



**Auditor of State
Betty Montgomery**

**PUBLIC LIBRARY OF STEUBENVILLE AND JEFFERSON COUNTY
JEFFERSON COUNTY**

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Public Library of Steubenville and Jefferson County
Jefferson County
407 South Fourth Street
Steubenville, Ohio 43952

To the Board of Trustees:

We have audited the accompanying financial statements of the Public Library of Steubenville and Jefferson County, Jefferson County, (the Library) as of and for the years ended December 31, 2003 and 2002. 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 *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 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 that our audit provides a reasonable basis for our opinion.

As described Note 1, the Library prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

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 Public Library of Steubenville and Jefferson County, Jefferson County, as of December 31, 2003 and 2002, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 25, 2004 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of the audit committee, management, Board of Trustees and other officials authorized to receive this report under Section 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

February 25, 2004

PUBLIC LIBRARY OF STEUBENVILLE AND JEFFERSON COUNTY
JEFFERSON COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2003

	Governmental Fund Types		Fiduciary Fund Type	Totals (Memorandum Only)
	General	Capital Projects	Expendable Trust	
Cash Receipts:				
Library and Local Government Support	\$2,923,109			\$2,923,109
Intergovernmental		\$24,000		24,000
Patron Fines and Fees	78,044			78,044
Earnings on Investments	128,337	\$1,762		130,099
Contributions, Gifts and Donations	4,479			4,479
Miscellaneous Receipts	70,779			70,779
Total Cash Receipts	3,204,748	25,762		3,230,510
Cash Disbursements:				
Current:				
Salaries and Benefits	2,217,592			2,217,592
Purchased and Contracted Services	375,780	32,150		407,930
Library Materials and Information	341,935	22,723		364,658
Supplies	68,351	1,277		69,628
Other Objects	15,508			15,508
Capital Outlay		94,016		94,016
Total Cash Disbursements	3,019,166	150,166		3,169,332
Total Cash Receipts Over/(Under) Cash Disbursements	185,582	(124,404)		61,178
Fund Cash Balances, January 1	389,211	2,506,116	\$26,852	2,922,179
Fund Cash Balances, December 31	\$574,793	\$2,381,712	\$26,852	\$2,983,357
Reserves for Encumbrances, December 31	\$75,022	\$3,050		\$78,072

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

PUBLIC LIBRARY OF STEUBENVILLE AND JEFFERSON COUNTY
JEFFERSON COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL NONEXPENDABLE TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>Nonexpendable Trust</u>
Non-Operating Cash Receipts:	
Earnings on Investments	<u>\$1,285</u>
Total Non-Operating Cash Receipts	<u>1,285</u>
Net Receipts Over/(Under) Disbursements	1,285
Fund Cash Balances, January 1	<u>30,024</u>
Fund Cash Balances, December 31	<u><u>\$31,309</u></u>

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

PUBLIC LIBRARY of STEUBENVILLE AND JEFFERSON COUNTY
JEFFERSON COUNTY

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Governmental Fund Types</u>		<u>Fiduciary Fund Type</u>	Totals (Memorandum Only)
	<u>General</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
Cash Receipts:				
Library and Local Government Support	\$2,955,289			\$2,955,289
Patron Fines and Fees	77,949			77,949
Earnings on Investments	14,458	\$15,139		29,597
Contributions, Gifts and Donations	5,261			5,261
Miscellaneous Receipts	22,589			22,589
	<hr/>			<hr/>
Total Cash Receipts	3,075,546	15,139		3,090,685
Cash Disbursements:				
Current:				
Salaries and Benefits	2,031,218			2,031,218
Purchased and Contracted Services	381,158	60,129		441,287
Library Materials and Information	389,683			389,683
Supplies	83,942			83,942
Other Objects	4,505			4,505
Capital Outlay	2,977	59,213		62,190
	<hr/>			<hr/>
Total Cash Disbursements	2,893,483	119,342		3,012,825
Total Cash Receipts Over/(Under) Cash Disbursements	182,063	(104,203)		77,860
Other Financing Receipts/(Disbursements):				
Transfers-In		388,563		388,563
Transfers-Out	(388,563)			(388,563)
	<hr/>			<hr/>
Total Other Financing Receipts/(Disbursements)	(388,563)	388,563		
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(206,500)	284,360		77,860
Fund Cash Balances, January 1	595,711	2,221,756	\$26,852	2,844,319
Fund Cash Balances, December 31	<u>\$389,211</u>	<u>\$2,506,116</u>	<u>\$26,852</u>	<u>\$2,922,179</u>
Reserves for Encumbrances, December 31	<u>\$142,775</u>	<u>\$926</u>		<u>\$143,701</u>

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

PUBLIC LIBRARY of STEUBENVILLE AND JEFFERSON COUNTY
JEFFERSON COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL NONEXPENDABLE TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>Nonexpendable Trust</u>
Non-Operating Cash Receipts:	
Earnings on Investments	<u>\$4,855</u>
Total Non-Operating Cash Receipts	<u>4,855</u>
Net Receipts Over/(Under) Disbursements	4,855
Fund Cash Balances, January 1	<u>25,169</u>
Fund Cash Balances, December 31	<u><u>\$30,024</u></u>

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

**PUBLIC LIBRARY OF STEUBENVILLE AND JEFFERSON COUNTY
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Public Library of Steubenville and Jefferson County, Jefferson County, (the Library) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of Ohio. The Library is directed by a six-member Board of Trustees appointed by the Mayor of the City of Steubenville. 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. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized 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 prescribed or permitted by the Auditor of State.

C. Cash and Investments

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

Certificates of deposit are valued at cost. Money market mutual funds (including STAR Ohio) are recorded at share values reported by the mutual fund.

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 is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Capital Project Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Library had the following significant capital project funds:

Building & Repair Fund – This fund is used to purchase land and buildings for library expansion and to make repairs to existing buildings.

**PUBLIC LIBRARY OF STEUBENVILLE AND JEFFERSON COUNTY
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Automation Fund – This fund is used to automate the library services and provide computer equipment for patron use.

Vehicle Fund – This fund is used for the maintenance of the bookmobile.

3. Fiduciary Funds (Trust Funds)

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Library to maintain the corpus of the trust, the fund is classified as a nonexpendable trust fund. Other trust funds are classified as expendable. The Library had the following significant fiduciary funds:

Naylor Trust Fund– This is a non-expendable trust fund. Interest earned may used to purchase books.

Memorial Trust Fund – This is an expendable trust fund. This fund receives monies from estates left to the library for the purchase of educational materials.

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 level of control.

A summary of 2003 and 2002 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as capital outlay disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the basis of accounting the Library uses.

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

**PUBLIC LIBRARY OF STEUBENVILLE AND JEFFERSON COUNTY
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

2. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)

	2003	2002
Demand deposits	<u>\$1,696,081</u>	<u>\$471,617</u>
Certificates of deposit	<u>31,309</u>	<u>1,207,468</u>
Total deposits	<u>1,727,390</u>	<u>1,679,085</u>
Star Ohio	<u>1,287,276</u>	<u>1,273,118</u>
Total investments	<u>1,287,276</u>	<u>1,273,118</u>
Total deposits and investments	<u>\$3,014,666</u>	<u>\$2,952,203</u>

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation or (2) collateralized by the financial institution's public entity deposit pool.

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending 2003 and 2002 follows:

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$3,694,901	\$3,094,188	\$600,713
Capital Projects	2,225,368	153,216	2,072,152
Fiduciary	0	0	0
Total	<u>\$5,920,269</u>	<u>\$3,247,404</u>	<u>\$2,672,865</u>

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$3,674,822	\$3,424,821	\$250,001
Capital Projects	2,172,610	120,268	2,052,342
Fiduciary	0	0	0
Total	<u>\$5,847,432</u>	<u>\$3,545,089</u>	<u>\$2,302,343</u>

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 LLGSF is allocated 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.

**PUBLIC LIBRARY OF STEUBENVILLE AND JEFFERSON COUNTY
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

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

Real property taxes become a lien on January 1 proceeding the October 1 date for which rates are adopted by the taxing authority of the subdivision to whose jurisdiction the Library is subject. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Other Governments Grants In Aid. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, 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.

Tangible personal property tax is assessed by the property owners, who must file a list of such 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. RETIREMENT SYSTEM

The Public Employees Retirement System of Ohio (PERS) is a state operated, cost-sharing, multiple employer public employee retirement system. PERS provides retirement benefits to vested employees who are eligible to retire based upon years of service. PERS also provides survivor and disability benefits to vested employees.

Contribution rates are prescribed by the Ohio Revised Code. The Library's PERS members contributed 8.5% of their gross salaries. The Library contributed an amount equal to 13.55% of participants' gross salaries. The Library has paid all contributions required through December 31, 2003.

6. RISK MANAGEMENT

Commercial Insurance

The Public Library of Steubenville and Jefferson County has obtained commercial insurance for the following risks:

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

The Library also provides health insurance coverage to full-time employees through a private carrier.



Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Public Library of Steubenville and Jefferson County
Jefferson County
407 South Fourth Street
Steubenville, Ohio 43952

To the Board of Trustees:

We have audited the accompanying financial statements of the Public Library of Steubenville and Jefferson County, Jefferson County (the Library) as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated February 25, 2004. 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.

Compliance

As part of obtaining reasonable assurance about whether the Library's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 instance of noncompliance that is required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Library's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Library in a separate letter dated February 25, 2004.

Public Library of Steubenville and Jefferson County
Jefferson County
Independent Accountants' Report on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

This report is intended solely for the information and use of the audit committee, management, and the Board of Trustees and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

February 25, 2004



**Auditor of State
Betty Montgomery**

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PUBLIC LIBRARY OF STEUBENVILLE AND JEFFERSON COUNTY

JEFFERSON 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
APRIL 22, 2004**