$219,510, due in part to interfund transfers out to the capital funds.

**Capital Assets**

The Library uses an outside firm, which in 2013 updated the values and incorporated additions to the existing appraisals of all land, buildings and capital assets. Capital assets are not recorded in the financial statements on the cash basis.

**Current Issues**

The challenge for all Libraries is to provide quality services to the public while staying within the restrictions imposed by limited and shrinking funding. We rely heavily on local taxes and PLF funding. The uncertain future of the PLF continues to be a major challenge facing the library.

**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 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 Kelly Boggs, Fiscal Officer, North Canton Public Library, 185 North Main Street, North Canton, OH 44720.

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**NORTH CANTON PUBLIC LIBRARY**  
**STARK COUNTY**

*Statement of Net Position - Cash Basis*  
*December 31, 2013*

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	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$ 1,909,463</u>
<b>Net Position</b>	
Restricted for:	
Capital Projects	\$ 1,003,794
Unrestricted	905,669
<i>Total Net Position</i>	<u>\$ 1,909,463</u>

See accompanying notes to the basic financial statements

**NORTH CANTON PUBLIC LIBRARY  
STARK COUNTY**

*Statement of Activities - Cash Basis  
For the Year Ended December 31, 2013*

		Program Cash Receipts		Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Charges for Services and Sales	Capital Grants and Contributions	Governmental Activities
<b>Governmental Activities</b>				
Current:				
Library Services	\$ 1,230,399	\$ 68,615	\$ -	\$ (1,161,784)
Support Services	714,676	328		(714,348)
Capital Outlay	91,675	-	69,719	(21,956)
<i>Total Governmental Activities</i>	2,036,750	68,943	69,719	(1,898,088)
 <b>General Receipts</b>				
Public Library Fund				1,215,499
Property Taxes				824,296
Unrestricted Gifts and Contributions				24,670
Sale of Capital Assets				497
Earnings on Investments				2,975
Miscellaneous				7,218
Total General Receipts and Contributions				2,075,155
Change in Net Position				177,067
<i>Net Position Beginning of Year</i>				1,732,396
<i>Net Position End of Year</i>				\$ 1,909,463

See accompanying notes to the basic financial statements

**NORTH CANTON PUBLIC LIBRARY**  
**STARK COUNTY**  
*Statement of Cash Basis Assets and Fund Balances*  
*Governmental Funds*  
*December 31, 2013*

	GENERAL FUND	PERMANENT IMPROVEMENT FUND	OTHER GOVERNMENTAL FUND	TOTAL GOVERNMENTAL FUNDS
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$ 905,669	\$ 1,000,458	\$ 3,336	\$ 1,909,463
<b>Fund Cash Balance, December 31</b>				
Restricted	\$ -	\$ 66,179	\$ -	\$ 66,179
Committed	250	934,279	3,336	937,865
Assigned	519,061	-	-	519,061
Unassigned	386,358	-	-	386,358
<i>Fund Cash Balance, December 31</i>	<u>\$ 905,669</u>	<u>\$ 1,000,458</u>	<u>\$ 3,336</u>	<u>\$ 1,909,463</u>

See accompanying notes to the basic financial statements

**NORTH CANTON PUBLIC LIBRARY  
STARK COUNTY**

*Statement of Receipts, Disbursements and Changes in Cash Basis Fund Balances  
Governmental Funds  
For the Year Ended December 31, 2013*

	GENERAL FUND	PERMANENT IMPROVEMENT FUND	OTHER GOVERNMENTAL FUND	TOTAL
<b>Receipts</b>				
Property and Other Local Taxes	\$ 718,663	\$ -	\$ -	\$ 718,663
Public Library	1,214,500	-	-	1,214,500
Intergovernmental	106,632	-	-	106,632
Patron Fines and Fees	68,615	-	-	68,615
Contributions, Gifts and Donations	24,671	69,719	-	94,390
Earnings on Investments	2,975	-	-	2,975
Miscellaneous	7,545	-	-	7,545
<b>Total Receipts</b>	<b>2,143,601</b>	<b>69,719</b>	<b>-</b>	<b>2,213,320</b>
<b>Disbursements</b>				
Current:				
Library Services	1,230,399	-	-	1,230,399
Support Services	714,676	-	-	714,676
Capital Outlay	84,135	3,540	4,000	91,675
<b>Total Disbursements</b>	<b>2,029,210</b>	<b>3,540</b>	<b>4,000</b>	<b>2,036,750</b>
Excess of Receipts Over (Under) Disbursements	114,391	66,179	(4,000)	176,570
<b>Other Financing Sources (Uses)</b>				
Sale of Capital Assets	497	-	-	497
Transfers In	-	230,000	3,000	233,000
Transfers Out	(233,000)	-	-	(233,000)
<b>Total Other Financing Sources (Uses)</b>	<b>(232,503)</b>	<b>230,000</b>	<b>3,000</b>	<b>497</b>
Net Change in Fund Balances	(118,112)	296,179	(1,000)	177,067
Fund Balances Beginning of Year	1,023,781	704,279	4,336	1,732,396
Fund Balances End of Year	<u>\$ 905,669</u>	<u>\$ 1,000,458</u>	<u>\$ 3,336</u>	<u>\$1,909,463</u>

See accompanying notes to the basic financial statements

**NORTH CANTON 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, 2013*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Receipts</b>				
Property and Other Local Taxes	\$ 717,754	\$ 717,754	\$ 718,663	\$ 909
Public Library	1,219,196	1,219,196	1,214,500	(4,696)
Intergovernmental	100,000	100,000	105,632	5,632
Patron Fines and Fees	76,000	76,000	68,615	(7,385)
Contributions, Gifts and Donations	13,000	15,160	104	(15,056)
Earnings on Investments	2,500	2,500	2,975	475
Miscellaneous	1,000	5,730	7,545	1,815
<i>Total receipts</i>	<u>2,129,450</u>	<u>2,136,340</u>	<u>2,118,034</u>	<u>(18,306)</u>
<b>Disbursements</b>				
Current:				
Library Services	1,441,615	1,449,875	1,316,955	132,920
Support Services	863,300	859,700	733,396	126,304
Capital Outlay	122,375	122,375	87,690	34,685
<i>Total Disbursements</i>	<u>2,427,290</u>	<u>2,431,950</u>	<u>2,138,041</u>	<u>293,909</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(297,840)</u>	<u>(295,610)</u>	<u>(20,007)</u>	<u>275,603</u>
<b>Other Financing Sources/(Uses)</b>				
Sale of Capital Assets	-	-	497	497
Transfers Out	(200,000)	(233,000)	(200,000)	33,000
Other Financing Uses	(76,000)	(76,000)	-	76,000
<i>Total Other Financing Uses</i>	<u>(276,000)</u>	<u>(309,000)</u>	<u>(199,503)</u>	<u>109,497</u>
<i>Net Change in Fund Balance</i>	(573,840)	(604,610)	(219,510)	385,100
<i>Unencumbered Cash Balance Beginning of Year</i>	823,575	823,575	823,575	
<i>Prior Year Encumbrances Appropriated</i>	<u>131,689</u>	<u>131,689</u>	<u>131,689</u>	<u>-</u>
<i>Unencumbered Cash Balance End of Year</i>	<u>\$ 381,424</u>	<u>\$ 350,654</u>	<u>\$ 735,754</u>	<u>\$ 385,100</u>

See accompanying notes to the basic financial statements

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**North Canton Public Library**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2013*

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

The North Canton Public Library was organized as a school district public library in 1926 under the laws of the State of Ohio. The Library has its own Board of Trustees of seven members who are appointed by the North Canton City Schools 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 that of the fiscal officer.

The Library is fiscally independent of the North Canton City Schools Board of Education, although the Board of Education serves 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 place 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 North Canton City School District.

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. The Library has no component units.

**PUBLIC ENTITY RISK POOL**

The Library participates in one public entity risk pool, the Stark County Schools Council of Government (the "Council"). The Council has a Health Benefits Program which is a shared risk pool comprised of 80 entities, most of which are school districts. The Library provides health, life and disability insurance coverage through the Council. The Council also provides a Workers' Compensation group rating plan which is an insurance purchasing pool, but the library does not participate in this program. The Council is governed by an assembly which consists of one representative from each participating school district or other entity (usually the superintendent, director or designee). The assembly elects officers for one year terms to serve as the Board of Directors. The assembly exercises control over the operation of the Council. All Council revenues are generated from charges for services.

The Friends of the North Canton Public Library (Friends) is a not-for-profit organization with a self-appointing board. Periodically, the Friends provide financial donations to the Library for programs and services, but 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 revenues/net assets of the Friends are not significant to the Library as they total less than 5% of the library's total fund revenues or net position. Therefore, this organization has been excluded from the reporting entity of the Library.

**North Canton Public Library**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2013*

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

The Friends of the Little Art Gallery (FLAG) is a not-for-profit organization with a self-appointing board. The Chairman of the Art Committee of the Library Board of Trustees serves on the FLAG Board, but as an ex-officio, non-voting member. Periodically, FLAG provides financial donations to the Library for programs and services, but the Library is not financial accountable for the organization, nor does the Library approve the budget or the issuance of debt of the organization. The revenues/net assets of the FLAG are not significant to the Library as they total less than 5% of the library's total fund revenues or net position. Therefore, this organization has been excluded from the reporting entity of the Library.

The North Canton Public Library Association (the Association) is an organization with a self-appointing board. Periodically, the Library Association provides financial donations to the Library for capital projects, programs and services, but the Library is not financially accountable for the organization, nor does the Library approve the budget or the issuance of debt of the organization. According to Auditor of State Bulletin 2004-001, public libraries that issue financial statements using the cash basis of accounting need not incorporate affiliated organizations within their government. Therefore, the Library is not required to and has not included the Association within the reporting entity of the Library.

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**

The financial statements of the North Canton Public 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. The most significant of the Library's accounting policies are described below.

***Basis of Presentation***

The Library's basic financial statements consist of government-wide statements, including a statement of net position 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 position 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 nonexchange transactions.

The statement of net position presents the cash and investment balances of the governmental activities of the Library at year 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.

**North Canton Public Library**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2013*

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**Note 2 - Summary of Significant Accounting Policies** (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. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

**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 nonexchange 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.

**Permanent Improvement Fund** - The Permanent Improvement Fund accounts for and reports resources committed by the Board of Library Trustees specifically for major capital and technology improvements.

**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. Any such modifications made by the Library are described in the appropriate section in this note.

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.

**Budgetary Process**

All 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 major category of the object code level for all funds. Budgetary modifications at the legal level of control may only be made by resolution of the Board of Library Trustees.

**North Canton Public Library**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2013*

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**Note 2 – Summary of Significant Accounting Policies** (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 resolution 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.

***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.

Investments in nonnegotiable certificates of deposit are considered part of the cash management pool and are presented on the financial statements as cash equivalents.

During 2013, the library had certificates of deposits, demand deposits, savings account deposits, and STAR Ohio and STAR PLUS accounts.

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, 2013.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest receipt credited to the general fund for statement savings, certificates of deposit and STAR funds during 2013 amounted to \$2,975.

***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.

**North Canton Public Library**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2013*

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

**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.

**Fund Balance**

Fund balance is divided into five classifications based primarily on the extent to which the Library is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

**Nonspendable** - The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

**Restricted** - Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions

**Committed** - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (resolution) of Library Trustees. Those committed amounts cannot be used for any other purpose unless the Library Trustees remove or change the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

**Assigned** - Amounts in the assigned fund balance classification are intended to be used by the Library for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by the Library Trustees or a Library official delegated that authority by resolution, or by State Statute.

**Unassigned** - Unassigned fund balance is the residual classification for the general fund and includes amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Library applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**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 cash basis of accounting.

**North Canton Public Library**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2013*

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

***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 7 and 8, the employer contributions include portions for pension benefits and for postretirement health care benefits.

***Long-Term Obligations***

The Library's cash basis financial statements do not report liabilities for long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither other financing source nor capital outlay are reported at inception. Lease payments are reported when paid.

***Net Position***

Net position is 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.

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

***Interfund Transactions***

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Flows of cash or goods 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.

**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 is 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 outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than restricted, committed or assigned fund balance (cash basis). The encumbrances outstanding at year end (budgetary basis) amounted to \$122,811 for the General Fund.

**Note 4 – Deposits and Investments**

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.

**North Canton Public Library**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2013*

---

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

*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;
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;
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. Payment for investments may be made only upon delivery of the securities representing the investment to the Treasurer, or qualified trustee, unless the securities are not represented by a certificate, in which payment may be made upon receipt of confirmation of transfer from the custodian.

**North Canton Public Library**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2013*

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

**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, \$416,437 of the Library's bank balance of \$1,918,204 was exposed to custodial credit risk because those deposits were uninsured and collateralized 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 a 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.

**Investments**

As of December 31, 2013, the Library had the following investments:

Type	Amount	Maturity
Certificate of Deposit	\$ 250,000	2/8/2013
Certificate of Deposit	\$ 250,000	5/8/2013
STAR PLUS	<u>\$ 501,492</u>	none
Totals	\$1,001,492	

**Interest Rate Risk** Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. 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.

**Credit Risk** 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 and that the money market fund be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service.

**Custodial Credit Risk** For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Library will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Library has no investment policy dealing with investment custodial risk beyond the requirements in ORC 135.14(M)(2) which states, "Payment for investments shall be made only upon the delivery of securities representing such investments to the treasurer, investing authority, or qualified trustee. If the securities transferred are not represented by a certificate, payment shall be made only upon receipt of confirmation of transfer from the custodian by the treasurer, governing board, or qualified trustee."

**Concentration of Credit Risk** The Library places no limit on the amount it may invest in any one issuer. The following investments represent five percent or more of total investments as of December 31, 2012:

Issuer	Percentage of Investments
Fifth Third Securities CD's	50%
STAR PLUS	50%

**North Canton Public Library**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2013*

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**Note 5 - Property Taxes**

Property taxes include amounts levied against all real and public utility property located in the North Canton City School District. Property tax revenue received during 2013 for real and public utility property taxes represents collections of 2012 taxes.

2013 real property taxes are levied after October 1, 2013, on the assessed value as of January 1, 2013, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2013 real property taxes are collected in and intended to finance 2014.

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

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2013 public utility property taxes which became a lien December 31, 2012, are levied after October 1, 2013, and are collected in 2014 with real property taxes.

The full tax rate for all Library operations for the year ended December 31, 2013 was \$150 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2013 property tax receipts were based are as follows:

Real Property	\$606,541,090
Public Utility Personal Property	<u>11,501,930</u>
Total	<u>\$618,043,020</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 6 - 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 2013, the Library obtained commercial insurance for the following risks: Comprehensive property and general liability; Directors and Officers; Employment Practices; Surety bonds.

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 also provides health, life and disability insurances to employees through private carriers. 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.

**North Canton Public Library**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2013*

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**Note 7 - Defined Benefit Pension Plan**

Plan Description - The Library participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension 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 is a cost-sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to, but less than, the Traditional 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.

OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the Traditional 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. Interested parties may obtain a copy 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, 2013, 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 2013, member and employer contribution rates were consistent across all three plans.

The Library's 2013 contribution rate was 14 percent. The portion of employer contributions used to fund benefits is net of post-employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 1% during calendar year 2013. The portion of employer contributions allocated to health care for members in the Combined Plan was 1% during calendar year 2013. Employer contribution rates are actuarially determined.

The Library's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2013, 2012, and 2011 were \$132,022, \$121,951, and \$108,589 respectively; and 93 percent had been contributed by year-end for 2013, while 100 percent has been contributed for 2012 and 2011. No contributions to the Member-Directed Plan were made in 2013.

**Note 8 - Postemployment Benefits**

Plan Description - Ohio Public Employees Retirement System (OPERS) administers three separate pension 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 the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health-care coverage. The plan includes a medical plan, prescription drug program and Medicare Part B premium reimbursement.

**North Canton Public Library**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2013*

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**Note 8 - Postemployment Benefits (continued)**

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 or the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report which 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 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 2013, state and local employers contributed at a rate of 14 percent of covered payroll. 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.

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 Plan was 1% during calendar year 2013. The portion of employer contributions allocated to health care for members in the Combined Plan was 1% during calendar year 2013.

The OPERS Board of Trustees 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 year ended December 31, 2013, 2012 and 2011, were \$1,320, \$4,975, and \$4,445, respectively; 93 percent had been contributed for 2013 by year-end, while 100 percent has been contributed for 2012 and 2011.

**Note 9 – Leases**

The Library leases equipment under non-cancelable leases. The Library disbursed \$1,524 to pay lease costs for the year ended December 31, 2013. Future lease payments are as follows:

<u>Year</u>	<u>Amount</u>
2014	1,524
Total	<u>\$ 1,524</u>

**North Canton Public Library**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2013*

**Note 10 – Fund Balances**

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Library is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

<u>Fund Balances</u>	<u>General</u>	<u>Permanent Improvement</u>	<u>Other Governmental Funds</u>	<u>Total</u>
<b>Restricted</b>				
Capital Projects		66,179		66,179
<b>Committed to:</b>				
Encumbrances Resulting from Board Action	250			250
Capital Projects		934,279		934,279
Art Acquisitions			3,336	3,336
Total Committed	250	934,279	3,336	937,865
<b>Assigned to:</b>				
<i>Other Encumbrances</i>	122,561			122,561
<i>Excess 2013 Appropriation over 2013 Revenues</i>	396,500			396,500
Total Assigned	519,061			519,061
<b>Unassigned</b>	386,358			386,368
<i>Total Fund Balances</i>	905,669	1,000,458	3,336	1,909,473

**Note 13 – Interfund Transfers**

The following transfers of funds were made in 2013:

General Fund to Permanent Improvement Fund:	\$230,000
General Fund to Capital Art Fund:	3,000



# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS 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, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of North Canton Public Library, Stark County, (the Library) as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Government's basic financial statements and have issued our report thereon dated July 22, 2014.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Library's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Library's internal control. Accordingly, we have not opined on it.

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 a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Library's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

### ***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, opining 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*.

101 Central Plaza South, 700 Chase Tower, Canton, Ohio 44702-1509  
Phone: 330-438-0617 or 800-443-9272 Fax: 330-471-0001

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

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Library's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Library's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

**Dave Yost**  
Auditor of State  
Columbus, Ohio

July 22, 2014



# Dave Yost • Auditor of State

**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  
AUGUST 21, 2014**