



Dave Yost • Auditor of State

**NORTH CANTON PUBLIC LIBRARY
STARK COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
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, 2012	11
Statement of Activities – Cash Basis For the Year Ended December 31, 2012	12
Statement of Cash Basis Assets and Fund Balances - Governmental Funds - For the Year Ended December 31, 2012	13
Statement of Receipts, Disbursement and Changes in Cash Basis Fund Balances – Governmental Funds - For the Year Ended December 31, 2012.....	14
Statement of Receipts, Disbursement and Changes in Fund Balance - Budget and Actual – Budget Basis – General Fund For the Year Ended December 31, 2012.....	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, 2012, 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, 2012, 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.

Emphasis of Matter

As discussed in Note 3 to the financial statements, during 2012, the Library adopted new accounting guidance in Governmental Accounting Standards Board Statement No. 62 "*Pre-1989 Private Sector Standards*" and No. 63 "*Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*". 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, 2012
Unaudited

This discussion and analysis of the North Canton Public Library's (the Library's) financial performance provides an overall review of the Library's financial activities for the year ended December 31, 2012, 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 2012 are as follows:

Net position of governmental activities increased by \$489,251, or 39 percent. The fund most affected by the increase in cash balance was the Permanent Improvement Fund, which increased 87 percent from the previous year due to a large bequest and to a transfer in from the General Fund.

The Library's general receipts are primarily from the Public Library Fund and property taxes. These receipts represent respectively 51 and 38 percent of the total cash received for governmental activities during the year. Public Library Fund receipts and property tax receipts changed very little compared to 2011.

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, 2012
Unaudited

Reporting the Library as a Whole

The statement of net position and the statement of activities reflect how the Library did financially during 2012, 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 nonmajor 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 position for 2012 and 2011 on a cash basis.

North Canton Public Library
Management's Discussion and Analysis
For the Year Ended December 31, 2012
Unaudited

Net Position

	Governmental Activities	Governmental Activities
	2012	2011
Assets		
Cash and Cash Equivalents	\$1,732,396	\$1,243,145
Total Assets	\$1,732,396	\$1,243,145
Net Position		
Restricted for:		
Capital Projects	708,615	380,981
Unrestricted	1,023,781	862,164
Total Net Position	\$1,732,396	\$1,243,145

Table 2 reflects the changes in net position in 2012 and 2011 on a cash basis.
(Table 2)

Changes in Net Position

	Governmental 2012	Governmental 2011
Receipts:		
Program Receipts:		
Charges for Services and Sales	\$ 76,492	\$ 82,738
Operating Grants and Contributions	-	14,208
Capital Grants and Contributions	172,658	51,907
Total Program Receipts	249,150	148,853
General Receipts:		
Property and Other Local Taxes	876,891	737,338
Grants and Entitlements Not Restricted to Specific Programs (PLF)	1,172,329	1,350,529
Interest	2,312	659
Gifts and Contributions	173	208
Miscellaneous	16,985	607
Total General Receipts	2,068,690	2,089,341
Total Receipts	2,317,840	2,238,194
Disbursements:		
Library Services	1,093,116	980,798
Support Services	672,142	552,166
Capital Outlay	63,331	87,942
Total Disbursements	1,828,589	1,620,907
Increase (Decrease) in Net Assets	\$ 489,251	\$ 617,287
Net Position, January 1	1,243,145	625,858
Net Position, December 31	\$ 1,732,396	\$ 1,243,145

North Canton Public Library
 Management's Discussion and Analysis
 For the Year Ended December 31, 2012
 Unaudited

Program receipts represent only about 11 percent of total receipts and are primarily comprised of patron fines and fees, capital grants and contributions and donations.

General receipts represent about 89 percent of the Library's total receipts, and of this amount, about 42 percent are local taxes. Intergovernmental revenues make up the majority of the balance of the Library's general receipts (57 percent). Other receipts are very insignificant and 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, 37 percent, and three 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 2012	Net Cost of Services 2012
Library Services	\$1,093,116	\$1,016,757
Support Services	672,142	672,009
Capital Outlay	63,331	(109,327)
Total Expenses	\$1,828,589	\$1,579,439

The Library's Funds

Total governmental funds had receipts of \$2,317,840 and disbursements of \$1,828,589, increasing the total fund balance by \$489,251 over 2011. The greatest change within governmental funds occurred within the Permanent Improvement Fund. The fund balance of the Permanent Improvement Fund increased more than \$327,000 as the result of a large bequest and a transfer from the General Fund. General Fund receipts were \$161,620 more than disbursements and other financing uses due to prudent fiscal management.

North Canton Public Library
Management's Discussion and Analysis
For the Year Ended December 31, 2012
Unaudited

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 \$2,102,694, while actual receipts were \$2,128,447. This resulted in about \$25,753 more in revenue than budgeted. Final disbursements were budgeted at \$2,201,689, while actual disbursements were \$1,904,629, resulting in \$297,060 less expenditures than budgeted. The result was an overall increase to the fund balance of \$21,818 for 2012.

Capital Assets

The Library uses an outside firm, which in 2012 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, 2012

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$ 1,732,396</u>
Net Position	
Restricted for:	
Capital Projects	\$ 708,615
Unrestricted	1,023,781
<i>Total Net Position</i>	<u>\$ 1,732,396</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, 2012*

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Charges for Services and Sales	Capital Grants and Contributions	Governmental Activities
Governmental Activities				
Current:				
Library Services	\$ 1,093,116	\$ 76,359	\$ -	\$ (1,016,757)
Support Services	672,142	133		(672,009)
Capital Outlay	63,331	-	172,658	109,327
<i>Total Governmental Activities</i>	<u>1,828,589</u>	<u>76,492</u>	<u>172,658</u>	<u>(1,579,439)</u>
General Receipts				
Public Library Fund				1,172,329
Property Taxes				876,891
Unrestricted Gifts and Contributions				173
Earnings on Investments				2,312
Miscellaneous				<u>16,985</u>
Total General Receipts and Contributions				<u>2,068,690</u>
Change in Net Position				489,251
<i>Net Position Beginning of Year</i>				<u>1,243,145</u>
<i>Net Position End of Year</i>				<u>\$ 1,732,396</u>

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, 2012

	GENERAL FUND	PERMANENT IMPROVEMENT FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 1,023,781	\$ 704,279	\$ 4,336	\$ 1,732,396
Fund Cash Balance, December 31				
Restricted	\$ -	\$ 127,931	\$ -	\$ 127,931
Committed	21,358	576,348	4,336	602,042
Assigned	562,921	-	-	562,921
Unassigned	439,502	-	-	439,502
<i>Fund Cash Balance, December 31</i>	<u>\$ 1,023,781</u>	<u>\$ 704,279</u>	<u>\$ 4,336</u>	<u>\$ 1,732,396</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, 2012*

	GENERAL FUND	PERMANENT IMPROVEMENT FUND	OTHER GOVERNMENTAL FUNDS	TOTAL
Receipts				
Property and Other Local Taxes	\$ 758,023	\$ -	\$ -	\$ 758,023
Public Library	1,172,329	-	-	1,172,329
Intergovernmental	118,868	-	-	118,868
Patron Fines and Fees	76,359	-	-	76,359
Contributions, Gifts and Donations	16,907	172,658	-	189,565
Earnings on Investments	2,312	-	-	2,312
Miscellaneous	384	-	-	384
Total Receipts	2,145,182	172,658	-	2,317,840
Disbursements				
Current:				
Library Services	1,093,116	-	-	1,093,116
Support Services	672,142	-	-	672,142
Capital Outlay	16,304	44,727	2,300	63,331
Total Disbursements	1,781,562	44,727	2,300	1,828,589
Excess of Receipts Over (Under) Disbursements	363,620	127,931	(2,300)	489,251
Other Financing Sources (Uses)				
Transfers In	-	200,000	2,000	202,000
Transfers Out	(202,000)	-	-	(202,000)
Total Other Financing Sources (Uses)	(202,000)	200,000	2,000	-
Net Change in Fund Balances	161,620	327,931	(300)	489,251
Fund Balances Beginning of Year	862,161	376,348	4,636	1,243,145
Fund Balances End of Year	<u>\$ 1,023,781</u>	<u>\$ 704,279</u>	<u>\$ 4,336</u>	<u>\$ 1,732,396</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, 2012*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$ 737,788	\$ 737,788	\$ 758,023	\$ 20,235
Public Library	1,172,329	1,172,329	1,172,329	-
Intergovernmental	120,000	120,000	118,867	(1,133)
Patron Fines and Fees	70,077	70,077	76,359	6,282
Services Provided to Other Entities	-	-	-	-
Contributions, Gifts and Donations	500	500	173	(327)
Earnings on Investments	500	500	2,312	1,812
Miscellaneous	1,500	1,500	384	(1,116)
<i>Total receipts</i>	<u>2,102,694</u>	<u>2,102,694</u>	<u>2,128,447</u>	<u>25,753</u>
Disbursements				
Current:				
Library Services	1,294,372	1,294,608	1,168,609	125,999
Support Services	828,550	828,314	686,817	141,497
Capital Outlay	78,767	78,767	49,203	29,564
<i>Total Disbursements</i>	<u>2,201,689</u>	<u>2,201,689</u>	<u>1,904,629</u>	<u>297,060</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(98,995)</u>	<u>(98,995)</u>	<u>223,818</u>	<u>322,813</u>
Other Financing Sources (Uses)				
Sale of Capital Assets	500	500	-	(500)
Transfers Out	(200,000)	(202,000)	(202,000)	-
Other Financing Uses	(65,000)	(65,000)	-	65,000
<i>Total Other Financing Sources (Uses)</i>	<u>(264,500)</u>	<u>(266,500)</u>	<u>(202,000)</u>	<u>64,500</u>
<i>Net Change in Fund Balance</i>	<u>(363,495)</u>	<u>(365,495)</u>	<u>21,818</u>	<u>387,313</u>
<i>Unencumbered Cash Balance Beginning of Year</i>	714,857	714,857	714,857	-
Prior Year Encumbrances Appropriated	86,900	86,900	86,900	-
<i>Unencumbered Cash Balance End of Year</i>	<u>\$ 438,262</u>	<u>\$ 436,262</u>	<u>\$ 823,575</u>	<u>\$ 387,313</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, 2012

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 76 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, 2012

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

As discussed further in the Basis of Accounting section of this note, 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, 2012

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 Trustee's 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, 2012

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 ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Trustees during the year.

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 2012, the library had a money market fund, and demand deposits and savings account deposit.

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 money market funds during 2012 amounted to \$2,312.

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.

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.

North Canton Public Library
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

Note 2 – Summary of Significant Accounting Policies (continued)

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.

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.

North Canton Public Library
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

Note 2 – Summary of Significant Accounting Policies (continued)

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 assets are available. The Library has set aside resources restricted for the cost of improving the existing building.

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 – Change in Accounting Principle

Beginning in 2012, the Library implemented Governmental Accounting Standards Board (GASB) No. 62 "Pre-1989 Private Sector Standards" and No. 63 "Financial Reporting of Deferred Outflows of Resources, Deferred Inflow of Resources, and Net Position." The changes were incorporated in the Library's 2012 financial statements; however, there was no effect on the beginning net position/fund balance.

Note 4 – 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 \$131,689 for the General Fund.

Note 5 – 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.

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.

North Canton Public Library
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

Note 5 – Deposits and Investments (continued)

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.

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, \$129,065 of the Library's bank balance of \$1,737,261 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.

North Canton Public Library
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

Note 5 – Deposits and Investments (continued)

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, 2012, 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/STAR OHIO	\$ 500,454	none
Totals	\$1,000,454	

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 Certificate of Deposit	25%	
Fifth Third Certificate of Deposit	25%	5/8/2013
STAR PLUS/STAR OHIO	50%	

North Canton Public Library
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

Note 6 - 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 2012 for real and public utility property taxes represents collections of 2011 taxes.

2012 real property taxes are levied after October 1, 2012, on the assessed value as of January 1, 2012, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2012 real property taxes are collected in and intended to finance 2013.

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. 2012 public utility property taxes which became a lien December 31, 2011, are levied after October 1, 2012, and are collected in 2013 with real property taxes.

The full tax rate for all Library operations for the year ended December 31, 2012 was \$150 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2012 property tax receipts were based are as follows:

Real Property	\$654,372,390
Public Utility Personal Property	10,254,420
Total Assessed Value	<u>\$664,626,810</u>

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

Note 7 - Risk Management

The Library is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2012, the Library obtained commercial insurance for the following risks: Comprehensive property and general liability; Directors and Officers; 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, 2012

Note 8 - 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, 2012, 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 2012, member and employer contribution rates were consistent across all three plans.

The Library's 2012 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 4.0% during calendar year 2012. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05% during calendar year 2012. 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, 2012, 2011, and 2010 were \$121,951, \$108,589, and \$93,878 respectively; and 92 percent had been contributed for 2012 by year-end, while 100% has been contributed for 2011 and 2010. There were no contributions to the Member-Directed Plan in 2012.

Note 9 - 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, 2012

Note 9 - 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 2012, 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 4% during calendar year 2012. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05% during calendar year 2012.

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 years ended December 31, 2012, 2011 and 2010, were \$4,975, \$4,445, and \$4,663, respectively; 92 percent had been contributed for 2012 by year end, while 100 percent has been contributed for 2011 and 2010.

Note 10 – Leases

The Library leases equipment under non-cancelable leases. The Library disbursed \$1,524 to pay lease costs for the year ended December 31, 2012. Future lease payments are as follows:

<u>Year</u>	<u>Amount</u>
2013	\$ 1,524
2014	1,524
Total	<u>\$ 3,048</u>

North Canton Public Library
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

Note 11 – 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>General</u>	<u>Permanent Improvement</u>	<u>Other Governmental Funds</u>	<u>Total</u>
<u>Fund Balances</u>				
<u>Nonspendable</u>				
Restricted		127,931		127,931
Committed to:				
Encumbrances Resulting from Board Action	21,358			21,358
Capital and Technology Improvements		576,348	4,336	580,684
Total Committed	21,358	576,348	4,336	602,042
Assigned to:				
<i>Other Encumbrances</i>	110,331			110,331
<i>Excess 2013 Appropriation over 2013 Revenues</i>	452,590			452,590
Total Assigned	562,921			562,921
Unassigned	439,502			439,502
Total Fund Balances	1,023,781	704,279	4,336	1,732,396

Note 13 – Interfund Transfers

The General Fund transferred \$200,000 to the Permanent Improvement Fund and \$2,000 to the Capital Art Fund.



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, 2012, 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, wherein we noted the Library adopted new accounting guidance in Governmental Accounting Standards Board No. 62 "*Pre-1989 Private Sector Standards*" and No. 63. "*Financial Reporting of Deferred Outflows or Resources, Deferred Inflow of Resources, and Net Position.*"

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*.

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 "D" and "Y".

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**