



**Auditor of State
Betty Montgomery**

**CANAL FULTON PUBLIC LIBRARY
STARK COUNTY**

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Trustees:

We have audited the accompanying financial statements of the Canal Fulton Public Library, Stark County, Ohio, (the Library) as of and for the years ended August 17, 2004. 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 audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit 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.

The Library's financial transactions were processed using the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Government because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe that our audit provides a reasonable basis for our opinion.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Library as of August 17, 2004, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 17, 2004, 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 audit.

This report is intended solely for the information and use of the audit committee, management, 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 that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

August 17, 2004

**CANAL FULTON PUBLIC LIBRARY
STARK COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2003**

| | <u>Governmental Fund Types</u> | | <u>Totals (Memorandum Only)</u> |
|--|--------------------------------|-----------------------------|---|
| | <u>General</u> | <u>Capital Projects</u> | |
| Cash Receipts: | | | |
| Other Government Grants-In-Aid | \$595,884 | | \$595,884 |
| Patron Fines and Fees | 18,343 | | 18,343 |
| Earnings on Investments | 12,257 | | 12,257 |
| Contributions, Gifts and Donations | 490 | | 490 |
| Miscellaneous Receipts | 4,516 | | 4,516 |
| | <u>631,490</u> | | <u>631,490</u> |
| Total Cash Receipts | <u>631,490</u> | <u>\$0</u> | <u>631,490</u> |
| Cash Disbursements: | | | |
| Current: | | | |
| Salaries and Benefits | 424,339 | | 424,339 |
| Purchased and Contracted Services | 76,874 | | 76,874 |
| Other Objects | 126,756 | | 126,756 |
| Capital Outlay | 80,595 | 161,350 | 241,945 |
| | <u>708,564</u> | <u>161,350</u> | <u>869,914</u> |
| Total Cash Disbursements | <u>708,564</u> | <u>161,350</u> | <u>869,914</u> |
| Total Cash Receipts Over/(Under) Cash Disbursements | <u>(77,074)</u> | <u>(161,350)</u> | <u>(238,424)</u> |
| Other Financing Receipts/(Disbursements): | | | |
| Other Financing Sources | 529 | | 529 |
| Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements | (76,545) | (161,350) | (237,895) |
| Fund Cash Balances, January 1 | 343,418 | 558,556 | 901,974 |
| Fund Cash Balances, December 31 | <u>\$266,873</u> | <u>\$397,206</u> | <u>\$664,079</u> |
| Reserves for Encumbrances, December 31 | <u>\$18,864</u> | <u>\$376,820</u> | <u>\$395,684</u> |

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

**CANAL FULTON PUBLIC LIBRARY
STARK COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2002**

| | <u>Governmental Fund Types</u> | | <u>Totals (Memorandum Only)</u> |
|--|--------------------------------|-----------------------------|---|
| | <u>General</u> | <u>Capital Projects</u> | |
| Cash Receipts: | | | |
| Other Government Grants-In-Aid | \$613,993 | | \$613,993 |
| Patron Fines and Fees | 17,209 | | 17,209 |
| Earnings on Investments | 29,666 | | 29,666 |
| Contributions, Gifts and Donations | 620 | | 620 |
| Miscellaneous Receipts | 7,449 | | 7,449 |
| | <hr/> | | <hr/> |
| Total Cash Receipts | 668,937 | \$0 | 668,937 |
| | <hr/> | | <hr/> |
| Cash Disbursements: | | | |
| Current: | | | |
| Salaries and Benefits | 400,696 | | 400,696 |
| Purchased and Contracted Services | 90,645 | | 90,645 |
| Other Objects | 164,789 | | 164,789 |
| Capital Outlay | 33,406 | 149,172 | 182,578 |
| | <hr/> | | <hr/> |
| Total Cash Disbursements | 689,536 | 149,172 | 838,708 |
| | <hr/> | | <hr/> |
| Total Cash Receipts Over/(Under) Cash Disbursements | (20,599) | (149,172) | (169,771) |
| | <hr/> | | <hr/> |
| Other Financing Receipts/(Disbursements): | | | |
| Transfers-In | | 700,000 | 700,000 |
| Transfers-Out | (700,000) | | (700,000) |
| Other Financing Sources | 80 | | 80 |
| | <hr/> | | <hr/> |
| Total Other Financing Receipts/(Disbursements) | (699,920) | 700,000 | 80 |
| | <hr/> | | <hr/> |
| Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements | (720,519) | 550,828 | (169,691) |
| | <hr/> | | <hr/> |
| Fund Cash Balances, January 1 | 1,063,937 | 7,728 | 1,071,665 |
| | <hr/> | | <hr/> |
| Fund Cash Balances, December 31 | <u>\$343,418</u> | <u>\$558,556</u> | <u>\$901,974</u> |
| | <hr/> | | <hr/> |
| Reserves for Encumbrances, December 31 | <u>\$73,345</u> | <u>\$14,167</u> | <u>\$87,512</u> |

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

**CANAL FULTON PUBLIC LIBRARY
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Canal Fulton 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 Northwest Local School District Board of Education. The Library provides the community with various educational and literary resources.

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

B. Basis of Accounting

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

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

C. Cash and 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 disbursements, respectively.

Certificates of deposit are valued at cost. Money market mutual funds (including STAR Ohio) are recorded at share values reported by the mutual fund.

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 Project Funds

These funds are 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 Building Repair Fund which receives monies for the reconstruction and renovation of the Library.

**CANAL FULTON PUBLIC LIBRARY
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process

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 level of control.

A summary of 2003 and 2002 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.

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Library maintains a cash and investments 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:

| | 2003 | 2002 |
|--------------------------------|-----------|-----------|
| Demand deposits | \$93,158 | \$120,681 |
| Certificates of deposit | 11,365 | 326,897 |
| Total deposits | 104,523 | 447,578 |
| STAR Ohio | 559,556 | 454,396 |
| Total deposits and investments | \$664,079 | \$901,974 |

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

Investments: Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

**CANAL FULTON PUBLIC LIBRARY
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2003 and 2002 follows:

| 2003 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|----------------------------|---------------------------|-----------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$837,733 | \$727,428 | \$110,305 |
| Capital Projects | 540,467 | 538,170 | 2,297 |
| Total | \$1,378,200 | \$1,265,598 | \$112,602 |

| 2002 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|----------------------------|---------------------------|----------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$1,462,881 | \$1,462,881 | \$0 |
| Capital Projects | 163,339 | 163,339 | 0 |
| Total | \$1,626,220 | \$1,626,220 | \$0 |

4. GRANTS-IN-AID

The primary source of revenue for Ohio public libraries is the State Library and Local Government Support Fund (LLGSF). The LLGSF was enacted by the State of Ohio seeking to incorporate the intangible tax into the State's personal income tax. Currently the LLGSF is funded with 5.7% of the receipts of personal income tax and is distributed to each county monthly through an equalization formula. The Stark County Budget Commission allocates these funds to the Library based on formula which incorporates square footage, full-time equivalent employees, general fund expenditures for library materials, number of cardholders and circulation. The Budget Commission cannot reduce its allocation of these funds to the Library based on any additional revenues the Library receives.

5. RETIREMENT SYSTEM

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

Contribution rates are prescribed by the Ohio Revised Code. The Library's OPERS members contributed 8.5% of their gross salaries. The Library contributed an amount equal to 13.55% of participants' gross salaries for 2003 and 2002. The Library has paid all contributions required through December 31, 2003.

**CANAL FULTON PUBLIC LIBRARY
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

6. RISK MANAGEMENT

The Library has obtained commercial insurance for the following risks:

- Comprehensive property and general liability; and
- Errors and omissions.

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



Auditor of State Betty Montgomery

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

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

To the Board of Trustees:

We have audited the accompanying financial statements of Canal Fulton Public Library, Stark County, Ohio, (the Library) as of and for the years ended August 17, 2004, and have issued our report thereon dated August 17, 2004 wherein we noted that the Library's financial transactions were processed using the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to conduct the audit of the Library because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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 audit 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 an immaterial instance of noncompliance that we have reported to management of the Library in a separate letter dated August 17, 2004.

Internal Control Over Financial Reporting

In planning and performing our audit, 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 August 17, 2004.

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Canal Fulton Public Library
Stark County
Independent Accountants' Report on Compliance and on Internal Control
Required by *Government Auditing Standards*
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This report is intended solely for the information and use of the audit committee, management and 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 that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

August 17, 2004



**Auditor of State
Betty Montgomery**

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CANAL FULTON PUBLIC LIBRARY

STARK COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
SEPTEMBER 30, 2004**