

**NEWCOMERSTOWN PUBLIC LIBRARY  
TUSCARAWAS COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED  
DECEMBER 31, 2009 AND 2008**





# Dave Yost • Auditor of State

Board of Trustees  
Newcomerstown Public Library  
123 East Main Street  
Newcomerstown, Ohio 43832

We have reviewed the *Independent Auditors' Report* of Newcomerstown Public Library, Tuscarawas County, prepared by Willoughby & Company, Inc., for the audit period January 1, 2008 through December 31, 2009. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Auditors' Report* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Auditors' Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Newcomerstown Public Library is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Dave Yost".

Dave Yost  
Auditor of State

November 28, 2011

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NEWCOMERSTOWN PUBLIC LIBRARY  
TUSCARAWAS COUNTY

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# WILLOUGHBY & COMPANY, INC.

*Certified Public Accountants*

216 North Broadway, P.O. Box 1021, New Philadelphia, Ohio 44663  
Phone (330) 602-1322 • Fax (330) 602-2610

## INDEPENDENT AUDITORS' REPORT

Newcomerstown Public Library  
Tuscarawas County  
123 East Main Street  
Newcomerstown, Ohio 43832

To the Board of Trustees:

We have audited the accompanying financial statements of the Newcomerstown Public Library, Tuscarawas County, Ohio (the Library), as of and for the years ended December 31, 2009 and 2008. These financial statements are the responsibility of the Library's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As discussed in Note 1, the Library has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

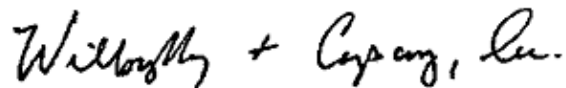
Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity-wide statements and also presenting the Library's larger (i.e., major) funds separately. While the Library does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require libraries to reformat their statements. The Library has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2009 and 2008 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Library as of December 31, 2009 and 2008, or it changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Newcomerstown Public Library, Tuscarawas County, as of December 31, 2009 and 2008, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Library has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 23, 2011, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in accessing the results of our audit.



Willoughby & Company, Inc. - Certified Public Accountants

September 23, 2011



**NEWCOMERSTOWN PUBLIC LIBRARY  
TUSCARAWAS COUNTY, OHIO  
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Governmental Fund Types</u>			<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Property and Other Local Taxes	\$ 40,927	-	-	\$ 40,927
Other Government Grants-In-Aid	255,514	-	-	255,514
Patron Fines and Fees	10,244	-	-	10,244
Contributions, Gifts, and Donations	3,969	-	-	3,969
Earnings on Investments	29	\$ 21	\$ 17	67
Refunds	-	-	-	-
Miscellaneous	12,720	-	-	12,720
<b>Total Cash Receipts</b>	<u>323,403</u>	<u>21</u>	<u>17</u>	<u>323,441</u>
<b>Cash Disbursements:</b>				
Current:				
Salaries	163,847	-	-	163,847
Employee Benefits	47,477	-	-	47,477
Purchased and Contractual Services	53,931	-	-	53,931
Library Materials and Information	30,258	-	-	30,258
Supplies	11,443	-	-	11,443
Other	10,113	-	-	10,113
Capital Outlay	2,985	-	5,160	8,145
Debt Service:				
Redemption of Principal	-	11,000	-	11,000
Interest and Other Fiscal Charges	-	12,740	-	12,740
<b>Total Cash Disbursements</b>	<u>320,054</u>	<u>23,740</u>	<u>5,160</u>	<u>348,954</u>
<b>Total Cash Receipts Over/(Under) Cash Disbursements</b>	3,349	(23,719)	(5,143)	(25,513)
<b>Other Financing Receipts/(Disbursements):</b>				
Sale of Fixed Assets	90	-	-	90
Transfers-In	-	24,300	-	24,300
Transfers-Out	(24,300)	-	-	(24,300)
Other Financing Uses	(3,034)	-	-	(3,034)
<b>Total Other Financing Receipts/(Disbursements)</b>	<u>(27,244)</u>	<u>24,300</u>	<u>-</u>	<u>(2,944)</u>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<u>(23,895)</u>	<u>581</u>	<u>(5,143)</u>	<u>(28,457)</u>
<b>Fund Cash Balances, January 1</b>	<u>91,198</u>	<u>9,638</u>	<u>18,539</u>	<u>119,375</u>
<b>Fund Cash Balances, December 31</b>	<u>\$ 67,303</u>	<u>\$ 10,219</u>	<u>\$ 13,396</u>	<u>\$ 90,918</u>

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

**NEWCOMERSTOWN PUBLIC LIBRARY  
TUSCARAWAS COUNTY, OHIO  
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Property and Other Local Taxes	\$ 43,244	-	-	\$ 43,244
Other Government Grants-In-Aid	316,685	-	-	316,685
Patron Fines and Fees	10,903	-	-	10,903
Contributions, Gifts, and Donations	510	-	-	510
Earnings on Investments	1,869	\$ 69	\$ 39	1,977
Refunds	-	-	-	-
Miscellaneous	47,778	-	18,500	66,278
<b>Total Cash Receipts</b>	<u>420,989</u>	<u>69</u>	<u>18,539</u>	<u>439,597</u>
<b>Cash Disbursements:</b>				
Current:				
Salaries	154,246	-	-	154,246
Employee Benefits	52,354	-	-	52,354
Purchased and Contractual Services	98,483	-	-	98,483
Library Materials and Information	65,198	-	-	65,198
Supplies	16,610	-	-	16,610
Other	9,849	-	-	9,849
Capital Outlay	19,574	-	6,273	25,847
Debt Service:				
Redemption of Principal	-	10,500	-	10,500
Interest and Other Fiscal Charges	-	13,238	-	13,238
<b>Total Cash Disbursements</b>	<u>416,314</u>	<u>23,738</u>	<u>6,273</u>	<u>446,325</u>
<b>Total Cash Receipts Over/(Under) Cash Disbursements</b>	<b>4,675</b>	<b>(23,669)</b>	<b>12,266</b>	<b>(6,728)</b>
<b>Other Financing Receipts/(Disbursements):</b>				
Sale of Fixed Assets	-	-	-	-
Transfers-In	-	24,300	-	24,300
Transfers-Out	(24,300)	-	-	(24,300)
Other Financing Uses	(606)	-	-	(606)
<b>Total Other Financing Receipts/(Disbursements)</b>	<b>(24,906)</b>	<b>24,300</b>	<b>-</b>	<b>(606)</b>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<b>(20,231)</b>	<b>631</b>	<b>12,266</b>	<b>(7,334)</b>
<b>Fund Cash Balances, January 1</b>	<u>111,429</u>	<u>9,007</u>	<u>6,273</u>	<u>126,709</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$ 91,198</b></u>	<u><b>\$ 9,638</b></u>	<u><b>\$ 18,539</b></u>	<u><b>\$ 119,375</b></u>

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

**Newcomerstown Public Library  
Tuscarawas County**

Notes to the Financial Statements  
For the Years Ended December 31, 2009 and 2008

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**Note 1 – Summary of Significant Accounting Policies**

**A. Description of the Entity**

The Newcomerstown Public Library, Tuscarawas County, Ohio (the Library) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A seven-member Board of Trustees appointed by the Newcomerstown Exempted Village School District directs the Library. The library is a school district public library, which exists for the purpose of providing various library services to the area residents.

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

**B. Basis of Accounting**

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

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

**C. Deposits and Investments**

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

**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:

**General Fund** - The General Fund is the general operating fund of the Library. It is used to account for all financial resources, except those required by law or contract to be accounted for in another fund.

**Debt Service Fund** – This fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

**Capital Projects Funds** – To account for the proceeds of specific revenue sources that are restricted for the acquisition or construction of major capital projects. In 1999, the Library started a Building and Repair Fund for the construction of a new library

**Newcomerstown Public Library  
Tuscarawas County**

Notes to the Financial Statements  
For the Years Ended December 31, 2009 and 2008

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**Note 1 – Summary of Significant Accounting Policies (continued)**

**E. Budgetary Process**

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

A summary of 2009 and 2008 budgetary activity appears in Note 3.

**F. Property, Plant and Equipment**

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

**G. 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.

**H. Total Columns on Financial Statements**

Total columns on the financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. This data is not comparable to a consolidation. Interfund-type eliminations have not been made in the aggregation of this data.

**Note 2 – Equity in Pooled Cash and Cash Equivalents**

The Library maintains a cash and investments pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31, 2009 and 2008 is \$90,919 and \$119,230, respectively.

Deposits and investments are insured by the Federal Depository Insurance Corporation; collateralized by securities specifically pledged by the financial institution to the Library; or collateralized by the financial institution's public entity deposit pool.

**Newcomerstown Public Library  
Tuscarawas County**

Notes to the Financial Statements  
For the Years Ended December 31, 2009 and 2008

**Note 3 – Budgetary Activity**

Budgetary activity for the years ended December 31, 2009 and 2008 follows:

2009 Budget vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 393,838	\$ 323,493	\$ (70,345)
Debt Service	33,937	24,321	(9,616)
Capital Projects	18,539	17	(18,522)
Total	<u>\$ 446,314</u>	<u>\$ 347,831</u>	<u>\$ (98,483)</u>

2009 Budget vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 457,213	\$ 347,388	\$ 109,825
Debt Service	33,937	23,740	10,197
Capital Projects	18,539	5,160	13,379
Total	<u>\$ 509,689</u>	<u>\$ 376,288</u>	<u>\$ 133,401</u>

2008 Budget vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 420,989	\$ 420,989	\$ 0
Debt Service	24,369	24,369	0
Capital Projects	18,539	18,539	0
Total	<u>\$ 463,897</u>	<u>\$ 463,897</u>	<u>\$ 0</u>

2008 Budget vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 523,374	\$ 441,220	\$ 82,154
Debt Service	33,307	23,738	9,569
Capital Projects	6,273	6,273	0
Total	<u>\$ 562,954</u>	<u>\$ 471,231</u>	<u>\$ 91,723</u>

**Note 4 - Risk Management**

The Library has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Errors and omissions

Settled claims have not been exceeded this commercial coverage in any of the last three years. There have been no significant reductions in insurance coverage from last years.

**Newcomerstown Public Library  
Tuscarawas County**

Notes to the Financial Statements  
For the Years Ended December 31, 2009 and 2008

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**Note 5 – Retirement System**

The Library participates in 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 2009 and 2008, OPERS members contributed 10.0% of their gross salaries and the Library contributed an amount equaling 14.0% of participants' gross salaries. The Library has paid all contributions required through December 31, 2009.

**Note 6 – Debt**

Newcomerstown Public Library received a Rural Development loan from the United States Department of Agriculture on November 15, 2000. Library facilities notes were issued in the amount of \$350,000, with 4.75% interest.

The outstanding balance of the notes as of December 31, 2009 was \$257,200. Principal and interest requirements to retire the notes are as follows:

<u>Due 11/1</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 11,600	\$ 12,692	\$ 24,292
2011	12,000	12,141	24,141
2012	12,700	11,571	24,271
2013	13,200	10,968	24,168
2014	13,900	10,341	24,241
2015-2019	79,900	41,165	121,065
2020-2014	100,800	20,301	121,101
2025	<u>13,100</u>	<u>1,097</u>	<u>14,197</u>
Total	<u>\$ 257,200</u>	<u>\$ 120,276</u>	<u>\$ 377,476</u>

**Note 7 – Grants-In-Aid and Tax Receipts**

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

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

**Newcomerstown Public Library  
Tuscarawas County**

Notes to the Financial Statements  
For the Years Ended December 31, 2009 and 2008

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**Note 7 – Grants-In-Aid and Tax Receipts (continued)**

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

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

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

**Note 8 – Contingent Liabilities**

The Library's management believes there are no pending claims or lawsuits.



# WILLOUGHBY & COMPANY, INC.

*Certified Public Accountants*

216 North Broadway, P.O. Box 1021, New Philadelphia, Ohio 44663  
Phone (330) 602-1322 • Fax (330) 602-2610

## **INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Newcomerstown Public Library  
Tuscarawas County  
123 East Main Street  
Newcomerstown, Ohio 43832

To the Board of Trustees:

We have audited the financial statements of the Newcomerstown Public Library, Tuscarawas County, Ohio (the Library), as of and for the years ended December 31, 2009 and 2008, and have issued our report thereon dated September 23, 2011, wherein we noted the Library prepared financial statements using accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States *Government Auditing Standards*.

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

In planning and performing our audit, we considered the Library's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinions on the financial statements, but not for the purpose of opining on the effectiveness of the Library's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Library's internal control over financial reporting.

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 more than a reasonable possibility that a material misstatement of the Library's financial statements will not be prevented, or detected and timely corrected.

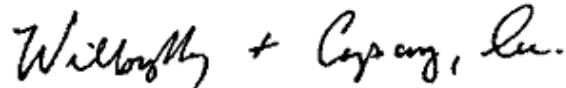
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.



### 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, providing an opinion 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*.

We intend this report solely for the information and use of management, the audit committee, and the Board of Trustees. We intend it for no one other than these specified parties.

A handwritten signature in cursive script that reads "Willoughby & Company, Inc.".

Willoughby & Company, Inc. - Certified Public Accountants

September 23, 2011

**NEWCOMERSTOWN PUBLIC LIBRARY  
TUSCARAWAS COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2009 AND 2008**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b>Explain</b>
2007-001	Classification of Receipts and Expenditures - During 2007 and 2006, the Township Fiscal Officer misclassified receipts and expenditures.	Yes	Finding No Longer Valid
2007-002	Fascsimile Signature - Checks were signed with a rubber stamp. All checks need to be signed manually for proper oversight.	Yes	Finding No Longer Valid



# Dave Yost • Auditor of State

**NEWCOMERSTOWN PUBLIC LIBRARY**

**TUSCARAWAS 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  
DECEMBER 8, 2011**