



**Auditor of State
Betty Montgomery**

WARREN-TRUMBULL COUNTY PUBLIC LIBRARY
TRUMBULL COUNTY

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**Auditor of State
Betty Montgomery**

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

To the Board of Trustees:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

A handwritten signature in black ink that reads "Betty Montgomery".

Betty Montgomery
Auditor of State

October 26, 2006

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' 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, Trumbull County, (the Library) as of and for the years ended December 31, 2005 and 2004. These financial statements are the responsibility of the Library's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As described more fully in Note 1, the Library has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Revisions to GAAP would require the Library to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2005 and 2004. Instead of the combined funds the accompanying financial statements present for 2005 and 2004, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2005 and 2004. While the Library does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Library has elected not to reformat its statements. Since this Library does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2005 and 2004 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Library as of December 31, 2005 or 2004, or its changes in financial position for the years then ended.

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Also, 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 Warren-Trumbull County Public Library, Trumbull County, as of December 31, 2005 and 2004, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Library to include Management's Discussion and Analysis for the years ended December 31, 2005 and 2004. The Library has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 26, 2006, on our consideration of the Library's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



Betty Montgomery
Auditor of State

October 26, 2006

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

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Governmental Fund Types</u>					Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Permanent</u>	
Cash Receipts:						
Other Government Grants-In-Aid	\$3,903,549					\$3,903,549
Property and Other Local Taxes	566,291		\$182,461			748,752
Intergovernmental	88,796	2,750				91,546
Patron Fines and Fees	122,565	13,800				136,365
Earnings on Investments	24,959			\$1,901		26,860
Services Provided to Other Entities	0					0
Contributions, Gifts and Donations	6,972	29,774				36,746
Miscellaneous Receipts	42,370					42,370
	<u>4,755,502</u>	<u>46,324</u>	<u>182,461</u>	<u>1,901</u>	<u>0</u>	<u>4,986,188</u>
Cash Disbursements:						
Current:						
Salaries and Benefits	3,218,541					3,218,541
Supplies	99,012	1,663				100,675
Purchased and Contracted Services	462,950	9,456				472,406
Library Materials and Information	562,884	7,375				570,259
Other Objects	28,914	3,738				32,652
Debt Service:						
Redemption of Principal	17,246		151,718			168,964
Interest Payments and Other Financing Fees and Costs			30,743			30,743
Capital Outlay	44,117	1,620		330,001		375,738
Total Cash Disbursements	<u>4,433,664</u>	<u>23,852</u>	<u>182,461</u>	<u>330,001</u>	<u>0</u>	<u>4,969,978</u>
Total Cash Receipts Over/(Under) Cash Disbursements	321,838	22,472	0	(328,100)	0	16,210
Other Financing Receipts/(Disbursements):						
Proceeds of Notes				258,697		258,697
Total Other Financing Receipts/(Disbursements)	<u>0</u>	<u>0</u>	<u>0</u>	<u>258,697</u>	<u>0</u>	<u>258,697</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	321,838	22,472	0	(69,403)	0	274,907
Fund Cash Balances, January 1	740,146	171,720	0	88,078	13,653	1,013,597
Fund Cash Balances, December 31	<u>\$1,061,984</u>	<u>\$194,192</u>	<u>\$0</u>	<u>\$18,675</u>	<u>\$13,653</u>	<u>\$1,288,504</u>
Reserves for Encumbrances, December 31	<u>\$104,748</u>	<u>\$1,221</u>	<u>\$0</u>	<u>\$28,696</u>	<u>\$0</u>	<u>\$134,665</u>

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 FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2004**

	Governmental Fund Types					Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Permanent	
Cash Receipts:						
Other Government Grants-In-Aid	\$3,882,215					\$3,882,215
Property and Other Local Taxes	556,382		\$182,461			738,843
Intergovernmental	93,779					93,779
Patron Fines and Fees	120,237	\$14,888				135,125
Earnings on Investments	7,286			\$771		8,057
Services Provided to Other Entities	339					339
Contributions, Gifts and Donations	21,743	19,638				41,381
Miscellaneous Receipts	56,412					56,412
Total Cash Receipts	4,738,393	34,526	182,461	771	0	4,956,151
Cash Disbursements:						
Current:						
Salaries and Benefits	3,193,994					3,193,994
Supplies	78,908	3,085				81,993
Purchased and Contracted Services	471,193	13,951				485,144
Library Materials and Information	521,302	8,126				529,428
Other Objects	22,268	544				22,812
Debt Service:						
Redemption of Principal			145,403			145,403
Interest Payments and Other Financing Fees and Costs			37,058			37,058
Capital Outlay	54,591	7,990				62,581
Total Cash Disbursements	4,342,256	33,696	182,461	0	0	4,558,413
Total Cash Receipts Over/(Under) Cash Disbursements	396,137	830	0	771	0	397,738
Fund Cash Balances, January 1	344,030	170,870	0	87,307	13,652	615,859
Fund Cash Balances, December 31	\$740,167	\$171,700	\$0	\$88,078	\$13,652	\$1,013,597
Reserves for Encumbrances, December 31	\$58,063	\$247	\$0	\$0	\$0	\$58,310

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, 2005 AND 2004**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Warren-Trumbull County Public Library, Trumbull County, Ohio, (the Library) as a body corporate and politic. The Warren-Trumbull County Public Library appoints a 7-member Board of Trustees to govern the Library. The Library provides the community with various educational and literary resources.

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

B. Basis of Accounting

These financial statements follow the basis of accounting the Auditor of State prescribes or permits. This accounting basis is similar to the cash receipts and disbursements basis. The Library recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Cash and Investments

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

The Library values repurchase agreements, certificates of deposit, and common stock at cost or fair value when donated. Money market mutual funds (including STAR Ohio) are recorded at share values the mutual fund reports.

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 accounts for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

These funds 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:

WARREN-TRUMBULL COUNTY PUBLIC LIBRARY
TRUMBULL COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)

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

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 Fund**

The debt service fund accounts for resources the Library accumulates to pay bond 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 Projects Fund**

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

Building and Repair Fund – The monies maintained in this fund are to be used for building and repair.

5. **Permanent Funds**

These funds account for trusts that stipulate that only earnings, and not principal, can be spent by the government. The Library had the following Permanent Funds:

Kyser 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 trust fund can be spent on any library activity or expense.

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.

A summary of 2005 and 2004 budgetary activity appears in Note 3.

F. **Property, Plant, and Equipment**

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

G. **Accumulated Leave**

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

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	2005	2004
Demand deposits	(\$90,079)	\$275,372
Public funds savings	1,257,758	0
Certificates of deposit	16,537	116,537
Total deposits	1,184,216	391,909
Common stock (at cost, fair value was \$20,467 and \$20,126 at December 31, 2005 and 2004 respectively)	30,416	30,416
Repurchase agreement	0	519,629
STAR Ohio	73,872	71,643
Total investments	104,288	621,688
Total deposits and investments	\$1,288,504	\$1,013,597

At December 31, 2005 the Library held \$20,467 in equity securities. Such securities are not eligible investments for the Library under Ohio law. However these equity securities are allowable because they were donated to the Library.

Deposits: Deposits are insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

Investments: The Library's financial institution transfers the 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 existing in physical or book-entry form.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2005 and December 31, 2004 follows:

2005 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$4,974,350	\$4,538,412	\$435,938
Special Revenue	69,634	25,073	44,561
Debt Service	182,461	182,461	0
Capital Projects	358,697	358,697	0
Permanent	4,205	0	4,205
Total	\$5,589,347	\$5,104,643	\$484,704

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2004 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$4,781,369	\$4,400,319	\$381,050
Special Revenue	66,101	33,943	32,158
Debt Service	182,461	182,461	0
Capital Projects	8,601	0	8,601
Permanent	5,740	0	5,740
Total	\$5,044,272	\$4,616,723	\$427,549

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 State allocates LLGSF 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.

Real property taxes become a lien on January 1 preceding the October 1 date for which the taxing authority of the subdivision to whose jurisdiction the Library is subject adopts rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Other Governments' Grants In Aid. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

Property owners assess tangible personal property tax. These owners must file a list of tangible 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, 2005 was as follows:

	Principal	Interest Rate
General Obligation Note	\$629,660	4.25%
Promissory Note	241,451	0%
Total	\$871,111	

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

5. DEBT – (Continued)

The general obligation 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. The loan will be repaid in 28 quarterly installments of principal and interest, each in the amount of \$45,615 beginning October 9, 2002

Warren-Trumbull County Public Library signed a promissory note with the Warren Library Association on September 1, 2005 for 258,697. This was an interest free loan, for a HVAC project that will be paid back in 59 monthly installments. Upon default in payment, this note shall become immediately due and payable to the maker or any other party who may be or become liable hereunder.

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

<u>Year ending December 31:</u>	<u>General Obligation Note</u>	<u>Promissory Note</u>
2006	\$182,461	\$51,739
2007	182,461	51,739
2008	182,461	51,739
2009	137,171	51,739
2010	34,495	34,495
Total	<u>\$684,554</u>	<u>\$241,451</u>

6. RETIREMENT SYSTEM

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

The Ohio Revised Code also prescribes contribution rates. The Library's OPERS members contributed 8.5 percent of their gross salaries. The Library contributed an amount equal to 13.55 percent of participants' gross salaries. The Library has paid all contributions required through December 31, 2005.

7. RISK MANAGEMENT

Commercial Insurance

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

8. SUBSEQUENT EVENTS

Warren-Trumbull County Public Library filed a Complaint against Capitol Indemnity Corporation on October 6, 2004 regarding the Liberty Branch Library. The Complaint pertains to certain unresolved matters arising from the construction of the Liberty Township, Ohio Branch of Warren-Trumbull County Public Library and at 12/31/05 had not yet been resolved. 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 ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS 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 financial statements of the Warren-Trumbull County Public Library, Trumbull County, (the Library) as of and for the years ended December 31, 2005 and 2004, and have issued our report thereon dated October 26, 2006, wherein we noted the Library follows the accounting practices the Auditor of State prescribes rather 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 the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Library's internal control over financial reporting to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses.

Compliance and Other Matters

As part of reasonably assuring whether the Library's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*. In a separate letter to the Library's management dated October 26, 2006, we reported another matter related to noncompliance we deemed immaterial.

Warren-Trumbull County Public Library
Trumbull County
Independent Accountants' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
Page 2

We intend this report solely for the information and use of the audit committee, management, and Library Trustees. It is not intended for 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

October 26, 2006



**Auditor of State
Betty Montgomery**

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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
DECEMBER 12, 2006**