



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

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

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REPORT OF INDEPENDENT ACCOUNTANTS

Warren-Trumbull County Public Library
Trumbull County
444 Mahoning Ave. 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, 2001 and December 31, 2000. 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, 2001 and December 31, 2000, 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 March 29, 2002 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.

Jim Petro
Auditor of State

March 29, 2002

**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, 2001**

	<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 Fund Types</u>	
Cash Receipts:						
Other Government Grants-In-Aid	\$4,229,917					\$4,229,917
Property and Other Local Taxes	20,000	\$459,077	\$269,961			749,038
Intergovernmental		74,936				74,936
Patron Fines and Fees	108,345	19,031				127,376
Earnings on Investments	44,115	6,012		\$3,927	\$1,413	55,467
Services Provided to Other Entities	649					649
Contributions, Gifts and Donations	1,600	82,523			1,612	85,735
Miscellaneous Receipts	42,029					42,029
Total Cash Receipts	<u>4,446,655</u>	<u>641,579</u>	<u>269,961</u>	<u>3,927</u>	<u>3,025</u>	<u>5,365,147</u>
Cash Disbursements:						
Current:						
Salaries and Benefits	3,173,047					3,173,047
Supplies	130,904	745			457	132,106
Purchased and Contracted Services	472,313	57,385				529,698
Library Materials and Information	827,778	7,178			1,934	836,890
Other Objects	25,096	2,027				27,123
Debt Service:						
Redemption of Principal			256,486			256,486
Interest Payments			13,475			13,475
Capital Outlay	452,427	366,131			56,288	874,846
Total Cash Disbursements	<u>5,081,565</u>	<u>433,466</u>	<u>269,961</u>		<u>58,679</u>	<u>5,843,671</u>
Total Cash Receipts Over/(Under) Cash Disbursements:	<u>(634,910)</u>	<u>208,113</u>		<u>3,927</u>	<u>(55,654)</u>	<u>(478,524)</u>
Fund Cash Balances, January 1, 2001	<u>951,883</u>	<u>164,078</u>		<u>94,775</u>	<u>71,582</u>	<u>1,282,318</u>
Fund Cash Balances, December 31, 2001	<u>\$316,973</u>	<u>\$372,191</u>		<u>\$98,702</u>	<u>\$15,928</u>	<u>\$803,794</u>
Reserves for Encumbrances, December 31, 2001	<u>\$103,123</u>	<u>\$2,926</u>				<u>\$106,049</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 AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Governmental Fund Types</u>					Totals
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Fiduciary Fund Types</u>	<u>(Memorandum Only)</u>
Cash Receipts:						
Other Government Grants-In-Aid	\$4,166,690					\$4,166,690
Property and Other Local Taxes	219,097	\$263,124	\$269,961			752,182
Intergovernmental	36,503	36,801				73,304
Patron Fines and Fees	102,027	13,956				115,983
Earnings on Investments	62,508	12,318		\$8,211	\$1,328	84,365
Services Provided to Other Entities	646	113				759
Contributions, Gifts and Donations	326	30,687			1,856	32,869
Miscellaneous Receipts	20,351					20,351
Total Cash Receipts	<u>4,608,148</u>	<u>356,999</u>	<u>269,961</u>	<u>8,211</u>	<u>3,184</u>	<u>5,246,503</u>
Cash Disbursements:						
Current:						
Salaries and Benefits	2,804,316					2,804,316
Supplies	113,134	3,756				116,890
Purchased and Contracted Services	526,694	45,742				572,436
Library Materials and Information	833,119	9,730			2,174	845,023
Other Objects	28,225	2,650				30,875
Debt Service:						
Redemption of Principal			245,092			245,092
Interest Payments			24,869			24,869
Capital Outlay	<u>11,591</u>	<u>377,307</u>		<u>4,329</u>		<u>393,227</u>
Total Cash Disbursements	<u>4,317,079</u>	<u>439,185</u>	<u>269,961</u>	<u>4,329</u>	<u>2,174</u>	<u>5,032,728</u>
Total Cash Receipts Over/(Under) Cash Disbursement	<u>291,069</u>	<u>(82,186)</u>		<u>3,882</u>	<u>1,010</u>	<u>213,775</u>
Other Financing Receipts/ (Disbursements):						
Proceeds from Sale of Property	25					25
Transfers-In	131,700					131,700
Transfers-Out				(131,700)		(131,700)
Total Other Financing Receipts/(Disbursements)	<u>131,725</u>			<u>(131,700)</u>		<u>25</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	422,794	(82,186)		(127,818)	1,010	213,800
Fund Cash Balances, January 1, 2000	<u>529,089</u>	<u>246,264</u>		<u>222,593</u>	<u>70,572</u>	<u>1,068,518</u>
Fund Cash Balances, December 31, 2000	<u>\$951,883</u>	<u>\$164,078</u>		<u>\$94,775</u>	<u>\$71,582</u>	<u>\$1,282,318</u>
Reserves for Encumbrances, December 31, 2000	<u>\$66,206</u>	<u>\$2,005</u>				<u>\$68,211</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, 2001 AND DECEMBER 31, 2000**

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. Three trustees are appointed by the common pleas judge and four are appointed by the 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 included in fund cash balances. 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. Mutual funds are recorded at fair market value when donated. The investment in Star Ohio (the State Treasurer's Investment Pool) is valued at amounts reported by the State Treasurer.

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, 2001 AND DECEMBER 31, 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -(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 Funds:

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.

Bill and Melinda Gates Foundation Fund - This fund was used to record the receipts and expenditures from the Foundation for the purchase of computers and software for the use of Library patrons.

3. Debt Service Funds

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

4. Capital Projects 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:

Hodd Fund (Cortland) - This is an expendable trust fund. Monies are to be used for the Cortland Branch.

Jennie H. Gilmer Fund - This is an expendable trust fund. The Library spends \$1,000 of this trust each year on paintings and prints for the library.

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 young 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.

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND DECEMBER 31, 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -(continued)

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.

E. Budgetary Process

The Ohio Administrative Code requires budgeting for each fund annually.

1. Appropriations

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 object level of control.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1.

3. Encumbrances

The Ohio Administrative Code requires the Library to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

Effective January 1, 2001, the Ohio Administrative Code amended library budgetary requirements. Libraries are not required to estimate resources or encumber appropriations.

A summary of 2001 and 2000 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.

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND DECEMBER 31, 2000
(Continued)**

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Library maintains a cash and investment 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:

	2001	2000
Demand deposits	\$6,974	\$8,575
Certificates of deposit	15,290	13,877
Total deposits	22,264	22,452
Mutual Funds	30,416	30,416
Repurchase agreement	51,051	365,040
STAR Ohio	700,063	864,410
Total investments	781,530	1,259,866
Total deposits and investments	\$803,794	\$1,282,318

At December 31, 2001 and December 31, 2000, the Library held \$30,416 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 either (1) insured by the Federal Depository Insurance Corporation, (2) collateralized by securities specifically pledged by the financial institution to the Library, or (3) collateralized by the financial institution's public entity deposit pool.

Investments: Repurchase Agreements are held in book-entry form by the Federal Reserve, in the name of the Library's financial institution. The financial institution maintains records identifying the Library as owner of these mutual funds. Investments in STAR Ohio and mutual funds are not evidenced by securities that exist in physical or book-entry form.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2001 and December 31, 2000 follows:

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$5,473,251	\$5,184,688	\$288,563
Special Revenue	618,931	436,392	182,539
Debt Service	269,961	269,961	0
Capital Projects	0	0	0
Fiduciary	59,201	58,678	523
Total	\$6,421,344	\$5,949,719	\$471,625

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND DECEMBER 31, 2000
(Continued)**

3. BUDGETARY ACTIVITY (continued)

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$4,739,873	\$4,739,873	\$0
Special Revenue	356,999	356,999	0
Debt Service	269,961	269,961	0
Capital Projects	8,210	8,211	1
Fiduciary	3,185	3,185	0
Total	<u>\$5,378,228</u>	<u>\$5,378,229</u>	<u>\$1</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$5,036,000	\$4,383,285	\$652,715
Special Revenue	581,181	441,190	139,991
Debt Service	269,961	269,961	0
Capital Projects	136,029	136,029	0
Fiduciary	59,763	2,174	57,589
Total	<u>\$6,082,934</u>	<u>\$5,232,639</u>	<u>\$850,295</u>

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.

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 Intergovernmental. 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.

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND DECEMBER 31, 2000
(Continued)**

5. DEBT

Debt outstanding at December 31, 2001 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
General Obligation Bonds	\$132,482	5%

The debt issuance consisted of a \$1,200,000 Commercial Construction Term Loan whose proceeds were used to construct the Howland 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 was repaid in 19 quarterly installments of principal and interest, each in the amount \$67,490 beginning August 13, 1997.

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

<u>Year ending December 31:</u>	<u>General Obligation Notes</u>
2002	\$134,980

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. For 2001 and 2000, the Library's PERS members contributed 8.5% of their gross salaries. The Library "picked up" the employee portion of PERS for all full-time employees. The Library contributed an amount equal to 13.55% of participants' gross salaries through June 30, 2000. PERS temporarily reduced the employer contribution rate to 8.13% effective July 1, 2000. The Library has paid all contributions required through December 31, 2001.

7. RISK MANAGEMENT

The Warren-Trumbull County 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. SUBSEQUENT EVENTS

The Library issued debt of \$1,100,000 with Cortland Banks in March of 2002 for the Liberty Branch Construction project.



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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Warren-Trumbull County Public Library
Trumbull County
444 Mahoning Ave. 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, 2001 and December 31, 2000, and have issued our report thereon dated March 29, 2002. 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
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
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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.

Jim Petro
Auditor of State

March 29, 2002



**STATE OF OHIO
OFFICE OF THE AUDITOR**

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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 Bablitt

CLERK OF THE BUREAU

**CERTIFIED
MAY 9, 2002**