



**Auditor of State
Betty Montgomery**

WARREN-TRUMBULL COUNTY PUBLIC LIBRARY
TRUMBULL COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountant's Report.....	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental and Fiduciary Fund Types - For the Year Ended December 31, 2003.....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental and Fiduciary Fund Types - For the Year Ended December 31, 2002.....	4
Notes to the Financial Statements	5
Independent Accountant's Report on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	11

This page intentionally left blank.



**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANT'S REPORT

Warren-Trumbull County Public Library
Trumbull County
444 Mahoning Avenue NW
Warren, Ohio 44483

To the Board of Trustees:

We have audited the accompanying financial statements of the Warren-Trumbull County Public Library (the Library) as of and for the years ended December 31, 2003 and 2002. These financial statements are the responsibility of the Library's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Library as of December 31, 2003 and 2002 and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2004 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

June 30, 2004

**WARREN-TRUMBULL COUNTY PUBLIC LIBRARY
TRUMBULL COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>Governmental Fund Types</u>					Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Fiduciary Funds</u>	
Cash Receipts:						
Other Government Grants-In-Aid	\$3,858,126					\$3,858,126
Property and Other Local Taxes	524,567		\$182,461			707,028
Intergovernmental	90,101					90,101
Patron Fines and Fees	116,877	\$19,251				136,128
Earnings on Investments	5,149			\$2,455	\$1,247	8,851
Services Provided to Other Entities	622				1,364	1,986
Contributions, Gifts and Donations	27,110	22,510				49,620
Miscellaneous Receipts	51,782					51,782
Total Cash Receipts	4,674,334	41,761	182,461	2,455	2,611	4,903,622
Cash Disbursements:						
Current:						
Salaries and Benefits	3,324,073					3,324,073
Supplies	94,928	1,939				96,867
Purchased and Contracted Services	463,275	12,195		1,600		477,070
Library Materials and Information	590,372	5,526			1,832	597,730
Other Objects	25,887	1,258			200	27,345
Debt Service:						
Redemption of Principal			139,426			139,426
Interest Payments and Other Financing Fees and Costs			43,035			43,035
Capital Outlay	324,099	6,478		159,040	3,001	492,618
Total Cash Disbursements	4,822,634	27,396	182,461	160,640	5,033	5,198,164
Total Cash Receipts Over/(Under) Cash Disbursements	(148,300)	14,365	0	(158,185)	(2,422)	(294,542)
Other Financing Receipts/(Disbursements):						
Sale of Fixed Assets	1,500			77,948		79,448
Transfers-In	105,431					105,431
Transfers-Out				(105,431)		(105,431)
Total Other Financing Receipts/(Disbursements)	106,931	0	0	(27,483)	0	79,448
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(41,369)	14,365	0	(185,668)	(2,422)	(215,094)
Fund Cash Balances, January 1	385,379	156,505	0	272,975	16,094	830,953
Fund Cash Balances, December 31	\$344,010	\$170,870	\$0	\$87,307	\$13,672	\$615,859
Reserves for Encumbrances, December 31	\$44,427	\$1,694	\$0	\$8,601	\$0	\$54,722

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

**WARREN-TRUMBULL COUNTY PUBLIC LIBRARY
TRUMBULL COUNTY**

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

	Governmental Fund Types					Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Fiduciary Funds	
Cash Receipts:						
Other Government Grants-In-Aid	\$3,899,964					\$3,899,964
Property and Other Local Taxes	385,853	\$174,583	\$180,458			740,894
Intergovernmental	89,658					89,658
Patron Fines and Fees	105,740	9,376				115,116
Earnings on Investments	8,101	1,699		\$9,230		19,030
Services Provided to Other Entities	595	75				670
Contributions, Gifts and Donations	25,364	19,595			\$1,643	46,602
Miscellaneous Receipts	63,087					63,087
	<u>4,578,362</u>	<u>205,328</u>	<u>180,458</u>	<u>9,230</u>	<u>1,643</u>	<u>4,975,021</u>
Cash Disbursements:						
Current:						
Salaries and Benefits	3,249,563					3,249,563
Supplies	114,402	594			1,123	116,119
Purchased and Contracted Services	513,505	38,167		7,500		559,172
Library Materials and Information	813,173	7,910			354	821,437
Other Objects	31,765	320				32,085
Debt Service:						
Redemption of Principal			166,409			166,409
Interest Payments and Other Financing Fees and Costs			14,049			14,049
Capital Outlay	151,321	11,250		927,457		1,090,028
Total Cash Disbursements	<u>4,873,729</u>	<u>58,241</u>	<u>180,458</u>	<u>934,957</u>	<u>1,477</u>	<u>6,048,862</u>
Total Cash Receipts Over/(Under) Cash Disbursements	(295,367)	147,087	0	(925,727)	166	(1,073,841)
Other Financing Receipts/(Disbursements):						
Proceeds of Notes				1,100,000		1,100,000
Sale of Fixed Assets	1,000					1,000
Transfers-In	610,086			400,000		1,010,086
Transfers-Out	(247,313)	(362,773)		(400,000)		(1,010,086)
Total Other Financing Receipts/(Disbursements)	<u>363,773</u>	<u>(362,773)</u>	<u>0</u>	<u>1,100,000</u>	<u>0</u>	<u>1,101,000</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	68,406	(215,686)	0	174,273	166	27,159
Fund Cash Balances, January 1	316,973	372,191	0	98,702	15,928	803,794
Fund Cash Balances, December 31	<u>\$385,379</u>	<u>\$156,505</u>	<u>\$0</u>	<u>\$272,975</u>	<u>\$16,094</u>	<u>\$830,953</u>
Reserves for Encumbrances, December 31	<u>\$85,347</u>	<u>\$72</u>	<u>\$0</u>	<u>\$167,543</u>	<u>\$445</u>	<u>\$253,407</u>

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

**WARREN-TRUMBULL COUNTY PUBLIC LIBRARY
TRUMBULL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Warren-Trumbull County Public Library, Trumbull County, (the Library) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of Ohio. The Library is directed by a seven-member Board of Trustees appointed by the Trumbull County Commissioners. The Library provides the community with various educational and literary resources.

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

B. Basis of Accounting

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

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

C. Cash and Investments

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

Certificates of deposit and repurchase agreements are valued at cost. Money market mutual funds (including STAR Ohio) are recorded at share values reported by the State Treasurer. Common stock is valued at fair value when donated.

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 is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

WARREN-TRUMBULL COUNTY PUBLIC LIBRARY
TRUMBULL COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

D. **Fund Accounting (Continued)**

2. **Special Revenue Funds**

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

Levy Fund – This fund is used to record the receipts and expenditures of the Library levy for current expenses which was passed by voters in November, 1995.

3. **Debt Service Funds**

The debt service fund is used to accumulate resources for the payment of bonds and note indebtedness: The Library had one debt service fund to account for debt payments on the construction of the Liberty Branch Library.

4. **Capital Project Funds**

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Library had one capital project fund used for building and repair.

5. **Fiduciary Funds (Trust Funds)**

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Library to maintain the corpus of the trust, the fund is classified as a nonexpendable trust fund. Other trust funds are classified as expendable. The Library had the following significant fiduciary funds:

Brainard Trust Fund – This is an expendable trust fund that receives interest from the Warren Library Association's (a non-profit foundation) investments. Monies are to be used for adult purchases.

Sutliff Trust Fund – This is an expendable trust fund that receives interest from the Warren Library Association's investments. Monies are to be used for reference materials.

Kyser Fund – This is a non-expendable trust fund. The earnings on this trust can be used for erecting new buildings, making additions to present buildings, and purchasing new equipment or books.

Wayland J. Dietz Endowment Fund – The earnings on this non-expendable trust fund can be spent on any library activity or expense.

**WARREN-TRUMBULL COUNTY PUBLIC LIBRARY
TRUMBULL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process

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

Although the Ohio Administrative Code has rescinded the requirement to encumber appropriations, the Library has chosen to continue to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be re-appropriated.

A summary of 2003 and 2002 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the basis of accounting the Library uses.

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	2003	2002
Demand deposits	(\$2,216)	\$120,061
Certificates of deposit	16,537	15,289
Total deposits	14,321	135,350
Common Stock (at cost, fair value was \$18,056 at December 31, 2003 and \$14,588 at December 31, 2002)	30,416	30,416
Repurchase agreement	401,419	98,802
STAR Ohio	169,703	566,385
Total investments	601,538	695,603
Total deposits and investments	\$615,859	\$830,953

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

**WARREN-TRUMBULL COUNTY PUBLIC LIBRARY
TRUMBULL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

2. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)

Investments: The Library's financial institution transfers securities to the Library's agent to collateralize repurchase agreements. The securities are not in the Library's name. Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

Tri-Continental Corporation common stock (1,101 shares) was donated to the Library in 1966. Dividends are reported at the fair market value as of the dividend distribution date.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2003 and December 31, 2002 follows:

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$5,217,361	\$4,867,061	\$350,300
Special Revenue	47,092	29,090	18,002
Debt Service	182,503	182,461	42
Capital Projects	272,974	274,672	(1,698)
Fiduciary	10,766	5,033	5,733
Total	\$5,730,696	\$5,358,317	\$372,379

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$5,508,893	\$5,206,389	\$302,504
Special Revenue	448,381	421,086	27,295
Debt Service	180,458	180,458	0
Capital Projects	1,502,500	1,502,500	0
Fiduciary	9,868	1,922	7,946
Total	\$7,650,100	\$7,312,355	\$337,745

4. GRANTS-IN-AID AND TAX RECEIPTS

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

**WARREN-TRUMBULL COUNTY PUBLIC LIBRARY
TRUMBULL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

4. GRANTS-IN-AID AND TAX RECEIPTS (Continued)

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

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

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

5. DEBT

Debt outstanding at December 31, 2003 was as follows:

	Principal	Interest Rate
General Obligation Notes	\$926,582	4.25%

The debt issuance consisted of a \$1,100,000 Commercial Construction Term Loan whose proceeds were used to construct the Liberty Branch Library. This note is secured by a pledge of the Local Library Government Support Fund and all funds due to the Library under applicable law.

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

	General Obligation Notes
Year ending December 31:	
2004	\$182,461
2005	182,461
2006	182,461
2007 – 2009	502,094
Total	\$1,049,477

**WARREN-TRUMBULL COUNTY PUBLIC LIBRARY
TRUMBULL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

6. RETIREMENT SYSTEM

The Public Employees Retirement System of Ohio (PERS) is a state operated, cost-sharing, multiple employer public employee retirement system. PERS provides retirement benefits to vested employees who are eligible to retire based upon years of service. PERS also provides survivor and disability benefits to vested employees.

Contribution rates are prescribed by the Ohio Revised Code. The Library's PERS members contributed 8.5% of their gross salaries. The Library "picked up" the employee portion of PERS for all employees. The Library contributed an amount equal to 13.55% of participants' gross salaries. The Library has paid all contributions required through December 31, 2003.

7. RISK MANAGEMENT

Commercial Insurance

The Warren-Trumbull Public Library has obtained commercial insurance for the following risks:

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

The Library also provides health insurance, dental and vision coverage through private carriers. Employees working at least 25 hours per week are eligible for these benefits.

8. CONTINGENT LIABILITIES

Due to certain unresolved matters arising from the construction of the Liberty Township, Ohio Branch of Warren-Trumbull County Public Library, there is a significant likelihood that litigation will ensue in the near future. Although the outcome of aforementioned matters is not presently determinable, counsel believes that the resolution of these matters will not materially adversely affect the Library's financial condition.



**Auditor of State
Betty Montgomery**

**INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

Warren-Trumbull County Public Library
Trumbull County
444 Mahoning Avenue NW
Warren, Ohio 44483

To the Board of Trustees:

We have audited the accompanying financial statements of the Warren-Trumbull County Public Library (the Library) as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated June 30, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

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

Internal Control Over Financial Reporting

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

Warren-Trumbull County Public Library
Trumbull County
Independent Accountant's Report on Compliance and on Internal Control
Required by *Government Auditing Standards*
Page 2

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

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

June 30, 2004



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

WARREN-TRUMBULL COUNTY 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
SEPTEMBER 7, 2004**