



Mary Taylor, CPA  
Auditor of State



**BRISTOL PUBLIC LIBRARY  
TRUMBULL COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Accountants' Report.....	1
Management's Discussion and Analysis.....	3
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Assets – Cash Basis .....	9
Statement of Activities – Cash Basis .....	10
Fund Financial Statements:	
Statement of Cash Basis Assets and Fund Balances – Governmental Funds.....	11
Statement of Cash Receipts, Disbursements, and Changes in Cash Basis Fund Balances – Governmental Funds .....	12
Statement of Receipts, Disbursements, and Changes in Fund Balance – Budget and Actual – (Budget Basis) – General Fund.....	13
Notes to the Basic Financial Statements .....	15
Independent Accountants' Report on Internal Control Over Financial Reporting And on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	25

**THIS PAGE INTENTIONALLY LEFT BLANK.**



# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Bristol Public Library  
Trumbull County  
P.O. Box 220  
1855 Greenville Road NW  
Bristolville, Ohio 44402

To the Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Bristol Public Library, Trumbull County, Ohio (the Library), as of and for the year ended December 31, 2007, which collectively comprise the Library's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Library's management. Our responsibility is to express opinions 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. The Library processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Library because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinions.

As discussed in Note 2, the accompanying financial statements and notes follow the cash accounting basis. 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 cash financial position of the governmental activities, the major fund, and the aggregate remaining fund information of the Bristol Public Library, Trumbull County, Ohio, as of December 31, 2007, and the respective changes in cash financial position and the budgetary comparison for the General Fund thereof for the year then ended in conformity with the basis of accounting Note 2 describes.

For the year ended December 31, 2007, the Library revised its financial presentation comparable to the requirements of Governmental Accounting Standard No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 12, 2010, 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.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information the Governmental 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.

A handwritten signature in cursive script that reads "Mary Taylor".

**Mary Taylor, CPA**  
Auditor of State

February 12, 2010

**Bristol Public Library**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2007*  
*Unaudited*

---

This discussion and analysis of the Bristol Public Library's (the Library) financial performance provides an overall review of the Library's financial activities for the year ended December 31, 2007 within the limitations of the Library's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Library's financial performance.

**Highlights**

Key highlights for 2007 are as follows:

- Net assets of governmental activities increased \$127,391 or 17.3 percent, a significant change from 2006 to 2007. This increase was a direct result of increased accountability in the financial operations of the Library. The fund most affected by the increase in cash and cash equivalents was the General Fund enabling the transfer of funds to a Building and Repair fund.
- The Library's general receipts are primarily from the Library and Local Government Support Fund. The Library and Local Government Support revenues provided 80.2 percent of the total cash received for governmental activities in 2007.

**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 the 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. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the 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.

**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 its financial statements on a cash basis of accounting per Auditor of State Bulletin 2005-002 and GASB Statement No. 34. 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 related 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.

**Bristol Public Library**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2007*  
*Unaudited*

---

**Reporting the Library as a Whole**

The statement of net assets and the statement of activities reflect how the Library did financially during 2007, within the limitations of cash basis accounting. The statement of net assets presents 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 program's goods or services. General 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 property tax base, the condition of the Library's capital assets and infrastructure, the extent of the Library's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue source; Library and Local Government Support.

In the statement of net assets and the statement of activities, the Library reports:

Governmental activities: All of the Library's programs and basic services are reported here including general public service, administration and capital outlay. Library and local government support finances most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

**Reporting the Library'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. The funds of the Library are categorized as governmental.

Governmental Funds - All of the Library's activities are reported in governmental funds. The governmental funds 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 fund (General Fund) is presented on the financial statements in a separate column. 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.



**Bristol Public Library**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2007*  
*Unaudited*

---

**The Library as a Whole**

Table 1 provides a comparison of the Library's net assets for 2007 and 2006 on a modified cash basis:

**TABLE 1**  
**Statement of Net Assets**

	Governmental Activities	
	2007	2006
<b>Assets</b>		
Cash and Cash Equivalents	\$865,056	\$737,665
<b>Net Assets</b>		
Restricted		
Capital Projects	514,856	0
Permanent Funds	70,027	63,686
Unrestricted	280,173	673,979
	\$865,056	\$737,665

As mentioned previously, net assets of governmental activities increased \$127,391 or 17.3 percent during 2007.

Table 2 reflects the changes in net assets in 2007. This is the first year the Library has prepared cash basis statements. A comparative analysis of government-wide data will be presented for future years.

**Bristol Public Library**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2007*  
*Unaudited*

---

**TABLE 2**  
**Changes in Net Assets**

	<u>Governmental Activities</u>
	<u>2007</u>
<b>Receipts</b>	
Program Receipts:	
Charges for Services	\$24,160
<i>Total Program Receipts</i>	<u>24,160</u>
General Receipts:	
Unrestricted Gifts	75
Grants and Entitlements	494,450
Interest	97,030
Miscellaneous	443
<i>Total General Receipts</i>	<u>591,998</u>
<i>Total Receipts</i>	<u>616,158</u>
 <b>Program Expenses</b>	
Library Services:	
Public Service	407,238
Administration	74,666
Capital Outlay	6,863
<i>Total Program Expenses</i>	<u>488,767</u>
Increase in Net Assets	127,391
Net Assets Beginning of Year	<u>737,665</u>
Net Assets End of Year	<u>\$865,056</u>

Program receipts of \$24,160 in 2007 are primarily comprised of patron fees and rentals.

Virtually all of the Library's total receipts are General receipts, and of the total amount, grants and entitlements account for 83.5 percent in 2007. Other receipts are insignificant and somewhat unpredictable revenue sources.

The majority of the Library's expenses are for public services at 83.3 percent of total expenses; leaving only 16.7 percent remaining for administration and capital outlay.

**Bristol Public Library**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2007*  
*Unaudited*

---

**Governmental Activities**

If you look at the Statements of Activities on page 10, you will see that the first column lists the major services provided by the Library. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for public services, administration and capital outlay. The next column of the Statement entitled Program Cash Receipts identifies amounts paid by people who are directly charged for the service received by the Library that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from Library and Local Government Support Fund, investment income, contributions and gifts and miscellaneous. These net costs are paid from the general receipts which are presented at the bottom of the Statement.

**The Library's Funds**

Total governmental funds had receipts of \$616,158 and disbursements of \$488,767 for 2007. From 2006 to 2007, the fund balance of the General Fund decreased \$393,806 as the result of a transfer of cash from the General Fund in 2007 to the Building and Repair Fund.

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

During 2007, the difference between final budgeted receipts and actual receipts was not significant.

Original and final disbursements were budgeted at \$533,678; while budgeted disbursements were \$501,012 for 2007. The Library kept spending very close and in all instances under the budgeted amounts.

**Debt and Capital Assets**

The Library currently has no outstanding debt. The Library has chosen not to present capital assets as part of its financial statements. The Library does, however, track their capital assets even though they are not presented.

**Current Issues**

The challenge for all governments is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding.

The primary source of revenue for Ohio public libraries is the Library and Local Government Support Fund (LLGSF). The LLGSF was enacted in 1985 by the State of Ohio incorporating the intangible tax into the State's personal income tax. Currently the LLGSF is funded with 2.2% of the receipts of personal income tax and is distributed to each county monthly through an equalization formula. However, due to the budget deficits in the State of Ohio, public libraries are susceptible to attempts by the State to divert the LLGSF for other uses.

**Bristol Public Library**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2007*  
*Unaudited*

---

One significant challenge the Library faces is finding a way to pay for capital projects into the future. The funding that is currently being received will need to be used for operating costs so there will be no additional funds within the current operating budget to fund significant capital projects. The Library Board of Trustees has addressed this concern by transferring \$500,000 into a Building and Repair Fund established in 2007.

**Contacting the Library'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 Deborah Messick, Fiscal Officer, Bristol Public Library, 1855 Greenville Rd., P.O. Box, Bristolville, OH 44402.

**Bristol Public Library, Trumbull County**

*Statement of Net Assets - Cash Basis*

*December 31, 2007*

---

---

	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u><u>\$865,056</u></u>
<b>Net Assets</b>	
Restricted for:	
Capital Projects	\$514,856
Permanent Fund:	70,027
Unrestricted	<u>280,173</u>
<i>Total Net Assets</i>	<u><u>\$865,056</u></u>

See accompanying notes to the basic financial statements

**Bristol Public Library, Trumbull County**

*Statement of Activities - Cash Basis  
For the Year Ended December 31, 2007*

	Cash Disbursements	Program Cash Receipts	Net (Disbursements) Receipts and Changes in Net Assets
		Charges for Services and Sales	Governmental Activities
<b>Governmental Activities</b>			
Library Services:			
Public Service	\$407,238	\$24,160	(\$383,078)
Administration	74,666		(74,666)
Capital Outlay	6,863		(6,863)
<i>Total Governmental Activities</i>	<u>\$488,767</u>	<u>\$24,160</u>	(464,607)
<b>General Receipts</b>			
Unrestricted Gifts and Contributions			75
Grants and Entitlements not Restricted to Specific Programs			494,450
Interest			97,030
Miscellaneous			443
<i>Total General Receipts</i>			<u>591,998</u>
Change in Net Assets			127,391
<i>Net Assets Beginning of Year - Restated (See Note 3)</i>			<u>737,665</u>
<i>Net Assets End of Year</i>			<u><u>\$865,056</u></u>

See accompanying notes to the basic financial statements

**Bristol Public Library, Trumbull County**  
*Statement of Cash Basis Assets and Fund Balances*  
*Governmental Funds*  
*December 31, 2007*

	General	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$280,173	\$584,883	\$865,056
<b>Fund Balances</b>			
Reserved:			
Reserved for Encumbrances	\$12,245		\$12,245
Unreserved:			
Undesignated, Reported in:			
General Fund	267,928		267,928
Capital Projects Funds		\$514,856	514,856
Permanent Funds		70,027	70,027
<i>Total Fund Balances</i>	<u>\$280,173</u>	<u>\$584,883</u>	<u>\$865,056</u>

See accompanying notes to the basic financial statements

**Bristol Public Library, Trumbull County**  
*Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances*  
*Governmental Funds*  
*For the Year Ended December 31, 2007*

	General	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>			
Intergovernmental	\$494,450		\$494,450
Patron Fines and Fees	12,610		12,610
Contributions, Gifts and Donations	75		75
Rentals	11,550		11,550
Interest	75,833	\$21,197	97,030
Miscellaneous	443		443
<i>Total Receipts</i>	<u>594,961</u>	<u>21,197</u>	<u>616,158</u>
<b>Disbursements</b>			
Current:			
Library Services:			
Public Service	407,238		407,238
Administration	74,666		74,666
Capital Outlay	6,863		6,863
<i>Total Disbursements</i>	<u>488,767</u>	<u>0</u>	<u>488,767</u>
<i>Excess of Receipts Over Disbursements</i>	<u>106,194</u>	<u>21,197</u>	<u>127,391</u>
<b>Other Financing Sources (Uses)</b>			
Transfers In		500,000	500,000
Transfers Out	(500,000)		(500,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(500,000)</u>	<u>500,000</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	(393,806)	521,197	127,391
<i>Fund Balances Beginning of Year</i>	<u>673,979</u>	<u>63,686</u>	<u>737,665</u>
<i>Fund Balances End of Year</i>	<u><u>\$280,173</u></u>	<u><u>\$584,883</u></u>	<u><u>\$865,056</u></u>

See accompanying notes to the basic financial statements



**Bristol Public Library, Trumbull County**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual -Budget Basis*  
*General Fund*  
*For the Year Ended December 31, 2007*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Intergovernmental	\$533,678	\$533,678	\$494,450	(\$39,228)
Patron Fines and Fees	3,419	10,037	12,610	2,573
Contributions, Gifts and Donations	20	60	75	15
Rentals	3,131	9,193	11,550	2,357
Interest	20,559	60,358	75,833	15,475
Miscellaneous	120	353	443	90
<i>Total receipts</i>	560,928	613,678	594,961	(18,717)
<b>Disbursements</b>				
Current:				
Library Services:				
Public Service	430,688	430,688	408,892	21,796
Administration	93,390	93,390	85,257	8,133
Capital Outlay	9,600	9,600	6,863	2,737
<i>Total Disbursements</i>	533,678	533,678	501,012	32,666
<i>Excess of Receipts Over Disbursements</i>	27,250	80,000	93,949	13,949
<b>Other Financing Uses</b>				
Transfers Out		(500,000)	(500,000)	0
<i>Total Other Financing Uses</i>	0	(500,000)	(500,000)	0
<i>Net Change in Fund Balance</i>	27,250	(420,000)	(406,051)	13,949
<i>Fund Balance Beginning of Year</i>	673,979	673,979	673,979	0
<i>Fund Balance End of Year</i>	\$701,229	\$253,979	\$267,928	\$13,949

See accompanying notes to the basic financial statements

**THIS PAGE INTENTIONALLY LEFT BLANK.**

**Bristol Public Library**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2007*

---

---

**Note 1 – Description of the Library and Reporting Entity**

The Bristol Public Library (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 has its own Board of Trustees of seven members who are appointed by the Bristol Local School Board of Education. 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 provides the community with various educational and literary resources.

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 financial 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.

The Friends of the Bristol Public Library is a not-for-profit organization with a self-appointing board. The Library is not financially accountable for any of the organizations, nor does the Library approve the budgets or the issuance of debt for the organization. Therefore, this organization has been excluded from the reporting entity of the Library.

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

**Note 2 - Summary of Significant Accounting Policies**

As discussed further under Basis of Accounting below, the financial statements of the Library have been prepared 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.

The most significant of the Library's accounting policies are described below.

**A. Basis of Presentation**

The Library's basic financial statements consist of government-wide 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.

**Bristol Public Library**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2007*

---

---

**Note 2 - Summary of Significant Accounting Policies (Continued)**

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. Governmental activities generally are financed through taxes, intergovernmental receipts and other nonexchange transactions.

The statement of net assets presents 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 program's goods or services. General receipts are all receipts not classified as program receipts, with certain 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 in order to aid financial 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. The major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

B. Fund Accounting

The Library uses funds 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 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 following is the Library's major governmental fund:

General Fund - The general fund accounts 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 other governmental funds of the Library account for other resources whose use is restricted to a particular purpose.

**Bristol Public Library**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2007*

---

---

**Note 2 - Summary of Significant Accounting Policies (Continued)**

**C. 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.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (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.

**D. Budgetary Process**

All funds are legally required to be appropriated. The appropriations resolution is the Trustee's authorization to spend resources and sets 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 object 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 should not 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.

**E. Cash and Cash Equivalents**

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 (contra revenue), respectively.

**Bristol Public Library**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2007*

---

---

**Note 2 - Summary of Significant Accounting Policies (Continued)**

During 2007 investments were limited to a sweep checking account, STAROhio, and nonnegotiable certificates of deposit. Except for Star Ohio, all 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 Rule2a7 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, 2007.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest receipts credited to the general fund during 2007 amounted to \$75,833.

**F. Restricted Assets**

Cash, cash equivalents, and investments 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. The Library had no restricted assets at year end.

**G. 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.

**H. 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.

**I. Interfund Receivables/Payables**

The Library reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements. The Library had no advances.

**J. 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.

**K. 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 Notes 8 and 9, the employer contributions include portions for pension benefits.

**Bristol Public Library**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2007*

---

---

**Note 2 - Summary of Significant Accounting Policies (Continued)**

L. 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.

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.

M. Fund Balance Reserves

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 balance indicates that portion of fund balance which is available for appropriation in future periods. A fund balance reserve has been established for encumbrances.

N. Interfund Transactions

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies 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 (and after nonoperating receipts/disbursements in proprietary funds). Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

**Note 3 – Change in Basis of Accounting and Restatement of Fund Equity**

For the year ended December 31, 2006, the Library reported fund financial statements by fund type using the regulatory basis of accounting as prescribed by the State Auditor's Office. For the year ended December 31, 2007, the Library revised its financial presentation comparable to the requirements of GASB Statement No. 34, "Basis Financial Statements – and Management's Discussion and Analysis for State and Local Governments". The financial statements now include entity-wide financial statements, which present information for the Library as a whole, and fund financial statements, which present information for individual major funds rather than by fund type.

The Library also implemented GASB Statement No. 37, which clarifies certain provisions of Statement No. 34, including the required content of the Management's Discussion and Analysis, the classification of program revenues and the criteria for determining major funds, and GASB Statement No. 38, which modifies, establishes and rescinds certain financial statement note disclosures.

For fiscal year 2007, the Library has implemented GASB Statement No. 40, "Deposits and Investment Risk Disclosure". GASB Statement No. 40 creates new disclosure requirements for deposits and investments related to credit risk, concentration of credit risk, interest rate risk and foreign currency risk. The implementation of this statement had no effect on the Library's prior financial statements.

**Bristol Public Library**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2007*

---

---

**Note 3 – Change in Basis of Accounting and Restatement of Fund Equity (Continued)**

The transition from the regulatory basis of accounting to the cash basis of accounting generated the following changes to fund balances as previously reported at December 31, 2006.

	<u>General</u>	<u>Permanent</u>	<u>Total</u>
Fund Balance, December 31, 2006	\$735,280	\$63,686	\$798,966
Fund Reclassification	<u>(61,301)</u>	<u>0</u>	<u>(61,301)</u>
Adjusted Fund Balance, December 31, 2006	<u>\$673,979</u>	<u>\$63,686</u>	<u>\$737,665</u>

**Note 4 – 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 comparison of actual results with the budget. The difference 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).

**Note 5 – Grants-In-Aid**

The primary source of revenue for Ohio public libraries is the Library and Local Government Support Fund (LLGSF). The LLGSF is 2.2% of the State personal income tax. It is currently frozen at 2001 fiscal level. The LLGSF is allocated to each county based on the county’s prior year LLGSF revenues and population. The County Budget Commission allocates these funds to the Library based on it needs such as 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 any additional revenues the Library receives.

**Note 6 - Deposits and Investments**

Monies held by the Library are classified by State statute 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, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Board 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.



**Bristol Public Library**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2007*

---

---

**Note 6 - Deposits and Investments (Continued)**

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 issuances 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 obligations 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 obligations 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).

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.

**Deposits**

Custodial credit risk for deposits is the risk that in the event of bank failure, the Library will not be able to recover deposits or collateral securities that are in the possession of an outside party. At December 31, 2007, \$443,707 of the Library's bank balance of \$693,707 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institutions' trust departments or agents, 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.

**Bristol Public Library**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2007*

**Note 6 - Deposits and Investments (Continued)**

Investments

As of December 31, 2007, the Library had the following investments:

Investment Type	Fair Value	Maturity
STAROhio	\$103,436	Less than 6 months
STAROhio Maltby Trust	70,019	Less than 6 months
Total Investments	\$173,455	

*Interest Rate Risk:* Risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The Library's investment policy addresses interest rate risk by requiring that the Library's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments, thereby avoiding that need to sell securities on the open market prior to maturity, and by investing operating funds primarily in short-term investments.

*Credit Risk:* STAROhio 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.

**Note 7 - Risk Management**

The Library is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2007, the Library contracted with several companies for various types of insurance coverage as follows:

Company	Type of Coverage	Deductible	Coverage
Grange Mutual Casualty Co	General Liability	N/A	\$1,000,000
	Computer coverage	\$500	57,593
	Fine Arts	N/A	28,173
	Buildings, Personal Property and Earthquake	N/A	1,396,000
	Public Official Liability	N/A	30,000
	All other covered property	N/A	798,810

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. There was an increase in computer hardware coverage for the computer system in the fiscal office per UAN requirements.

The Library pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs. The System administers and pays all claims.

**Bristol Public Library**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2007*

---

---

**Note 8 - Defined Benefit Pension Plan**

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% 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 E. Town St., Columbus, Ohio 43215-4642 or by calling (614) 222-6705 or (800) 222-7377.

For the year ended December 31, 2007 all Library employees were members of the traditional plan and were required to contribute 9.5 percent of their annual covered salaries. The Library's contribution rate for pension benefits for 2007 was 13.85 percent. 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 year ended December 31, 2007 were \$20,973; the full amount has been contributed for 2007.

**Note 9 - Postemployment Benefits**

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in *GASB Statement No. 12*. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2007 local government employer contribution rate was 13.85 percent of covered payroll; 4.00 percent of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2007, include a rate of return on investments of 8.00 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase between 1.00 and 6.00 annually for the next eight years and 4.00 percent annually after eight years.

**Bristol Public Library**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2007*

---

---

**Note 9 - Postemployment Benefits (Continued)**

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually.

The number of active contributing participants in the traditional and combined plans was 376,109. Actual employer contributions for 2007 which were used to fund postemployment benefits were \$8,566. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2007, (the latest information available) were \$10.8 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$29.5 billion and \$18.7 billion, respectively.

On September 9, 2004 the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care costs. Member and employer contribution rates increased as of January 1, 2006, which will allow additional funds to be allocated to the health care plan.

**Note 10 – Interfund Transfers**

The general fund transferred \$500,000 to a Building and Repair fund for the purchase and maintenance of various items throughout the Library.



# Mary Taylor, CPA

## Auditor of State

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

Bristol Public Library  
Trumbull County  
P.O. Box 220  
1855 Greenville Road NW  
Bristolville, Ohio 44402

To the Board of Trustees:

We have audited the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Bristol Public Library, Trumbull County, Ohio (the Library) as of and for the year ended December 31, 2007, which collectively comprise the Library's basic financial statements and have issued our report thereon dated February 12, 2010. We also noted the Library uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Library. However, *Government Auditing Standards* permits the Auditor of state to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and the Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. 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 as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Library's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Library's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Library's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Library's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Library's internal control will not prevent or detect a material financial statement misstatement.

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

Voinovich Government Center / 242 Federal Plaza W. / Suite 302 / Youngstown, OH 44503-1293

Telephone: (330) 797-9900 (800) 443-9271 Fax: (330) 797-9949

[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

### **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 have a 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 such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

We intend this report solely for the information and use of the management and Board of Trustees. We intend it for no one other than these specified parties.

A handwritten signature in cursive script that reads "Mary Taylor".

**Mary Taylor, CPA**  
Auditor of State

February 12, 2010



Mary Taylor, CPA  
Auditor of State

**BRISTOL 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  
MARCH 25, 2010**