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Certified Public Accountants, A.C.

**MCKINLEY MEMORIAL LIBRARY
TRUMBULL COUNTY
Regular Audit**

For the Year Ended December 31, 2015 and 2014

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Tax– Accounting – Audit – Review – Compilation – Agreed Upon Procedure – Consultation – Bookkeeping – Payroll
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- Association of Certified Anti - Money Laundering Specialists •



Dave Yost • Auditor of State

Board of Trustees
McKinley Memorial Library
40 Main Street
Niles, Ohio 44446

We have reviewed the *Independent Auditor's Report* of the McKinley Memorial Library, Trumbull County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2014 through December 31, 2015. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The McKinley Memorial Library is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

June 14, 2016

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**MCKINLEY MEMORIAL LIBRARY
TRUMBULL COUNTY
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INDEPENDENT AUDITOR'S REPORT

April 26, 2016

McKinley Memorial Library
Trumbull County
40 Main Street
Niles, Oh 44446

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 the **McKinley Memorial 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.



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

As described in Note 1B 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 cash balances of the McKinley Memorial 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 1B.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 26, 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.



Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

**MCKINLEY MEMORIAL LIBRARY
TRUMBULL COUNTY**

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

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts				
Property and Other Local Taxes	\$ 273,183	\$ -	\$ -	\$ 273,183
Public Library	834,816	-	-	834,816
Intergovernmental	56,090	-	-	56,090
Patron Fines and Fees	21,859	-	-	21,859
Contributions, Gifts and Donations	1,550	5,498	-	7,048
Earnings on Investments	4,163	-	-	4,163
Miscellaneous	22,338	-	-	22,338
<i>Total Cash Receipts</i>	<u>1,213,999</u>	<u>5,498</u>	<u>-</u>	<u>1,219,497</u>
Cash Disbursements				
Current:				
Public Services and Programs	184,476	4,444	-	188,920
Collection Development and Processing	392,737	-	-	392,737
Support Services:				
Facilities Operation and Maintenance	167,083	-	-	167,083
Business Administration	204,190	-	-	204,190
Capital Outlay	6,895	-	51,484	58,379
<i>Total Cash Disbursements</i>	<u>955,381</u>	<u>4,444</u>	<u>51,484</u>	<u>1,011,309</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	258,618	1,054	(51,484)	208,188
Other Financing Receipts (Disbursements)				
Transfers In	-	-	86,484	86,484
Transfer Out	(86,484)	-	-	(86,484)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(86,484)</u>	<u>-</u>	<u>86,484</u>	<u>-</u>
<i>Net Change in Fund Cash Balance</i>	172,134	1,054	35,000	208,188
<i>Fund Cash Balance, January 1</i>	<u>841,414</u>	<u>4,000</u>	<u>475,000</u>	<u>1,320,414</u>
Fund Cash Balance, December 31				
Restricted	-	5,054	-	5,054
Committed	876,549	-	510,000	1,386,549
Assigned	36,240	-	-	36,240
Unassigned	100,759	-	-	100,759
<i>Fund Cash Balance, December 31</i>	<u>\$ 1,013,548</u>	<u>\$ 5,054</u>	<u>\$ 510,000</u>	<u>\$ 1,528,602</u>

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

**MCKINLEY MEMORIAL LIBRARY
TRUMBULL COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND BALANCE (CASH BASIS)
FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Agency</u>
Operating Cash Receipts	
Services Provided to Other Entities	<u>\$ 13,657</u>
<i>Total Operating Cash Receipts</i>	<u>13,657</u>
Operating Cash Disbursements	
Salaries	6,431
Employee Fringe Benefits	1,059
Purchased and Contracted Services	<u>708</u>
<i>Total Operating Cash Disbursements</i>	<u>8,198</u>
<i>Net Change in Fund Cash Balances</i>	5,459
<i>Fund Cash Balances, January 1</i>	<u>13,860</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$ 19,319</u></u>

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

**MCKINLEY MEMORIAL LIBRARY
TRUMBULL COUNTY**

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

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$ 288,920	\$ -	\$ -	\$ 288,920
Public Library	784,533	-	-	784,533
Intergovernmental	57,229	-	-	57,229
Patron Fines and Fees	22,896	-	-	22,896
Contributions, Gifts and Donations	2,047	4,000	-	6,047
Earnings on Investments	3,072	-	-	3,072
Miscellaneous	24,359	-	-	24,359
<i>Total Cash Receipts</i>	<u>1,183,056</u>	<u>4,000</u>	<u>-</u>	<u>1,187,056</u>
Cash Disbursements				
Current:				
Public Services and Programs	206,180	4,381	-	210,561
Collection Development and Processing	410,336	-	-	410,336
Support Services:				
Facilities Operation and Maintenance	162,149	-	-	162,149
Business Administration	206,373	-	-	206,373
Capital Outlay	8,806	-	5,338	14,144
<i>Total Cash Disbursements</i>	<u>993,844</u>	<u>4,381</u>	<u>5,338</u>	<u>1,003,563</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	189,212	(381)	(5,338)	183,493
Other Financing Receipts (Disbursements)				
Transfers In	9,176	-	5,338	14,514
Transfer Out	(5,338)	(9,176)	-	(14,514)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>3,838</u>	<u>(9,176)</u>	<u>5,338</u>	<u>-</u>
<i>Net Change in Fund Cash Balance</i>	193,050	(9,557)	-	183,493
<i>Fund Cash Balance, January 1</i>	<u>648,364</u>	<u>13,557</u>	<u>475,000</u>	<u>1,136,921</u>
Fund Cash Balance, December 31				
Restricted	-	4,000	-	4,000
Committed	680,091	-	475,000	1,155,091
Assigned	60,564	-	-	60,564
Unassigned	100,759	-	-	100,759
<i>Fund Cash Balance, December 31</i>	<u>\$ 841,414</u>	<u>\$ 4,000</u>	<u>\$ 475,000</u>	<u>\$ 1,320,414</u>

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

**MCKINLEY MEMORIAL LIBRARY
TRUMBULL COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND BALANCE (CASH BASIS)
FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Agency</u>
Operating Cash Receipts	
Services Provided to Other Entities	<u>\$ 11,568</u>
<i>Total Operating Cash Receipts</i>	<u>11,568</u>
Operating Cash Disbursements	
Salaries	9,756
Employee Fringe Benefits	<u>1,546</u>
<i>Total Operating Cash Disbursements</i>	<u>11,302</u>
<i>Net Change in Fund Cash Balances</i>	266
<i>Fund Cash Balances, January 1</i>	<u>13,594</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$ 13,860</u></u>

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

**MCKINLEY MEMORIAL LIBRARY
TRUMBULL COUNTY**

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

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 McKinley Memorial Library, Trumbull County, (the Library) as a body corporate and politic. The Board of Education of the Niles City School District appoints a seven-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 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 certificates of deposit at cost and common stock at fair value when donated. STAR Ohio is 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 fund 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.

**MCKINLEY MEMORIAL LIBRARY
TRUMBULL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (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 Fund:

Special Programs/Projects- Funds received from the Friends of the Library to be used by the library for special programs/projects

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.

McKinley Birthplace Building and Repair Fund - This fund is used to account for the construction and maintenance of the Replica House.

McKinley Memorial Library Building Repair & Improvement Fund – This fund is used to account for major capital improvements and repairs to the Library.

Technology Fund – This fund is used for the purchase and update of the computers and related equipment.

4. Agency Fund

An Agency fund is purely custodial in nature and is used to hold resources for individuals, organizations and other governments. The Library disburses these funds as directed by the individual, organization or other government. The Library had the following significant agency fund:

Technology Educator Fund – The Library along with three other independent libraries in Trumbull County have collaborated to provide a technology educator in the four participating libraries. The Library serves as fiscal agent.

E. Budgetary Process

The Board must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end. Budgetary expenditures 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.

**MCKINLEY MEMORIAL LIBRARY
TRUMBULL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 classified assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

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 funds 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* amount 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.

**MCKINLEY MEMORIAL LIBRARY
TRUMBULL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

2. EQUITY IN POOLED DEPOSITS AND INVESTMENTS

The Library maintains a deposit and investments pool that 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	\$ 37,322	\$ 39,037
Certificate of Deposit	313,512	312,457
CDARs	751,180	-
Money Markets	425,846	962,727
Total Deposits	1,527,860	1,314,221
Investments:		
STAR Ohio	7,444	7,436
Common stock (at cost, fair value was \$37,754 at December 31, 2015.)	12,617	12,617
Total investments	20,061	20,053
Total deposits and investments	\$ 1,547,921	\$ 1,334,274

At December 31, 2015 the Library held \$12,617 in equity securities. Equity securities are not eligible investments for the Library under Ohio law. However, these equity securities were donated to the Library without any restrictions on the use of the funds.

Deposits: Deposits are insured by the Federal Deposit 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.

**MCKINLEY MEMORIAL LIBRARY
TRUMBULL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2015 and 2014 follows:

2015 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 1,187,134	\$ 1,213,999	\$ 26,865
Special Revenue	700	5,498	4,798
Capital Projects	-	86,484	86,484
Agency	-	13,657	13,657
Total	\$ 1,187,834	\$ 1,319,638	\$ 131,804

2015 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 1,248,289	\$ 1,078,105	\$ 170,184
Special Revenue	4,700	4,447	253
Capital Projects	475,000	54,435	420,565
Agency	13,860	8,198	5,662
Total	\$ 1,741,849	\$ 1,145,185	\$ 596,664

2014 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,185,018	\$1,192,232	\$7,214
Special Revenue	4,000	4,000	-
Capital Projects	-	5,338	5,338
Agency	3,186	11,568	8,382
Total	\$1,192,204	\$1,213,138	\$20,934

2014 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,833,382	\$1,059,746	\$773,636
Special Revenue	17,557	13,877	3,680
Capital Projects	475,000	19,578	455,422
Agency	16,779	11,302	5,477
Total	\$2,342,718	\$1,104,503	\$1,238,215

**MCKINLEY MEMORIAL LIBRARY
TRUMBULL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)**

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 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.

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

5. RETIREMENT SYSTEMS

The Library's elected officials and employees belong to the Ohio Public Employees Retirement System (OPERS) of Ohio. OPERS is a cost-sharing, multi-employer plan. The Ohio Revised Code prescribes this plan's benefits, which includes 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.

**MCKINLEY MEMORIAL LIBRARY
TRUMBULL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)**

6. TRANSFERS

During 2015 and 2014, the following transfers were made:

2015	Transfers In	Transfers Out
General	\$ -	\$ 86,484
Capital Projects	86,484	-
Total	\$ 86,484	\$ 86,484

2014	Transfers In	Transfers Out
General	\$ 9,176	\$ 5,338
Special Revenue	-	9,176
Capital Projects	5,338	-
Total	\$ 14,514	\$ 14,514

During 2015 and 2014, the Library transferred money from the General Fund to the Capital Projects Funds to increase the Capital Projects Fund balance. This money will be used for capital projects in the future. The Library also transferred money from the Special Revenue Funds to the General Fund in 2014. This money was to close out the Connect Ohio Fund. The Connect Ohio Grant ended in 2013 and all liabilities associated with the fund have been paid. The remaining \$9,176 was General Fund money contributed when the Connect Ohio Fund was established. This money has now been transferred back to the General Fund to reimburse the General Fund.

7. RISK MANAGEMENT

Commercial Insurance

The Library has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Errors and omissions

8. CONTINGENT LIABILITIES

Management believes there are no pending claims or lawsuits.



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

April 26, 2016

McKinley Memorial Library
Trumbull County
40 Main Street
Niles, Ohio 44446

To the Board of Trustees:

We have audited in accordance with auditing standards generally accepted in the United State and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the **McKinley Memorial 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 April 26, 2016, wherein we noted the Library uses a special purpose framework other than generally accepted accounting principles.

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 opinion 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. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.



...“bringing more to the table”

Tax – Accounting – Audit – Review – Compilation – Agreed Upon Procedure – Consultation – Bookkeeping – Payroll
Litigation Support – Financial Investigations

Members: American Institute of Certified Public Accountants

• Ohio Society of CPAs • West Virginia Society of CPAs • Association of Certified Fraud Examiners •
• Association of Certified Anti - Money Laundering Specialists •



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.



Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio



Dave Yost • Auditor of State

MCKINLEY MEMORIAL 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
JUNE 28, 2016**