

**TUSCARAWAS COUNTY PUBLIC LIBRARY
TUSCARAWAS COUNTY**

REGULAR AUDIT

**FOR THE YEARS ENDED
DECEMBER 31, 2006 AND 2005**



Mary Taylor, CPA
Auditor of State

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

We have reviewed the *Independent Auditors' Report* of the Tuscarawas County Public Library, Tuscarawas County, prepared by Willoughby & Company, Inc., for the audit period January 1, 2005 through December 31, 2006. 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.

Mary Taylor

Mary Taylor, CPA
Auditor of State

February 28, 2008

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**TUSCARAWAS COUNTY 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

Tuscarawas County Public Library
Tuscarawas County
121 Fair Avenue, N.W.
New Philadelphia, Ohio 44663

To the Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Tuscarawas County Public Library, Tuscarawas County, Ohio (the Library), as of and for the years ended December 31, 2006 and 2005, which collectively comprise the Library's basic financial statements as listed in the Table of Contents. 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 2, the accompanying financial statements and notes follow the modified cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

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 Tuscarawas County Public Library, Tuscarawas County, Ohio, as of December 31, 2006 and 2005, and the respective changes in cash financial position and the respective budgetary comparison for the General Fund, thereof for the years then ended in conformity with the basis of accounting Note 2 describes.

For the years ended December 31, 2006 and 2005, the Library revised its financial presentation comparable to the requirements of Governmental Accounting Standard No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2007, 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 and audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in accessing the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries and management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.


Willoughby & Company, Inc. - Certified Public Accountants

November 19, 2007

Tuscarawas County Public Library
Tuscarawas County
Management's Discussion and Analysis
For the Years Ended December 31, 2006 and 2005
Unaudited

This discussion and analysis of the Tuscarawas County Public Library's financial performance provides an overall review of the Library's financial activities for the years ended December 31, 2006 and 2005, within the limitations of the Library's modified 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 2006 are as follows:

Net assets of governmental activities decreased \$144,049, or 16.8 percent.

The Library's general receipts are primarily property and income taxes. These receipts represent respectively 10 and 78 percent of the total cash received for governmental activities during the year. Property and income tax receipts for 2006 changed very little compared to 2005 as development within the Government has slowed.

Key highlights for 2005 are as follows:

Net assets of governmental activities increased \$22,352, or 2.6 percent.

The Library's general receipts are primarily property and income taxes. These receipts represent respectively 10 and 79 percent of the total cash received for governmental activities during the year. Property and income tax receipts for 2005 changed very little compared to 2004 as development within the Government has slowed.

Capital outlay during 2006 and 2005 totaled \$193,439 and \$105,288, respectively. The Library is continuing to increase its use of technology services, operating equipment and transportation equipment to support its activities to the various areas it serves.

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 Assets and the Statement of Activities provide information about the modified 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.

Tuscarawas County Public Library
Tuscarawas County
Management's Discussion and Analysis
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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 modified cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Library's modified cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the modified 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 modified cash basis of accounting.

Reporting the Library as a Whole

The Statement of Net Assets and the Statement of Activities reflect how the Library did financially during 2006 and 2005, within the limitations of modified cash basis accounting. The Statement of Net Assets present 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 activity. Program receipts include charges paid by the recipient of the program's goods or services and grants 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 modified cash basis of accounting, you can think of these changes as 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, you should also consider other non-financial factors as well, such as the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue source such as Library and Local Government Support Fund (LLGSF).

In the Statement of Net Assets and the Statement of Activities, the Library presents a single type of activity, governmental activities. All of the Library's programs and basic services are reported here, including library services, purchased and contracted services, library materials and information and capital outlay. LLGSF finances most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Reporting the Library's Most Significant Funds

The 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.

Governmental Funds - All of 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

Tuscarawas County Public Library
Tuscarawas County
Management's Discussion and Analysis
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programs. The Library's significant governmental funds are presented on the financial statements in separate columns. The information for non-major 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, Bond Retirement Fund, Capital Projects Fund and Memorial 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 of the Library's net assets for 2006 compared to 2005 on a modified cash basis:

Since the Library did not prepare financial statements in this format for 2004, a comparative analysis of government-wide data was not presented for 2004. In future years, when prior information is available a comparative analysis will be presented for three years.

	Net Assets	
	<u>Governmental Activities</u>	
	<u>2006</u>	<u>2005</u>
Assets		
Cash and Cash Equivalents	\$510,781	\$441,750
Investments	200,000	413,080
Total Assets	<u>\$710,781</u>	<u>\$854,830</u>
Net Assets		
Restricted for:		
Bond Retirement	\$183,224	\$117,971
Capital Projects	196,814	320,334
Memorial	160,781	160,278
Other Purposes	78,265	144,334
Unrestricted	<u>\$91,697</u>	<u>\$111,913</u>
Total Net Assets	<u>\$710,781</u>	<u>\$854,830</u>

Net assets of governmental activities decreased \$144,049 or 16.8 percent during 2006.

Net assets of governmental activities increased \$22,352 or 2.7 percent during 2005.

Tuscarawas County Public Library
Tuscarawas County
Management's Discussion and Analysis
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Table 2 reflects the changes in net assets on a modified cash basis in 2006 and 2005 for governmental activities.

Since the Library did not prepare financial statements in this format for 2004, a comparative analysis of government-wide data was not presented for 2004. In future years, when prior information is available a comparative analysis will be presented for three years.

(Table 2)
Changes in Net Assets

	Governmental Activities	
	2006	2005
Receipts:		
Program Receipts:		
Charges for Services and Sales	\$43,024	\$39,329
Operating Grants and Contributions	9,354	12,059
Capital Grants and Contributions	9,000	2,000
Total Program Receipts	<u>61,378</u>	<u>53,388</u>
General Receipts:		
Property and Other Local Taxes	416,331	404,878
Other Local Taxes	1,617,872	1,617,872
Unrestricted Gifts and Contributions	4,800	2,146
Interest	38,206	25,440
Miscellaneous	514	193
Total General Receipts	<u>2,077,723</u>	<u>2,050,529</u>
Total Receipts	<u>2,139,101</u>	<u>2,103,917</u>
Disbursements:		
Library Services:		
Public Services and Programs	631,067	592,937
Collection Development and Processing	248,153	198,208
Support Services:		
Facilities Operations and Maintenance	179,916	172,119
Information Services	33,959	31,343
Business Administration	855,041	838,885
Capital Outlay	193,439	105,288
Debt Services:		
Principal Retirement	95,000	90,000
Interest	46,575	52,785
Total Disbursements	<u>2,283,150</u>	<u>2,081,565</u>
Net Assets, January 1	<u>854,830</u>	<u>832,478</u>
Net Assets, December 31,	<u>\$710,781</u>	<u>\$854,830</u>

Program receipts represent only 3% of total receipts in 2006 and 3% in 2005 and are primarily comprised of patron fines, fees and contributions.

General receipts represent 97% of the Library's total receipts in 2006, and of this amount, over 78% are the LLGSF monies. Interest and miscellaneous receipts make up the balance of the Library's general receipts. In 2005, the general receipts are 97% of the total receipts and of this amount, over 79% are the LLGSF monies. Interest and miscellaneous receipts make up the balance of the Library's general receipts.

Tuscarawas County Public Library
Tuscarawas County
Management's Discussion and Analysis
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Unaudited

Governmental Activities

If you look at the Statement of Activities on pages 10 and 18, you will see that the first column lists the major services provided by the Library. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for library services, support services, capital outlay and debt service, which account for 100% and 100% of all governmental disbursements, for 2006 and 2005, respectively. The next three columns of the Statement entitled Program Cash Receipts identify amounts paid by people who are directly charged for the services, unrestricted grants received and grants received 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.

Since the Library did not prepare financial statements in this format for 2004, a comparative analysis of government-wide data was not presented for 2004. In future years, when prior information is available a comparative analysis will be presented for three years.

(Table 3)

Governmental Activities

	Total Cost of Services 2006	Net Cost of Services 2006	Total Cost of Services 2005	Net Cost of Services 2005
Library Services:				
Public Service and Programs	631,067	\$569,689	592,937	\$539,549
Collection Development and Processing	248,153	248,153	198,208	198,208
Support Services:				
Facilities Operation and Maintenance	179,916	179,916	172,119	172,119
Information Services	33,959	33,959	31,343	31,343
Business Administration	855,041	855,041	838,885	838,885
Capital Outlay	193,439	193,439	105,288	105,288
Debt Services:				
Principal Retirement	95,000	95,000	90,000	90,000
Interest	46,575	46,575	52,785	52,785

The dependence upon the LLGSF monies is apparent as 77% in 2006 and 78% in 2005 of the governmental activities are supported through these general receipts.

Tuscarawas County Public Library
Tuscarawas County
Management's Discussion and Analysis
For the Years Ended December 31, 2006 and 2005
Unaudited

The Library's Government Funds

In 2006, total government funds had receipts of \$2,139,101 and disbursements of \$2,283,150. The greatest change within governmental funds occurred within the Capital Projects Fund. The fund balance of the Capital Projects decreased \$123,520 mostly due to the purchase of furnishings for the Tuscarawas Branch and Sugarcreek Branch Libraries.

In 2005, total governmental funds had receipts of \$2,103,917 and disbursements of \$2,081,565. The greatest change within governmental funds occurred within the General Fund. The fund balance of the General Fund increased \$50,383 as the result of continued cost saving efforts, concern of future funding and increasing investment interest rate returns.

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.

The Library budgets conservatively for LLGSF due to the uncertainty of future cuts from that funding source. The total expenditure variances are a result of conservative spending measures on behalf of the Library's management as a result of the uncertainty of the LLGSF funding levels in future periods.

Capital Assets and Debt Administration

Capital Assets

The Library does not currently keep track of its capital assets and infrastructure.

Debt

At December 31, 2006, the Library's outstanding debt included \$580,000 in general obligation bonds issued for improvements to buildings and structures. For further information regarding the Library's debt, refer to Note 11 to the basic financial statements.

Current Issues

The challenge for all libraries is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. The Library relies heavily on state funds and continues to set up contingency accounts to reserve funds for possible future LLGSF cuts. In face of uncertain state funding of libraries, the Library Management Team and the Board of Trustees are keenly interested in other sources of funding.

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 Jeremy J. Hines, Clerk-Treasurer, Tuscarawas County Public Library, 121 Fair Avenue, N.W., New Philadelphia, Ohio 44663.

**Tuscarawas County Public Library
Tuscarawas County**

Statement of Net Assets - Modified Cash Basis
December 31, 2006

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$510,581
Equity in Pooled Cash and Cash Equivalents - Restricted	200
Investments	<u>200,000</u>
<i>Total Assets</i>	<u><u>\$710,781</u></u>
Net Assets	
Restricted for:	
Bond Retirement	\$183,224
Capital Projects	196,814
Memorial	160,781
Other Purposes	78,265
Unrestricted	<u>91,697</u>
<i>Total Net Assets</i>	<u><u>\$710,781</u></u>

See accompanying notes to the basic financial statements.

**Tuscarawas County Public Library
Tuscarawas County**

Statement of Activities - Modified Cash Basis
For the Year Ended December 31, 2006

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets	
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
Library Services:					
Public Service and Programs	\$631,067	\$43,024	\$9,354	\$9,000	(\$569,689)
Collection Development and Processing	248,153				(248,153)
Support Services:					
Facilities Operation and Maintenance	179,916				(179,916)
Information Services	33,959				(33,959)
Business Administration	855,041				(855,041)
Capital Outlay	193,439				(193,439)
Debt Services:					
Principal Retirement	95,000				(95,000)
Interest	46,575				(46,575)
Total Governmental Activities	\$2,283,150	\$43,024	\$9,354	\$9,000	(2,221,772)
General Receipts					
Property Taxes Levied for General Purposes					205,738
Property Taxes Levied for Library Construction					210,593
Other Local Taxes					1,617,872
Unrestricted Gifts and Contributions					4,800
Interest					38,206
Miscellaneous					514
Total General Receipts					2,077,723
Change in Net Assets					(144,049)
Net Assets Beginning of Year					854,830
Net Assets End of Year					\$710,781

See accompanying notes to the basic financial statements.

**Tuscarawas County Public Library
Tuscarawas County**

Statement of Modified Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2006

	General	Bond Retirement	Capital Projects	Memorial	Other Governmental Funds	Total Governmental Funds
Assets						
Equity in Pooled Cash and Cash Equivalents	\$91,697	\$183,224	\$196,814	\$160,581	\$78,265	\$710,581
Equity in Pooled Cash and Cash Equivalents - Restricted				200		\$200
	<u>\$91,697</u>	<u>\$183,224</u>	<u>\$196,814</u>	<u>\$160,781</u>	<u>\$78,265</u>	<u>\$710,781</u>
Fund Balances						
Reserved:						
Reserved for Encumbrances	\$21,520		\$21,770			\$43,290
Unreserved:						
Undesignated (Deficit), Reported in:						
General Fund	70,177					70,177
Debt Service Fund		\$183,224				183,224
Capital Projects Fund			175,044			175,044
Special Revenue Funds					\$51,090	51,090
Permanent Fund				\$160,781	27,175	187,956
Total Fund Balances	<u>\$91,697</u>	<u>\$183,224</u>	<u>\$196,814</u>	<u>\$160,781</u>	<u>\$78,265</u>	<u>\$710,781</u>

See accompanying notes to the basic financial statements.

Tuscarawas County Public Library
Tuscarawas County

Statement of Cash Receipts, Disbursements and Changes in Modified Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2006

	General	Bond Retirement	Capital Projects	Memorial	Other Governmental Funds	Total Governmental Funds
Receipts						
Property and Other Local Taxes	\$205,738	\$210,593				\$416,331
Intergovernmental	1,617,872					1,617,872
Patron Fines and Fees	43,024					43,024
Contributions, Gifts and Donations	4,800		\$9,000	\$7,678	\$1,676	23,154
Earnings on Investments	38,206					38,206
Miscellaneous	514					514
Total Receipts	1,910,154	210,593	9,000	7,678	1,676	2,139,101
Disbursements						
Current:						
Library Services:						
Public Service and Programs	631,067					631,067
Collection Development and Processing	246,199			1,954		248,153
Support Services:						
Facilities Operation and Maintenance	168,529		6,887	4,500		179,916
Information Services	33,959					33,959
Business Administration	846,751	3,765			4,525	855,041
Capital Outlay	3,865		125,633	721	63,220	193,439
Debt Service:						
Principal		95,000				95,000
Interest		46,575				46,575
Total Disbursements	1,930,370	145,340	132,520	7,175	67,745	2,283,150
Excess Receipts Over (Under) Disbursements	(20,216)	65,253	(123,520)	503	(66,069)	(144,049)
Net Change in Fund Balances	(20,216)	65,253	(123,520)	503	(66,069)	(144,049)
Fund Cash Balances, Beginning of Year	111,913	117,971	320,334	180,278	144,334	854,830
Fund Cash Balances, End of Year	\$91,697	\$183,224	\$196,814	\$160,781	\$78,265	\$710,781

See accompanying notes to the basic financial statements.

**Tuscarawas County Public Library
Tuscarawas County**

Statement of Receipts, Disbursements and
Changes In Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property Taxes	\$201,000	\$201,000	\$205,738	\$4,738
Intergovernmental	1,617,872	1,617,872	1,617,872	0
Patron Fines and Fees	40,650	40,650	43,024	2,374
Contributions, Gifts and Donation	6,000	6,000	4,800	(1,200)
Earnings on investments	24,000	24,000	38,206	14,206
Miscellaneous	100	100	514	414
<i>Total Receipts</i>	1,889,622	1,889,622	1,910,154	20,532
Disbursements				
Current:				
Library Services:				
Public Service and Programs	668,957	668,957	631,067	37,890
Collection Development and Processing	261,620	261,620	246,199	15,421
Support Services:				
Facilities Operation and Maintenance	170,824	170,824	168,529	2,295
Information Services	37,820	37,820	33,959	3,861
Business Administration	856,757	856,757	846,751	10,006
Capital Outlay	5,557	5,557	3,865	1,692
<i>Total Disbursements</i>	2,001,535	2,001,535	1,930,370	71,165
<i>Excess of Receipts Over (Under) Disbursements</i>	(111,913)	(111,913)	(20,216)	91,697
<i>Net Change in Fund Balance</i>	(111,913)	(111,913)	(20,216)	91,697
<i>Fund Balance Beginning of Year</i>	107,000	107,000	107,000	0
<i>Prior year Encumbrances Appropriated</i>	4,913	4,913	4,913	0
<i>Fund Balance End of Year</i>	\$0	\$0	\$91,697	\$91,697

See accompanying notes to the basic financial statements.

**Tuscarawas County Public Library
Tuscarawas County**

Statement of Net Assets - Modified Cash Basis
December 31, 2005

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$440,550
Equity in Pooled Cash and Cash Equivalents - Restricted	200
Investments	<u>414,080</u>
<i>Total Assets</i>	<u><u>\$854,830</u></u>
Net Assets	
Restricted for:	
Bond Retirement	\$117,971
Capital Projects	320,334
Memorial	160,278
Other Purposes	144,334
Unrestricted	<u>111,913</u>
<i>Total Net Assets</i>	<u><u>\$854,830</u></u>

See accompanying notes to the basic financial statements.

**Tuscarawas County Public Library
Tuscarawas County**

Statement of Activities - Modified Cash Basis
For the Year Ended December 31, 2005

	Cash Disbursements	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
Library Services:					
Public Service and Programs	\$592,937	\$39,329	\$12,059	\$2,000	(\$539,549)
Collection Development and Processing	198,208				(198,208)
Support Services:					
Facilities Operation and Maintenance	172,119				(172,119)
Information Services	31,343				(31,343)
Business Administration	838,885				(838,885)
Capital Outlay	105,288				(105,288)
Debt Services:					
Principal Retirement	90,000				(90,000)
Interest	52,785				(52,785)
Total Governmental Activities	\$2,081,565	\$39,329	\$12,059	\$2,000	(2,028,177)
General Receipts					
					204,712
Property Taxes Levied for General Purposes					200,166
Property Taxes Levied for Library Construction					1,817,872
Other Local Taxes					2,146
Unrestricted Gifts and Contributions					25,440
Interest					193
Miscellaneous					
Total General Receipts					2,050,529
Change in Net Assets					22,352
Net Assets Beginning of Year					832,478
Net Assets End of Year					\$854,830

See accompanying notes to the basic financial statements.

**Tuscarawas County Public Library
Tuscarawas County**

Statement of Modified Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2005

	General	Bond Retirement	Capital Projects	Memorial	Other Governmental Funds	Total Governmental Funds
Assets						
Equity in Pooled Cash and Cash Equivalents	\$111,913	\$117,971	\$320,334	\$160,078	\$144,334	\$854,630
Equity in Pooled Cash and Cash Equivalents - Restricted				200		\$200
	<u>\$111,913</u>	<u>\$117,971</u>	<u>\$320,334</u>	<u>\$160,278</u>	<u>\$144,334</u>	<u>\$854,830</u>
Fund Balances						
Reserved:						
Reserved for Encumbrances	\$11,913		\$103,713			\$115,626
Unreserved:						
Undesignated (Deficit), Reported in:						
General Fund	100,000					\$100,000
Debt Service Fund		\$117,971				117,971
Capital Projects Fund			216,621			216,621
Special Revenue Funds					\$117,285	117,285
Permanent Fund				\$160,278	27,049	187,327
Total Fund Balances	<u>\$111,913</u>	<u>\$117,971</u>	<u>\$320,334</u>	<u>\$160,278</u>	<u>\$144,334</u>	<u>\$854,830</u>

See accompanying notes to the basic financial statements.

**Tuscarawas County Public Library
Tuscarawas County**

**Statement of Cash Receipts, Disbursements and Changes in Modified Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2005**

	<u>General</u>	<u>Bond Retirement</u>	<u>Capital Projects</u>	<u>Memorial</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Receipts						
Property and Other Local Taxes	\$204,712	\$200,166				\$404,878
Intergovernmental	1,617,872					1,617,872
Patron Fines and Fees	39,329					39,329
Contributions, Gifts and Donations	2,146		\$2,000	\$5,634	\$6,425	16,205
Earnings on Investments	25,440					25,440
Miscellaneous	193					193
Total Receipts	1,889,692	200,166	2,000	5,634	6,425	2,103,917
Disbursements						
Current:						
Library Services:						
Public Service and Programs	592,937					592,937
Collection Development and Processing	197,900				308	198,208
Support Services:						
Facilities Operation and Maintenance	164,682		7,437			172,119
Information Services	31,343					31,343
Business Administration	835,493	3,392				838,885
Capital Outlay	4,973		96,864		3,451	105,288
Debt Service:						
Principal		90,000				90,000
Interest		52,765				52,765
Total Disbursements	1,827,328	146,177	104,301	0	3,759	2,081,565
Excess Receipts Over (Under) Disbursements	62,364	53,989	(102,301)	5,634	2,666	22,352
Other Financing Sources (Uses)						
Other Financing Sources						
Transfers-In				11,981		11,981
Transfers-Out	(11,981)					(11,981)
Total Other Financing Sources (Uses)	(11,981)	0	0	11,981	0	0
Net Change in Fund Balances	50,383	53,989	(102,301)	17,615	2,666	22,352
Fund Cash Balances, Beginning of Year	61,530	63,982	422,635	142,663	141,668	832,478
Fund Cash Balances, End of Year	\$111,913	\$117,971	\$320,334	\$160,278	\$144,334	\$854,830

See accompanying notes to the basic financial statements.

**Tuscarawas County Public Library
Tuscarawas County**

Statement of Receipts, Disbursements and
Changes In Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property Taxes	\$186,400	\$186,400	\$204,712	\$18,312
Intergovernmental	1,675,676	1,675,676	1,617,872	(57,804)
Patron Fines and Fees	39,100	39,100	39,329	229
Contributions, Gifts and Donation	2,000	2,000	2,146	146
Earnings on investments	16,000	16,000	25,440	9,440
Miscellaneous	100	100	193	93
<i>Total Receipts</i>	<u>1,919,276</u>	<u>1,919,276</u>	<u>1,889,692</u>	<u>(29,584)</u>
Disbursements				
Current:				
Library Services:				
Public Service and Programs	664,471	664,471	592,937	71,534
Collection Development and Processing	240,773	240,773	197,900	42,873
Support Services:				
Facilities Operation and Maintenance	164,920	164,920	164,682	238
Information Services	37,000	37,000	31,343	5,657
Business Administration	850,810	850,810	835,493	15,317
Capital Outlay	5,480	5,480	4,973	507
<i>Total Disbursements</i>	<u>1,963,454</u>	<u>1,963,454</u>	<u>1,827,328</u>	<u>136,126</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(44,178)</u>	<u>(44,178)</u>	<u>62,364</u>	<u>106,542</u>
Other Financing Sources (Uses)				
Transfers Out	0	0	(11,981)	(11,981)
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>0</u>	<u>(11,981)</u>	<u>(11,981)</u>
<i>Net Change in Fund Balance</i>	<u>(44,178)</u>	<u>(44,178)</u>	<u>50,383</u>	<u>94,561</u>
<i>Fund Balance Beginning of Year</i>	<u>49,999</u>	<u>49,999</u>	<u>49,999</u>	<u>0</u>
<i>Prior Year Encumbrances Appropriated</i>	<u>11,531</u>	<u>11,531</u>	<u>11,531</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$17,352</u>	<u>\$17,352</u>	<u>\$111,913</u>	<u>\$94,561</u>

See accompanying notes to the basic financial statements.

**Tuscarawas County Public Library
Tuscarawas County**

Notes to the Financial Statements
For the Years Ended December 31, 2006 and 2005

Note 1 – Description of the Library and Reporting Entity

The Tuscarawas County Public Library was organized as a county district public library in 1948 under the laws of the State of Ohio. The Library has its own Board of Trustees of seven members who are appointed by the Tuscarawas County Commissioners and the Tuscarawas County Court of Common Pleas. 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 solely that of the Clerk-Treasurer.

The Library's service district encompasses the City of New Philadelphia and Goshen Township, Village of Bolivar and Lawrence Township, Village of Strasburg and Franklin Township, Village of Sugarcreek and Sugarcreek Township and Village of Tuscarawas and Warwick Township. Twelve other townships in Tuscarawas County are also serviced by the Library.

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, 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.

A joint venture is a legal entity or other organization that results from a contractual arrangement and that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control, in which the participants retain (a) an ongoing financial interest or (b) an ongoing financial responsibility. Under the modified cash basis of accounting, the Library does not report assets for equity interest in joint ventures. The Library participated in the Mideast Ohio Library Organization Library System (MOLO), a jointly governed organization, as a basic member.

The Friends of the Tuscarawas County Public Library is a not-for-profit organization with a self-appointing board. 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 fiscal year 2005 and 2006 activity of the Friends of the Tuscarawas County Public Library is immaterial to the operations of the Library and therefore not presented in the Library's financial statements.

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

**Tuscarawas County Public Library
Tuscarawas County**

Notes to the Financial Statements
For the Years Ended December 31, 2006 and 2005

Note 2 - Summary of Significant Accounting Policies

As discussed further in Note 2.C, the financial statements of the Tuscarawas County 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. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The most significant of the Library's accounting policies are described below.

A. Basis of Presentation

The Library's basic financial statements consist of government-wide statements, including a statement of net assets 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 assets 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 assets 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 or business-type activity is self-financing on a cash basis or draws from the Library's general receipts.

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. Nonmajor funds are aggregated and presented in a single column.

B. 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.

**Tuscarawas County Public Library
Tuscarawas County**

Notes to the Financial Statements
For the Years Ended December 31, 2006 and 2005

Note 2 – Summary of Significant Accounting Policies (continued)

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.

Bond Retirement Fund - The bond retirement fund was established in 1989 to retire the debt associated with the renovation/addition to the library. The voters passed a 20 year .3 mill levy to retire this debt.

Capital Projects Fund - The capital project fund accounts for monies set aside by the Board of Library Trustees specifically set aside for major capital and technology improvements.

Memorial Fund – The memorial fund accounts for monetary gifts and/or bequests made to the Library in memory of a deceased person.

C. Basis of Accounting

The Library's financial statements are prepared using the modified 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 modified 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.

D. 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 character or 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.

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 Clerk Treasurer. 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.

**Tuscarawas County Public Library
Tuscarawas County**

Notes to the Financial Statements
For the Years Ended December 31, 2006 and 2005

Note 2 – Summary of Significant Accounting Policies (continued)

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.

E. 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.

During 2006 and 2005, investments were limited to a money market fund, STAR Ohio and nonnegotiable certificates of deposit. Except for the money market fund and STAR Ohio these investments are recorded at cost.

The Library's money market fund investment is recorded at amounts reported by Huntington National Bank on December 31, 2006 and 2005, respectively. This account was closed on December 7, 2006.

STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31, 2006 and 2005, respectively.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest receipt credited to the general fund during 2006 and 2005 amounted to \$38,206 and \$25,440, respectively.

F. Restricted Assets

Cash, cash equivalents, and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. Restricted assets represent \$200 bequest from the estate of Rev. T.W. Hoernemann. The T.W. Hoernemann Endowment Fund was established in October 1989 to benefit the library. Only the interest may be spent for library use, not the original \$200 bequest.

G. 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.

**Tuscarawas County Public Library
Tuscarawas County**

Notes to the Financial Statements
For the Years Ended December 31, 2006 and 2005

Note 2 – Summary of Significant Accounting Policies (continued)

H. 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.

I. Interfund Receivables/Payables

The Library reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

J. 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 Library's cash basis of accounting.

K. Employer Contributions to Cost-Sharing Pension Plans

The Library recognizes the disbursement for their employer contributions to cost-sharing pension plans when they are paid. As described in Notes 8 and 9, the employer contributions include portions for pension benefits and for postretirement health care benefits.

L. 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 an other financing source nor a capital outlay expenditure are reported at inception. Lease payments are reported when paid.

N. Net Assets

Net assets are 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. Net assets restricted for other purposes, include resources associated with the Memorial Fund and Bookmobile Fund. The Statement of Net Assets reports \$619,084 and \$742,917 of restricted net assets for governmental activities for the years ended December 31, 2006 and 2005, respectively, of which no monies are restricted by enabling legislation.

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.

O. Fund Balance Reserves

The Library reserves any portion of fund balances which is not available for appropriation or which legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances.

**Tuscarawas County Public Library
Tuscarawas County**

Notes to the Financial Statements
For the Years Ended December 31, 2006 and 2005

Note 2 – Summary of Significant Accounting Policies (continued)

P. Interfund Transactions

Exchange transactions between funds are recorded as receipts in the seller fund and as disbursements in the purchaser funds. Subsidies 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 (and after non-operating receipts/disbursements in proprietary 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 Basis of Accounting and Restatement of Fund Equity

In 2004, the Library reported financial statements by fund type using the regulatory basis of accounting as prescribed by the State Auditor's Office. In 2006 and 2005, the Library, has implemented the cash basis of accounting described in Note 2. The fund financial statements now present each major fund in a separate column with nonmajor funds aggregated and presented in a single column, rather than a column for each fund type.

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, Bond Retirement Fund, Capital Projects and Memorial Fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The differences between the budgetary basis and the cash basis are outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis). The encumbrances outstanding at year end (budgetary basis) amounted to \$21,519 and \$11,913 for the general fund and \$21,770 and \$103,713 for capital projects fund for the years ending December 31, 2006 and 2005, respectively. There were no outstanding advances for either year.

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.

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.

**Tuscarawas County Public Library
Tuscarawas County**

Notes to the Financial Statements
For the Years Ended December 31, 2006 and 2005

Note 5 - Deposits and Investments (continued)

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 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.

For both years ending December 31, 2006 and 2005, the Library had \$622 and \$622 in undeposited cash on hand which is included as part of *"Equity in Pooled Cash and Cash Equivalents"* on the financial statements.

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 December 31, 2006, \$32,224 of the Library's bank balance of \$132,224 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. At December 31, 2005, \$40,923 of the Library's bank balance of \$140,923 was exposed to custodial credit risk.

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.

**Tuscarawas County Public Library
Tuscarawas County**

Notes to the Financial Statements
For the Years Ended December 31, 2006 and 2005

Note 5 - Deposits and Investments (continued)

Investments

As of December 31, 2006, the Library had the following investments

	<u>Carrying Value</u>
Certificates of Deposit	\$ 200,000
STAR Ohio	425,483
Total Investments	<u>\$ 625,483</u>

As of December 31, 2005, the Library had the following investments

	<u>Carrying Value</u>
Certificates of Deposit	\$ 414,080
Money Market Fund	287,134
STAR Ohio	62,528
Total Investments	<u>\$ 763,742</u>

STAR Ohio carries a rating of AAAm by Standard and Poor's. 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.

Note 6 – Property Taxes

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Township. Real property tax receipts received in 2006 and 2005 represent the collection of 2005 and 2004 taxes, respectively. Real property taxes received in 2006 and 2005 were levied after October 1, 2005 and 2004, on the assessed values as of January 1, 2005 and 2004, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax receipts received in 2006 and 2005 represent the collection of 2005 and 2004 taxes. Public utility real and tangible personal property taxes received in 2006 and 2005 became a lien on December 31, 2005 and 2004, were levied after October 1, 2005 and 2004 respectively, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax receipts received in 2006 and 2005 (other than public utility property) represent the collection of 2006 and 2005 taxes. Tangible personal property taxes received in 2006 and 2005 were levied after October 1, 2005 and 2004, on the true value as of December 31, 2005 and 2004. Tangible personal property is currently assessed at 25 percent of the true value for capital assets and 23 percent for inventory. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

**Tuscarawas County Public Library
Tuscarawas County**

Notes to the Financial Statements
For the Years Ended December 31, 2006 and 2005

Note 6 – Property Taxes (continued)

The full tax rate for all Township operations for the year ended December 31, 2006 and 2005, was \$3.20 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2006 and 2005 property tax receipts were based are as follows:

Real Property	<u>2006</u>	<u>2005</u>
Residential/Agricultural	\$834,702,610	\$813,203,750
Other	187,473,760	190,046,960
Public Utility/Personal Property	<u>144,546,750</u>	<u>178,493,301</u>
Total Assessed Value	<u>\$1,166,723,120</u>	<u>\$1,181,744,011</u>

Note 7 – Grants-In-Aid

The primary source of revenue for Ohio public libraries is the Library and Local Government Support Fund (LLGSF). The LLGSF is 5.7% of the State personal income tax. It is currently frozen at 2001 fiscal year level. The LLGSF is allocated to each county based on the county's prior year 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 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.

Note 8 - 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 2006 and 2005, the Library contracted with several companies for various types of insurance coverage as follows:

<u>Company</u>	<u>Type of Coverage</u>	<u>Amount of Coverage</u>
Cincinnati Insurance Co.	Commercial Property	\$3,811,148
	General Liability	2,000,000
	Commercial Crime	1,000,000
	Inland Marine	108,054
Ohio Mutual Insurance Group	Vehicle	500,000
Cincinnati Insurance Co.	Errors and Omissions	1,000,000
Insurance Company 3	Library Officials	1,000,000
	Fidelity and Deposit	

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 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.

The Library contracts annually with The Health Plan for employees' health insurance. The Library and most employees share in the cost of the monthly premiums paid.

**Tuscarawas County Public Library
Tuscarawas County**

Notes to the Financial Statements
For the Years Ended December 31, 2006 and 2005

Note 9 - Defined Benefit Pension Plan

The Library participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional 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 that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, 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 that 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.

For the year ended December 31, 2006, the members of all three plans were required to contribute 9 percent of their annual covered salaries. The Library's contribution rate for pension benefits for 2006 was 13.7 percent. The Ohio Revised Code provides statutory authority for member and employer contributions.

For the year ended December 31, 2005, the members of all three plans were required to contribute 8.5 percent of their annual covered salaries. The Library's contribution rate for pension benefits for 2005 was 13.55 percent. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Library's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2006, 2005 and 2004 were \$162,613, \$142,521 and \$141,919, respectively; the full amount has been contributed for 2006, 2005 and 2004.

Note 10 - Postemployment Benefits

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in *GASB Statement No. 12*. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2006 local government employer contribution rate was 13.7 percent of covered payroll; 4.5 percent of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2005, include a rate of return on investments of 6.50 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase .50 and 6.00 percent annually for the next nine years and 4.00 percent annually after nine years.

**Tuscarawas County Public Library
Tuscarawas County**

Notes to the Financial Statements
For the Years Ended December 31, 2006 and 2005

Note 10 - Postemployment Benefits (continued)

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually.

The number of active contributing participants in the traditional and combined plans was 369,214. The number of active contributing participants for both used in the December 31, 2005, actuarial valuation was 358,804. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2005, (the latest information available) were \$11.1 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$31.3 billion and \$20.2 billion, respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. To improve the solvency of the Health Care Fund, OPERS created a separate investment pool for health care assets. Member and employer contribution rates increased as of January 1, 2006 and January 1, 2007, which will allow additional funds to be allocated to the health care plan.

Note 11 – Debt

The Tuscarawas County Commissioners serve as the taxing authority in a ministerial function, and can issue tax related debt on behalf of the Library. The determination to request approval of a tax levy, the rate and the purpose are discretionary decisions made solely by the Library Board of Trustees.

In 1991, the Library Board approved a 20 year bond levy to be placed on the ballot for Library Improvement/Construction Bonds in the amount of \$1,500,000. As of December 31, 2006 and 2005, principal outstanding was \$580,000 and \$675,000, respectively.

There were no other additions of debt for 2006 or 2005.

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

<u>Year ending December 31</u>	
2007	\$ 140,020
2008	143,120
2009	140,530
2010	142,595
2011	<u>138,970</u>
Total	<u>\$ 705,235</u>

Note 12 – Operating Leases

The Library leases copiers and a postage machine under noncancelable leases. The Library disbursed \$7,792 and \$7,838 to pay lease costs for the years ended December 31, 2006 and 2005, respectively.

Note 13 – Interfund Transfers

The general fund transferred \$11,981 to the Memorial Fund from the General Fund for the year ended December 31, 2005. No transfers were made for the year ended December 31, 2006.



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

Tuscarawas County Public Library
Tuscarawas County
121 Fair Avenue, N.W.
New Philadelphia, Ohio 44663

To the Board of Trustees:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Tuscarawas County Public Library, Tuscarawas County, Ohio (the Library), as of and for the years ended December 31, 2006 and 2005, which collectively comprise the Library's basic financial statements and have issued our report thereon dated November 19, 2007 wherein we noted the Library revised its financial statements for 2006 and 2005, making them comparable to the requirements of Governmental Accounting Standard No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments. 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 to opine 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 control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Library's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Library's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

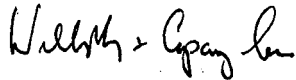
A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Library's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. 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 the audit committee, management, and the Board of Trustees. We intend it for no one other than these specified parties.



Willoughby & Company, Inc. - Certified Public Accountants

November 19, 2007



Mary Taylor, CPA
Auditor of State

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
MARCH 11, 2008**