



Dave Yost • Auditor of State

**CANAL FULTON PUBLIC LIBRARY
STARK COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Canal Fulton Public Library
Stark County
154 Market Street NE
Canal Fulton, Ohio 44614

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of Canal Fulton Public Library, Stark County, (the Library) as of and for the years ended December 31, 2013 and 2012.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements 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 opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statements, the Library prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy requirements.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Library as of December 31, 2013 and 2012, or changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of Canal Fulton Public Library, Stark County as of December 31, 2013 and 2012, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 11, 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.



Dave Yost
Auditor of State
Columbus, Ohio

September 11, 2014

**CANAL FULTON PUBLIC LIBRARY
STARK COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>General</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts			
Property and Other Local Taxes	\$207,138	\$0	\$207,138
Public Library	504,432	0	504,432
Intergovernmental	41,145	0	41,145
Patron Fines and Fees	23,586	0	23,586
Contributions, Gifts and Donations	3,116	0	3,116
Earnings on Investments	622	0	622
Miscellaneous	4,124	0	4,124
<i>Total Cash Receipts</i>	<u>784,163</u>	<u>0</u>	<u>784,163</u>
Cash Disbursements			
Current:			
Library Services	778,689	0	778,689
Capital Outlay	0	44,339	44,339
<i>Total Cash Disbursements</i>	<u>778,689</u>	<u>44,339</u>	<u>823,028</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>5,474</u>	<u>(44,339)</u>	<u>(38,865)</u>
Other Financing Receipts			
Other Financing Sources	328	0	328
<i>Total Other Financing Receipts</i>	<u>328</u>	<u>0</u>	<u>328</u>
<i>Net Change in Fund Cash Balances</i>	5,802	(44,339)	(38,537)
<i>Fund Cash Balances, January 1</i>	<u>320,107</u>	<u>192,168</u>	<u>512,275</u>
Fund Cash Balances, December 31			
Assigned	0	147,829	147,829
Unassigned	325,909	0	325,909
<i>Fund Cash Balances, December 31</i>	<u>\$325,909</u>	<u>\$147,829</u>	<u>\$473,738</u>

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

**CANAL FULTON PUBLIC LIBRARY
STARK COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2012**

	General	Capital Projects	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$228,139	\$0	\$228,139
Public Library	498,089	0	498,089
Intergovernmental	34,921	0	34,921
Patron Fines and Fees	22,590	0	22,590
Contributions, Gifts and Donations	5,129	0	5,129
Earnings on Investments	537	0	537
Miscellaneous	1,647	0	1,647
<i>Total Cash Receipts</i>	<u>791,052</u>	<u>0</u>	<u>791,052</u>
Cash Disbursements			
Current:			
Library Services	796,487	0	796,487
<i>Total Cash Disbursements</i>	<u>796,487</u>	<u>0</u>	<u>796,487</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(5,435)</u>	<u>0</u>	<u>(5,435)</u>
Other Financing Receipts			
Other Financing Sources	715		715
<i>Total Other Financing Receipts</i>	<u>715</u>	<u>0</u>	<u>715</u>
<i>Net Change in Fund Cash Balances</i>	(4,720)	0	(4,720)
<i>Fund Cash Balances, January 1</i>	<u>324,827</u>	<u>192,168</u>	<u>516,995</u>
Fund Cash Balances, December 31			
Assigned	0	192,168	192,168
Unassigned	320,107	0	320,107
<i>Fund Cash Balances, December 31</i>	<u><u>\$320,107</u></u>	<u><u>\$192,168</u></u>	<u><u>\$512,275</u></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, 2013 AND 2012**

1. Summary of Significant Accounting Policies

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Canal Fulton Public Library, Stark County, (the Library) as a body corporate and politic. The Northwest Local School District Board of Education appoints a seven-member Board of Trustees to govern the Library. 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.

The Friends of the Canal Fulton Public Library (Friends) is a not-for-profit organization with a self-appointed board. Periodically, the Friends provide financial donations to the Library for programs and services, but the Library is not financially accountable for the Friends, nor does the Library approve the budget or the issuance of debt of the Friends. Therefore, this organization has been excluded from the reporting entity of the Library.

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Library recognizes receipts when received in cash rather than when earned, and recognizes disbursements 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 the Auditor of State prescribes or permits.

C. Deposits and Investments

The Library's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

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

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 accounts for and reports all financial resources not accounted for and reported in another fund.

**CANAL FULTON PUBLIC LIBRARY
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

1. Summary of Significant Accounting Policies – (Continued)

2. Capital Project Fund

This fund accounts for and reports financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Library's only Capital Projects Fund is the Building Repair Fund which receives monies for the reconstruction and renovation of the Library.

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 2013 and 2012 budgetary activity appears in Note 3.

F. Fund Balance

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

1. Nonspendable

The Library classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

2. Restricted

Fund balance is *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.

3. Committed

Trustees can *commit* amounts via formal action (resolution). The Library must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

4. Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Library Trustees or a Library official delegated that authority by resolution, or by State Statute.

**CANAL FULTON PUBLIC LIBRARY
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

1. Summary of Significant Accounting Policies – (Continued)

5. Unassigned

Unassigned fund balance is the residual classification for the general fund and includes amounts not included 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.

G. Property, Plant, and Equipment

The Library records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

H. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

2. Equity in Pooled Deposits and Investments

The Library maintains a deposit and investments pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at December 31 was as follows:

	2013	2012
Demand deposits	\$202,568	\$441,115
Certificates of deposit	250,000	50,000
Total deposits	452,568	491,115
STAR Ohio	21,170	21,160
Total investments	21,170	21,160
Total deposits and investments	\$473,738	\$512,275

Deposits: Deposits are 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, 2013 AND 2012
(Continued)**

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2013 and 2012 follows:

2013 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$784,491	\$784,491	\$0
Capital Projects	0	0	0
Total	\$784,491	\$784,491	\$0

2013 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$917,093	\$810,229	\$106,864
Capital Projects	50,000	44,339	5,661
Total	\$967,093	\$854,568	\$112,525

2012 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$791,767	\$791,767	\$0
Capital Projects	0	0	0
Total	\$791,767	\$791,767	\$0

2012 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$909,178	\$816,351	\$92,827
Capital Projects	0	0	0
Total	\$909,178	\$816,351	\$92,827

4. Grants-in-aid and Tax Receipts

The primary source of revenue for Ohio public libraries is the Public Library Fund (PLF). The State allocates PLF to each county based on the total tax revenue credited to the State's general revenue fund during the preceding month. The Stark, Summit and Wayne County Budget Commissions base the amount for distribution on the needs of such library for the construction of new library buildings, parts of buildings, improvements, operation, maintenance, or other expenses. These County Budget Commissions cannot reduce their allocation of these funds to the Library based on of any additional revenues the Library receives.

**CANAL FULTON PUBLIC LIBRARY
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

4. Grants-in-aid and Tax Receipts – (Continued)

Real property taxes become a lien on January 1 preceding the October 1 date for which the taxing authority of the subdivision to whose jurisdiction the Library is subject adopts rates. The State Department of Taxation, Division of Tax Equalization, adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as intergovernmental receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, 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.

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

5. Retirement Systems

The Library's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2013 and 2012, OPERS members contributed 10% of their gross salaries and the Library contributed an amount equaling 14% of participants' gross salaries. The Library has paid all contributions required through December 31, 2013.

6. Risk Management

Commercial Insurance

The Library has obtained commercial insurance for the following risks:

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

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

Canal Fulton Public Library
Stark County
154 Market Street NE
Canal Fulton, Ohio 44614

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 Canal Fulton Public Library, Stark County, (the Library) as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements, and have issued our report thereon dated September 11, 2014 2014 wherein we noted the Library followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-02-03 (D) permit.

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 opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Government'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 an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2013-001.

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

September 11, 2014

**CANAL FULTON PUBLIC LIBRARY
STARK COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2013**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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Finding for Recovery Repaid Under Audit

<i>Finding Number</i>	2013-001
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NONCOMPLIANCE

Canal Fulton Public Library Personnel Policy 4. Vacations/Holidays states no payment to employee shall be made in lieu of paid leave time off. During fiscal years 2013 and 2012, the Fiscal Officer, Pat Pentello, was compensated for \$662 and \$649, respectively, for unused vacation leave.

The Library Personnel Committee approved the payment of unused vacation leave to the Fiscal Officer, Pat Pentello; however, the personnel committee is not the governing board of the library and the Library Board did not approve the payment. If the Library intends payment of unused vacation to be made it should adjust the personnel policy to state payment will be made. Or, the Board should approve payments made to specific employees to which they want payments made to.

In accordance with the foregoing facts and pursuant to Ohio Revised Code Section 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Pat Pentello, Fiscal Officer, in the amount of \$1,311 and in favor of the general fund. Pat Pentello repaid \$1,311 to the Library by check # 2839 on 07/25/14.

Official's Response: We did not receive a response from officials.

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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
OCTOBER 21, 2014**