

**TUSCARAWAS COUNTY PUBLIC LIBRARY
TUSCARAWAS COUNTY**

AUDIT REPORT

JANUARY 1, 2009 – DECEMBER 31, 2010

**Wolfe, Wilson, & Phillips, Inc.
37 South Seventh Street
Zanesville, Ohio 43701**



Dave Yost • 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 prepared by Wolfe, Wilson & Phillips, Inc., for the audit period January 1, 2009 through December 31, 2010. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Dave Yost
Auditor of State

June 9, 2011

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**TUSCARAWAS COUNTY PUBLIC LIBRARY
TUSCARAWAS COUNTY**

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WOLFE, WILSON, & PHILLIPS, INC.
37 SOUTH SEVENTH STREET
ZANESVILLE, OHIO 43701

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, major funds and aggregate remaining fund information of Tuscarawas County Public Library, Tuscarawas County as of and for the years ended December 31, 2010 and 2009, which collectively comprised the Library's basic financial statements. These financial statements are the responsibility of the Library's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As discussed in Note 2, the Library has prepared these financial statements and notes using the cash basis of accounting. 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 financial position-cash basis of the governmental activities, major funds and the aggregate remaining fund information of Tuscarawas County Public Library, Tuscarawas County, as of December 31, 2010 and 2009, and the respective changes in financial position-cash basis 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.

In accordance with *Government Auditing Standards*, we have also issued a report dated April 8, 2011, on our consideration of Tuscarawas County Public Library's internal control structure over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information the Government Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of 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.

Wolfe, Wilson, & Phillips, Inc.
Zanesville, Ohio
April 8, 2011

**TUSCARAWAS COUNTY PUBLIC LIBRARY, TUSCARAWAS COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009
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, 2010 and 2009, within the limitations of the Library's cash basis accounting. The intent of this discussion and analysis is to look at the Library's financial performance as a whole; readers should also review the financial statements and notes to the basic financial statements to enhance their understanding of the Library's financial performance.

Highlights

Key highlights for 2010 and 2009 are as follows:

Net assets of governmental activities decreased by \$146,554 or 20% in 2010 and Net assets increased by \$127,288 or 21% in 2009.

The Library's general receipts are primarily property and state taxes. These receipts represent respectively 31 and 66 percent of total cash received for governmental activities during 2010. These receipts represent respectively 29 and 68 percent of the total cash received for governmental activities during 2009. Property and other tax receipts for 2010 changed very little compared to 2009 as development within the Government has slowed.

A major project completed in 2010 was a \$90,000 elevator modernization project funded by two \$45,000 grants from the Reeves Foundation and the Rosenberry Foundation.

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 Statement of Activities provide information about the 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. The statement of cash basis assets and fund balances, and the statement of cash receipts, disbursements and changes in fund cash balances, present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the basic 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
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009
UNAUDITED**

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 on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Library's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their 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 cash basis of accounting.

Reporting the Government as a Whole

The statements of net assets and statements of activities for 2010 and 2009 reflect how the Library did financially within the limitations of the cash basis of accounting. The statement of net assets present the cash balances of the governmental activities of the Library at year end. The statement of activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the programs services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General cash 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 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 nonfinancial factors as well such as the Library's tax base, the condition of the Library's capital assets and infrastructure, the extent of the Library's debt obligations, and the need for continued growth in the major local revenue sources such as Library and Local Government Support Fund (LLGSF).

In the statement of net assets and the statement of activities, we divide the government into governmental activities. All of the Library's basic services are reported here, including library public services, purchased and contracted services, and library materials and information and capital outlay. LLGSF finances most of these activities. Benefits provided through governmental activities are not necessarily paid for the people receiving them.

**TUSCARAWAS COUNTY PUBLIC LIBRARY, TUSCARAWAS COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009
UNAUDITED**

Reporting the Government's Most Significant Funds

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.

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 programs. The Library's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor 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 for 2010 and 2009 are the General Fund, Bond Retirement Fund, Building and Repair Fund and Memorial Fund. The programs reported in governmental funds are related to those reported in the governmental activities section of the entity-wide statements. There are no reconciliations between the two reports as the Library reports on the cash basis.

The Government as a Whole

Table 1 provides a summary of the Library's net assets for 2010 compared to 2009 and 2008 on the cash basis:

Table 1
NET ASSETS

	Governmental Activities		
	2010	2009	2008
Assets			
Cash	\$ 564,135	\$ 710,689	\$ 588,401
Restricted Cash	10,200	10,200	5,200
Total Assets	<u>574,335</u>	<u>720,889</u>	<u>593,601</u>
Net Assets			
Restricted for:			
Bond Retirement	170,156	312,752	292,128
Capital Projects	60,157	14,598	21,832
Memorial	111,754	111,754	131,114
Permanent:			
Expendable	4,844	354	-
Nonexpendable	10,200	10,200	-
Other Purposes	36,975	130,834	33,972
Unrestricted	180,249	140,397	114,555
Total Net Assets	<u>\$ 574,335</u>	<u>\$ 720,889</u>	<u>\$ 593,601</u>

**TUSCARAWAS COUNTY PUBLIC LIBRARY, TUSCARAWAS COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009
UNAUDITED**

Table 2 reflects the changes in net assets in 2010 and 2009 and 2008

Table 2
CHANGES IN NET ASSETS

	Governmental Activities		
	2010	2009	2008
Receipts:			
Program Receipts:			
Charges for Services	\$ 54,364	\$ 55,783	\$ 53,845
Operating Grants	-		5,457
Capital Grants	-	90,000	14,000
Total Program Receipts	<u>54,364</u>	<u>145,783</u>	<u>73,302</u>
General Receipts:			
Property and Other Tax	593,164	752,185	402,263
Grants and Entitlements	1,287,391	1,363,655	1,592,954
Unrestricted Gifts	29,483	90,036	9,190
Interest	3,018	5,282	20,828
Miscellaneous	-	2,593	2,010
Total General Receipts	<u>1,913,056</u>	<u>2,213,751</u>	<u>2,027,245</u>
Total Receipts	<u>1,967,420</u>	<u>2,359,534</u>	<u>2,100,547</u>
Disbursements:			
Library Service:			
Public Services and Programs	1,041,700	1,139,611	1,097,769
Collection Development/Processing	250,413	247,514	179,188
Support Services:			
Facilities Operation & Maintenance.	103,206	105,389	289,748
Information Services	16,223	12,811	31,903
Business Administration	420,510	482,670	411,461
Capital Outlay	139,326	103,721	137,241
DS - Principal	125,000	115,000	110,000
DS - Interest	17,596	25,530	33,120
Total Disbursements	<u>2,113,974</u>	<u>2,232,246</u>	<u>2,290,430</u>
Increase/(Decrease)			
In Net Assets	<u>(146,554)</u>	<u>127,288</u>	<u>(189,883)</u>
Net Assets, January 1	<u>720,889</u>	<u>593,601</u>	<u>783,484</u>
Net Assets, December 31	<u>\$ 574,335</u>	<u>\$ 720,889</u>	<u>\$ 593,601</u>

Program receipts represent 3%, 6% and 3% of total receipts for 2010, 2009 and 2008, respectively. They are primarily comprised of patron fines, fees and contributions.

General receipts represent 97%, 94% and 97% of the Library's total receipts for 2010, 2009 and 2008, respectively. LLGSF monies represent 67%, 62% and 79% of the general receipts. Property taxes make up the balance of general receipts. Other receipts are insignificant and somewhat unpredictable receipt sources.

**TUSCARAWAS COUNTY PUBLIC LIBRARY, TUSCARAWAS COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009
UNAUDITED**

Disbursements for library services represent the actual library operations provided to the general public and the support services represent administrative and building costs.

Governmental Activities

If you look at the Statement of Activities, you will see that the first column lists the major services provided by Tuscarawas County Public Library. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are Library Services, Support Services, Capital Outlay and Debt Service, which account for 100% and 100% of all governmental disbursements for 2010 and 2009 respectively. The next three columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Library that must be used to provide a specific 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 service and the net cost for 2010 and 2009 is presented in Table 3.

TABLE 3

	Total Cost of Services 2010	Net Cost of Services 2010	Total Cost of Services 2009	Net Cost of Services 2009
Library Services:				
Public Services	\$ 1,041,700	\$ 987,336	\$ 1,139,611	\$ 1,083,828
Collection Development	250,413	250,413	247,514	247,514
Support Services:				
Facilities Operation	103,206	103,206	105,389	15,389
Information Systems	16,223	16,223	12,811	12,811
Business Administration	420,510	420,510	482,670	482,670
Capital Outlay	139,326	139,326	103,721	103,721
DS – Principal	125,000	125,000	115,000	115,000
DS - Interest	17,596	17,596	25,530	25,530
Total Expenses	<u>\$ 2,113,974</u>	<u>\$ 2,059,610</u>	<u>\$ 2,232,246</u>	<u>\$ 2,086,463</u>

The dependence upon LLGSF monies is apparent as over 63% and 65% for 2010 and 2009 of governmental activities are supported through these general receipts.

The Government's Funds

Total governmental funds had receipts of \$2,027,376 and \$2,359,534 for 2010 and 2009 and disbursements of \$2,173,930 and \$2,232,246 for 2010 and 2009, respectively.

**TUSCARAWAS COUNTY PUBLIC LIBRARY, TUSCARAWAS COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009
UNAUDITED**

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 and disbursements. The most significant budgeted fund is the General Fund.

During 2010 and 2009, the Library made amendments to its appropriation budget and receipts budget to reflect changing circumstances. For 2010 and 2009 actual receipts were greater than budgeted receipts. The Library budgets conservatively for LLGSF due to uncertainty of future cuts from that funding source.

Final budgeted disbursements for 2010 and 2009 were \$2,027,393 and \$2,079,884, respectively. Actual disbursements for 2010 and 2009 were \$1,928,276 and \$2,010,293, respectively. The Library kept spending close to budgeted amounts.

Capital Assets and Debt Administration

Capital Assets

The Library does not currently keep track of its capital assets and infrastructure in the accompanying financial statements, but records payments for capital assets as disbursements.

Debt

As of December 31, 2010, the Library had debt outstanding in the amount of \$130,000, with \$130,000 due within one year.

Contacting the Government'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, 121 Fair Avenue NW, New Philadelphia, Ohio 44663.

**TUSCARAWAS COUNTY PUBLIC LIBRARY
TUSCARAWAS COUNTY**

**STATEMENT OF NET ASSETS- CASH BASIS
December 31, 2010**

	<u>Governmental Activities</u>
ASSETS:	
Equity in Pooled Cash and Cash Equivalents	\$ 564,135
Equity in Pooled Cash and Cash Equivalents-Restricted	<u>10,200</u>
Total Assets	<u>\$ 574,335</u>
 NET ASSETS:	
Restricted for:	
Bond Retirement	170,156
Capital Projects	60,157
Memorial	111,754
Permanent:	
Expendable	4,844
Nonexpendable	10,200
Other Purposes	36,975
Unrestricted	<u>180,249</u>
Total Net Assets	<u><u>\$ 574,335</u></u>

See notes to basic financial statements.

**TUSCARAWAS COUNTY PUBLIC LIBRARY
TUSCARAWAS COUNTY**

**STATEMENT OF ACTIVITIES-CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>Cash</u> <u>Disbursements</u>	<u>Charges for</u> <u>Services</u> <u>and Sales</u>	<u>Operating</u> <u>Grants and</u> <u>Contributions</u>	<u>Capital Grants</u> <u>and</u> <u>Contributions</u>	<u>Net</u> <u>(Disbursements)</u> <u>Receipts and</u> <u>Changes in</u> <u>Net Assets</u>
Governmental Activities:					
Library Services:					
Public Service and Programs	\$ 1,041,700	\$ 54,364	\$ -	\$ -	\$ (987,336)
Collection Development and Processing	250,413	-	-	-	(250,413)
Support Services:					
Facilities Operation and Maintenance	103,206	-	-	-	(103,206)
Information Services	16,223	-	-	-	(16,223)
Business Administration	420,510	-	-	-	(420,510)
Capital Outlay	139,326	-	-	-	(139,326)
Debt Service:					
Principal	125,000	-	-	-	(125,000)
Interest and Fiscal Charges	17,596	-	-	-	(17,596)
Total Governmental Activities	<u>\$ 2,113,974</u>	<u>\$ 54,364</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,059,610)</u>

General Receipts:

Property Taxes Levied for:	
General Purposes	593,164
Grants and Entitlements not	
Restricted to Specific Purposes	1,287,391
Unrestricted Gifts and	
Contributions	29,483
Interest	3,018
Miscellaneous	-
	<u>1,913,056</u>
Total General Receipts	<u>1,913,056</u>
Change in Net Assets	(146,554)
Net Assets Beginning of Year	<u>720,889</u>
Net Assets End of Year	<u>\$ 574,335</u>

See notes to the basic financial statements.

**TUSCARAWAS COUNTY PUBLIC LIBRARY
TUSCARAWAS COUNTY**

**STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
December 31, 2010**

	<u>General</u>	<u>Bond Retirement</u>	<u>Building and Repair Fund</u>	<u>Memorial</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS:						
Equity in Pooled Cash and cash Equivalents	\$ 180,249	\$ 170,156	\$ 60,157	\$ 111,554	\$ 42,019	\$ 564,135
Equity in Pooled Cash and cash Equivalents-Restricted	-	-	-	200	10,000	10,200
Total Assets	<u>\$ 180,249</u>	<u>\$ 170,156</u>	<u>\$ 60,157</u>	<u>\$ 111,754</u>	<u>\$ 52,019</u>	<u>\$ 574,335</u>
Fund Balances:						
Reserved:						
Reserved for Encumbrances	30,249	-	-	-	7,807	38,056
Unreserved:						
General Fund	150,000	-	-	-	-	150,000
Special Revenue Fund	-	-	-	-	29,168	29,168
Debt Service Fund	-	170,156	-	-	-	170,156
Capital Projects Fund	-	-	60,157	-	-	60,157
Permanent Fund	-	-	-	111,754	15,044	126,798
Total Fund Balances	<u>\$ 180,249</u>	<u>\$ 170,156</u>	<u>\$ 60,157</u>	<u>\$ 111,754</u>	<u>\$ 52,019</u>	<u>\$ 574,335</u>

See notes to basic financial statements.

**TUSCARAWAS COUNTY PUBLIC LIBRARY
TUSCARAWAS COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND CASH BALANCES
GOVERNMENTAL FUNDS
December 31, 2010**

	<u>General</u>	<u>Bond Retirement</u>	<u>Building and Repair Fund</u>	<u>Memorial</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
CASH RECEIPTS						
Property and Other Local Taxes	\$ 593,164	\$ -	\$ -	\$ -	\$ -	\$ 593,164
Intergovernmental	1,287,391	-	-	-	-	1,287,391
Patron Fines and Fees	54,364	-	-	-	-	54,364
Contributions, Gifts and Donations	1	-	-	-	29,482	29,483
Earnings on Investments	2,959	-	-	-	59	3,018
Total Receipts	<u>1,937,879</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>29,541</u>	<u>1,967,420</u>
CASH DISBURSEMENTS:						
Current:						
Library Services:						
Public Service and Programs	1,037,033	-	-	-	4,667	1,041,700
Collection Development and Processing	245,669	-	-	-	4,744	250,413
Support Services:						
Facilities Operations and Maintenance	103,206	-	-	-	-	103,206
Information Services	16,223	-	-	-	-	16,223
Business Administration	405,069	-	10,031	-	5,410	420,510
Capital Outlay	30,871	-	83,725	-	24,730	139,326
Debt Service:						
Principal	-	125,000	-	-	-	125,000
Interest and Fiscal Charges	-	17,596	-	-	-	17,596
Total Disbursements	<u>1,838,071</u>	<u>142,596</u>	<u>93,756</u>	<u>-</u>	<u>39,551</u>	<u>2,113,974</u>
Excess of Receipts Over/(Under) Disbursements	99,808	(142,596)	(93,756)	-	(10,010)	(146,554)
Other Financing Sources/(Uses)						
Transfers In	-	-	59,956	-	-	59,956
Transfers Out	(59,956)	-	-	-	-	(59,956)
Total Other Financing Sources/(Uses)	<u>(59,956)</u>	<u>-</u>	<u>59,956</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Cash Fund Balance	39,852	(142,596)	(33,800)	-	(10,010)	(146,554)
Cash Fund Balances Beginning of Year	<u>140,397</u>	<u>312,752</u>	<u>93,957</u>	<u>111,754</u>	<u>62,029</u>	<u>720,889</u>
Cash Fund Balances End of Year	<u>\$ 180,249</u>	<u>\$ 170,156</u>	<u>\$ 60,157</u>	<u>\$ 111,754</u>	<u>\$ 52,019</u>	<u>\$ 574,335</u>

See notes to basic financial statements.

**TUSCARAWAS COUNTY PUBLIC LIBRARY
TUSCARAWAS COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND CASH BALANCES
BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
CASH RECEIPTS				
Property and Other Local Taxes	\$ 566,400	\$ 566,400	\$ 593,164	\$ 26,764
Intergovernmental	1,277,389	1,257,883	1,287,391	29,508
Patron Fines and Fees	57,200	57,200	54,364	(2,836)
Contributions, Gifts and Donations	-	-	1	1
Earnings on Investments	6,000	6,000	2,959	(3,041)
Total Receipts	<u>1,906,989</u>	<u>1,887,483</u>	<u>1,937,879</u>	<u>50,396</u>
CASH DISBURSEMENTS:				
Current:				
Library Services:				
Public Service and Programs	1,044,353	1,061,022	1,037,397	23,625
Collection Development and Processing	250,371	284,777	272,128	12,649
Support Services:				
Facilities Operations and Maintenance	114,734	125,237	106,632	18,605
Information Services	18,022	19,442	16,223	3,219
Business Administration	446,825	440,150	405,069	35,081
Capital Outlay	17,840	36,809	30,871	5,938
Total Disbursements	<u>1,892,145</u>	<u>1,967,437</u>	<u>1,868,320</u>	<u>99,117</u>
Excess of Receipts Over/(Under) Disbursements	14,844	(79,954)	69,559	149,513
Other Financing Sources/(Uses)				
Transfers Out	-	(59,956)	(59,956)	-
Total Other Financing Sources/(Uses)	-	(59,956)	(59,956)	-
Net Change in Fund Cash Balance	14,844	(139,910)	9,603	149,513
Cash Fund Balances Beginning of Year	119,126	119,126	119,126	-
Prior Year Encumbrances Appropriated	<u>21,271</u>	<u>21,271</u>	<u>21,271</u>	<u>-</u>
Cash Fund Balances End of Year	<u>\$ 155,241</u>	<u>\$ 487</u>	<u>\$ 150,000</u>	<u>\$ 149,513</u>

See notes to basic financial statements.

**TUSCARAWAS COUNTY PUBLIC LIBRARY
TUSCARAWAS COUNTY**

**STATEMENT OF NET ASSETS- CASH BASIS
December 31, 2009**

	Governmental Activities
ASSETS:	
Equity in Pooled Cash and Cash Equivalents	\$ 710,689
Equity in Pooled Cash and Cash Equivalents-Restricted	10,200
Total Assets	\$ 720,889
 NET ASSETS:	
Restricted for:	
Bond Retirement	312,752
Capital Projects	14,598
Memorial	111,754
Permanent:	
Expendable	354
Nonexpendable	10,200
Other Purposes	130,834
Unrestricted	140,397
Total Net Assets	\$ 720,889

See notes to basic financial statements.

**TUSCARAWAS COUNTY PUBLIC LIBRARY
TUSCARAWAS COUNTY**

**STATEMENT OF ACTIVITIES-CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Cash</u> <u>Disbursements</u>	<u>Charges for</u> <u>Services</u> <u>and Sales</u>	<u>Operating</u> <u>Grants and</u> <u>Contributions</u>	<u>Capital Grants</u> <u>and</u> <u>Contributions</u>	<u>Net</u> <u>(Disbursements)</u> <u>Receipts and</u> <u>Changes in</u> <u>Net Assets</u>
Governmental Activities:					
Library Services:					
Public Service and Programs	\$ 1,139,611	\$ 55,783	\$ -	\$ -	\$ (1,083,828)
Collection Development and Processing	247,514	-	-	-	(247,514)
Support Services:					
Facilities Operation and Maintenance	105,389	-	-	90,000	(15,389)
Information Services	12,811	-	-	-	(12,811)
Business Administration	482,670	-	-	-	(482,670)
Capital Outlay	103,721	-	-	-	(103,721)
Debt Service:					
Principal	115,000	-	-	-	(115,000)
Interest and Fiscal Charges	25,530	-	-	-	(25,530)
Total Governmental Activities	<u>\$ 2,232,246</u>	<u>\$ 55,783</u>	<u>\$ -</u>	<u>\$ 90,000</u>	<u>\$ (2,086,463)</u>

General Receipts:

Property Taxes Levied for:	
General Purposes	752,185
Grants and Entitlements not	
Restricted to Specific Purposes	1,363,655
Unrestricted Gifts and	
Contributions	90,036
Interest	5,282
Miscellaneous	2,593
	<u>2,213,751</u>
Total General Receipts	<u>2,213,751</u>
Change in Net Assets	127,288
Net Assets Beginning of Year	<u>593,601</u>
Net Assets End of Year	<u>\$ 720,889</u>

See notes to the basic financial statements.

**TUSCARAWAS COUNTY PUBLIC LIBRARY
TUSCARAWAS COUNTY**

**STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
December 31, 2009**

	<u>General</u>	<u>Bond Retirement</u>	<u>Building and Repair Fund</u>	<u>Memorial</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS:						
Equity in Pooled Cash and cash Equivalents	\$ 140,397	\$ 312,752	\$ 93,957	\$ 111,554	\$ 52,029	\$ 710,689
Equity in Pooled Cash and cash Equivalents-Restricted	-	-	-	200	10,000	10,200
Total Assets	<u>\$ 140,397</u>	<u>\$ 312,752</u>	<u>\$ 93,957</u>	<u>\$ 111,754</u>	<u>\$ 62,029</u>	<u>\$ 720,889</u>
Fund Balances:						
Reserved:						
Reserved for Encumbrances	21,271	-	87,708	-	14,399	123,378
Unreserved:						
General Fund	119,126	-	-	-	-	119,126
Special Revenue Fund	-	-	-	-	28,727	28,727
Debt Service Fund	-	312,752	-	-	-	312,752
Capital Projects Fund	-	-	6,249	-	8,349	14,598
Permanent Fund	-	-	-	111,754	10,554	122,308
Total Fund Balances	<u>\$ 140,397</u>	<u>\$ 312,752</u>	<u>\$ 93,957</u>	<u>\$ 111,754</u>	<u>\$ 62,029</u>	<u>\$ 720,889</u>

See notes to basic financial statements.

**TUSCARAWAS COUNTY PUBLIC LIBRARY
TUSCARAWAS COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND CASH BALANCES
GOVERNMENTAL FUNDS
December 31, 2009**

	<u>General</u>	<u>Bond Retirement</u>	<u>Building and Repair Fund</u>	<u>Memorial</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
CASH RECEIPTS						
Property and Other Local Taxes	\$ 587,644	\$ 164,541	\$ -	\$ -	\$ -	\$ 752,185
Intergovernmental	1,363,655	-	-	-	-	1,363,655
Patron Fines and Fees	55,783	-	-	-	-	55,783
Contributions, Gifts and Donations	1	-	91,407	-	88,628	180,036
Earnings on Investments	5,188	-	-	-	94	5,282
Miscellaneous	2,593	-	-	-	-	2,593
Total Receipts	<u>2,014,864</u>	<u>164,541</u>	<u>91,407</u>	<u>-</u>	<u>88,722</u>	<u>2,359,534</u>
CASH DISBURSEMENTS:						
Current:						
Library Services:						
Public Service and Programs	1,129,246	-	-	-	10,365	1,139,611
Collection Development and Processing	237,564	-	-	2,000	7,950	247,514
Support Services:						
Facilities Operations and Maintenance	105,389	-	-	-	-	105,389
Information Services	12,811	-	-	-	-	12,811
Business Administration	460,001	3,387	9,450	-	9,832	482,670
Capital Outlay	44,011	-	-	17,360	42,350	103,721
Debt Service:						
Principal	-	115,000	-	-	-	115,000
Interest and Fiscal Charges	-	25,530	-	-	-	25,530
Total Disbursements	<u>1,989,022</u>	<u>143,917</u>	<u>9,450</u>	<u>19,360</u>	<u>70,497</u>	<u>2,232,246</u>
Net Change in Cash Fund Balance	25,842	20,624	81,957	(19,360)	18,225	127,288
Cash Fund Balances Beginning of Year	<u>114,555</u>	<u>292,128</u>	<u>12,000</u>	<u>131,114</u>	<u>43,804</u>	<u>593,601</u>
Cash Fund Balances End of Year	<u>\$ 140,397</u>	<u>\$ 312,752</u>	<u>\$ 93,957</u>	<u>\$ 111,754</u>	<u>\$ 62,029</u>	<u>\$ 720,889</u>

See notes to basic financial statements.

**TUSCARAWAS COUNTY PUBLIC LIBRARY
TUSCARAWAS COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND CASH BALANCES
BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
CASH RECEIPTS				
Property and Other Local Taxes	\$ 591,700	\$ 581,435	\$ 587,644	\$ 6,209
Intergovernmental	1,529,118	1,360,599	1,363,655	3,056
Patron Fines and Fees	52,900	53,300	55,783	2,483
Contributions, Gifts and Donations	-	-	1	1
Earnings on Investments	19,000	7,000	5,188	(1,812)
Miscellaneous	500	385	2,593	2,208
Total Receipts	<u>2,193,218</u>	<u>2,002,719</u>	<u>2,014,864</u>	<u>12,145</u>
CASH DISBURSEMENTS:				
Current:				
Library Services:				
Public Service and Programs	1,178,617	1,141,026	1,129,409	11,617
Collection Development and Processing	343,493	287,592	255,246	32,346
Support Services:				
Facilities Operations and Maintenance	112,700	112,469	108,815	3,654
Information Services	23,840	17,562	12,811	4,751
Business Administration	585,162	475,803	460,001	15,802
Capital Outlay	62,234	45,432	44,011	1,421
Total Disbursements	<u>2,306,046</u>	<u>2,079,884</u>	<u>2,010,293</u>	<u>69,591</u>
Net Change in Fund Cash Balance	(112,828)	(77,165)	4,571	81,736
Cash Fund Balances Beginning of Year	82,620	82,620	82,620	-
Prior Year Encumbrances Appropriated	<u>31,935</u>	<u>31,935</u>	<u>31,935</u>	<u>-</u>
Cash Fund Balances End of Year	<u>\$ 1,727</u>	<u>\$ 37,390</u>	<u>\$ 119,126</u>	<u>\$ 81,736</u>

See notes to basic financial statements.

TUSCARAWAS COUNTY PUBLIC LIBRARY
TUSCARAWAS COUNTY

NOTES TO THE FINANCIAL STATEMENTS

1. DESCRIPTION OF THE LIBRARY AND REPORTING ENTITY

The Tuscarawas County Public Library, Tuscarawas County was organized as a county 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 Library, Village of Bolivar and Lawrence Library, Village of Strasburg and Franklin Library, Village of Sugarcreek and Sugarcreek Library and Village of Tuscarawas and Warwick Library. Twelve other Libraries 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 of, or provide 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 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 2010 and 2009 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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Note 2, the financial statements of the Tuscarawas County Public Library are presented 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, 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, in which case GASB prevails. Following are more of the Library's accounting policies.

A. Basis of Presentation

The Library's basic financial statements consist of government-wide financial 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, except for fiduciary funds. The statements distinguish between those activities of the Library that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or service. The Library has no business-type activities.

The statement of net assets present the cash balance 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 programs 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 is required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function 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 to aid 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.

**TUSCARAWAS COUNTY PUBLIC LIBRARY
TUSCARAWAS COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Accounting

The Library uses fund accounting 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.

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 Library's major governmental funds for 2010 and 2009 are the General Fund, Bond Retirement Fund, Building and Repair Fund, and Memorial Fund. The General Fund is used to account 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. The Bond Retirement Fund is used to retire debt. The Building and Repair Fund are used to account for capital projects and renovation of the Library. The Memorial Fund accounts for monetary gifts and/or bequests made to the Library in memory of a deceased person. The other governmental funds of the Library account for grants and other resources whose use is restricted to a particular purpose.

Basis of Accounting

The Library's financial statements are prepared using the 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. There were no modifications having substantial support.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue billed or provided services not yet collected) and certain liabilities (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

**TUSCARAWAS COUNTY PUBLIC LIBRARY
TUSCARAWAS COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgetary Process

All funds are legally required to be budgeted and appropriated (except certain agency funds). The appropriation resolution is the Trustee's authorization to spend resources and set 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.

The appropriations resolution is subject to amendment throughout the year with the restriction that appropriations cannot 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.

Cash and Investments

Library records identify the purchase of specific investments by specific funds.

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 2010 and 2009, investments were limited to STAR Ohio and non-negotiable certificates of deposit. Except for STAR Ohio, these investments are recorded at cost.

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, 2010 and 2009, respectively.

**TUSCARAWAS COUNTY PUBLIC LIBRARY
TUSCARAWAS COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Investments (Continued)

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest receipt credited to the general fund during 2010 and 2009 amounted to \$2,959 and \$5,188, respectively.

Restricted Assets

Cash and cash equivalents 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 the \$200 bequest from the estate of Rev. T.W. Hoernemann and \$10,000 in the First Steps to Literacy fund established in 2008. 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. The interest earned from the First Steps to Literacy Fund is intended to provide a free book to newborn babies born in Tuscarawas County.

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.

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.

Interfund Receivables/Payables

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

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.

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 Note 7, the employer contributions include portions for pension benefits and for postretirement health care benefits.

**TUSCARAWAS COUNTY PUBLIC LIBRARY
TUSCARAWAS COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Long-Term Obligations

The Library's cash basis financial statements do not report liabilities for bonds or other 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.

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 \$394,086 and \$580,492 of restricted net assets for governmental activities for the years ended December 31, 2010 and 2009, 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.

Fund Balance Reserve

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

Interfund Transactions

Exchange transactions between funds are reported as cash receipts in the seller funds and as cash disbursements in the purchaser funds. Flows of cash or goods 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. Repayments from funds responsible for particular cash disbursements to the funds that initially paid for them are not presented on the financial statements. In the government-wide statements, transfers within governmental activities are eliminated.

3. 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 is prepared on the budgetary basis to provide a meaningful comparisons of actual results with the budget. The differences between the budgetary basis and the cash basis is 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 \$30,249 for the General Fund and \$7,807 in Other Governmental Funds in 2010 and \$21,271 for the General Fund, \$87,708 for the Building and Repair Fund and \$14,399 in the Other Governmental Funds in 2009. There were no outstanding advances for either year.

TUSCARAWAS COUNTY PUBLIC LIBRARY
TUSCARAWAS COUNTY

NOTES TO THE FINANCIAL STATEMENTS

4. DEPOSITS

Monies held by the Library are classified by State 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, including negotiable order of withdrawal (NOW) accounts.

Inactive deposits are public deposits that the Library 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.

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 issuance 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 by 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 obligation 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 obligation 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).

**TUSCARAWAS COUNTY PUBLIC LIBRARY
TUSCARAWAS COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

4. DEPOSITS (Continued)

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.

The Library had \$622 in undeposited cash in hand for 2010 and 2009, respectively, which is included as part of “Equity in Pooled cash and Cash Equivalents” on the financial statements.

Deposits:

Custodial credit risk is the risk that in the event of bank failure, the Library will not be able to recover deposits or collateral securities that are the possession of an outside party. At year ended December 31, 2010, \$0 of the Library’s bank balance of \$168,544 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 year ended December 31, 2009, \$60,210 of the Library’s bank balance of \$310,210 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.

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.

Investments:

As of December 31, 2010 and 2009, the Library had the following investments:

	2010	2009
	Carrying Value	Carrying Value
Certificates of Deposits	\$ 160,149	\$ 280,092
STAR Ohio	266,153	185,894
Total	\$ 426,302	\$ 465,986

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.

**TUSCARAWAS COUNTY PUBLIC LIBRARY
TUSCARAWAS COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

5. RISK MANAGEMENT

The Library is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; error and omissions; injuries to employees; and natural disasters. During 2010 and 2009, 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	Vehicle	500,000
Cincinnati Insurance Co.	Error and Omissions	1,000,000
	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 Worker's Compensation a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs. The System administrators and pays all claims.

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

6. GRANTS-IN-AID

The primary source of revenue for Ohio public libraries is the Library and Local Government Support Fund (LLGSF). The LLGSF is allocated to each county based on the county's prior year 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, operations, 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.

**TUSCARAWAS COUNTY PUBLIC LIBRARY
TUSCARAWAS COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

7. DEFINED BENEFIT PENSION PLAN

Ohio Public Employees Retirement System

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, 2010, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 10.0 percent of their annual covered salaries. Members participating in the traditional plan who were in law enforcement contributed 11.1 percent of their annual covered salary; members in public safety contributed 10.5 percent. The employer contribution rate for pension benefits for 2010 was 14.00 percent, except for those plan members in law enforcement or public safety. For those classifications, the employer's pension contributions were 17.87 percent of covered payroll. 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, 2010, 2009, and 2008 were \$105,222, \$117,548, and \$144,613, respectively. The full amount has been contributed for 2010, 2009 and 2008.

**TUSCARAWAS COUNTY PUBLIC LIBRARY
TUSCARAWAS COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

7. DEFINED BENEFIT PENSION PLAN (Continued)

Post Employment Benefits

Ohio Public Employees Retirement System

Plan Description-The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans. The Traditional Pension Plan-a cost-sharing, multiple-employer defined benefit pension plan; the Member Directed Plan-a defined contribution plan; and the Combined Plan-a cost sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing multiple employer defined benefit post-employment healthcare plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement, to qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

In order to qualify for post-employment health care coverage, aged and service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefits is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45.

The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or calling 614-222-5601 or 800-222-7377.

Funding Policy-The Ohio Revised Code provides the statutory authority requiring public employers to fund post retirement health care through their contributions to OPERS. A portion of each employer's contributions to OPERS is set aside for the funding of post retirement health care benefits. Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2010, state and local employers contributed at a rate of 14.00% of covered payroll and public safety and law enforcement employers contributed at 17.87%. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14.00% of covered payroll for state and local employer units and 18.10% of covered payroll for law and public safety employer units. Active members do not make contributions to the OPEB Plan.

OPERS Post Employment Health Care plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside for funding of post employment health care benefits. The portion of employer contributions allocated to health care for members of the Traditional Plan was 5.5% from January 1 through February 28, 2010 and 5.0% from March 1 through December 31, 2010. The portion of employer contributions allocated to health care for members in the Combined Plan was 4.73% from January 1 through February 2010 and 4.23% from March 1 through December 31, 2010. The OPERS Board of Trustees is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and their coverage selected.

**TUSCARAWAS COUNTY PUBLIC LIBRARY
TUSCARAWAS COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

7. DEFINED BENEFIT PENSION PLAN (Continued)

Post Employment Benefits

Ohio Public Employees Retirement System

The Library's contributions for health care to the OPERS for the years ending December 31, 2010, 2009, and 2008 were \$41,337, \$46,180 and \$72,306, respectively, which were equal to the required contributions for each year.

The Health Care Preservation Plan (HCPP) adopted the OPERS Board of Trustees September 9, 2004, was effective January 1, 2007. Member and employer contribution rates for state and local employers increased on January 1, of each year from 2006 to 2008. Rates for law and public safety employers increased over a six year period beginning January 1, 2006, with a final rate increase January 1, 2011. These rate increases allowed additional funds to be allocated to the health care plan.

8. PROPERTY TAXES

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Library. Real property tax receipts received in 2010 represent the collection of 2009 taxes. Real property taxes received in 2010 were levied after October 1, 2009, on the assessed values as of January 1, 2009, 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 circumstance, State statute permits alternate payment dates to be established.

Public utilities are also taxed on personal and real property located in the Library.

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

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

The full tax rate for all Library operations for the year ended December 31, 2010, was \$3.2 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2010 property tax receipts were based are as follows:

Real Property	
Residential/Agricultural	\$ 920,217,140
Commercial/Industrial/Mineral	202,672,670
Public Utility Property	
Real	1,217,940
Personal	52,510,450
Tangible Personal Property	2,418,100
Total Assessed Value	<u>\$ 1,179,036,300</u>

**TUSCARAWAS COUNTY PUBLIC LIBRARY
TUSCARAWAS COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

8. 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.

Long term debt of the Library, as of December 31, 2010 is as follows:

	Balance January 1 2009	Additions	Deductions	Balance December 31 2010	Amount Due Within One Year
Bonds	\$ 370,000	\$ -	\$ 240,000	\$ 130,000	\$ 130,000
Total	<u>\$ 370,000</u>	<u>\$ -</u>	<u>\$ 240,000</u>	<u>\$ 130,000</u>	<u>\$ 130,000</u>

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. Payment is made annually.

Amortization of the above debt is as follows:

	Tractor	
	Principal	Interest
2011	\$ 130,000	\$ 8,970
Total	<u>\$ 130,000</u>	<u>\$ 8,970</u>

9. OPERATING LEASES

The Library leases copiers and a postage machine under noncancelable leases. The Library disbursed \$14,557 and \$12,033 to pay lease costs for the years ended December 31, 2010 and 2009, respectively.

10. COMPLIANCE AND ACCOUNTABILITY

Contrary to 5705.36, the Library had instances where a reduced certificate of estimated resources should have been obtained.

Contrary to Ohio Revised Code 5705.41(D), the Library had expenditures made prior to certification

11. TRANSFERS

In 2010, the General Fund transferred \$59,956 to the Building and Repair Fund to cover the cost of the elevator project. There were no transfers made in 2009.

**WOLFE, WILSON, & PHILLIPS, INC.
37 SOUTH SEVENTH STREET
ZANESVILLE, OHIO 43701**

**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 NW
New Philadelphia, Ohio 44663

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Tuscarawas County Public Library as of and for the years ended December 31, 2010 and 2009, and have issued our report thereon dated April 8, 2011, wherein we noted the Library followed the cash basis of accounting, a comprehensive accounting basis other than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Tuscarawas County Public Library's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Library's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Library's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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.

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Compliance and Other Matters

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

This report is intended for the information of the Library's management, fiscal officer, and Auditor of State, and is not intended to be and should not be used by anyone other than these specified parties.

Wolfe, Wilson, & Phillips, Inc.
Zanesville, Ohio
April 8, 2011

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Dave Yost • 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
JUNE 21, 2011**