



**NORTH CANTON PUBLIC LIBRARY  
STARK COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2001-2000**



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

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**STATE OF OHIO**



**NORTH CANTON PUBLIC LIBRARY  
STARK COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Report of Independent Accountants .....	1
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental and Similar Fiduciary Fund Types For the Year Ended December 31, 2001 .....	3
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental and Similar Fiduciary Fund Types For the Year Ended December 31, 2000 .....	4
Notes to the Financial Statements .....	5
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i> .....	11

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STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

111 Second Street, NW  
Fourth Floor  
Canton, Ohio 44702  
Telephone 330-438-0617  
800-443-9272  
Facsimile 330-471-0001  
www.auditor.state.oh.us

**REPORT OF INDEPENDENT ACCOUNTANTS**

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

To the Board of Trustees:

We have audited the accompanying financial statements of the North Canton Public Library, Stark County, Ohio, (the Library) as of and for the years ended December 31, 2001 and 2000. These financial statements are the responsibility of the Library's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the fund cash balances and reserves for encumbrances of the Library as of December 31, 2001 and 2000, and its cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 15, 2002 on our consideration of the Library's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

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

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

**Jim Petro**  
Auditor of State

May 15, 2002

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**NORTH CANTON PUBLIC LIBRARY  
STARK COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Governmental Fund Types</u>		<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
<b>Cash Receipts:</b>				
Property and Other Local Taxes	\$202,366			\$202,366
Other Government Grants-In-Aid	1,398,116			1,398,116
Patron Fines and Fees	58,526			58,526
Earnings on Investments	26,270			26,270
Contributions, Gifts and Donations	20	\$1,394,544	\$19,700	1,414,264
Miscellaneous	7,913			7,913
	<u>1,693,211</u>	<u>1,394,544</u>	<u>19,700</u>	<u>3,107,455</u>
<b>Cash Disbursements:</b>				
Current:				
Salaries and Benefits	949,980			949,980
Supplies	58,438		3,047	61,485
Purchased and Contracted Services	138,730	63,983	2,118	204,831
Library Materials and Information	413,815	128	4,441	418,384
Other Objects	20,170			20,170
Capital Outlay	62,567	1,415,924	6,025	1,484,516
	<u>1,643,700</u>	<u>1,480,035</u>	<u>15,631</u>	<u>3,139,366</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>49,511</u>	<u>(85,491)</u>	<u>4,069</u>	<u>(31,911)</u>
<b>Other Financing Receipts/(Disbursements):</b>				
Transfers-In		43,659		43,659
Transfers-Out	(43,659)			(43,659)
	<u>(43,659)</u>	<u>43,659</u>	<u>0</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	5,852	(41,832)	4,069	(31,911)
Fund Cash Balances, January 1	127,410	370,231	31,801	529,442
<b>Fund Cash Balances, December 31</b>	<b><u>\$133,262</u></b>	<b><u>\$328,399</u></b>	<b><u>\$35,870</u></b>	<b><u>\$497,531</u></b>
Reserves for Encumbrances, December 31	<u>\$25,375</u>	<u>\$332,195</u>	<u>\$11,831</u>	<u>\$357,570</u>

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

**NORTH CANTON PUBLIC LIBRARY  
STARK COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Governmental Fund Types</u>		<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
<b>Cash Receipts:</b>				
Property and Other Local Taxes	\$193,526			\$193,526
Other Government Grants-In-Aid	1,329,504			1,329,504
Patron Fines and Fees	65,122			65,122
Earnings on Investments	24,715			24,715
Contributions, Gifts and Donations	30	\$84,790	\$24,029	108,849
Miscellaneous	14,109			14,109
<b>Total Cash Receipts</b>	<u>1,627,006</u>	<u>84,790</u>	<u>24,029</u>	<u>1,735,825</u>
<b>Cash Disbursements:</b>				
Current:				
Salaries and Benefits	856,194			856,194
Supplies	49,315			49,315
Purchased and Contracted Services	139,522	131,688	1,591	272,801
Library Materials and Information	426,530	725	4,788	432,043
Other Objects	17,219			17,219
Capital Outlay	30,801	4,750		35,551
<b>Total Cash Disbursements</b>	<u>1,519,581</u>	<u>137,163</u>	<u>6,379</u>	<u>1,663,123</u>
<b>Total Cash Receipts Over Cash Disbursements</b>	<u>107,425</u>	<u>(52,373)</u>	<u>17,650</u>	<u>72,702</u>
<b>Other Financing Receipts/(Disbursements):</b>				
Transfers-In		104,233		104,233
Transfers-Out	(104,233)			(104,233)
<b>Total Other Financing Receipts/(Disbursements)</b>	<u>(104,233)</u>	<u>104,233</u>	<u>0</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	3,192	51,860	17,650	72,702
Fund Cash Balances, January 1	124,218	318,371	14,151	456,740
<b>Fund Cash Balances, December 31</b>	<u><b>\$127,410</b></u>	<u><b>\$370,231</b></u>	<u><b>\$31,801</b></u>	<u><b>\$529,442</b></u>
Reserves for Encumbrances, December 31	<u>\$60,409</u>	<u>\$76,000</u>	<u>\$150</u>	<u>\$136,559</u>

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

**NORTH CANTON PUBLIC LIBRARY  
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

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

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

**B. Basis of Accounting**

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

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

**C. Cash and Investments**

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

The Overnight Repurchase Agreement is recorded at the bank balance reported on December 31, 2000. The Library did not maintain ONRA at December 31, 2001. Investments in money markets are valued at share price, which is the price the investment could be sold for on December 31, 2001.

**D. Fund Accounting**

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

**1. General Fund**

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

**2. Capital Projects Fund**

This fund is used to account for receipts that are restricted for the acquisition or construction of major capital projects. The Library's only Capital Projects Fund is the Permanent Improvement Fund which receives monies for the maintenance of and improvements to the Library's facilities.

**NORTH CANTON PUBLIC LIBRARY  
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

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

**D. Fund Accounting (Continued)**

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

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

**E. Budgetary Process**

The Ohio Administrative Code requires budgeting for each fund annually.

**1. Appropriations**

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

**2. Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1.

**3. Encumbrances**

The Ohio Administrative Code requires the Library to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2001 and 2000 budgetary activity appears in Note 3.

**F. Property, Plant and Equipment**

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

**G. Accumulated Leave**

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

**NORTH CANTON PUBLIC LIBRARY  
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

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

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

	2001	2000
Demand deposits	\$42,140	\$2,900
Money Market	455,391	0
Total deposits	497,531	2,900
Repurchase agreement	0	526,542
Total deposits and investments	\$497,531	\$529,442

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

**Investments:** The Library's agent holds securities collateralizing repurchase agreements. The securities are not in the Library's name.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ended December 31, 2001 and 2000 follows:

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,720,948	\$1,693,211	(\$27,737)
Capital Projects	1,936,000	1,438,203	(497,797)
Fiduciary	8,500	19,700	11,200
Total	\$3,665,448	\$3,151,114	(\$514,334)

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,707,450	\$1,712,734	(\$5,284)
Capital Projects	2,002,000	1,812,230	189,770
Fiduciary	24,500	27,462	(2,962)
Total	\$3,733,950	\$3,552,426	\$181,524

**NORTH CANTON PUBLIC LIBRARY  
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,614,610	\$1,627,006	\$12,396
Capital Projects	470,000	189,023	(280,977)
Fiduciary	7,500	24,029	16,529
Total	\$2,092,110	\$1,840,058	(\$252,052)

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,640,500	\$1,684,223	(\$43,723)
Capital Projects	670,000	213,163	456,837
Fiduciary	9,500	6,529	2,971
Total	\$2,320,000	\$1,903,915	\$416,085

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

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

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

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

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

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

**NORTH CANTON PUBLIC LIBRARY  
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**5. RETIREMENT SYSTEM**

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

Contribution rates are also prescribed by the Ohio Revised Code. For 2001 and 2000, PERS members contributed 8.5% of their gross salaries. The Library contributed an amount equal to 13.55% of participants' gross salaries for 2001 and from January 1, 2000 through June 30, 2000. PERS temporarily reduced the employer contribution rate to 8.13% effective July 1, 2000 through December 31, 2000. The Library has paid all contributions required through December 31, 2001.

**6. RISK MANAGEMENT**

The Library has obtained commercial insurance for the following risks:

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

**7. CONTINGENT LIABILITIES**

The Library is defendant in a lawsuit. Although the outcome of this suit is not presently determinable, management believes that the resolution of this matter will not materially adversely affect the Library's financial condition.

**8. ESCROW ACCOUNT**

The Library utilizes a fiscal agent to hold retainage on construction contracts. The balances reported as carrying value and with the escrow agent as of December 31, 2001 are as follows:

<u>Construction Contractor</u>	<u>Date Established</u>	<u>Carrying Value</u>	<u>Bank Balance</u>
Jeffrey Carr Construction	April 30, 2001	\$85,252	\$82,196
W. W. Schaub Electric	May 30, 2001	16,461	16,504
Soehnlén Piping Co., Inc.	June 30, 2001	21,110	21,145
Whisler Plumbing & Heating	August 30, 2001	4,815	4,822
Canton Elevator Construction	November 20, 2001	7,232	7,235

During May 2002, the Library received Certificate of Completion from Soehnlén and Whistler for their portion of the project.

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OFFICE OF THE AUDITOR

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111 Second Street, NW  
Fourth Floor  
Canton, Ohio 44702  
Telephone 330-438-0617  
800-443-9272  
Facsimile 330-471-0001  
www.auditor.state.oh.us

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

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

To the Board of Trustees:

We have audited the accompanying financial statements of the North Canton Public Library, Stark County, Ohio, (the Library) as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated May 15, 2002. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

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

However, we noted certain immaterial instances of noncompliance that we have reported to management of the Library in a separate letter dated May 15, 2002.

**Internal Control Over Financial Reporting**

In planning and performing our audits, we considered the Library's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Library in a separate letter dated May 15, 2002.

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

A handwritten signature in black ink, appearing to read "Jim Petro", with a large, stylized flourish at the end.

**Jim Petro**  
Auditor of State

May 15, 2002



STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140  
Telephone 614-466-4514  
800-282-0370  
Facsimile 614-466-4490

**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  
JULY 2, 2002**