



Mary Taylor, CPA
Auditor of State

**ST. CLAIRSVILLE PUBLIC LIBRARY
BELMONT COUNTY**

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

St. Clairsville Public Library
Belmont County
108 West Main Street
St. Clairsville, Ohio 43950

To the Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the St. Clairsville Public Library, Belmont County, Ohio (the Library), as of and for the years ended December 31, 2006 and 2005, which collectively comprise the Library's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Library's management. 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 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. The Library processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Library because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN Services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinions.

As discussed in Note 2, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund and the aggregate remaining fund information of the St. Clairsville Public Library, Belmont County, Ohio, as of December 31, 2006 and 2005, and the respective changes in cash financial position and the respective budgetary comparison for the General Fund and Marcyl Lewis Memorial Fund, thereof for the years then ended in conformity with the basis of accounting Note 2 describes.

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For the years ended December 31, 2006 and 2005, the Library revised its financial presentation comparable to the requirements of Governmental Accounting Standard No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 31, 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.

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

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

Mary Taylor, CPA
Auditor of State

August 31, 2007

St. Clairsville Public Library
Belmont County
Management's Discussion and Analysis
For the Years Ended December 31, 2006 and 2005
Unaudited

The discussion and analysis of the St. Clairsville Public Library's financial performance provides an overall review of the Library's financial activities for the years ended December 31, 2006 and 2005, within the limitations of the Library's cash basis of accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Library's financial performance.

Highlights

Key highlights for 2006 and 2005 are as follows:

In 2006 and 2005, net assets of governmental activities increased \$44,694, or 7.2% and \$38,197, or 6.6%, respectively.

The Library's general receipts accounted for \$553,392 or 97% in 2006 and \$562,510 or 97% in 2005. The revenue consists of primarily intergovernmental, State Library and Local Government Support Fund (LLGSF). In 2006 and 2005, program receipts accounted for \$16,656 or 3% and \$18,044 or 3%, respectively, in the form of charges for services and contributions.

In 2006, the Library had \$525,354 in disbursements relating to governmental activities; \$16,656 of these disbursements is offset by program specific charges for services or contributions. In 2005, the Library had \$542,357 in disbursements relating to governmental activities; \$18,044 of these disbursements is offset by program specific charges for services or contributions.

Capital outlay during 2006 and 2005 totaled \$82,733 and \$79,630, respectively. During 2006, the adult department was renovated and in 2005 the children's department was renovated.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Library's cash basis of accounting.

Report Components

The Statement of Net Assets and the Statement of Activities provide information about the cash activities of the Library as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Library as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Library has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Library's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

St. Clairsville Public Library
Belmont County
Management's Discussion and Analysis
For the Years Ended December 31, 2006 and 2005
Unaudited

Basis of Accounting (Continued)

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

Reporting the Library as a Whole

The Statement of Net Assets and the Statement of Activities reflect how the Library did financially during 2006 and 2005, within the limitations of cash basis accounting. The Statement of Net Assets presents the cash balances and investments of the governmental activities of the Library at year end. The Statement of Activities compares cash disbursements with program receipts for each governmental program activity. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Library's general receipts.

These statements report the Library's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Library's financial health. Over time, these increases or decreases in the Library's cash position are one indicator of whether the Library's financial health is improving or deteriorating. When evaluating the Library's financial condition, you should consider other non-financial factors as well, such as the reliance on non-local financial resources for operation and the need for continued growth in the major local revenue source such as LLGSF.

In the Statement of Net Assets and the Statement of Activities, the Library presents a single type of activity, governmental activities. All of the Library's programs and basic services are reported here, including library services, purchased and contract services, library materials and information, and capital outlay. The Library and Local Government Support Fund finances most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Reporting the Library's Most Significant Funds

The fund financial statements provide detailed information about the Library's major funds – not the Library as a whole. The Library establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Library are all governmental.

Governmental Funds – All of the Library's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Library's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Library's programs. The Library's significant governmental funds are presented on the financial statements in separate columns. The information for non-major funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Library's major governmental funds are the General Fund, Marcy Lewis Memorial Fund and Capital Projects Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

St. Clairsville Public Library
 Belmont County
 Management's Discussion and Analysis
 For the Years Ended December 31, 2006 and 2005
 Unaudited

The Library as a Whole

Table 1 provides a summary of the Library's net assets for 2006 compared to 2005 and 2005 compared to 2004 on a cash basis:

(Table 1)

Net Assets

	Governmental Activities		
	2006	2005	2004
Assets			
Equity in Pooled Cash and Cash Equivalents	\$662,468	\$617,774	\$579,577
Net Assets			
Restricted for:			
Capital Projects	\$259,290	\$245,749	\$215,499
Other Purposes	173,722	165,336	160,175
Unrestricted	229,456	206,689	203,903
Total Net Assets	\$662,468	\$617,774	\$579,577

Net assets of governmental activities increased \$44,694 during 2006. Net assets of governmental activities increased \$38,197 during 2005.

St. Clairsville Public Library
Belmont County
Management's Discussion and Analysis
For the Years Ended December 31, 2006 and 2005
Unaudited

Table 2 reflects the changes in net assets on a cash basis in 2006 compared to 2005. Since the Library did not prepare financial statements in the GASB Statement 34 format in 2004, receipt and disbursement comparisons to year 2004 are not available.

(Table 2)
Changes in Net Assets

	Governmental Activities 2006	Governmental Activities 2005
	<u>2006</u>	<u>2005</u>
Receipts:		
Program Receipts:		
Charges for Services	\$11,936	\$10,370
Operating Grants and Contributions	4,670	7,649
Capital Grants and Contributions	50	25
Total Program Receipts	<u>16,656</u>	<u>18,044</u>
General Receipts:		
Intergovernmental	513,816	513,655
Unrestricted Gifts and Contributions	4,729	30,763
Interest	29,757	15,484
Miscellaneous	5,090	2,608
Total General Receipts	<u>553,392</u>	<u>562,510</u>
Total Receipts	<u>570,048</u>	<u>580,554</u>
Disbursements:		
Current:		
Library Services	440,895	462,727
Capital Outlay	82,733	79,630
Other Financing Uses	1,726	0
Total Disbursements	<u>525,354</u>	<u>542,357</u>
Increase in Net Assets	44,694	38,197
Net Assets, January 1	617,774	579,577
Net Assets, December 31	<u>\$662,468</u>	<u>\$617,774</u>

Program receipts represent only 3% of total receipts in 2006 and 3% in 2005 and are primarily comprised of patron fines and fees and contributions.

General receipts represent 97% of the Library's total receipts in 2006, and of this amount, over 93% are the Library and Local Government Support Fund Monies. Interest and miscellaneous receipts make up the balance of the Library's general receipts. In 2005, the general receipts are 97% of the total receipts and of this amount, over 91% are the Library Local Government Support Fund Monies. Interest and miscellaneous receipts make up the balance of the Library's general receipts.

St. Clairsville Public Library
Belmont County
Management's Discussion and Analysis
For the Years Ended December 31, 2006 and 2005
Unaudited

Governmental Activities

If you look at the Statement of Activities on pages 10 and 16, you will see that the first column lists the major services provided by the Library. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for library services and capital outlay, which account for 100 and 99.7 percent of all governmental disbursements, for 2006 and 2005, respectively. The next three columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the services. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the 2006 and 2005 total cost of services and the net cost is presented in Table 3. Comparisons to 2004 have not been made since they are not available.

(Table 3)

Governmental Activities

	Total Cost of Services 2006	Net Cost of Services 2006	Total Cost of Services 2005	Net Cost of Services 2005
Library Services	\$440,895	\$424,239	\$462,727	\$444,683
Capital Outlay	82,733	82,733	79,630	79,630
Other Financing Uses	1,726	1,726	0	0
Total Expenses	\$525,354	\$508,698	\$542,357	\$524,313

The dependence upon the Library and Local Government Support Fund monies is apparent as approximately 97% in 2006 and 97% in 2005 of the governmental activities are supported through these general receipts.

The Library's Funds

In 2006, the General Fund had receipts of \$547,422 and disbursements of \$524,655; the Marcy Lewis Memorial Fund had receipts of \$7,415 and no disbursements; and the Capital Projects Fund had receipts of \$13,541 and no disbursements. The greatest change within the governmental funds occurred within the General Fund as a result of an increase in investment earnings. In 2005, the General Fund had receipts of \$539,799 and disbursements of \$537,013; the Marcy Lewis Memorial Fund had receipts of \$4,438 and no disbursements; the Capital Projects Fund had receipts of \$33,849 and disbursements of \$3,599. The greatest change within the governmental funds occurred within the Capital Projects Fund as a result of a large donation received. The Library's major governmental funds are the General Fund, Marcy Lewis Memorial Fund, and the Capital Projects Fund.

St. Clairsville Public Library
Belmont County
Management's Discussion and Analysis
For the Years Ended December 31, 2006 and 2005
Unaudited

General Fund Budgeting Highlights

The Library's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Library's most significant budgeted fund is the General Fund.

The Library budgets conservatively for LLGSF due to the uncertainty of future cuts from that funding source. The total expenditure variances are a result of conservative spending measures on behalf of the Library's management as a result of the uncertainty of the LLGSF funding levels in future periods.

Capital Assets and Debt Administration

Capital Assets

The Library does not currently keep track of its capital assets and infrastructure.

Debt

At December 31, 2006 and 2005 the Library had outstanding debt of \$1,709 and \$4,740, respectively, in capital leases for equipment.

Current Issues

The challenge for all libraries is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking funding. The Library relies heavily on state funds and continues to set up contingency accounts to reserve funds for possible future LLGSF cuts.

Contacting the Library's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Library's finances and to reflect the Library's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Lori McKeen, Clerk-Treasurer, St. Clairsville Public Library, 108 West Main Street, St. Clairsville, Ohio 43950.

St. Clairsville Public Library
Belmont County, Ohio

Statement of Net Assets - Cash Basis
December 31, 2006

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$662,468</u>
<i>Total Assets</i>	<u><u>\$662,468</u></u>
Net Assets	
Restricted for:	
Capital Projects	\$259,290
Other Purposes	173,722
Unrestricted	<u>229,456</u>
<i>Total Net Assets</i>	<u><u>\$662,468</u></u>

See accompanying notes to the basic financial statements

**St. Clairsville Public Library
Belmont County, Ohio**

Statement of Activities - Cash Basis
For the Year Ended December 31, 2006

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets	
Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
Governmental Activities					
Current:					
Library Services	\$440,895	\$11,936	\$4,670	\$50	(\$424,239)
Capital Outlay	82,733				(82,733)
Other	1,726				(1,726)
<i>Total Governmental Activities</i>	<u>\$525,354</u>	<u>\$11,936</u>	<u>\$4,670</u>	<u>\$50</u>	<u align="right">(508,698)</u>
		General Receipts			
		Intergovernmental			513,816
		Unrestricted Gifts and Contributions			4,729
		Interest			29,757
		Miscellaneous			5,090
		<i>Total General Receipts</i>			553,392
		Change in Net Assets			44,694
		<i>Net Assets Beginning of Year</i>			617,774
		<i>Net Assets End of Year</i>			<u>\$662,468</u>

See accompanying notes to the basic financial statements

St. Clairsville Public Library
Belmont County, Ohio

Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2006

	General	Marcyl Lewis Memorial Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$229,456	\$152,833	\$259,290	\$20,889	\$662,468
<i>Total Assets</i>	<u>\$229,456</u>	<u>\$152,833</u>	<u>\$259,290</u>	<u>\$20,889</u>	<u>\$662,468</u>
Fund Balances					
Reserved:					
Reserved for Encumbrances	\$14,240				\$14,240
Unreserved:					
Undesignated (Deficit), Reported in:					
General Fund	215,216				215,216
Special Revenue Funds		\$152,833		\$20,889	173,722
Capital Projects Funds			\$259,290		259,290
<i>Total Fund Balances</i>	<u>\$229,456</u>	<u>\$152,833</u>	<u>\$259,290</u>	<u>\$20,889</u>	<u>\$662,468</u>

See accompanying notes to the basic financial statements

St. Clairsville Public Library
Belmont, Ohio

Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2006

	General	Marcyl Lewis Memorial Fund	Capital Projects Fund	Other Governmental Fund	Total Governmental Funds
Receipts					
Intergovernmental	\$513,816				\$513,816
Patron Fines and Fees	11,861				11,861
Contributions, Gifts and Donations	6,164	\$25	\$2,050	\$1,210	9,449
Earnings on Investments	10,416	7,390	11,491	460	29,757
Miscellaneous	5,165				5,165
<i>Total Receipts</i>	<u>547,422</u>	<u>7,415</u>	<u>13,541</u>	<u>1,670</u>	<u>570,048</u>
Disbursements					
Current:					
Library Services	440,196			699	440,895
Capital Outlay	82,733				82,733
<i>Total Disbursements</i>	<u>522,929</u>	<u>0</u>	<u>0</u>	<u>699</u>	<u>523,628</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>24,493</u>	<u>7,415</u>	<u>13,541</u>	<u>971</u>	<u>46,420</u>
Other Financing Sources (Uses)					
Other Financing Uses	(1,726)				(1,726)
<i>Total Other Financing Sources (Uses)</i>	<u>(1,726)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(1,726)</u>
<i>Net Change in Fund Balances</i>	22,767	7,415	13,541	971	44,694
<i>Fund Balances Beginning of Year</i>	<u>206,689</u>	<u>145,418</u>	<u>245,749</u>	<u>19,918</u>	<u>617,774</u>
<i>Fund Balances End of Year</i>	<u>\$229,456</u>	<u>\$152,833</u>	<u>\$259,290</u>	<u>\$20,889</u>	<u>\$662,468</u>

See accompanying notes to the basic financial statements

St. Clairsville Public Library
Belmont County, Ohio

Statement of Cash Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Receipts				
Intergovernmental	\$527,275	\$527,275	\$513,816	(\$13,459)
Patron Fines and Fees	10,400	10,400	11,861	1,461
Contributions, Gifts and Donations	10,300	10,300	6,164	(4,136)
Earnings on Investments	4,500	4,500	10,416	5,916
Miscellaneous	1,600	1,600	5,165	3,565
<i>Total Receipts</i>	<u>554,075</u>	<u>554,075</u>	<u>547,422</u>	<u>(6,653)</u>
Disbursements				
Current:				
Library Services	675,706	668,988	454,436	214,552
Capital Outlay	65,076	97,494	82,733	14,761
<i>Total Disbursements</i>	<u>740,782</u>	<u>766,482</u>	<u>537,169</u>	<u>229,313</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(186,707)</u>	<u>(212,407)</u>	<u>10,253</u>	<u>222,660</u>
Other Financing (Uses)				
Other Financing Uses	(30,000)	(4,300)	(1,726)	2,574
<i>Total Other Financing (Uses)</i>	<u>(30,000)</u>	<u>(4,300)</u>	<u>(1,726)</u>	<u>2,574</u>
<i>Net Change in Fund Balance</i>	(216,707)	(216,707)	8,527	225,234
<i>Fund Balance Beginning of Year</i>	200,925	200,925	200,925	0
Prior Year Encumbrances Appropriated	5,764	5,764	5,763	1
<i>Fund Balance End of Year</i>	<u>(\$10,018)</u>	<u>(\$10,018)</u>	<u>\$215,215</u>	<u>\$225,235</u>

See accompanying notes to the basic financial statements

St. Clairsville Public Library
Belmont County, Ohio

Statement of Cash Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Marcyl Lewis Memorial Fund
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Receipts				
Contributions, Gifts and Donations	\$0	\$0	\$25	\$25
Earnings on Investments	4,500	4,500	7,390	2,890
<i>Total Receipts</i>	<u>4,500</u>	<u>4,500</u>	<u>7,415</u>	<u>2,915</u>
Disbursements				
Current:				
Capital Outlay	<u>137,504</u>	<u>137,504</u>		<u>137,504</u>
<i>Total Disbursements</i>	<u>137,504</u>	<u>137,504</u>	<u>0</u>	<u>137,504</u>
<i>Net Change in Fund Balance</i>	(133,004)	(133,004)	7,415	140,419
<i>Fund Balance Beginning of Year</i>	<u>145,418</u>	<u>145,418</u>	<u>145,418</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$12,414</u></u>	<u><u>\$12,414</u></u>	<u><u>\$152,833</u></u>	<u><u>\$140,419</u></u>

See accompanying notes to the basic financial statements

St. Clairsville Public Library
Belmont County, Ohio

Statement of Net Assets - Cash Basis
December 31, 2005

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$617,774</u>
<i>Total Assets</i>	<u><u>\$617,774</u></u>
Net Assets	
Restricted for:	
Capital Projects	\$245,749
Other Purposes	165,336
Unrestricted	<u>206,689</u>
<i>Total Net Assets</i>	<u><u>\$617,774</u></u>

See accompanying notes to the basic financial statements

St. Clairsville Public Library
Belmont County, Ohio

Statement of Activities - Cash Basis
For the Year Ended December 31, 2005

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets	
Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
Governmental Activities					
Current:					
Library Services	\$462,727	\$10,370	\$7,649	\$25	(\$444,683)
Capital Outlay	79,630				(79,630)
<i>Total Governmental Activities</i>	<u>\$542,357</u>	<u>\$10,370</u>	<u>\$7,649</u>	<u>\$25</u>	<u>(524,313)</u>
General Receipts					
					513,655
					30,763
					15,484
					2,608
					<i>Total General Receipts</i>
					562,510
					38,197
					<i>Net Assets Beginning of Year</i>
					579,577
					<i>Net Assets End of Year</i>
					\$617,774

See accompanying notes to the basic financial statements

St. Clairsville Public Library
Belmont County, Ohio

Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2005

	General	Marcyl Lewis Memorial Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$206,689	\$145,418	\$245,749	\$19,918	\$617,774
<i>Total Assets</i>	<u>\$206,689</u>	<u>\$145,418</u>	<u>\$245,749</u>	<u>\$19,918</u>	<u>\$617,774</u>
Fund Balances					
Reserved:					
Reserved for Encumbrances	\$5,764				\$5,764
Unreserved:					
Undesignated (Deficit), Reported in:					
General Fund	200,925				200,925
Special Revenue Funds		\$145,418		\$19,918	165,336
Capital Projects Funds			\$245,749		245,749
<i>Total Fund Balances</i>	<u>\$206,689</u>	<u>\$145,418</u>	<u>\$245,749</u>	<u>\$19,918</u>	<u>\$617,774</u>

See accompanying notes to the basic financial statements

St. Clairsville Public Library
Belmont, Ohio

Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2005

	General	Marcyl Lewis Memorial Fund	Capital Projects Fund	Other Governmental Fund	Total Governmental Funds
Receipts					
Intergovernmental	\$513,655				\$513,655
Patron Fines and Fees	10,270				10,270
Contributions, Gifts and Donations	9,120	\$50	\$27,108	\$2,159	38,437
Earnings on Investments	4,046	4,388	6,741	309	15,484
Miscellaneous	2,708				2,708
<i>Total Receipts</i>	<u>539,799</u>	<u>4,438</u>	<u>33,849</u>	<u>2,468</u>	<u>580,554</u>
Disbursements					
Current:					
Library Services	460,982			1,745	462,727
Capital Outlay	76,031		3,599		79,630
<i>Total Disbursements</i>	<u>537,013</u>	<u>0</u>	<u>3,599</u>	<u>1,745</u>	<u>542,357</u>
<i>Net Change in Fund Balances</i>	2,786	4,438	30,250	723	38,197
<i>Fund Balances Beginning of Year</i>	<u>203,903</u>	<u>140,980</u>	<u>215,499</u>	<u>19,195</u>	<u>579,577</u>
<i>Fund Balances End of Year</i>	<u><u>\$206,689</u></u>	<u><u>\$145,418</u></u>	<u><u>\$245,749</u></u>	<u><u>\$19,918</u></u>	<u><u>\$617,774</u></u>

See accompanying notes to the basic financial statements

St. Clairsville Public Library
Belmont County, Ohio

Statement of Cash Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2005

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Receipts				
Intergovernmental	\$479,192	\$479,192	\$513,655	\$34,463
Patron Fines and Fees	12,550	12,550	10,270	(2,280)
Contributions, Gifts and Donations	2,700	2,700	9,120	6,420
Earnings on Investments	2,500	2,500	4,046	1,546
Miscellaneous	2,250	2,250	2,708	458
<i>Total Receipts</i>	<u>499,192</u>	<u>499,192</u>	<u>539,799</u>	<u>40,607</u>
Disbursements				
Current:				
Library Services	611,025	616,011	466,571	149,440
Capital Outlay	84,260	84,260	76,206	8,054
<i>Total Disbursements</i>	<u>695,285</u>	<u>700,271</u>	<u>542,777</u>	<u>157,494</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(196,093)</u>	<u>(201,079)</u>	<u>(2,978)</u>	<u>198,101</u>
Other Financing (Uses)				
Transfer-Out		(25,000)		25,000
Other Financing Uses	(7,500)	(2,514)		2,514
<i>Total Other Financing (Uses)</i>	<u>(7,500)</u>	<u>(27,514)</u>	<u>0</u>	<u>27,514</u>
<i>Net Change in Fund Balance</i>	(203,593)	(228,593)	(2,978)	225,615
<i>Fund Balance Beginning of Year</i>	190,606	190,606	190,606	0
Prior Year Encumbrances Appropriated	13,297	13,297	13,297	0
<i>Fund Balance End of Year</i>	<u>\$310</u>	<u>(\$24,690)</u>	<u>\$200,925</u>	<u>\$225,615</u>

See accompanying notes to the basic financial statements

St. Clairsville Public Library
Belmont County, Ohio

Statement of Cash Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Marcyl Lewis Memorial Fund
For the Year Ended December 31, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Contributions, Gifts and Donations	\$500	\$500	\$50	(\$450)
Earnings on Investments	4,750	4,750	4,388	(362)
<i>Total Receipts</i>	5,250	5,250	4,438	(812)
Disbursements				
Current:				
Capital Outlay	137,504	137,504		137,504
<i>Total Disbursements</i>	137,504	137,504	0	137,504
<i>Net Change in Fund Balance</i>	(132,254)	(132,254)	4,438	136,692
<i>Fund Balance Beginning of Year</i>	140,980	140,980	140,980	0
<i>Fund Balance End of Year</i>	\$8,726	\$8,726	\$145,418	\$136,692

See accompanying notes to the basic financial statements

**St. Clairsville Public Library
Belmont County**

**Notes to the Basic Financial Statements
December 31, 2006 and 2005**

Note 1 - Description of the Library and Reporting Entity

The St. Clairsville Public Library was organized as a school district public library in 1938 under the laws of the State of Ohio. The Library has its own Board of Trustees of seven members who are appointed by the St. Clairsville-Richland School District Board of Education. Appointments are for seven-year terms and members serve without compensation. Under Ohio statutes, the Library is a body politic and corporate capable of suing and being sued, contracting, acquiring, holding, possessing, and disposing of real property, and of exercising such other powers and privileges conferred upon it by law. The Library also determines and operates under its own budget. Control and management of the Library is governed by Sections 3375.33 to 3375.39 of the Ohio Revised Code with the administration of the day-to-day operations of the Library being the responsibility of the Director and financial accountability being solely that of the Clerk-Treasurer.

The Library is fiscally independent of the St. Clairsville-Richland School District Board of Education, although the Board of Education serves in a ministerial capacity as the taxing authority for the Library. The determination to request approval of a tax levy, the role and purpose(s) of the levy, are discretionary decisions made solely by the Board of Library Trustees. Once those decisions are made, the Board of Education must put the levy on the ballot. There is no potential for the Library to provide a financial benefit to or impose a financial burden on the St. Clairsville-Richland School District Board of Education.

Under the provisions of Statement No. 14 of the Governmental Accounting Standards Board, "The Financial Reporting Entity," the Library is considered to be a related organization of the St. Clairsville-Richland School District.

Component units are legally separate organizations for which the Library is financially accountable. The Library is financially accountable for an organization if the Library appoints a voting majority of the organization's governing board and (1) the Library is able to significantly influence the programs or services performed or provided by the organization; or (2) the Library is legally entitled to or can otherwise access the organization's resources; the Library is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Library is obligated for the debt of the organization. The Library is also financially accountable for any organizations for which the Library approves the budget, the issuance of debt or the levying of taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Library, are accessible to the Library and are significant in amount to the Library. The Library has no component units.

A joint venture is a legal entity or other organization that results from a contractual arrangement and that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control, in which the participants retain (a) an ongoing financial interest or (b) an ongoing financial responsibility. Under the cash basis of accounting, the Library does not report assets for equity interests in joint ventures. The Library participated in the Southeastern Ohio Library Organization Regional Library System (SOLO), a jointly governed organization. Note 10 to the basic financial statements provide additional information for this entity.

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

**St. Clairsville Public Library
Belmont County**

**Notes to the Basic Financial Statements
December 31, 2006 and 2005
(Continued)**

Note 2 – Summary of Significant Accounting Policies

As discussed further in Note 2.C, the basic financial statements of the Library have been prepared on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The most significant of the Library's accounting policies are described below.

A. Basis of Presentation

The Library's basic financial statements consist of government-wide statements, including a statement of net assets and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

Government-wide Financial Statements

The statement of net assets and the statement of activities display information about the Library as a whole. These statements include the financial activities of the primary government. Governmental activities generally are financed through taxes, intergovernmental receipts and other nonexchange transactions.

The statement of net assets presents the cash and investment balances of the governmental activities of the Library at year end. The statement of activities compares disbursements with program receipts for each of the Library's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Library is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program, and receipts of interest earned on grants that are required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function or business-type activity is self-financing on a cash basis or draws from the Library's general receipts.

Fund Financial Statements

During the year, the Library segregates transactions related to certain Library functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Library at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

**St. Clairsville Public Library
Belmont County**

**Notes to the Basic Financial Statements
December 31, 2006 and 2005
(Continued)**

Note 2 – Summary of Significant Accounting Policies (Continued)

B. 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 Library's funds are all classified as governmental.

Governmental Funds

Governmental funds are financed primarily from taxes, intergovernmental receipts (e.g., grants), and other nonexchange transactions. Monies are assigned to the various governmental funds according to the purposes for which they may or must be used. The following are the Library's major governmental funds:

General Fund - The General Fund accounts for all financial resources except those required to be accounted for 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.

Marcy Lewis Memorial Fund – This fund accounts for interest earnings and donations received in memory of a deceased individual. The interest earnings and donations are to allow the Library to proceed with plans to expand the Library.

Capital Project Fund – This fund accounts for interest earnings and donation receipts restricted to acquiring or constructing major capital projects (except those accounted for in the Marcy Lewis Memorial Fund).

The other governmental funds of the Library account for grants and other resources whose use is restricted to a particular purpose.

C. Basis of Accounting

The Library's basic financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Library's financial records and reported in the basic financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Library are described in the appropriate section in this note.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued liabilities and the related expenses) are not recorded in these financial statements.

D. Budgetary Process

All funds are legally required to be appropriated. The appropriations resolution is the Trustee's authorization to spend resources and sets limits on cash disbursements plus encumbrances at the level of control selected by the Trustees. The legal level of control has been established at the fund, function level for all funds. Budgetary modifications at the legal level of control may only be made by resolution of the Board of Library Trustees.

**St. Clairsville Public Library
Belmont County**

**Notes to the Basic Financial Statements
December 31, 2006 and 2005
(Continued)**

Note 2 – Summary of Significant Accounting Policies (Continued)

D. Budgetary Process (Continued)

For control purposes, the Library estimates cash receipts for the year. These estimated receipts, together with the unencumbered carry-over balances from the prior year, set a limit on the amount the Trustees may appropriate. The estimated receipts may be revised during the year if projected increases or decreases in receipts are identified by the Clerk-Treasurer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts of estimated resources at the time final appropriations were enacted by the Trustees.

The appropriations resolution is subject to amendment throughout the year with the restriction that appropriations should not exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Trustees during the year.

E. Cash and Cash Equivalents

To improve cash management, cash received by the Library is pooled and invested. Individual fund integrity is maintained through the Library's records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents."

Investments with original maturities of three months or less at the time they are purchased and investments of the cash management pool are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as 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 negative receipts, respectively.

During 2006 and 2005, investments were limited to StarOhio.

STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAROhio's share price, which is the price the investment could be sold for on December 31, 2006.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest receipts credited to the General Fund during 2006 and 2005 amounted to \$10,416 and \$4,046, respectively.

**St. Clairsville Public Library
Belmont County**

**Notes to the Basic Financial Statements
December 31, 2006 and 2005
(Continued)**

Note 2 – Summary of Significant Accounting Policies (Continued)

F. Restricted Assets

Cash, cash equivalents, and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. Restricted assets represent monies restricted for Library renovations or expansion projects. Restricted assets during 2006 and 2005 amounted to \$433,012 and \$411,085, respectively.

G. Inventory and Prepaid Items

The Library reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

H. Capital Assets

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

I. Interfund Receivables/Payables

The Library reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

J. Accumulated Leave

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

K. Employer Contributions to Cost-Sharing Pension Plans

The Library recognizes the disbursement for their employer contributions to cost-sharing pension plans when they are paid. As described in Notes 8 and 9, the employer contributions include portions for pension benefits and for postretirement health care benefits.

L. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources associated with the memorial fund. The Statement of Net Assets reports \$433,012 and \$411,085 of restricted net assets for governmental activities for the years ended December 31, 2006 and 2005, respectively, of which no monies are restricted by enabling legislation.

The Library's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

**St. Clairsville Public Library
Belmont County**

**Notes to the Basic Financial Statements
December 31, 2006 and 2005
(Continued)**

Note 2 – Summary of Significant Accounting Policies (Continued)

M. Fund Balance Reserves

The Library reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances.

N. Interfund Transactions

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds (and after non-operating receipts/disbursements in proprietary funds). Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

Note 3 – Change in Basis of Accounting and Restatement of Fund Equity

In 2004, the Library reported financial statements by fund type using the regulatory basis of accounting as prescribed by the State Auditor's Office. In 2006 and 2005, the Library has implemented the cash basis of accounting described in Note 2. The fund financial statements now present each major fund in a separate column with nonmajor funds aggregated and presented in a single column, rather than a column for each fund type.

Note 4 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Cash Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis presented for the General Fund and Marcy Lewis Memorial Fund prepared on the budgetary basis to provide a meaningful comparison of actual results with budget. The differences between the budgetary basis and the cash basis are outstanding year end encumbrances which are treated as disbursements (budget basis) rather than as a reservation of fund balance (cash basis). The encumbrances outstanding at December 31, 2006 and December 31, 2005 were \$14,240 and \$5,764, respectively for the General Fund.

Note 5 – Deposits and Investments

Monies held by the Library are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Library treasury. Active monies must be maintained either as cash in the Library treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

**St. Clairsville Public Library
Belmont County**

**Notes to the Basic Financial Statements
December 31, 2006 and 2005
(Continued)**

Note 5 – Deposits and Investments (Continued)

Inactive deposits are public deposits that the Board has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the Library can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAROhio).

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Library, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

At year end, the Library had \$30 for 2006 and \$50 in 2005 in undeposited cash on hand which is included as part of "Equity in Pooled Cash and Cash Equivalents" on the financial statements.

**St. Clairsville Public Library
Belmont County**

**Notes to the Basic Financial Statements
December 31, 2006 and 2005
(Continued)**

Note 5 – Deposits and Investments (Continued)

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the Library will not be able to recover deposits or collateral securities that are in the possession of an outside party. At December 31, 2006, none of the Library's bank balance of \$43,938 was exposed to custodial credit risk. At December 31, 2005, \$97,069 of the Library's bank balance of \$197,069 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Library's name.

The Library has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Library or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Investments

As of December 31, 2006 and 2005, the Library had the following investments:

	<u>2006 Carrying Value</u>	<u>2005 Carrying Value</u>
STAROhio	\$636,403	\$434,200

STAROhio carries a rating of AAAM by Standard and Poor's. The Library has no investment policy dealing with investment credit risk beyond the requirements in state statutes. Ohio law requires that STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money market fund be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service.

Note 6 – Grants-in-aid

The primary source of revenue for Ohio public libraries is the Library and Local Government Support Fund (LLGSF). The LLGSF is 5.7% of the State personal income tax. It is currently frozen at 2001 fiscal year level. The LLGSF is allocated to each county based on the county's prior year LLGSF revenues and its population. The County Budget Commission allocates these funds to the Library based on its needs such as for 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.

Note 7 – Risk Management

The Library is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2006 and 2005, the Library contracted with Steele Insurance Associates, Inc., for various types of insurance coverage as follows:

**St. Clairsville Public Library
Belmont County**

**Notes to the Basic Financial Statements
December 31, 2006 and 2005
(Continued)**

Note 7 – Risk Management (Continued)

• Commercial Property Coverage	\$2,502,250
• Commercial General Liability Coverage	2,000,000
• Commercial Crime Coverage	1,000,000
• Commercial Auto Coverage	1,000,000

Settled claims have not exceeded coverage in any of the last three years and there was no significant reduction in coverage from the prior year.

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. The System administers and pays all claims.

The Library contracts annually with The Health Plan for employees' health insurance. The Library and most employees share in the cost of the monthly premiums paid.

Note 8 - Defined Benefit Pension Plan

Ohio Public Employees Retirement System

The Library participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-6705 or (800) 222-7377.

For the year ended December 31, 2006, the members of all three plans were required to contribute 9 percent of their annual covered salaries. The Library's contribution rate for pension benefits for 2006 was 13.7 percent. The Ohio Revised Code provides statutory authority for member and employer contributions.

For the year ended December 31, 2005, the members of all three plans were required to contribute 8.5 percent of their annual covered salaries. The Library's contribution rate for pension benefits for 2005 was 13.55 percent. The Ohio Revised Code provides statutory authority for member and employer contributions.

**St. Clairsville Public Library
Belmont County**

**Notes to the Basic Financial Statements
December 31, 2006 and 2005
(Continued)**

Note 8 - Defined Benefit Pension Plan (Continued)

Ohio Public Employees Retirement System (Continued)

The Library's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2006, 2005, and 2004 were \$60,798, \$55,770, and \$59,803, respectively; 93% has been contributed for 2006 and full amount has been contributed for 2005 and 2004.

Note 9 – Postemployment Benefits

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and qualified survivor benefit recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in *GASB Statement No. 12*. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2006 local government employer contribution rate was 13.7 percent of covered payroll; 4.50 percent of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the individual entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2005, include a rate of return on investments of 6.50 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase between .50 and 6.00 percent annually for the next nine years and 4.00 percent annually after nine years.

All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually, not to exceed a 12 percent corridor.

The number of active contributing participants in the traditional and combined plans was 369,214. The number of active contributing participants for both plans used in the December 31, 2005, actuarial valuation was 358,804. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2005, (the latest information available) were \$11.1 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$31.3 billion and \$20.2 billion, respectively.

On September 9, 2004 the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. To improve the solvency of the Health Care Fund, OPERS created a separate investment pool for health care assets. Member and employer contribution rates increased as of January 1, 2006, and January 1, 2007, which will allow additional funds to be allocated to the health care plan.

**St. Clairsville Public Library
Belmont County**

**Notes to the Basic Financial Statements
December 31, 2006 and 2005
(Continued)**

Note 10 - Jointly Governed Organization

The Southeastern Ohio Library Organization (SOLO) is a regional library system created and jointly governed according to the provisions of the Ohio Revised Code §3375.90 through §3375.93. SOLO is composed of fourteen legally-separate libraries within Southeast Ohio: St. Clairsville Public Library, Bellaire Public Library, Caldwell Public Library, Guernsey County District Library, Kate Love Simpson Library, Martins Ferry Public Library, Monroe County District Library, Perry County District Library, Public Library of Steubenville and Jefferson County, Puskarich Public Library, Newark Public Library, and Washington County Public Library. SOLO is governed by a fourteen member Board of Trustees selected by the member libraries which consists of the library administrator or representative from each member library. SOLO provides annual training workshops for member library employees, technical training and assistance and a central graphic center. The St. Clairsville Public Library's control over budgeting and financing of SOLO is limited to its voting authority and its representation on SOLO's Board of Trustees. The Library paid an annual fee of \$4,250 in 2005. No fees were paid in 2006. The group dissolved membership on June 30, 2006.

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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 STANDARDSⁱ

St. Clairsville Public Library
Belmont County
108 West Main Street
St. Clairsville, Ohio 43950

To the Board of Trustees:

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the St. Clairsville Public Library, Belmont County, Ohio (the Library), as of and for the years ended December 31, 2006 and 2005, which collectively comprise the Library's basic financial statements and have issued our report thereon dated August 31, 2007, wherein we noted the Library uses a comprehensive accounting basis other than generally accepted accounting principles. We also noted the Library uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Library. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Library's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinions on the financial statements, but not to opine on the effectiveness of the Library's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Library's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Library's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Library's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Library's internal control will not prevent or detect a material financial statement misstatement.

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Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

We noted certain matters that we reported to the Library's management in a separate letter dated August 31, 2007.

Compliance and Other Matters

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

We intend this report solely for the information and use of the audit committee, management, and the Board of Trustees. We intend it for no one other than these specified parties.



Mary Taylor, CPA
Auditor of State

August 31, 2007



Mary Taylor, CPA
Auditor of State

ST. CLAIRSVILLE PUBLIC LIBRARY

BELMONT 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
NOVEMBER 8, 2007