

TUSCARAWAS COUNTY PUBLIC LIBRARY
TUSCARAWAS COUNTY, OHIO

REPORT ON AUDITS OF
FINANCIAL STATEMENTS

FOR THE YEARS ENDED
DECEMBER 31, 2001 - 2002



**Auditor of State
Betty Montgomery**

Board of Trustees
Tuscarawas County Public Library

We have reviewed the Independent Auditor's Report of the Tuscarawas County Public Library, Tuscarawas County, prepared by Willoughby & Company, Inc. for the audit period January 1, 2001 through December 31, 2002. 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.

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. The Tuscarawas County Public Library is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

October 7, 2003

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TUSCARAWAS COUNTY PUBLIC LIBRARY
TUSCARAWAS COUNTY, OHIO

FISCAL YEARS AUDITED UNDER
GAGAS: 2001/2002

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WILLOUGHBY & COMPANY, INC.

Certified Public Accountants

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Phone (330) 602-1322 • Fax (330) 602-2610

August 20, 2003

Board of Trustees
Tuscarawas County Public Library
121 Fair Avenue, NW
New Philadelphia, Ohio 44663

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of Tuscarawas County Public Library, Tuscarawas County, Ohio (the Library), as of and for the years ended December 31, 2002 and 2001. These financial statements are the responsibility of the Library's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of The Library, as of December 31, 2002 and 2001, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued a report dated August 20, 2003, on our consideration of the Library's internal control over financial reporting and our tests of its compliance with certain laws, provision of regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

Willoughby & Company, Inc.

Willoughby & Company, Inc. - Certified Public Accountants

TUSCARAWAS COUNTY PUBLIC LIBRARY
TUSCARAWAS COUNTY, OHIO

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

	Government Fund Type				Fiduciary	(Memorandum
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	Fund Type Only)
						Total
CASH RECEIPTS:						
Taxes & grants-in-aids	\$1,833,701	\$ 0	\$146,217	\$ 0	\$ 0	\$1,979,918
Patron fines and fees	38,455	0	0	0	0	38,455
Earnings on investments	13,076	0	0	0	0	13,076
Contributions, gifts, and donations	1,295	0	0	0	425	1,720
Miscellaneous	81	0	0	0	0	81
Total Cash Receipts	1,886,608	0	146,217	0	425	2,033,250
CASH DISBURSEMENTS:						
Salaries and benefits	1,504,460	0	0	0	0	1,504,460
Supplies	43,482	0	0	0	0	43,482
Purchased & contracted services	169,681	0	2,624	0	0	172,305
Library materials & information	150,572	0	0	0	0	150,572
Capital outlay	9,517	0	0	0	0	9,517
Other objects	62,718	0	0	16,830	0	79,548
Debt Service:						
Redemption of principal	0	0	70,000	0	0	70,000
Interest	0	0	69,000	0	0	69,000
Total Cash Disbursements	1,940,430	0	141,624	16,830	0	2,098,884
Excess of Cash Receipts Over (Under) Cash Disbursements	(53,822)	0	4,593	(16,830)	425	(65,634)
Fund Cash Balances, January 1, 2002	78,511	122,700	53,340	307,032	141,702	703,285
Fund Cash Balances, December 31, 2002	\$ 24,689	\$122,700	\$ 57,933	\$290,202	\$ 142,127	\$ 637,651
Reserve for Encumbrances December 31, 2002	\$ 958	\$ 0	\$ 0	\$ 0	\$ 0	\$ 958

The accompanying notes are an integral part of these financial statements.

WILLOUGHBY & COMPANY, INC. - Certified Public Accountants

TUSCARAWAS COUNTY PUBLIC LIBRARY
TUSCARAWAS COUNTY, OHIO

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STATEMENT OF CASH RECEIPTS,
CASH DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCES - ALL FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

	Fiduciary Fund
	<u>Type</u>
	Nonexpendable
	<u>Trust</u>
CASH RECEIPTS:	
Miscellaneous	\$ <u>0</u>
Total Cash Receipts	0
Fund Cash Balances, January 1, 2002	<u>485</u>
Fund Cash Balances, December 31, 2002	<u>\$ 485</u>

The accompanying notes are an integral part of these financial statements.

WILLOUGHBY & COMPANY, INC. - Certified Public Accountants

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TUSCARAWAS COUNTY, OHIO

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

	Government Fund Type				Fiduciary	(Memorandum
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	Only) Total
CASH RECEIPTS:						
Taxes & grants-in-aids	\$1,968,811	\$ 0	\$136,722	\$ 0	\$ 0	\$2,105,533
Patron fines and fees	38,745	0	0	0	0	38,745
Earnings on investments	34,135	0	0	0	0	34,135
Contributions, gifts, and donations	320	0	0	0	70,476	70,796
Miscellaneous	354	0	0	0	0	354
Total Cash Receipts	2,042,365	0	136,722	0	70,476	2,249,563
CASH DISBURSEMENTS:						
Salaries and benefits	1,489,828	0	0	0	0	1,489,828
Supplies	55,623	0	0	0	0	55,623
Purchased & contracted services	183,591	0	2,356	41,418	0	227,365
Library materials & information	204,171	0	0	0	0	204,171
Capital outlay	10,959	0	0	26,300	16,743	54,002
Other objects	109,683	0	0	2,518	12,031	124,232
Debt Service:						
Redemption of principal	0	0	65,000	0	0	65,000
Interest	0	0	73,063	0	0	73,063
Total Cash Disbursements	2,053,855	0	140,419	70,236	28,774	2,293,284
Excess of Cash Receipts Over(Under) Cash Disbursements	(11,490)	0	(3,697)	(70,236)	41,702	(43,721)
Fund Cash Balances, January 1, 2001	90,001	122,700	57,037	377,268	100,000	747,006
Fund Cash Balances, December 31, 2001	\$ 78,511	\$122,700	\$ 53,340	\$307,032	\$ 141,702	\$ 703,285
Reserve for Encumbrances December 31, 2001	\$ 28,637	\$ 0	\$ 0	\$ 0	\$ 0	\$ 28,637

The accompanying notes are an integral part of these financial statements.

Willoughby & Company, Inc. - Certified Public Accountants

TUSCARAWAS COUNTY PUBLIC LIBRARY
TUSCARAWAS COUNTY, OHIO

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

	Fiduciary Fund
	<u>Type</u>
	Nonexpendable
	<u>Trust</u>
CASH RECEIPTS:	
Miscellaneous	\$ <u>0</u>
Total Cash Receipts	0
Fund Cash Balances, January 1, 2001	<u>485</u>
Fund Cash Balances, December 31, 2001	<u>\$ <u>485</u></u>

The accompanying notes are an integral part of these financial statements.

WILLOUGHBY & COMPANY, INC. - Certified Public Accountants

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001

NOTE 1: Summary of Significant Accounting Policies

Description of the Entity

Tuscarawas County 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 Ohio. The Library operates under the direction of a seven-member Board of Trustees appointed by the Common Pleas Judge and the Board of County Commissioners. 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.

Basis of Accounting

These financial statements were prepared on the cash basis of accounting which is prescribed or permitted by the Auditor of State and which is a comprehensive basis of accounting other than generally accepted accounting principles. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when a payment is made rather than when a liability is incurred.

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

Cash and Investments

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively. The investment in STAR Ohio (the State Teacher's investment pool) is valued at amounts reported by the State Treasurer.

Fund Accounting

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

1. General Fund
The General Fund is the general operating fund. It is used to account for all financial resources except those required by law or contract to be restricted.
2. Special Revenue Funds
These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Library accounted for Bookmobile transactions as the only Special Revenue Fund.

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001

NOTE 1: Summary of Significant Accounting Policies (continued)

- a. Bookmobile Purchase Fund
This fund accounts for the accumulation of funds from General Fund sources for the purpose of purchasing a bookmobile.
3. Debt Service Funds
This fund is used to accumulate resources for the payment of bond and note indebtedness. The Library had the following significant debt service fund:
 - a. Bond Retirement Fund
This fund accounts for the payment of bond indebtedness relating to the Library's 1991 addition to the main branch's facility.
4. Capital Project Fund
This fund is used to account for receipts that are restricted for the acquisition or construction of a major capital projects (except those financed through enterprise or trust funds).
5. Fiduciary Funds (Trust and Agency Funds)
Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Library to maintain the corpus of the trust, the fund is classified as a non-expendable trust fund. Other trust funds are classified as expendable. The Library had the following significant fiduciary funds:
 - a. T.W. Hoernemann Fund
This fund was developed to account for donations made for library operations.
 - b. Memorial Fund
This fund was developed to account for bequests and memorial established to benefit the library.

Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001

NOTE 1: Summary of Significant Accounting Policies (continued)

Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must also approve estimated resources.

Encumbrances

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

A summary of 2002 and 2001 budgetary activity appears in Note 3.

Property, Plant and Equipment

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

Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the Library.

NOTE 2: Equity in Pooled Cash and Investments

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

	<u>2002</u>	<u>2001</u>
Demand deposits	\$ 30,066	\$ 38,045
Cash on hand	422	422
STAR Ohio	<u>607,648</u>	<u>665,303</u>
Total deposits and investments	<u>\$638,136</u>	<u>\$703,770</u>

Deposits

Deposits are insured by the Federal Depository Insurance Corporation.

Investments

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

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001

NOTE 3: **Budgetary Activity**

Budgetary activity for the years ended December 31, 2002 and 2001 were as follows:

2002 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$2,010,450	\$1,886,608	\$ (123,842)
Special Revenue	0	0	0
Debt Service	140,000	146,217	6,217
Capital Projects	0	0	0
Fiduciary	0	425	425
Total	<u>\$2,150,450</u>	<u>\$2,033,250</u>	<u>\$ (117,200)</u>

2002 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$2,060,325	\$1,940,430	\$ 119,895
Special Revenue	122,700	0	122,700
Debt Service	193,340	141,624	51,716
Capital Projects	307,032	16,830	290,202
Fiduciary	142,187	0	142,187
Total	<u>\$2,825,584</u>	<u>\$2,098,884</u>	<u>\$ 726,700</u>

2001 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$2,064,344	\$2,042,365	\$ (21,979)
Special Revenue	0	0	0
Debt Service	127,500	136,722	9,222
Capital Projects	100,000	0	(100,000)
Fiduciary	0	70,476	70,476
Total	<u>\$2,291,844</u>	<u>\$2,249,563</u>	<u>\$ (42,281)</u>

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001

NOTE 3: Budgetary Activity (continued)

2001 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$2,147,610	\$2,053,855	\$ 93,755
Special Revenue	122,700	0	122,700
Debt Service	138,063	140,419	(2,356)
Capital Projects	389,389	70,236	319,153
Fiduciary	100,485	28,774	71,711
Total	<u>\$2,898,247</u>	<u>\$2,293,284</u>	<u>\$ 604,963</u>

NOTE 4: Property Tax

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the Board of Trustees. 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 Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semi-annual payments, the first half is due in February. The second half payment is due the following July.

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

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

NOTE 5: Grants-In-Aid

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

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001

NOTE 6: **Debt**

Debt outstanding at December 31, 2002 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
1991 Library Improvement Bonds	<u>\$ 930,000</u>	6.36%

Amortization of the above debt, including interest, is scheduled as follows:

<u>Year ending December 31</u>	<u>General Obligation Note</u>
2003	\$ 144,170
2004	143,650
2005	142,785
2006	141,575
2007	140,020
2008-2011	<u>565,215</u>
Total	<u>\$1,277,415</u>

NOTE 7: **Retirement Systems**

The Library's employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including post retirement health care and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2002 and 2001 PERS members contributed 8.5% of their gross salaries. The Library contributed an amount equal to 13.55% of participants' gross salaries for 2002 and 2001. The Library has paid all contributions required through December 31, 2002.

NOTE 8: **Risk Management**

The Library has obtained commercial insurance for the following risks:

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

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



WILLOUGHBY & COMPANY, INC.

Certified Public Accountants

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August 20, 2003

Board of Trustees
Tuscarawas County Public Library
121 Fair Avenue, NW
New Philadelphia, Ohio 44663

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

We have audited the accompanying financial statements of Tuscarawas County Public Library, Tuscarawas County, Ohio (the Library), as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated August 20, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

COMPLIANCE

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

INTERNAL CONTROL OVER FINANCIAL REPORTING

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

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

Willoughby & Company, Inc.

Willoughby & Company, Inc. - Certified Public Accountants



**Auditor of State
Betty Montgomery**

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TUSCARAWAS COUNTY 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
NOVEMBER 6, 2003**