



Mary Taylor, CPA
Auditor of State

**MARTINS FERRY PUBLIC LIBRARY
BELMONT COUNTY**

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MARTINS FERRY PUBLIC LIBRARY
BELMONT COUNTY

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Martins Ferry Public Library
Belmont County
20 South Fifth Street, P.O. Box 130
Martins Ferry, Ohio 43935

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 Martins Ferry Public Library, Belmont County, Ohio (the Library), as of and for the years ended December 31, 2007 and 2006, 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 Martins Ferry Public Library, Belmont County, Ohio, as of December 31, 2007 and 2006, and the respective changes in cash financial position and the respective budgetary comparisons for the General and Wetzel Bequest Funds thereof for the years then ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 25, 2008, 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 black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

September 25, 2008

Martins Ferry Public Library
Management's Discussion and Analysis
For the Years Ended December 31, 2007 and 2006
(Unaudited)

This discussion and analysis of the Martins Ferry Public Library's (the Library) financial performance provides an overall review of the Library's financial activities for the years ended December 31, 2007 and 2006, within the limitations of the Library's cash basis 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 2007 and 2006 are as follows:

In 2007, net assets of governmental activities decreased \$35,253 or 5 percent. In 2006, net assets increased \$273,114 or 66 percent. In 2007, the fund most affected by the decrease in cash and cash equivalents was the General Fund, which realized the greatest burden of increased costs. In 2006, the fund most affected by the increase was the Wetzel Bequest Fund which received a large bequest during that year.

The Library's general receipts are primarily LLGSF (Library and Local Government Support Fund). These receipts represent 95% of the total cash received for governmental activities during both years.

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 basic 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.

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.

Martins Ferry Public Library
Management's Discussion and Analysis
For the Years Ended December 31, 2007 and 2006
(Unaudited)

Reporting the Library as a Whole

The Statement of Net Assets and the Statement of Activities reflect how the Library did financially during 2007 and 2006, within the limitations of cash basis accounting. The Statement of Net Assets presents the cash balances and investments of the governmental and business-type activities of the Library at year end. The Statement of Activities compares cash disbursements with program receipts for each governmental program. 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, increases or decreases in the Library's cash position is one indicator of whether the Library's financial health is improving or deteriorating. When evaluating the Library's financial condition, you should also consider other non-financial factors as well, such as the Library's tax base, the condition of the Library, and the need for continued growth in the major local revenue sources such as LLGSF.

In the Statement of Net Assets and the Statement of Activities, we have only the governmental type of activities: All of the Library's basic services are reported here. 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

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 (or major funds) are presented on the financial statements in separate columns. The Library's major funds are the General, Wetzel, and Bookmobile Funds. 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 programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

Martins Ferry Public Library
Management's Discussion and Analysis
For the Years Ended December 31, 2007 and 2006
(Unaudited)

The Library as a Whole

Table 1 provides a summary of the Library's net assets for 2007 compared to 2006 and 2006 compared to 2005 on a cash basis:

(Table 1)
Net Assets

	Governmental Activities		
	2007	2006	2005
Assets			
Cash and Cash Equivalents	\$ 654,406	\$ 689,659	\$ 416,545
Total Assets	\$ 654,406	\$ 689,659	\$ 416,545
Net Assets			
Restricted for:			
Capital Projects	\$ 232,635	\$ 216,138	\$ 200,733
Other Purposes	289,479	283,600	
Unrestricted	132,292	189,921	215,812
Total Net Assets	\$ 654,406	\$ 689,659	\$ 416,545

As mentioned previously, in 2007 net assets of governmental activities decreased \$35,253 or 5 percent and in 2006 net assets of governmental activities increased \$273,114 or 66 percent. The primary reasons contributing to the 2007 decrease in cash balances are as follows:

- No growth on LLGSF; Freeze on funding;
- Increases in salaries: 3% based on cost of living & merit;
- Health benefit costs grew substantially.

The primary reasons contributing to the 2006 increase in cash balances are as follows:

- On October 25, 2006, the Library received a bequest from the Charles Wetzel Estate in the amount of \$280,972. Money was deposited in a Money Market Index Account. Interest generated from October 25 through December 31, 2006 totaled \$2,628, making a grand total of \$283,600. This money is not to be used for general operating expenses.

Martins Ferry Public Library
Management's Discussion and Analysis
For the Years Ended December 31, 2007 and 2006
(Unaudited)

Table 2 reflects the changes in net assets in 2007 as compared to 2006 and 2006 as compared to 2005.

(Table 2)
Changes in Net Assets

	Governmental Activities 2007	Governmental Activities 2006	Governmental Activities 2005
Receipts:			
Program Receipts:			
Charges for Services and Sales	\$ 40,604	\$ 47,235	
Total Program Receipts	40,604	47,235	
General Receipts:			
Intergovernmental LLGSF	1,162,484	1,162,484	\$ 1,162,484
Unrestricted Gifts and Contributions	2,161	282,370	60,432
Earnings on Investments	25,891	12,522	2,842
Miscellaneous	10,218	9,433	40
Total General Receipts	1,200,754	1,466,809	1,225,798
Total Receipts	1,241,358	1,514,044	1,225,798
Disbursements:			
Library services	1,252,808	1,217,460	1,145,726
Capital Outlay	23,803	23,470	7,942
Total Disbursements	1,276,611	1,240,930	1,153,668
Increase (Decrease) in Net Assets	(35,253)	273,114	72,130
Net Assets January 1	689,659	416,545	344,415
Net Assets December 31	\$ 654,406	\$ 689,659	\$ 416,545

Program receipts represent only 3 percent of total receipts in 2007 and 2006 and are primarily comprised of patron fines and fees.

General receipts represent 97 percent of the Library's total receipts in 2007 and 2006, of which 97% and 79%, respectively are intergovernmental receipts. Since these monies are provided by the State, it can be seen how any decreases in this funding source could have a substantial impact on the services the Library provides.

Disbursements for the Library represent the overhead costs of running the Library and the support services provided for the other Library's activities. These include the costs such as payroll and purchasing.

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, which account for 98 percent of all governmental disbursements each year. The next column of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service. 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 total cost of services and the net cost is presented in Table 3.

Martins Ferry Public Library
Management's Discussion and Analysis
For the Years Ended December 31, 2007 and 2006
(Unaudited)

(Table 3)

	Governmental Activities					
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2007	2007	2006	2006	2005	2005
Library Services	\$1,252,808	\$1,212,204	\$1,217,460	\$1,170,225	\$1,145,726	\$1,145,726
Capital Outlay	23,803	23,803	23,470	23,470	7,942	7,942
Total Expenses	\$1,276,611	\$1,236,007	\$1,240,930	\$1,193,695	\$1,153,668	\$1,153,668

The dependence upon general receipts is apparent as 97%, 96%, and 100%, of governmental activities are supported through these receipts for 2007, 2006, and 2005, respectively.

The Library's Funds

In 2007, the General Fund had receipts of \$1,223,519 and disbursements of \$1,281,148. The greatest change within governmental funds occurred within the General Fund. The fund balance of the General Fund decreased \$57,629 as the result of increased costs for salaries and benefits and not achieving anticipated growth in income and LLGSF. The Wetzel Bequest Fund had receipts of \$5,879 and disbursements of \$0. The Bookmobile Fund had receipts of \$11,830 and disbursements of \$0.

In 2006, the General Fund had receipts of \$1,222,039 and disbursements of \$1,247,930. The fund balance of the General Fund decreased \$25,891. The Wetzel Bequest Fund had receipts of \$283,600 and disbursements of \$0. The Bookmobile Fund had receipts of \$11,796 and disbursements of \$0.

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 most significant budgeted fund is the General Fund.

During 2007 and 2006, the Library amended its General Fund budget several times to reflect changing circumstances. For 2007 final budgeted receipts were \$1,209,880 while actual receipts were \$1,223,519. For 2006 Final budgeted receipts were \$1,207,484 while actual receipts were \$1,222,039.

For 2007, final disbursements were budgeted at \$1,377,215 while actual disbursements were \$1,320,095. For 2006, final disbursements were budgeted at \$1,423,296 while actual disbursements were \$1,341,539. The Library kept spending very close to budgeted amounts as demonstrated by the minor reported variances.

Current Issues

The challenge for all governments is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. We rely heavily on LLGSF. Our newly prepared financial forecast predicts a possible 1-3% decrease for 2008.

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 Mary Ella Potter, Fiscal Officer, Martins Ferry Public Library, 20 James Wright Place, Martins Ferry, Ohio, 43935. Phone (740) 633-0314.

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MARTINS FERRY PUBLIC LIBRARY

Statement of Net Assets - Cash Basis

December 31, 2007

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$654,406</u>
<i>Total Assets</i>	<u><u>\$654,406</u></u>
Net Assets	
Restricted for:	
Capital Projects	\$232,635
Other Purposes	289,479
Unrestricted	132,292
<i>Total Net Assets</i>	<u><u>\$654,406</u></u>

See accompanying notes to the basic financial statements

MARTINS FERRY PUBLIC LIBRARY
Statement of Activities - Cash Basis
For the Year Ended December 31, 2007

	<u>Cash</u> Disbursements	<u>Program Cash</u> Receipts	<u>Net (Disbursements)</u> Receipts and <u>Changes in Net Assets</u>
		<u>Charges</u> for Services and Sales	<u>Governmental</u> Activities
Governmental Activities			
Library Services	\$1,252,808	\$40,604	(\$1,212,204)
Capital Outlay	23,803		(23,803)
<i>Total Governmental Activities</i>	<u>\$1,276,611</u>	<u>\$40,604</u>	<u>(1,236,007)</u>
General Receipts			
Unrestricted Gifts and Contributions			2,161
Grants and Entitlements not Restricted to Specific Programs			1,162,484
Earnings on Investments			25,891
Miscellaneous			<u>10,218</u>
<i>Total General Receipts</i>			1,200,754
Change in Net Assets			(35,253)
<i>Net Assets Beginning of Year</i>			<u>689,659</u>
<i>Net Assets End of Year</i>			<u>\$654,406</u>

See accompanying notes to the basic financial statements

MARTINS FERRY PUBLIC LIBRARY
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2007

	General Fund	Wetzel Bequest Fund	Bookmobile	Other Governmental Funds	TOTAL GOVERNMENTAL FUNDS
Assets					
Equity in Pooled Cash and Cash Equivalents	\$132,292	\$289,479	\$135,513	\$97,122	\$654,406
<i>Total Assets</i>	<u>\$132,292</u>	<u>\$289,479</u>	<u>\$135,513</u>	<u>\$97,122</u>	<u>\$654,406</u>
Fund Balances					
Reserved:					
Reserved for Encumbrances	\$38,947				\$38,947
Unreserved:					
Undesignated (Deficit), Reported in:					
General Fund	93,345				93,345
Special Revenue Funds		\$289,479			289,479
Capital Projects Funds			\$135,513	\$97,122	232,635
<i>Total Fund Balances</i>	<u>\$132,292</u>	<u>\$289,479</u>	<u>\$135,513</u>	<u>\$97,122</u>	<u>\$654,406</u>

See accompanying notes to the basic financial statements

MARTINS FERRY PUBLIC LIBRARY

Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances

Governmental Funds

For the Year Ended December 31, 2007

	General Fund	Wetzel Bequest Fund	Bookmobile	Other Governmental Funds	TOTAL
Receipts					
Library and Local Government Support	\$1,162,484				\$1,162,484
Patron, Fines and Fees	31,405				31,405
Contributions, Gifts and Donations	9,304	\$1,416			10,720
Earnings on Investments	10,068	4,463	\$6,830	\$5,130	26,491
Miscellaneous	10,258				10,258
Total Receipts	<u>1,223,519</u>	<u>5,879</u>	<u>6,830</u>	<u>5,130</u>	<u>1,241,358</u>
Disbursements					
Current:					
Library Services	1,252,808				1,252,808
Capital Outlay	23,340			463	23,803
Total Disbursements	<u>1,276,148</u>	<u>0</u>	<u>0</u>	<u>463</u>	<u>1,276,611</u>
Excess of Receipts Over (Under) Disbursements	<u>(52,629)</u>	<u>5,879</u>	<u>6,830</u>	<u>4,667</u>	<u>(35,253)</u>
Other Financing Sources (Uses)					
Transfers In			5,000		5,000
Transfers Out	<u>(5,000)</u>				<u>(5,000)</u>
Total Other Financing Sources (Uses)	<u>(5,000)</u>	<u>0</u>	<u>5,000</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	<u>(57,629)</u>	<u>5,879</u>	<u>11,830</u>	<u>4,667</u>	<u>(35,253)</u>
Fund Balances Beginning of Year	<u>189,921</u>	<u>283,600</u>	<u>123,684</u>	<u>92,454</u>	<u>689,659</u>
Fund Balances End of Year	<u>\$132,292</u>	<u>\$289,479</u>	<u>\$135,514</u>	<u>\$97,121</u>	<u>\$654,406</u>

See accompanying notes to the basic financial statements

MARTINS FERRY PUBLIC LIBRARY
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2007

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Library and Local Government Support	\$1,104,360	\$1,159,360	\$1,162,484	\$3,124
Patron, Fines and Fees	30,124	30,124	31,405	1,281
Contributions, Gifts and Donations	13,849	13,849	9,304	(4,545)
Earnings on Investments	1,507	1,507	10,068	8,561
Miscellaneous	5,040	5,040	10,258	5,218
<i>Total Receipts</i>	<u>1,154,880</u>	<u>1,209,880</u>	<u>1,223,519</u>	<u>13,639</u>
Disbursements				
Current:				
Library Services	1,200,899	1,346,211	1,291,755	54,456
Capital Outlay	25,004	26,004	23,340	2,664
<i>Total Disbursements</i>	<u>1,225,903</u>	<u>1,372,215</u>	<u>1,315,095</u>	<u>57,120</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(71,023)</u>	<u>(162,335)</u>	<u>(91,576)</u>	<u>70,759</u>
Other Financing Sources (Uses)				
Transfers Out		(5,000)	(5,000)	0
<i>Total Other Financing Sources (Uses)</i>		<u>(5,000)</u>	<u>(5,000)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(71,023)	(167,335)	(96,576)	70,759
<i>Unencumbered Cash Balance Beginning of Year</i>	96,312	96,312	96,312	0
Prior Year Encumbrances Appropriated	93,609	93,609	93,609	0
<i>Unencumbered Cash Balance End of Year</i>	<u>\$118,898</u>	<u>\$22,586</u>	<u>\$93,345</u>	<u>\$70,759</u>

See accompanying notes to the basic financial statements

MARTINS FERRY PUBLIC LIBRARY
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Wetzel Bequest Special Revenue Fund
For the Year Ended December 31, 2007

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Contributions, Gifts and Donations	\$0	\$0	\$1,416	\$1,416
Earnings on Investments	14,400	14,400	4,463	(9,937)
<i>Total Receipts</i>	<u>14,400</u>	<u>14,400</u>	<u>5,879</u>	<u>(8,521)</u>
 <i>Excess of Receipts Over (Under) Disbursements</i>	 <u>14,400</u>	 <u>14,400</u>	 <u>5,879</u>	 <u>(8,521)</u>
 <i>Net Change in Fund Balance</i>	 14,400	 14,400	 5,879	 (8,521)
 <i>Unencumbered Cash Balance Beginning of Year</i>	 283,600	 283,600	 283,600	 0
 Prior Year Encumbrances Appropriated	 <u>0</u>	 <u>0</u>	 <u>0</u>	 <u>0</u>
 <i>Unencumbered Cash Balance End of Year</i>	 <u>\$298,000</u>	 <u>\$298,000</u>	 <u>\$289,479</u>	 <u>(\$8,521)</u>

See accompanying notes to the basic financial statements

MARTINS FERRY PUBLIC LIBRARY

Statement of Net Assets - Cash Basis

December 31, 2006

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$689,659</u>
<i>Total Assets</i>	<u><u>\$689,659</u></u>
Net Assets	
Restricted for:	
Capital Projects	\$216,138
Other Purposes	283,600
Unrestricted	189,921
<i>Total Net Assets</i>	<u><u>\$689,659</u></u>

See accompanying notes to the basic financial statements

MARTINS FERRY PUBLIC LIBRARY
Statement of Activities - Cash Basis
For the Year Ended December 31, 2006

	<u>Cash</u> Disbursements	<u>Program Cash</u> Receipts	<u>Net (Disbursements)</u> Receipts and <u>Changes in Net Assets</u>
		<u>Charges</u> for Services and Sales	<u>Governmental</u> Activities
Governmental Activities			
Library Services	\$1,217,460	\$47,235	(\$1,170,225)
Capital Outlay	23,470		(23,470)
<i>Total Governmental Activities</i>	<u>\$1,240,930</u>	<u>\$47,235</u>	<u>(1,193,695)</u>
General Receipts			
Unrestricted Gifts and Contributions			282,370
Grants and Entitlements not Restricted to Specific Programs			1,162,484
Earnings on Investments			12,522
Miscellaneous			<u>9,433</u>
<i>Total General Receipts</i>			1,466,809
Change in Net Assets			273,114
<i>Net Assets Beginning of Year</i>			<u>416,545</u>
<i>Net Assets End of Year</i>			<u>\$689,659</u>

See accompanying notes to the basic financial statements

MARTINS FERRY PUBLIC LIBRARY
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2006

	General Fund	Wetzel Bequest Fund	Bookmobile	Other Governmental Funds	TOTAL GOVERNMENTAL FUNDS
Assets					
Equity in Pooled Cash and Cash Equivalents	\$189,921	\$283,600	\$123,684	\$92,454	\$689,659
<i>Total Assets</i>	<u>\$189,921</u>	<u>\$283,600</u>	<u>\$123,684</u>	<u>\$92,454</u>	<u>\$689,659</u>
Fund Balances					
Reserved:					
Reserved for Encumbrances	\$93,609				\$93,609
Unreserved:					
Undesignated (Deficit), Reported in:					
General Fund	96,312				96,312
Special Revenue Funds		\$283,600			283,600
Capital Projects Funds			\$123,684	\$92,454	216,138
<i>Total Fund Balances</i>	<u>\$189,921</u>	<u>\$283,600</u>	<u>\$123,684</u>	<u>\$92,454</u>	<u>\$689,659</u>

See accompanying notes to the basic financial statements

MARTINS FERRY PUBLIC LIBRARY

Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances

Governmental Funds

For the Year Ended December 31, 2006

	General Fund	Wetzel Bequest Fund	Bookmobile	Other Governmental Funds	TOTAL
Receipts					
Library and Local Government Support	\$1,162,484				\$1,162,484
Patron, Fines and Fees	31,720				31,720
Contributions, Gifts and Donations	16,448	\$280,972			297,420
Earnings on Investments	1,934	2,628	\$4,796	\$3,609	12,967
Miscellaneous	9,453				9,453
Total Receipts	1,222,039	283,600	4,796	3,609	1,514,044
Disbursements					
Current:					
Library Services	1,217,460				1,217,460
Capital Outlay	23,470				23,470
Total Disbursements	1,240,930	0	0	0	1,240,930
Excess of Receipts Over (Under) Disbursements	(18,891)	283,600	4,796	3,609	273,114
Other Financing Sources (Uses)					
Transfers In			7,000		7,000
Transfers Out	(7,000)				(7,000)
Total Other Financing Sources (Uses)	(7,000)	0	7,000	0	0
Net Change in Fund Balances	(25,891)	283,600	11,796	3,609	273,114
Fund Balances Beginning of Year	215,812	0	111,888	88,845	416,545
Fund Balances End of Year	\$189,921	\$283,600	\$123,684	\$92,454	\$689,659

See accompanying notes to the basic financial statements

MARTINS FERRY PUBLIC LIBRARY
Statement of 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>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Library and Local Government Support	\$1,104,359	\$1,162,484	\$1,162,484	\$0
Patron, Fines and Fees	27,000	27,000	31,720	4,720
Contributions, Gifts and Donations	11,700	11,700	16,448	4,748
Earnings on Investments	1,300	1,300	1,934	634
Miscellaneous	5,000	5,000	9,453	4,453
<i>Total Receipts</i>	<u>1,149,359</u>	<u>1,207,484</u>	<u>1,222,039</u>	<u>14,555</u>
Disbursements				
Current:				
Library Services	1,170,441	1,367,972	1,298,675	69,297
Capital Outlay	22,761	48,324	35,864	12,460
<i>Total Disbursements</i>	<u>1,193,202</u>	<u>1,416,296</u>	<u>1,334,539</u>	<u>81,757</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(43,843)</u>	<u>(208,812)</u>	<u>(112,500)</u>	<u>96,312</u>
Other Financing Sources (Uses)				
Transfers Out		(7,000)	(7,000)	0
<i>Total Other Financing Sources (Uses)</i>		<u>(7,000)</u>	<u>(7,000)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(71,023)	(215,812)	(119,500)	96,312
<i>Unencumbered Cash Balance Beginning of Year</i>	171,969	171,969	171,969	0
Prior Year Encumbrances Appropriated	43,843	43,843	43,843	0
<i>Unencumbered Cash Balance End of Year</i>	<u>\$144,789</u>	<u>\$0</u>	<u>\$96,312</u>	<u>\$96,312</u>

See accompanying notes to the basic financial statements

MARTINS FERRY PUBLIC LIBRARY
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Wetzel Bequest Special Revenue 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	\$280,972	\$280,972	\$280,972	\$0
Earnings on Investments			2,628	2,628
<i>Total Receipts</i>	<u>280,972</u>	<u>280,972</u>	<u>283,600</u>	<u>2,628</u>
<i>Excess of Receipts Over Under) Disbursements</i>	<u>280,972</u>	<u>280,972</u>	<u>283,600</u>	<u>2,628</u>
<i>Net Change in Fund Balance</i>	280,972	280,972	283,600	2,628
<i>Unencumbered Cash Balance Beginning of Year</i>	0	0	0	0
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Unencumbered Cash Balance End of Year</i>	<u>\$280,972</u>	<u>\$280,972</u>	<u>\$283,600</u>	<u>\$2,628</u>

See accompanying notes to the basic financial statements

Martins Ferry Public Library
Notes to the Basic Financial Statements
For the Years Ended December 31, 2007 and 2006

Note 1 – Description of the Library and Reporting Entity

The Martins Ferry Public Library (the Library) was organized as a school district public library in the 1930s under the laws of the State of Ohio. The Library has its own Board of Trustees of seven members who are appointed by the Martins Ferry City 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 Fiscal Officer.

The Library is fiscally independent of the 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 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 Martins Ferry City 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.

The Friends of the Martins Ferry Public Library is a not-for-profit organization. The Library is not financially accountable for the organization. Therefore, this organization has been excluded from the reporting entity of the Library.

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

Note 2 - Summary of Significant Accounting Policies

As discussed further in Note 2.C, the 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. The most significant of the Library's accounting policies are described below.

Martins Ferry Public Library
Notes to the Basic Financial Statements
For the Years Ended December 31, 2007 and 2006

Note 2 - Summary of Significant Accounting Policies (continued)

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. The statements show activities of the Library that are governmental. Governmental activities generally are financed through intergovernmental receipts and other nonexchange transactions.

The statement of net assets presents the cash balance 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 modified 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.

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 intergovernmental receipts and other non-exchange 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.

Wetzel Bequest Fund - The Wetzel Bequest Fund accounts for monies received by the Library to be used for the betterment of the Library as unanimously approved by the Board and shall not be used to defray current or future normal or ordinary operating expenses.

Martins Ferry Public Library
Notes to the Basic Financial Statements
For the Years Ended December 31, 2007 and 2006

Note 2 - Summary of Significant Accounting Policies (continued)

The Bookmobile Fund - The Bookmobile Fund is used to accumulate financial resources for the purchase of a new bookmobile. If at the end of the year, the balance in the General Fund is sufficient, money is transferred to Bookmobile Fund. In 2007 and 2006, \$5,000 and \$7,000 was transferred, respectively.

C. Basis of Accounting

The Library's 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 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 expenses and liabilities) 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 and character or major category of the object code level for all funds. Budgetary modifications at the legal level of control may only be made by resolution of the Board of Library Trustees.

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 Fiscal Officer. 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. The Library had no investments in 2007 and 2006.

Martins Ferry Public Library
Notes to the Basic Financial Statements
For the Years Ended December 31, 2007 and 2006

Note 2 - Summary of Significant Accounting Policies (continued)

F. Net Assets

Net Assets consist of cash receipts reduced by cash disbursements for the current year. 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.

G. 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. Reserves have been established for encumbrances.

H. 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. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

Note 3 – Library and Local Government Support Fund

The primary source of revenue for Ohio public libraries in 2007 was the Library and Local Government Support Fund (LLGSF). The LLGSF is 5.7% of the State personal income tax. It is currently frozen at the 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. The Library receives 43% of Belmont County's allocation.

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 Receipts, Disbursements and Changes in Fund Balance – Budget and Actual - Budget Basis presented for the General Fund and the Wetzel Bequest Fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference(s) between the budgetary basis and the cash basis is outstanding year end encumbrances which are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis) (and outstanding year end advances are treated as an other financing source or use (budgetary basis) rather than as an interfund receivable or payable (cash basis). The encumbrances outstanding at December 31, 2007 and 2006 (budgetary basis) amounted to \$38,947 and \$93,609, respectively for the General Fund.

Note 5 - Deposits and Investments

State statutes classify monies held by the Library into three categories.

Active deposits are public deposits necessary to meet current demands on the Library treasury. Such 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.

Martins Ferry Public Library
Notes to the Basic Financial Statements
For the Years Ended December 31, 2007 and 2006

Note 5 - Deposits and Investments (continued)

Inactive deposits are public deposits that the Library has identified as not required for use within the current five-year period of designation of depositories. Inactive deposits must either be evidenced by 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 that 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 may be deposited or invested in the following securities:

Ohio law restricts deposits and investments to the following:

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 \$300 in undeposited cash on hand which is included as part of "Equity in Pooled Cash and Cash Equivalents" on the financial statements.

Martins Ferry Public Library
Notes to the Basic Financial Statements
For the Years Ended December 31, 2007 and 2006

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, 2007, \$454,406 of the Library's bank balance of \$654,406 and at December 31, 2006, \$654,406 of the bank balance of \$689,659 were 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.

Note 6 - 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 2007, the Library contracted with several companies for various types of insurance coverage as follows:

Type of Coverage	Amount of Coverage
<i>Commercial General Liability Coverage</i>	
Limits of Insurance:	
Each Occurrence Limit	\$ 500,000
General Aggregate Limit	1,000,000
Products-Completed Operations Aggregate Limit	1,000,000
Personal and Advertising Injury Limit	500,000
Valuable Papers and Records Coverage	4,297,127
Business Auto Coverage:	
Liability	1,000,000
Auto. Medical Payments	2,000
Uninsured Motorists	1,000,000
Legal Liability Insurance Coverage	
Legal Liability Each Loss	1,000,000
Legal Liability Each Annual Policy Year	3,000,000

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 pays for life insurance for full time employees 30 days after hire & part-time employees after 2 full years of employment. The Library pays 80% hospitalization for non-professional full-time employees, and 100% for full-time professional employees.

Martins Ferry Public Library
Notes to the Basic Financial Statements
For the Years Ended December 31, 2007 and 2006

Note 7 - Defined Benefit Pension Plan

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, OH 43215-4642 or by calling (614) 222-6705 or (800) 222-7377.

For the years ended December 31, 2007 and 2006, the members of all three plans were required to contribute 9.5 percent and 9 percent, respectively of their annual covered salaries. The Library's contribution rate for pension benefits for 2007 and 2006 was 13.85 percent and 13.7 percent, respectively. The Ohio Revised Code provides statutory authority for member and employer contributions.

Note 8 - Post employment Benefits

Plan Description – OPERS maintains a cost sharing multiple employer defined benefit post-employment health care plan for qualifying members of both the traditional and combined pension plans. Members of the member directed plan do not qualify for ancillary benefits, including post-employment health care. The plan includes a medical plan, a prescription drug program and Medicare Part b premium reimbursement.

To qualify for post-employment health care coverage, age and service retirees under the traditional and combined plans must have ten or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised Code permits, but does not require, OPERS to provide health care benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report which may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 4642 or by calling (614) 222-5601 or 800-222-7377.

Funding Policy – The post-employment health care plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). State statute requires that public employers fund post-employment health care through contributions to OPERS. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of post-employment health care.

Martins Ferry Public Library
Notes to the Basic Financial Statements
For the Years Ended December 31, 2007 and 2006

Note 8 - Post employment Benefits (continued)

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2007, local government employers contributed 13.85 percent of covered payroll and in 2006, contributed 13.70 percent of covered payroll. Each year, the OPERS retirement board determines the portion of the employer contribution rate that will be set aside for funding post-employment health care benefits. The amount of the employer contributions which was allocated to fund post-employment health care was 5.00 percent of covered payroll from January 1 through June 30, 2007, and 6.00 percent from July 1 to December 31, 2007. The amount of the employer contribution which was allocated to fund post-employment health care was 4.50 percent for January 1, 2006 to December 31, 2006.

The Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits by the retiree or the retiree's surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the post-employment health care plan.

On September 9, 2004 the OPERS Retirement Board adopted a Health Care Preservation Plan which was effective January 1, 2007. Member and employer contribution rates increased as of, January 1, 2006, January 1, 2007, and January 1, 2008, which allowed additional funds to be allocated to the health care plan.

Note 9 – Interfund Transfers

In 2007 and 2006, the General Fund transferred \$5,000 and \$7,000, respectively to the Bookmobile Fund for the future purchase of a bookmobile.



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*

Martins Ferry Public Library
Belmont County
20 South Fifth Street, P.O. Box 130
Martins Ferry, OH 43935

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 Martins Ferry Public Library, Belmont County, Ohio (the Library), as of and for the years ended December 31, 2007 and 2006, and have issued our report thereon dated September 25, 2008, wherein we 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.

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.

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 management and the Board of Trustees. We intend it for no one other than these specified parties.

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

Mary Taylor, CPA
Auditor of State

September 25, 2008



Mary Taylor, CPA
Auditor of State

MARTINS FERRY 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 6, 2008**