



Mary Taylor, CPA  
Auditor of State



**PUBLIC LIBRARY OF STEUBENVILLE & JEFFERSON COUNTY  
JEFFERSON COUNTY**

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# Mary Taylor, CPA

Auditor of State

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

To the Board of Trustees:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your Library to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

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**Mary Taylor, CPA**  
Auditor of State

January 9, 2007

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# Mary Taylor, CPA

## Auditor of State

### 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 Public Library of Steubenville and Jefferson County, (the Library) as of and for the years ended December 31, 2005 and 2004. These financial statements are the responsibility of the Library's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

Revisions to GAAP would require the Library to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2005 and 2004. Instead of the combined funds the accompanying financial statements present for 2005 and 2004, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2004 and 2005. While the Library does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require the Library to reformat their statements. The Library has elected not to reformat its statements. Since this Library does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2005 and 2004, do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Library as of December 31, 2005 and 2004, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of Public Library of Steubenville & Jefferson County, Jefferson County, as of December 31, 2005 and 2004, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Library to include Management's Discussion and Analysis for the years ended December 31, 2004 and 2005. The Library has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 9, 2007, on our consideration of the Library's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

**Mary Taylor, CPA**  
Auditor of State

January 9, 2007



PUBLIC LIBRARY OF STEUBENVILLE & 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, 2005**

	Governmental Fund Types			Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Expendable Trust	
<b>Cash Receipts:</b>					
Library and Other Local Government Support	\$2,957,495				\$2,957,495
Other Government Grants-In-Aid		\$53,738			53,738
Patron Fines and Fees	76,347				76,347
Earnings on Investments	76,894				76,894
Contributions, Gifts and Donations	6,331				6,331
Miscellaneous Receipts	12,084				12,084
<b>Total Cash Receipts</b>	<b>3,129,151</b>	<b>53,738</b>			<b>3,182,889</b>
<b>Cash Disbursements:</b>					
Current:					
Salaries and Benefits	2,135,289				2,135,289
Purchased and Contracted Services	429,451	23,489		\$38,187	491,127
Library Materials and Information	320,314	11,025			331,339
Supplies	59,341	1,207			60,548
Other Objects	12,273	393			12,666
Capital Outlay			5,637		5,637
<b>Total Cash Disbursements</b>	<b>2,956,668</b>	<b>36,114</b>	<b>43,824</b>		<b>3,036,606</b>
Total Cash Receipts Over/(Under) Cash Disbursements	172,483	17,624	(43,824)		146,283
<b>Other Financing Receipts/(Disbursements):</b>					
Transfers-In			300,000		300,000
Transfers-Out	(300,000)				(300,000)
<b>Total Other Financing Receipts/(Disbursements)</b>	<b>(300,000)</b>		<b>300,000</b>		<b>0</b>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(127,517)	17,624	256,176		146,283
Fund Cash Balances, January 1	608,187	(17,609)	2,338,435	\$26,852	2,955,865
<b>Fund Cash Balances, December 31</b>	<b>\$480,670</b>	<b>\$15</b>	<b>\$2,594,611</b>	<b>\$26,852</b>	<b>\$3,102,148</b>
Reserves for Encumbrances, December 31	\$85,803				\$85,803

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

PUBLIC LIBRARY OF STEUBENVILLE AND JEFFERSON COUNTY  
JEFFERSON COUNTY

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
NONEXPENDABLE TRUST FUND  
FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>Nonexpendable Trust</u>
<b>Non-Operating Cash Receipts:</b>	
Earnings on Investments	<u>\$766</u>
Total Non-Operating Cash Receipts	<u>766</u>
Net Receipts Over/(Under) Disbursements	766
Fund Cash Balances, January 1	<u>32,253</u>
<b>Fund Cash Balances, December 31</b>	<b><u><u>\$33,019</u></u></b>

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

PUBLIC LIBRARY OF STEUBENVILLE & 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, 2004**

	Governmental Fund Types			Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Expendable Trust	
<b>Cash Receipts:</b>					
Library and Other Local Government Support	\$2,941,344				\$2,941,344
Patron Fines and Fees	76,666				76,666
Earnings on Investments	41,878				41,878
Contributions, Gifts and Donations	7,450				7,450
Miscellaneous Receipts	6,437				6,437
<b>Total Cash Receipts</b>	<b>3,073,775</b>				<b>3,073,775</b>
<b>Cash Disbursements:</b>					
Current:					
Salaries and Benefits	2,142,156				2,142,156
Purchased and Contracted Services	357,628		\$37,680		395,308
Library Materials and Information	334,059	\$17,609			351,668
Supplies	75,045				75,045
Other Objects	11,493				11,493
Capital Outlay			125,596		125,596
<b>Total Cash Disbursements</b>	<b>2,920,381</b>	<b>17,609</b>	<b>163,276</b>		<b>3,101,266</b>
<b>Total Cash Receipts Over/(Under) Cash Disbursements</b>	<b>153,394</b>	<b>(17,609)</b>	<b>(163,276)</b>		<b>(27,491)</b>
<b>Other Financing Receipts/(Disbursements):</b>					
Transfers-In			120,000		120,000
Transfers-Out	(120,000)				(120,000)
<b>Total Other Financing Receipts/(Disbursements)</b>	<b>(120,000)</b>		<b>120,000</b>		
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<b>33,394</b>	<b>(17,609)</b>	<b>(43,276)</b>		<b>(27,491)</b>
Fund Cash Balances, January 1	574,793		2,381,711	\$26,852	2,983,356
<b>Fund Cash Balances, December 31</b>	<b>\$608,187</b>	<b>(\$17,609)</b>	<b>\$2,338,435</b>	<b>\$26,852</b>	<b>\$2,955,865</b>
Reserves for Encumbrances, December 31	\$97,236	\$5,988	\$3,280		\$106,504

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

PUBLIC LIBRARY OF STEUBENVILLE & JEFFERSON COUNTY  
JEFFERSON COUNTY

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
NONEXPENDABLE TRUST FUND  
FOR THE YEAR ENDED DECEMBER 31, 2004

	<u>Nonexpendable Trust</u>
<b>Non-Operating Cash Receipts:</b>	
Earnings on Investments	<u>\$944</u>
Total Non-Operating Cash Receipts	<u>944</u>
Net Receipts Over/(Under) Disbursements	944
Fund Cash Balances, January 1	<u>31,309</u>
<b>Fund Cash Balances, December 31</b>	<b><u><u>\$32,253</u></u></b>

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

**PUBLIC LIBRARY OF STEUBENVILLE & JEFFERSON COUNTY  
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005 AND 2004**

**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 Public Library of Steubenville & Jefferson County, Jefferson County, (the Library) as a body corporate and politic. 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 the Auditor of State prescribes or permits. This accounting basis is similar to the cash receipts and disbursements basis. The Library recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved). These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

**C. Cash and Investments**

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

The Library values certificates of deposit at cost.

**D. Fund Accounting**

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

**1. General Fund**

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

**2. Special Revenue Funds**

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

*Library Services Tech Act Fund* – This fund is used to purchase children's programming materials and resources.

**PUBLIC LIBRARY OF STEUBENVILLE & JEFFERSON COUNTY  
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005 AND 2004  
(Continued)**

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

**3. Capital Project Funds**

These funds account for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The Library had the following significant capital project fund:

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

**4. Fiduciary Funds (Trust Funds)**

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

*Naylor Trust Fund* – This is a nonexpendable trust fund. Interest earned may be used to purchase books.

**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 2005 and 2004 budgetary activity appears in Note 3.

**F. Property, Plant, and Equipment**

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

**G. Accumulated Leave**

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

**2. EQUITY IN POOLED CASH AND INVESTMENTS**

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

**PUBLIC LIBRARY OF STEUBENVILLE & JEFFERSON COUNTY  
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005 AND 2004  
(Continued)**

**2. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)**

	2005	2004
Demand deposits	\$1,872,696	\$1,649,047
Certificates of deposit	1,262,471	540,985
Total deposits	3,135,167	2,190,032
STAR Ohio		798,086
Total investments	0	798,086
Total deposits and investments	\$3,135,167	\$2,988,118

**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 existing in physical or book-entry form.

The Library's financial institution transfers the securities to the Library's agent to collateralize repurchase agreements. The securities are not in the Library's name.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending 2005 and 2004 follows:

2005 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$3,171,200	\$3,129,151	(\$42,049)
Special Revenue	53,738	53,738	0
Capital Projects	322,000	300,000	(22,000)
Total	\$3,546,938	\$3,482,889	(\$64,049)

2005 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$3,768,436	\$3,342,471	\$425,965
Special Revenue	36,129	36,114	15
Capital Projects	2,637,800	43,824	2,593,976
Total	\$6,442,365	\$3,422,409	\$3,019,956

**PUBLIC LIBRARY OF STEUBENVILLE & JEFFERSON COUNTY  
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005 AND 2004  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

2004 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$3,054,288	\$3,073,775	\$19,487
Special Revenue	53,738	0	(53,738)
Capital Projects	0	120,000	120,000
Total	\$3,108,026	\$3,193,775	\$85,749

2004 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$3,668,653	\$3,137,617	\$531,036
Special Revenue	53,738	23,597	30,141
Capital Projects	2,485,050	166,556	2,318,494
Total	\$6,207,441	\$3,327,770	\$2,879,671

**4. GRANTS-IN-AID AND TAX RECEIPTS**

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

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

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

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

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



**PUBLIC LIBRARY OF STEUBENVILLE & JEFFERSON COUNTY  
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005 AND 2004  
(Continued)**

**5. RETIREMENT SYSTEM**

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

The Ohio Revised Code also prescribes contribution rates. The Library's OPERS members contributed 8.5 percent of their gross salaries. The Library contributed an amount equal to 13.55 percent of participants' gross salaries. The Library has paid all contributions required through December 31, 2005.

**6. RISK MANAGEMENT**

**Commercial Insurance**

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

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

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# Mary Taylor, CPA

## Auditor of State

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

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

To the Board of Trustees:

We have audited the financial statements of the Public Library of Steubenville & Jefferson County, Jefferson County, (the Library) as of and for the years ended December 31, 2005 and 2004, and have issued our report thereon dated January 9, 2007, wherein we noted the Library follows the accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

#### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Library's internal control over financial reporting to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the Library's management dated January 9, 2007, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

#### **Compliance and Other Matters**

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

Public Library of Steubenville & Jefferson County  
Jefferson County  
Independent Accountants' Report on Internal Control Over  
Financial Reporting and on Compliance and Other Matters  
Required by *Library Auditing Standards*  
Page 2

We intend this report solely for the information and use of the audit committee, management and Board of Trustees. It is not intended for anyone other than these specified parties.

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

**Mary Taylor, CPA**  
Auditor of State

January 9, 2007



Mary Taylor, CPA  
Auditor of State

**PUBLIC LIBRARY OF STEUBENVILLE & 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**  
**MARCH 6, 2007**