

NEWTON FALLS PUBLIC LIBRARY

TRUMBULL COUNTY, OHIO

AUDIT REPORT

FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013





Dave Yost • Auditor of State

Board of Trustees
Newton Falls Public Library
204 S. Canal Street
Newton Falls, OH 44444

We have reviewed the *Independent Auditor's Report* of the Newton Falls Public Library, Trumbull County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2013 through December 31, 2014. 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 Newton Falls Public Library is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

July 21, 2015

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**NEWTON FALLS PUBLIC LIBRARY
TRUMBULL COUNTY, OHIO
Audit Report
For the Years Ended December 31, 2014 and 2013**

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INDEPENDENT AUDITOR'S REPORT

Newton Falls Public Library
Trumbull County
204 S. Canal Street
Newton Falls, OH 44444

To the Library Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of the Newton Falls Public Library, Trumbull County, (the Library) as of and for the years ended December 31, 2014 and 2013.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Library's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Library's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

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

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

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

Though the Library does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis permitted is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Library as of December 31, 2014 and 2013, or changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Newton Falls Public Library, Trumbull County as of December 31, 2014 and 2013, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 19, 2015, on our consideration of the Library's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Library's internal control over financial reporting and compliance.



Charles E. Harris & Associates, Inc.

June 19, 2015

**NEWTON FALLS PUBLIC LIBRARY
TRUMBULL COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts				
Property and Other Local Taxes	\$ 217,687	\$ -	-	\$ 217,687
Public Library Fund	465,072	-	-	465,072
Intergovernmental	37,325	-	-	37,325
Patron Fines and Fees	11,539	-	-	11,539
Contributions, Gifts and Donations	2,953	43,463	-	46,416
Earnings on Investments	392	-	\$ 1,275	1,667
Miscellaneous	10,699	-	-	10,699
<i>Total Cash Receipts</i>	<u>745,667</u>	<u>43,463</u>	<u>1,275</u>	<u>790,405</u>
Cash Disbursements				
Current:				
Library Services:				
Public Services and Programs	228,790	-	-	228,790
Collection Development and Processing	153,020	-	-	153,020
Support Services:				
Facilities Operation and Maintenance	108,867	-	-	108,867
Information Services	20,804	-	-	20,804
Business Administration	168,069	-	-	168,069
Capital Outlay	6,484	-	-	6,484
<i>Total Cash Disbursements</i>	<u>686,034</u>	<u>-</u>	<u>-</u>	<u>686,034</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	59,633	43,463	1,275	104,371
<i>Fund Cash Balances, January 1</i>	<u>449,467</u>	<u>-</u>	<u>388,529</u>	<u>837,996</u>
Fund Cash Balances, December 31				
Restricted	-	43,463	-	43,463
Assigned	-	-	389,804	389,804
Unassigned	509,100	-	-	509,100
<i>Fund Cash Balances, December 31</i>	<u>\$ 509,100</u>	<u>\$ 43,463</u>	<u>\$ 389,804</u>	<u>\$ 942,367</u>

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

**NEWTON FALLS PUBLIC LIBRARY
TRUMBULL COUNTY**

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

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Capital Projects</u>	
Cash Receipts			
Property and Other Local Taxes	\$ 214,135	-	\$ 214,135
Public Library Fund	492,605	-	492,605
Intergovernmental	36,683	-	36,683
Patron Fines and Fees	10,372	-	10,372
Contributions, Gifts and Donations	5,608	-	5,608
Earnings on Investments	350	\$ 907	1,257
Miscellaneous	59,884	-	59,884
<i>Total Cash Receipts</i>	<u>819,637</u>	<u>907</u>	<u>820,544</u>
Cash Disbursements			
Current:			
Library Services:			
Public Services and Programs	247,431	-	247,431
Collection Development and Processing	137,889	-	137,889
Support Services:			
Facilities Operation and Maintenance	100,255	-	100,255
Information Services	23,273	-	23,273
Business Administration	156,650	-	156,650
Capital Outlay	10,839	-	10,839
<i>Total Cash Disbursements</i>	<u>676,337</u>	<u>-</u>	<u>676,337</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	143,300	907	144,207
<i>Fund Cash Balances, January 1</i>	<u>306,167</u>	<u>387,622</u>	<u>693,789</u>
Fund Cash Balances, December 31			
Assigned	-	388,529	388,529
Unassigned	449,467	-	449,467
<i>Fund Cash Balances, December 31</i>	<u>\$ 449,467</u>	<u>\$ 388,529</u>	<u>\$ 837,996</u>

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

**NEWTON FALLS PUBLIC LIBRARY
TRUMBULL COUNTY, OHIO
Notes to the Financial Statements
For The Years Ended December 31, 2014 and 2013**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. DESCRIPTION OF THE ENTITY

The constitution and laws of the State of Ohio establish the rights and privileges of the Newton Falls Public Library, Trumbull County, (the Library) as a body corporate and politic. The Newton Falls Board of Education appoints a seven-member Board of Trustees to govern the Library. The Library provides the community with various educational and literary resources.

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

B. BASIS OF ACCOUNTING

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

C. DEPOSITS AND INVESTMENTS

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

D. FUND ACCOUNTING

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

1. General Fund

The General Fund reports all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

These funds account for the proceeds of specific sources (other than from capital projects) that are restricted to expenditure for specific purposes. The Library had the following significant Special Revenue Fund:

Murri Trust Local Hist Fund – This fund is used to account for donations to the Library by the Murri Trust Local Hist Fund for room expansion at the Library.

**NEWTON FALLS PUBLIC LIBRARY
TRUMBULL COUNTY, OHIO
Notes to the Financial Statements
For The Years Ended December 31, 2014 and 2013**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

D. FUND ACCOUNTING - (continued)

3. Capital Project Funds

This fund accounts for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The Library had the following significant Capital Project Fund:

Capital Project Fund – This fund is used to accumulate resources for a future children learning center expansion at the library.

E. BUDGETARY PROCESS

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

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the object level and appropriations may not exceed estimated resources. The Library Board must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations at year-end are carried over to the subsequent year.

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Library to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year-end are canceled.

A summary of 2014 and 2013 budgetary activity appears in Note 3.

F. FUND BALANCE

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

1. Nonspendable

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

**NEWTON FALLS PUBLIC LIBRARY
TRUMBULL COUNTY, OHIO
Notes to the Financial Statements
For The Years Ended December 31, 2014 and 2013**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

F. FUND BALANCE – (continued)

2. Restricted

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

3. Committed

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

4. Assigned

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

5. Unassigned

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Library applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

G. PROPERTY, PLANT AND EQUIPMENT

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

H. ACCUMULATED LEAVE

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

**NEWTON FALLS PUBLIC LIBRARY
TRUMBULL COUNTY, OHIO
Notes to the Financial Statements
For The Years Ended December 31, 2014 and 2013**

2. EQUITY IN POOLED DEPOSITS AND INVESTMENTS

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

	<u>2014</u>	<u>2013</u>
Demand Deposits	\$398,445	\$295,741
Total Deposits	<u>398,445</u>	<u>295,741</u>
Investments:		
CDARS	277,431	276,463
Money Market	266,491	265,792
Total Investments	<u>543,922</u>	<u>542,255</u>
Total Deposits and Investments	<u><u>\$942,367</u></u>	<u><u>\$837,996</u></u>

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation; (2) collateralized by securities specifically pledged by the financial institution to the Library or (3) collateralized by the financial institution's public entity deposit pool.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2014 and 2013 is as follows:

<u>Fund Type</u>	<u>2014 Budgeted vs. Actual Receipts</u>		
	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 749,228	\$ 745,667	\$ (3,561)
Special Revenue	-	43,463	43,463
Capital Projects	-	1,275	1,275

<u>Fund Type</u>	<u>2014 Budgeted vs. Actual Budgetary Basis Disbursements</u>		
	<u>Total Appropriations</u>	<u>Budgetary Disbursements</u>	<u>Variance</u>
General	\$ 932,422	\$ 686,034	\$ 246,388
Special Revenue	-	-	-
Capital Projects	-	-	-

**NEWTON FALLS PUBLIC LIBRARY
TRUMBULL COUNTY, OHIO
Notes to the Financial Statements
For The Years Ended December 31, 2014 and 2013**

3. BUDGETARY ACTIVITY – (Continued)

<u>Fund Type</u>	<u>2013 Budgeted vs. Actual Receipts</u>		
	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 813,556	\$ 819,637	\$ 6,081
Capital Projects	-	907	907

<u>Fund Type</u>	<u>2013 Budgeted vs. Actual Budgetary Basis Disbursements</u>		
	<u>Total Appropriations</u>	<u>Budgetary Disbursements</u>	<u>Variance</u>
General	\$ 896,834	\$ 676,337	\$ 220,497
Capital Projects	-	-	-

4. PROPERTY TAXES

Real property taxes become a lien on January 1 preceding the October 1 date for which the Board adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

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

5. RETIREMENT SYSTEM

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

The Ohio Revised Code also prescribes contribution rates. For 2014 and 2013, OPERS members contributed 10%, respectively of their gross salaries and the Library contributed an amount equaling 14%, respectively of participants' gross salaries. The Library has paid all contributions required through December 31, 2014.

**NEWTON FALLS PUBLIC LIBRARY
TRUMBULL COUNTY, OHIO
Notes to the Financial Statements
For The Years Ended December 31, 2014 and 2013**

6. RISK POOL MEMBERSHIP

The Library belongs to the Ohio Plan Risk Management, Inc. (OPRM) - formerly known as the Ohio Government Risk Management Plan, (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss, except OPRM retains 41.5% (effective November 1, 2011) of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Effective November 1, 2012 (and through October 2014) the plan increased its retention to 50% of the first \$250,000 casualty treaty. The Plan's property retention remained unchanged from prior years. This change was made to balance the reinsurance market conditions. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 767 and 774 members as of December 31, 2012 and 2013 respectively.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2012 and 2013 (the latest information available).

	2012	2013
Assets	\$13,100,381	\$13,774,304
Liabilities	(6,687,193)	(7,968,395)
Members' Equity	\$6,413,188	\$5,805,909

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

7. CONTINGENT LIABILITIES/SUBSEQUENT EVENTS

Management believes there are no pending claims or lawsuits.

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Charles E. Harris & Associates, Inc.
Certified Public Accountants

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

Newton Falls Public Library
Trumbull County
204 S. Canal Street
Newton Falls, OH 44444

To the Library Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Newton Falls Public Library, Trumbull County (the Library) as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements and have issued our report thereon dated June 19, 2015, wherein we noted the Library followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Library's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Library's internal control. Accordingly, we have not opined on it.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

A *deficiency* in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A material weakness is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Library's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2014-001 described in the accompanying schedule of findings to be a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the Library's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We also noted certain matters not requiring inclusion in this report that we reported to the Library's management in a separate letter dated June 19, 2015.

Entity's Response to Finding

The Library's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the Library's response and, accordingly, we express no opinion on it.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Library's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Library's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Charles E. Harris and Associates, Inc.

June 19, 2015

**NEWTON FALLS PUBLIC LIBRARY
TRUMBULL COUNTY**

**SCHEDULE OF FINDINGS
December 31, 2014 and 2013**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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Finding Number 2014-001 - Material Weakness

During 2013, the Library erroneously recorded several transactions. The more significant adjustments are as follows:

- Recorded state taxes as Property and Other Local Taxes instead of Intergovernmental Receipts.
- Recorded taxes at net instead of gross.
- Recorded interest on investments as Miscellaneous instead of Earning on Investments.

Adjustments were made in the financial statements and the Library's records to reflect the proper presentation.

The guidance provided by the Auditor of State and the CMI manual provide suggested account classifications. These accounts classify receipts by fund and source (taxes or charges for services, for example). Using these classifications and the aforementioned accounting records will provide the Library with information required to monitor compliance and with the budget and prepare annual reports in the format required by the Auditor of State.

We recommend that the Library refer to the guidance provided by the Auditor of State and the CMI manual to properly classify its transactions. We also recommend the Fiscal Officer review all reports compiled by the computer software company to ensure their accuracy.

Management Response: My employment as the part-time fiscal officer for the library began on October 21, 2013. Accounting processes were completed in the same format as the prior fiscal officer had illustrated. In 2014 once being made aware of the correct way in which intergovernmental receipts should be recorded, adjustments were made accordingly; thus rectifying the first two items listed on finding number 2014-001. As for the third item, the interest on investments in 2013's report was simply recorded on the miscellaneous receipt line in error. It was properly recorded on the 2014 report.



Dave Yost • Auditor of State

NEWTON FALLS PUBLIC LIBRARY

TRUMBULL COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
AUGUST 4, 2015**