



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

REGULAR AUDIT

**FOR THE YEARS ENDED
DECEMBER 31, 2019-2018**

OHIO AUDITOR OF STATE
KEITH FABER



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Columbus, Ohio 43215
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Members of the Board
Warren-Trumbull County Public Library
444 Mahoning Ave NW
Warren, Ohio 44483

We have reviewed the *Independent Auditor's Report* of the Warren-Trumbull County Public Library, Trumbull County, prepared by Canter & Associates, for the audit period January 1, 2018 through December 31, 2019. 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 Warren-Trumbull County Public Library is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads 'Keith Faber'.

Keith Faber
Auditor of State
Columbus, Ohio

October 20, 2020

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

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CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

Warren-Trumbull County Public Library
Trumbull County
440 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 of the Warren-Trumbull County Public Library, Trumbull County (the Library), as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements, which collectively comprise Warren-Trumbull County Public Library, Trumbull County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of 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 includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As described in Note 1 of the financial statements, the 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.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles-(continued)

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, 2019 and 2018, and the respective 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, receipts and disbursements by fund type, and related notes of Warren-Trumbull County Public Library, Trumbull County as of December 31, 2019 and 2018, for the year 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 Notes 8 and 9 to the 2019 and 2018 financial statements, respectively, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Library. 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 August 14, 2020, on our consideration of the Library's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Library's 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.



Canter & Associates
Poland, Ohio

August 14, 2020

WARREN-TRUMBULL COUNTY PUBLIC LIBRARY
TRUMBULL COUNTY

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2019**

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Permanent	
Cash Receipts:					
Property and Other Local Taxes	\$1,925,427	\$ -	\$ -	\$ -	\$1,925,427
Public Library	4,307,897	-	-	-	4,307,897
Intergovernmental	275,721	-	56,349	-	332,070
Patron Fines and Fees	88,789	-	-	-	88,789
Services Provided to Other Entities	12,755	-	-	-	12,755
Contributions, Gifts and Donations	52,320	115,940	-	-	168,260
Earnings on Investments	12,469	-	7,449	-	19,918
Lease of Old Cortland Branch	-	26,140	-	-	26,140
Miscellaneous	11,177	-	15,476	-	26,653
<i>Total Cash Receipts</i>	<u>6,686,555</u>	<u>142,080</u>	<u>79,274</u>	<u>-</u>	<u>6,907,909</u>
Cash Disbursements:					
Current:					
Library Services:					
Public Services and Programs	4,733,221	40,661	-	-	4,773,882
Collection Development and Processing	817,316	2,570	-	-	819,886
Support Services:					
Facilities Operation and Maintenance	593,944	6,566	-	-	600,510
Business Administration	33,914	-	-	-	33,914
Information Services	-	-	2,173	-	2,173
Capital Outlay	22,187	106,713	362,077	-	490,977
<i>Total Cash Disbursements</i>	<u>6,200,582</u>	<u>156,510</u>	<u>364,250</u>	<u>-</u>	<u>6,721,342</u>
<i>Excess of Receipts Over/(Under) Disbursements</i>	<u>485,973</u>	<u>(14,430)</u>	<u>(284,976)</u>	<u>-</u>	<u>186,567</u>
Other Financing Receipts/(Disbursements):					
Transfers In	-	107,228	158,600	-	265,828
Transfers Out	(265,828)	-	-	-	(265,828)
<i>Total Other Financing Receipts/(Disbursements)</i>	<u>(265,828)</u>	<u>107,228</u>	<u>158,600</u>	<u>-</u>	<u>0</u>
<i>Net Change in Fund Cash Balances</i>	220,145	92,798	(126,376)	-	186,567
Fund Cash Balances, January 1	890,822	380,649	1,289,161	9,495	2,570,127
Fund Cash Balances, December 31					
Restricted	-	473,447	-	9,495	482,942
Committed	-	-	1,155,383	-	1,155,383
Assigned	174,037	-	7,402	-	181,439
Unassigned	936,930	-	-	-	936,930
<i>Total Fund Cash Balances, December 31</i>	<u>\$1,110,967</u>	<u>\$473,447</u>	<u>\$1,162,785</u>	<u>\$9,495</u>	<u>\$2,756,694</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, 2019**

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 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 funds of the Library are presented below:

General Fund - The general fund accounts for and reports all financial resources not accounted for and reported 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.

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

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 Fund – This fund accounts for money collected from a rental agreement.

Bookmobile Fund – This fund accounts for and reports financial resources that are restricted, committed, or assigned to be used for the purchase of a bookmobile for the Library.

Warren Library Association Fund – This fund receives annual donations from the Warren Library Association to be used for general support of the library and its programs.

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.

Thomas Fund – This fund was established when the Library received a bequest from a patron, Layte Thomas. The fund is planned to be used for future Library capital expenditures.

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 2019 budgetary activity appears in Note 3.

WARREN-TRUMBULL COUNTY PUBLIC LIBRARY
TRUMBULL COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

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:

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

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.

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.

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.

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, 2019**

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:

	2019
Deposits:	
Cash on hand	\$1,005
Demand deposits	809,415
Certificates of deposit	200,000
Total deposits	1,010,420
Investments:	
STAR Ohio	534,868
U.S. Treasury Notes	1,211,406
Total investments	1,746,274
Total deposits and investments	\$2,756,694

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 year ending December 31, 2019 follows:

2019 Budgeted vs. Actual Receipts

	Budgeted	Actual	
Fund Type	Receipts	Receipts	Variance
General	\$6,570,848	\$6,686,554	\$115,706
Special Revenue	106,500	249,308	142,808
Capital Projects	57,500	237,874	180,374
Total	\$6,734,848	\$7,173,736	\$438,888

2019 Budgeted vs. Actual Budgetary Basis Expenditures

	Appropriation	Budgetary	
Fund Type	Authority	Expenditures	Variance
General	\$6,516,284	\$6,528,573	(\$12,289)
Special Revenue	392,113	364,922	27,191
Capital Projects	871,337	371,653	499,684
Permanent	9,399	0	9,399
Total	\$7,789,133	\$7,265,148	\$523,985

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019**

4. GRANTS-IN AID AND TAX RECEIPTS

Grants in Aid

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 using the statutory allocation method. Estimated entitlement figures were issued to County Auditors. The actual current year entitlements were computed in December of each year. The difference between the estimate and actual will be adjusted evenly in the PLF distributions made from January-June of each subsequent year.

Property Taxes

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

5. DEFINED BENEFIT PENSION PLANS

Ohio Public Employees 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. OPERS members contributed 10 percent, of their gross salaries and the Library contributed an amount equaling 14 percent, of participants' gross salaries. However, the Library picked up part of the employees' share of the OPERS members. As a result, some OPERS members hired prior to 2009 contributed 9% of their gross salaries and the Library contributed an amount equaling 15% of the participants gross salaries. Employees hired after 2009 contributed the normal rate. The Library has paid all contributions required through December 31, 2019.

6. POSTEMPLOYMENT BENEFITS

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, which includes multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for members in the traditional pension plan and combined plan was 0 percent during calendar year 2019. The portion of employer contributions allocated to health care for members in the member-directed plan was 4.0 percent during calendar year 2019.

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019**

7. RISK MANAGEMENT

Commercial Insurance

The Library is exposed to various risks of property and casualty losses, and injuries to employees. The Library has obtained commercial insurance for the following risks:

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

Workers Compensation

Workers' Compensation coverage is provided by the State of Ohio. 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.

8. CONSTRUCTION AND CONTRACTUAL COMMITMENTS

The citizens of Trumbull County showed their support for the W-TCPL by passing a 0.4 mil library levy in November of 2019. The library is developing plans for a 14,800 square foot one-story addition to be built onto the south side of the Warren library location.

9. CONTINGENT LIABILITIES/SUBSEQUENT EVENTS

In reference to the above listed note 8, a press release indicated that "the estimated \$8 million project is expected to go out for bids in July 2020, with construction beginning in late August of 2020. The project may take 18 to 24 months to complete." Furthermore, the W-TCPL "will be issuing municipal bonds to finance the building project."

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Library. The Library's investment portfolio and the investments of the pension and other employee benefit plans in which the Library participates fluctuate with market conditions, and due to market volatility, the amount of gains or losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the Library's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

WARREN-TRUMBULL COUNTY PUBLIC LIBRARY
TRUMBULL COUNTY

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Permanent	
Cash Receipts:					
Property and Other Local Taxes	\$1,913,138	\$ -	\$ -	\$ -	\$1,913,138
Public Library	4,135,312	-	-	-	4,135,312
Intergovernmental	276,395	-	57,595	-	333,990
Patron Fines and Fees	113,115	-	-	-	113,115
Services Provided to Other Entities	13,117	-	-	-	13,117
Contributions, Gifts and Donations	35,180	25,000	24	-	60,204
Earnings on Investments	8,201	-	6,195	-	14,396
Lease of Old Cortland Branch	-	22,223	-	-	22,223
Miscellaneous	12,542	-	-	-	12,542
<i>Total Cash Receipts</i>	<u>6,507,000</u>	<u>47,223</u>	<u>63,814</u>	<u>-</u>	<u>6,618,037</u>
Cash Disbursements:					
Current:					
Library Services:					
Public Services and Programs	4,688,317	350	-	-	4,688,667
Collection Development and Processing	806,399	-	-	-	806,399
Support Services:					
Facilities Operation and Maintenance	547,817	-	-	-	547,817
Information Services	-	-	10,083	-	10,083
Business Administration	37,169	9,267	-	-	46,436
Capital Outlay	4,127	35,544	255,966	-	295,637
<i>Total Cash Disbursements</i>	<u>6,083,829</u>	<u>45,161</u>	<u>266,049</u>	<u>-</u>	<u>6,395,039</u>
<i>Excess of Receipts Over/(Under) Disbursements</i>	<u>423,171</u>	<u>2,062</u>	<u>(202,235)</u>	<u>-</u>	<u>222,998</u>
Other Financing Receipts/(Disbursements):					
Sale of Fixed Assets	500	-	-	-	500
Transfers In	-	25,000	336,250	-	361,250
Transfers Out	(361,250)	-	-	-	(361,250)
<i>Total Other Financing Receipts/(Disbursements)</i>	<u>(360,750)</u>	<u>25,000</u>	<u>336,250</u>	<u>-</u>	<u>500</u>
<i>Net Change in Fund Cash Balances</i>	62,421	27,062	134,015	-	223,498
Fund Cash Balances, January 1	828,401	353,587	1,155,146	9,495	2,346,629
Fund Cash Balances, December 31					
Restricted	-	380,649	-	9,495	390,144
Committed	-	-	1,287,051	-	1,287,051
Assigned	216,443	-	2,110	-	218,553
Unassigned	674,379	-	-	-	674,379
<i>Total Fund Cash Balances, December 31</i>	<u><u>\$890,822</u></u>	<u><u>\$380,649</u></u>	<u><u>\$1,289,161</u></u>	<u><u>\$9,495</u></u>	<u><u>\$2,570,127</u></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, 2018**

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

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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

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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.

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

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 Fund – This fund accounts for money collected from a rental agreement.

Bookmobile Fund – This fund accounts for and reports financial resources that are restricted, committed, or assigned to be used for the purchase of a bookmobile for the Library.

Warren Library Association Fund – This fund receives annual donations from the Warren Library Association to be used for general support of the library and its programs.

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.

Thomas Fund – This fund was established when the Library received a bequest from a patron, Layte Thomas. The fund is planned to be used for future Library capital expenditures.

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 2018 budgetary activity appears in Note 3.

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018**

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:

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

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.

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.

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.

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, 2018**

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:

	2018
Deposits:	
Cash on hand	\$1,982
Demand deposits	833,996
Certificates of deposit	200,000
Total deposits	1,035,978
Investments:	
STAR Ohio	522,618
U.S. Treasury Notes	1,011,531
Total investments	1,534,149
Total deposits and investments	\$2,570,127

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 year ending December 31, 2018 follows:

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$6,283,990	\$6,507,500	\$223,510
Special Revenue	109,800	72,223	(37,577)
Capital Projects	57,500	400,064	342,564
Total	\$6,451,290	\$6,979,787	\$528,497

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$6,333,270	\$6,522,942	(\$189,672)
Special Revenue	120,676	45,161	75,515
Capital Projects	594,116	268,161	325,955
Permanent	9,399	0	9,399
Total	\$7,057,461	\$6,836,264	\$221,197

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the General fund by \$189,672 for the year ended December 31, 2018.

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018**

4. GRANTS-IN AID AND TAX RECEIPTS

Grants in Aid

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 using the statutory allocation method. Estimated entitlement figures were issued to County Auditors. The actual current year entitlements were computed in December of each year. The difference between the estimate and actual will be adjusted evenly in the PLF distributions made from January-June of each subsequent year.

Property Taxes

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

5. DEFINED BENEFIT PENSION PLANS

Ohio Public Employees 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. OPERS members contributed 10 percent, of their gross salaries and the Library contributed an amount equaling 14 percent, of participants' gross salaries. However, the Library picked up part of the employees' share of the OPERS members. As a result, some OPERS members hired prior to 2009 contributed 8% of their gross salaries and the Library contributed an amount equaling 16% of the participants gross salaries. Employees hired after 2009 contributed the normal rate. The Library has paid all contributions required through December 31, 2019.

6. POSTEMPLOYMENT BENEFITS

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, which includes multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for members in the traditional pension plan and combined plan was 0 percent during calendar year 2019. The portion of employer contributions allocated to health care for members in the member-directed plan was 4.0 percent during calendar year 2019.

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018**

7. RISK MANAGEMENT

Commercial Insurance

The Library is exposed to various risks of property and casualty losses, and injuries to employees. The Library has obtained commercial insurance for the following risks:

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

Workers Compensation

Workers' Compensation coverage is provided by the State of Ohio. 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.

8. SUBSEQUENT EVENTS

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Library. The Library's investment portfolio and the investments of the pension and other employee benefit plans in which the Library participates fluctuate with market conditions, and due to market volatility, the amount of gains or losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the Library's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.



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CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *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 the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the cash balances, receipts, and disbursements by fund type of Warren-Trumbull County Public Library, Trumbull County (the Library) as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements, and have issued our report thereon dated August 14, 2020, 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 the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Library.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Library's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Library's internal control. Accordingly, we do not express an opinion on the effectiveness of the Library's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. 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 deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Library's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CANTER & ASSOCIATES
Poland, Ohio

August 14, 2020

OHIO AUDITOR OF STATE KEITH FABER



WARREN TRUMBULL COUNTY PUBLIC LIBRARY

TRUMBULL COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



Certified for Release 11/5/2020

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This report is a matter of public record and is available online at
www.ohioauditor.gov