



Mary Taylor, CPA
Auditor of State

WARREN TRUMBULL COUNTY PUBLIC LIBRARY
TRUMBULL COUNTY

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Mary Taylor, CPA
Auditor of State

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

To the Board of Trustees:

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

October 1, 2008

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Warren-Trumbull County Public Library
Trumbull County
444 Mahoning Ave. NW
Warren, Ohio 444832

To the Board of Trustees:

We have audited the accompanying financial statements of the Warren-Trumbull County Public Library, Trumbull County, (the Library) as of and for the years ended December 31, 2007 and December 31, 2006. These financial statements are the responsibility of the Library's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Library's larger (i.e. major) funds separately. While the Library does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require libraries to reformat their statements. The Library has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2007 and December 31, 2006 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Library as of December 31, 2007 and December 31, 2006, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Warren-Trumbull County Public Library, Trumbull County, as of December 31, 2007, and December 31, 2006, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Library has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 1, 2008, 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.

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

Mary Taylor, CPA
Auditor of State

October 1, 2008

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

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Permanent</u>	
Cash Receipts:					
Property and Other Local Taxes	\$1,978,467		\$254,200		\$2,232,667
Library and Local Government Support	4,163,785				4,163,785
Intergovernmental	294,689	\$11,911			306,600
Patron Fines and Fees	124,528	14,763			139,291
Contributions, Gifts and Donations	438	31,881			32,319
Earnings on Investments	103,289			\$965	104,254
Miscellaneous	12,595				12,595
Total Cash Receipts	<u>6,677,791</u>	<u>58,555</u>	<u>254,200</u>	<u>965</u>	<u>6,991,511</u>
Cash Disbursements:					
Current:					
Salaries	2,655,506				2,655,506
Employee Fringe Benefits	980,995				980,995
Purchased and Contractual Services	563,943	8,000			571,943
Library Materials and Information	784,711	10,838			795,549
Supplies	121,077	1,799			122,876
Other	30,389	2,850			33,239
Capital Outlay	437,474	178,346			615,820
Debt Service:					
Redemption of Principal			236,287		236,287
Interest and Other Fiscal Charges			17,913		17,913
Total Cash Disbursements	<u>5,574,095</u>	<u>201,833</u>	<u>254,200</u>	<u>0</u>	<u>6,030,128</u>
Total Receipts Over/(Under) Disbursements	<u>1,103,696</u>	<u>(143,278)</u>	<u>0</u>	<u>965</u>	<u>961,383</u>
Other Financing Receipts / (Disbursements):					
Sale of Fixed Assets	1,162				1,162
Transfers In		12,110			12,110
Transfers Out	(12,110)				(12,110)
Total Other Financing Receipts / (Disbursements)	<u>(10,948)</u>	<u>12,110</u>	<u>0</u>	<u>0</u>	<u>1,162</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>1,092,748</u>	<u>(131,168)</u>	<u>0</u>	<u>965</u>	<u>962,545</u>
Fund Cash Balances, January 1, 2007	<u>1,171,812</u>	<u>234,122</u>	<u>0</u>	<u>14,923</u>	<u>1,420,857</u>
Fund Cash Balances, December 31, 2007	<u>\$2,264,560</u>	<u>\$102,954</u>	<u>\$0</u>	<u>\$15,888</u>	<u>\$2,383,402</u>
Reserve for Encumbrances, December 31, 2007	<u>\$116,377</u>	<u>\$2,326</u>	<u>\$0</u>	<u>\$0</u>	<u>\$118,703</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
GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2006**

	Governmental Fund Types					Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Permanent	
Cash Receipts:						
Property and Other Local Taxes	\$553,574		\$182,461			\$736,035
Library and Local Government Support	4,163,786					4,163,786
Intergovernmental	117,330	\$9,476				126,806
Patron Fines and Fees	124,819	15,744				140,563
Services Provided to Other Entities	560					560
Contributions, Gifts and Donations	332	30,656				30,988
Earnings on Investments	73,965			\$922	\$1,270	76,157
Miscellaneous	77,213					77,213
Total Cash Receipts	5,111,579	55,876	182,461	922	1,270	5,352,108
Cash Disbursements:						
Current:						
Salaries	2,413,206					2,413,206
Employee Fringe Benefits	866,470					866,470
Purchased and Contractual Services	517,514	9,943				527,457
Library Materials and Information	640,599	12,712				653,311
Supplies	123,951	3,491				127,442
Other	22,003	3,997		28,696		54,696
Capital Outlay	294,470	48,502				342,972
Debt Service:						
Redemption of Principal	51,739		158,236			209,975
Interest and Other Fiscal Charges			24,225			24,225
Total Cash Disbursements	4,929,952	78,645	182,461	28,696	0	5,219,754
Total Receipts Over/(Under) Disbursements	181,627	(22,769)	0	(27,774)	1,270	132,354
Other Financing Receipts / (Disbursements):						
Transfers In	63,990	62,700		73,089		199,779
Transfers Out	(135,789)			(63,990)		(199,779)
Total Other Financing Receipts / (Disbursements)	(71,799)	62,700	0	9,099	0	0
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	109,828	39,931	0	(18,675)	1,270	132,354
Fund Cash Balances, January 1, 2006	1,061,984	194,191	0	18,675	13,653	1,288,503
Fund Cash Balances, December 31, 2006	\$1,171,812	\$234,122	\$0	\$0	\$14,923	\$1,420,857
Reserve for Encumbrances, December 31, 2006	\$98,610	\$156,268	\$0	\$0	\$0	\$254,878

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, 2007 AND 2006**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

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

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

B. Accounting Basis

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

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

C. Cash and Investments

The Library’s accounting basis includes investments as assets. 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 certificates of deposit and common stock at cost or fair value when donated. Money market mutual funds (including STAR Ohio) are recorded at share values the mutual fund reports.

D. Fund Accounting

The Library uses fund accounting to segregate cash and investments that are restricted as to use. The Library classifies its funds into the following types:

1. General Fund

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

2. Special Revenue Funds

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

Contributions, Gifts and Donations - This fund is used to manage contributions to be used for Library expenditures.

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

3. Debt Service Fund

This fund accounts for resources the Library accumulates to pay bond and note debt. The Library has two debt service funds to account for debt payments on the construction of the Liberty Branch Library and the interest free loan from the Warren Library Association.

4. Capital Projects Fund

This fund was used to account for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The Library had the following Capital Projects Fund in 2006:

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

5. Permanent Funds

These funds account for assets held under a trust agreement that are legally restricted to the extent that only earnings, not principal, are available to support the Library's programs. The Library had the following Permanent Funds:

Kyser Fund – The earnings from 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 from this trust fund can be spent on any library activity or expense.

E. Budgetary Process

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

A summary of 2007 and 2006 budgetary activity appears in Note 3.

F. Property, Plant, and Equipment

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

G. Accumulated Leave

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

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	2007	2006
Demand deposits	\$23,002	\$47,255
Public funds money market account	2,228,647	1,247,821
Certificates of deposit	19,772	17,806
Total deposits	2,271,421	1,312,882
Common Stock (at cost, fair value was \$23,011 and \$24,640 at December 31, 2007 and 2006 respectively)	30,416	30,416
STAR Ohio	81,565	77,559
Total investments	111,981	107,975
Total deposits and investments	\$2,383,402	\$1,420,857

At December 31, 2007 the Library held \$23,011 in equity securities. Such securities are not eligible investments for the Library under Ohio law. However these equity securities are allowable because they were donated to the Library.

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

Investments: Investments in STAR Ohio are not evidenced by securities existing in physical or book-entry form.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2007 and December 31, 2006 follows:

2007 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$7,024,555	\$5,702,582	\$1,321,973
Special Revenue	298,531	204,159	94,372
Debt Service	254,200	254,200	0
Permanent	7,968	0	7,968
Total	\$7,585,254	\$6,160,941	\$1,424,313

2006 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$5,332,507	\$5,164,351	\$168,156
Special Revenue	257,459	234,913	22,546
Debt Service	182,461	182,461	0
Capital Projects	92,686	92,686	0
Total	\$5,865,113	\$5,674,411	\$190,702

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

4. GRANTS-IN-AID AND TAX RECEIPTS

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

Real property taxes become a lien on January 1 preceding the October 1 date for which the taxing authority of the subdivision to whose jurisdiction the Library is subject adopts rates. The State 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 Other Governments' Grants In Aid. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

Property owners assess tangible personal property tax. These owners must file a list of tangible property to the County by each April 30.

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

5. DEBT

Debt outstanding at December 31, 2007 was as follows:

	Principal	Interest Rate
General Obligation Note	306,740	4.25%
Promissory Note	117,972	0%
Total	\$424,712	

The general obligation debt issuance consisted of a \$1,100,000 Commercial Construction Term Loan whose proceeds were used to construct the Liberty Branch Library. This note is secured by a pledge of the Local Library Government Support Fund and all funds due to the Library under applicable law. The loan will be repaid in 28 quarterly installments of principal and interest, each in the amount of \$45,615 beginning October 9, 2002.

Warren-Trumbull County Public Library signed a promissory note with the Warren Library Association on September 1, 2005 for \$258,697. This was an interest free loan, for a HVAC project, that was to be paid back in 59 monthly installments. In 2007 the Board of Trustees voted to increase payments on the HVAC interest free loan. At 12/31/07 there were 19 monthly installments yet to be paid.

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

5. DEBT – (Continued)

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

Year ending December 31:	General Obligation Note	Promissory Note
2008	182,461	75,740
2009	137,171	42,232
Total	\$319,632	\$117,972

6. RETIREMENT SYSTEM

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 2007 and 2006, OPERS members contributed 9.5% and 9%, respectively, of their gross salaries and the Library contributed an amount equaling 13.85% and 13.7%, respectively, of participants' gross salaries. The Library has paid all contributions required through December 31, 2007.

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.

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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*

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

To the Board of Trustees:

We have audited the financial statements of the Warren-Trumbull County Public Library, Trumbull County, (the Library) as of and for the years ended December 31, 2007 and December 31, 2006, and have issued our report thereon dated October 1, 2008, wherein we noted the Library followed accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Library's internal control over financial reporting 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.

Compliance and Other Matters

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

We intend this report solely for the information and use of the audit committee, management, and the Library 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

October 1, 2008



Mary Taylor, CPA
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 2, 2008