



Dave Yost • Auditor of State

WARREN-TRUMBULL COUNTY PUBLIC LIBRARY
TRUMBULL COUNTY

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

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

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of Warren-Trumbull County Public Library, Trumbull County, (the Library) as of and for the years ended December 31, 2015 and 2014.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Library's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Library's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statements, the Library prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Library does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Library as of December 31, 2015 and 2014, or changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of Warren-Trumbull County Public Library, Trumbull County as of December 31, 2015 and 2014, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

Emphasis of Matter

As discussed in Note 7 to the financial statements, the Library had a prior period adjustment that affected General and Special Revenue fund balances. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 7, 2016, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Library's internal control over financial reporting and compliance.



Dave Yost
Auditor of State
Columbus, Ohio

November 7, 2016

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

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2015**

	General	Special Revenue	Capital Projects	Permanent	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$2,135,824				\$2,135,824
Public Library	3,818,154				3,818,154
Intergovernmental	1,000	4,999	58,805		64,804
Patron Fines and Fees	135,910				135,910
Services Provided to Other Entities	10,904				10,904
Contributions, Gifts and Donations	24,260	67,907			92,167
Earnings on Investments	3,297		653		3,950
Lease of Old Cortland branch		16,080			16,080
Miscellaneous	2,517				2,517
<i>Total Cash Receipts</i>	<u>6,131,866</u>	<u>88,986</u>	<u>59,458</u>		<u>6,280,310</u>
Cash Disbursements					
Current:					
Library Services:					
Public Services and Programs	4,539,347	10,073			4,549,420
Collection Development and Processing	813,701				813,701
Support Services:					
Facilities Operation and Maintenance	340,732	864	61,624		403,220
Business Administration	38,355				38,355
Capital Outlay	18,953	15,000	187,886		221,839
<i>Total Cash Disbursements</i>	<u>5,751,088</u>	<u>25,937</u>	<u>249,510</u>		<u>6,026,535</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>380,778</u>	<u>63,049</u>	<u>(190,052)</u>		<u>253,775</u>
Other Financing Receipts (Disbursements)					
Sale of Capital Assets	9,600				9,600
Transfers In		36,546	299,430		335,976
Transfers Out	(335,976)				(335,976)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(326,376)</u>	<u>36,546</u>	<u>299,430</u>		<u>9,600</u>
<i>Net Change in Fund Cash Balances</i>	54,402	99,595	109,378		263,375
<i>Fund Cash Balances, January 1</i>	<u>765,265</u>	<u>525,305</u>	<u>1,163,408</u>	<u>9,495</u>	<u>2,463,473</u>
Fund Cash Balances, December 31					
Committed			1,267,563		1,267,563
Restricted		620,742		9,495	630,237
Assigned	61,508	4,158	5,223		70,889
Unassigned (Deficit)	758,159				758,159
<i>Fund Cash Balances, December 31</i>	<u>\$819,667</u>	<u>\$624,900</u>	<u>\$1,272,786</u>	<u>\$9,495</u>	<u>\$2,726,848</u>

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

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

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2014**

	General	Special Revenue	Capital Projects	Permanent	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$2,134,314				\$2,134,314
Public Library	3,369,238				3,369,238
Intergovernmental	25		46,920		46,945
Patron Fines and Fees	137,577				137,577
Services Provided to Other Entities	11,324				11,324
Contributions, Gifts and Donations	35,638	12,753			48,391
Earnings on Investments	3,805	0	438		4,243
Lease of Old Cortland branch		2,200			2,200
Miscellaneous	22,496		4,753		27,249
<i>Total Cash Receipts</i>	<u>5,714,417</u>	<u>14,953</u>	<u>52,111</u>		<u>5,781,481</u>
Cash Disbursements					
Current:					
Library Services:					
Public Services and Programs	4,415,331	350			4,415,681
Collection Development and Processing	790,062				790,062
Support Services:					
Facilities Operation and Maintenance	376,651	629	278,071	235	655,586
Business Administration	40,882				40,882
Capital Outlay	2,122		138,893		141,015
<i>Total Cash Disbursements</i>	<u>5,625,048</u>	<u>979</u>	<u>416,964</u>	<u>235</u>	<u>6,043,226</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>89,369</u>	<u>13,974</u>	<u>(364,853)</u>	<u>(235)</u>	<u>(261,745)</u>
Other Financing Receipts (Disbursements)					
Transfers In		20,000	322,905		342,905
Transfers Out	(185,170)		(157,735)		(342,905)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(185,170)</u>	<u>20,000</u>	<u>165,170</u>		<u>0</u>
<i>Net Change in Fund Cash Balances</i>	<u>(95,801)</u>	<u>33,974</u>	<u>(199,683)</u>	<u>(235)</u>	<u>(261,745)</u>
<i>Fund Cash Balances, January 1 (Restated - see Note 7)</i>	<u>861,066</u>	<u>491,331</u>	<u>1,363,092</u>	<u>9,730</u>	<u>2,725,219</u>
Fund Cash Balances, December 31					
Committed			1,161,254		1,161,254
Restricted		525,131		9,495	534,626
Assigned	56,188	174	2,154		58,516
Unassigned (Deficit)	709,077				709,077
<i>Fund Cash Balances, December 31</i>	<u>\$765,265</u>	<u>\$525,305</u>	<u>\$1,163,408</u>	<u>\$9,495</u>	<u>\$2,463,473</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, 2015 AND 2014**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Warren-Trumbull County Public Library (the Library), Trumbull County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Trumbull County Common Pleas Court Judge appoints three of the Trustees to govern the Library. The remaining four Trustees are appointed by the Trumbull County Board of 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. Accounting Basis

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Board 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 financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

C. Deposits and Investments

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

The Library values certificate of deposits and common stock at cost or fair value when donated. Money market mutual funds (including STAR Ohio) are recorded at share values the mutual funds report.

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 and reports all financial resources not accounted for and reported in another fund.

WARREN-TRUMBULL COUNTY PUBLIC LIBRARY
TRUMBULL COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

2. Special Revenue Funds

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Library had the following significant Special Revenue Funds:

Lease of Old Cortland Bank – This fund accounts for monies collected from a rental agreement.

3. Capital Project Funds

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Library had the following significant capital project funds:

Capital Improvement Fund – This fund utilizes transfers from the General fund to make building repairs and improvements.

Technology Fund – This fund utilizes transfers from the General fund to make purchases of computer and communication equipment and related software needs.

4. Permanent Funds

These funds account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs (for the benefit of the Library or its citizenry). The Library had the following significant permanent fund:

Kyser Fund – The earnings from this trust fund can be used for erecting new buildings, making additions to present buildings, and purchasing new equipment or books.

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 2015 and 2014 budgetary activity appears in Note 3.

F. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Library must observe constraints imposed upon the use of its governmental-fund resources.

The classifications are as follows:

1. Nonspendable

The Library classifies assets as **nonspendable** when legally or contractually required to maintain the amounts intact.

WARREN-TRUMBULL COUNTY PUBLIC LIBRARY
TRUMBULL COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

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

2. **Restricted**

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

3. **Committed**

Trustees can *commit* amounts via formal action (resolution). The Library must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

4. **Assigned**

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Library Trustees or a Library official delegated that authority by resolution, or by State Statute.

5. **Unassigned**

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Library applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

G. 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.

H. 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, 2015 AND 2014**

2. EQUITY IN POOLED DEPOSITS AND INVESTMENTS

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

	2015	2014
Demand deposits	\$1,942,039	\$1,529,137
Certificates of deposit	250,000	400,062
Total deposits	2,192,039	1,929,199
STAR Ohio	504,393	503,858
Common stock (at cost, fair value was \$22,042 and \$23,572 at December 31, 2014 and 2015, respectively.)	30,416	30,416
Total investments	534,809	534,274
Total deposits and investments	\$2,726,848	\$2,463,473

At December 31, 2015, the Library held \$23,572 in equity securities. Equity securities are not eligible investments for the Library under Ohio law.

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

Investments: 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 ending 2015 and 2014 follows:

2015 Budgeted vs. Actual Receipts			
	Budgeted	Actual	
Fund Type	Receipts	Receipts	Variance
General	\$6,160,022	\$6,141,466	(\$18,556)
Special Revenue	20,000	125,532	105,532
Capital Projects	72,000	358,888	286,888
Permanent	0	0	0
Total	\$6,252,022	\$6,625,886	\$373,864

2015 Budgeted vs. Actual Budgetary Basis Expenditures			
	Appropriation	Budgetary	
Fund Type	Authority	Expenditures	Variance
General	\$6,362,708	\$6,148,572	\$214,136
Special Revenue	413,260	30,095	383,165
Capital Projects	510,439	254,733	255,706
Permanent	9,399	0	9,399
Total	\$7,295,806	\$6,433,400	\$862,406

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014**

3. BUDGETARY ACTIVITY – (Continued)

2014 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$5,518,910	\$5,714,417	\$195,507
Special Revenue	20,000	34,953	14,953
Capital Projects	72,000	375,016	303,016
Permanent	0	0	0
Total	\$5,610,910	\$6,124,386	\$513,476

2014 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$5,855,817	\$5,866,406	(\$10,589)
Special Revenue	342,658	1,153	341,505
Capital Projects	660,767	576,853	83,914
Permanent	9,401	235	9,166
Total	\$6,868,643	\$6,444,647	\$423,996

4. GRANTS-IN-AID AND TAX RECEIPTS

The primary source of revenue for Ohio public libraries is the Public Library Fund (PLF). The State allocates PLF to each county based on the total tax revenue credited to the State’s general revenue fund during the preceding month. This method of distribution is called the “percentage of revenue” method. This method was not used for August 2011 through June 2013. During that 23 month period PLF received a designated percentage of the dollar amounts received by the fund during the corresponding month of the fiscal year 2011 “base-year” period. Effective July 2013 the statutory allocation method reverted to the “percentage of revenue” method for PLF distribution. The fund received an amount equal to a specified percentage of the amount of GRF tax revenue received during the previous month. Beginning with the July 2013 distribution the “statutory allocation method” was implemented. The calendar year 2013 entitlements were used in the computation as the basis of each county’s allocation percentage. Those percentages were used through December 2013. In December 2013 the actual calendar year entitlement was computed. Any difference was adjusted evenly to the PLF distributions from January-June 2014. In calendar year 2014 the statutory entitlement computation method continued. Estimated entitlement figures were issued to County Auditors in July 2013, December 2013 and June 2014. The actual 2014 entitlements will be computed in December 2014. The difference between the estimate and actual will be adjusted evenly in the PLF distributions made from January-June 2015.

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 Department of Taxation, Division 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 intergovernmental receipts. 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.

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014**

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

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

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

5. RETIREMENT SYSTEMS

<i>Retirement Rates</i>	<i>Year</i>	<i>Member Rate</i>	<i>Employer Rate</i>
<i>PERS – Local</i>	<i>2008 - 2015</i>	<i>10%</i>	<i>14%</i>

The Library's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2015 and 2014, OPERS members contributed 10% of their gross salaries and the Library contributed an amount equaling 14 % of participants' gross salaries. The Library has paid all contributions required through December 31, 2015.

6. RISK MANAGEMENT

Commercial Insurance

The Library has obtained commercial insurance for the following risks:

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

7. PRIOR PERIOD ADJUSTMENTS

Unrestricted funds were reported as Special Revenue funds and were required to be classified in the General fund. These adjustments caused the following restatements to the prior year fund balances.

	General Fund	Special Revenue Funds
Fund Balance at December 31, 2013	\$ 838,978	\$ 513,419
Adjustment	<u>22,088</u>	<u>(22,088)</u>
Fund Balance at January 1, 2014	\$ 861,066	\$ 491,331



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S 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 Ave NW
Warren, Ohio 44483

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of the Warren-Trumbull County Public Library, Trumbull County, (the Library) as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements and have issued our report thereon dated November 7, 2016, wherein we noted the Library followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. We also noted prior year fund balances for the General and Special Revenue funds were restated.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Library's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Library's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Library's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings that we consider material weaknesses. We consider findings 2015-001 and 2015-002 to be 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, opining 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*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Library's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Library's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State
Columbus, Ohio

November 7, 2016

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

**SCHEDULE OF FINDINGS
DECEMBER 31, 2015 AND 2014**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

1. Funds Not Properly Classified

<i>Finding Number</i>	2015-001
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MATERIAL WEAKNESS

The Library misclassified various trust funds in their annual financial reports submitted to the Auditor of State's Office (AOS) for 2015 and 2014.

Based on AOS Bulletin 2005-005, if trust funds can spend the principal and earnings for its own programs, the fund should be presented as a Special Revenue fund type. If trust funds can only spend the interest earnings for its own programs, the fund should be classified as a Permanent fund type.

The following funds were misclassified in 2014:

Fund	Amount	Classified as:	Reclassified to:
707	\$2,154	Permanent Fund	Special Revenue
708	1,129	Permanent Fund	Special Revenue
802	19	Special Revenue	Permanent
803	1,081	Special Revenue	Permanent

The following funds were misclassified in 2015:

Fund	Amount	Classified as:	Reclassified to:
707	\$4,081	Permanent	Special Revenue
708	2,851	Permanent	Special Revenue

The Library lacked procedures to properly classify funds. The Library has adjusted the accompanying financial statements to classify these funds properly.

The Library should follow the guidance in Auditor of State Bulletin 2005-005 for required fund classifications for Non-GAAP filers.

2. Fund Balance Classifications

<i>Finding Number</i>	2015-002
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MATERIAL WEAKNESS

Governmental Accounting Standards Board (GASB) Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions affect how governments report governmental funds and fund balances on their financial statements. GASB No. 54 provides clearer fund balance classifications based on how governments have determined/established constraints on resources reported in governmental funds. The five classifications are nonspendable, restricted, committed, assigned and unassigned.

Finding Number 2015-002 - (Continued)

In addition to the general fund, the Library has restricted funds within the special revenue funds, capital project funds, and permanent funds. Unencumbered balances within these funds should not be classified as unassigned but rather restricted, non-spendable, committed or assigned. In the 2014 year-end financial statements, the Library presented all fund balances in all fund types as unassigned. Reclassifications of fund balances were required to be made from unassigned to assigned, committed, or restricted in amounts ranging from \$174 to \$1,161,254. In 2015, the fund balances within the restricted funds were classified as either assigned or unassigned. Reclassifications of fund balances from unassigned to restricted or committed were required to be made in amounts ranging from \$9,495 to \$1,267,563.

In addition, in both 2014 and 2015, the Library classified several unrestricted funds as special revenue funds rather than report them in the general fund. The following funds were adjusted and combined with the general fund:

Fund	2014 Fund balances	2015 Fund balances
103 Memorial	\$994	\$601
108 Collection	3,754	4,181
109 Howland Friends	23	1,031
110 Friends of Warren Library	21	88
111 Liberty Friends	8	19
112 Cortland Friends	44	2,729
113 Brookfield Friends	6	9
Total Fund balance adjustments	\$4,850	\$8,658

These adjustments also caused restatements to the prior year fund balances.

The Library lacked procedures to properly classify fund balances and funds. The Library has adjusted the accompanying financial statements to properly classify these funds and fund balances.

To help ensure consistency in the application of GASB Statement No. 54 in the preparation of the Library's financial statements, the Library should follow their formally adopted policy regarding the criteria used in classifying the funds and fund balances in accordance with GASB Statement No. 54.

Official's Responses: The Library did not provide responses.



Dave Yost • Auditor of State

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 20, 2016