



OHIO AUDITOR OF STATE  
**KEITH FABER**





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

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## INDEPENDENT AUDITOR'S REPORT

Public Library of Steubenville and Jefferson County  
Jefferson County  
407 South 4<sup>th</sup> Street  
Steubenville, Ohio 43952

To the Board of Trustees:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Public Library of Steubenville and Jefferson County, Jefferson County, Ohio (the Library) as of and for the years ended December 31, 2019 and 2018.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Library's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Library's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

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

As described in Note 2 of the financial statements, the Library prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Library does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Library as of December 31, 2019 and 2018, and the respective changes in financial position thereof for the years then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of the Public Library of Steubenville and Jefferson County, Jefferson County as of December 31, 2019 and 2018, for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

***Emphasis of Matter***

As discussed in Note 9 to the 2019 financial statements and Note 10 to the 2018 financial statements, during 2020, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Library. We did not modify our opinion regarding this matter.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 18, 2020, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Library's internal control over financial reporting and compliance.



Keith Faber  
Auditor of State

Columbus, Ohio

September 18, 2020

**Public Library of Steubenville and Jefferson County**  
*Jefferson County*  
*Combined Statement of Receipts, Disbursements*  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
*All Governmental Fund Types*  
*For the Year Ended December 31, 2019*

	General	Special Revenue	Capital Projects	Permanent	Totals (Memorandum Only)
<b>Cash Receipts</b>					
Property and Other Local Taxes	\$1,294,712				\$1,294,712
Public Library	2,592,883				2,592,883
Intergovernmental	124,969				124,969
Patron Fines and Fees	47,345				47,345
Contributions, Gifts and Donations	4,099				4,099
Earnings on Investments	38,076		\$10,642	\$650	49,368
Miscellaneous	40,825				40,825
<i>Total Cash Receipts</i>	<u>4,142,909</u>	<u>0</u>	<u>10,642</u>	<u>650</u>	<u>4,154,201</u>
<b>Cash Disbursements</b>					
Current:					
Library Services:					
Public Services and Programs	3,352,483				3,352,483
Support Services:					
Facilities Operation and Maintenance		18,815			18,815
Capital Outlay	36,555		1,137,046		1,173,601
<i>Total Cash Disbursements</i>	<u>3,389,038</u>	<u>18,815</u>	<u>1,137,046</u>	<u>0</u>	<u>4,544,899</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>753,871</u>	<u>(18,815)</u>	<u>(1,126,404)</u>	<u>650</u>	<u>(390,698)</u>
<b>Other Financing Receipts (Disbursements)</b>					
Transfers In			500,000		500,000
Transfers Out	(500,000)				(500,000)
Other Financing Uses	(2,193)				(2,193)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(502,193)</u>	<u>0</u>	<u>500,000</u>	<u>0</u>	<u>(2,193)</u>
<i>Net Change in Fund Cash Balances</i>	251,678	(18,815)	(626,404)	650	(392,891)
<i>Fund Cash Balances, January 1</i>	<u>1,135,265</u>	<u>146,443</u>	<u>1,474,288</u>	<u>37,555</u>	<u>2,793,551</u>
<b>Fund Cash Balances, December 31</b>					
Nonspendable	0	0	0	7,524	7,524
Restricted	0	127,628	847,884	30,681	1,006,193
Assigned	260,838	0	0	0	260,838
Unassigned (Deficit)	1,126,105	0	0	0	1,126,105
<i>Fund Cash Balances, December 31</i>	<u>\$1,386,943</u>	<u>\$127,628</u>	<u>\$847,884</u>	<u>\$38,205</u>	<u>\$2,400,660</u>

*See accompanying notes to the basic financial statements*

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# Public Library of Steubenville and Jefferson County

*Jefferson County*

*Notes to the Financial Statements*

*For the Year Ended December 31, 2019*

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## **Note 1 - Reporting Entity**

The Public Library of Steubenville and Jefferson County,(the Library) Jefferson County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Mayor of Steubenville appoints a Board of Trustees to govern the Library. The Library provides the community with various educational and literary resources.

## **Note 2 - Summary of Significant Accounting Policies**

### ***Basis of Presentation***

The Library's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types.

### ***Fund Accounting***

The Library uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Library are presented below:

***General Fund*** The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Library for any purpose provided it is expended or transferred according to the general laws of Ohio.

***Special Revenue Funds*** These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Library had the following significant Special Revenue Funds:

**PNC-Digital Shoebox:** Digital Shoebox is a database of digital images of Local History and Genealogy accessible to the public, containing 80,000 pages.

**Memorial Fund:** A special revenue fund for large memorial donations.

**P.4 Proj-Schiappa Wall:** A special revenue fund from Ohio Department of Public Safety Emergency Management Agency to repair a retaining wall behind the Schiappa Library branch that was damaged due to excessive rainfall during 2018.

***Capital Project Funds*** These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Library had the following significant capital project funds:

**Capital Projects:** This fund accounts for the construction of new buildings or permanent improvements of existing buildings. In 2017 the Library began a project to construct a new ADA accessible entrance to the Carnegie (Main Library) Building. The project was completed in 2019.

**Public Library of Steubenville and Jefferson County**

*Jefferson County*

*Notes to the Financial Statements*

*For the Year Ended December 31, 2019*

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**Capital Projects Vehicle:** This fund accounts for the purchase of new vehicles, including bookmobiles.

**Permanent Funds** These funds account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs (for the benefit of the government or its citizenry). The Library had the following significant permanent fund:

**Naylor Endowment Fund:** The library endowment fund accounts for and reports interest earned on the nonexpendable corpus from a trust agreement restricted for the purpose of purchasing books at the discretion of the Library's book selection committee.

***Basis of Accounting***

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

***Budgetary Process***

The Board must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year-end. Budgetary expenditures, that is, disbursements and encumbrances, may not exceed appropriations at the fund, function, and object level of control.

A summary of 2019 budgetary activity appears in Note 3.

***Deposits and Investments***

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

Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

***Capital Assets***

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

**Public Library of Steubenville and Jefferson County**

*Jefferson County*

*Notes to the Financial Statements*

*For the Year Ended December 31, 2019*

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***Accumulated Leave***

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

***Fund Balance***

Fund balance is divided into five classifications based primarily on the extent to which the Library must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

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

***Restricted*** Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

***Committed*** The Board of Trustees can *commit* amounts via formal action (resolution). The Library must adhere to these commitments unless the Board amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

***Assigned*** Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by the Library Board or a Library official delegated that authority by resolution, or by State Statute.

***Unassigned*** Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Library applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**Public Library of Steubenville and Jefferson County**

*Jefferson County*

*Notes to the Financial Statements*

*For the Year Ended December 31, 2019*

**Note 3 - Budgetary Activity**

Budgetary activity for the year ending 2019 follows:

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$4,123,986	\$4,142,909	\$18,923
Special Revenue	0	0	0
Capital Projects	0	510,642	510,642
Permanent	0	0	0
Total	<u>\$4,123,986</u>	<u>\$4,653,551</u>	<u>\$529,565</u>

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$4,630,614	\$4,053,877	\$576,737
Special Revenue	146,288	18,815	127,473
Capital Projects	1,447,237	1,137,046	310,191
Permanent	0	0	0
Total	<u>\$6,224,139</u>	<u>\$5,209,738</u>	<u>\$1,014,401</u>

**Note 4 – Deposits and Investments**

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

	<u>2019</u>
Demand deposits	\$61,900
Certificates of deposit	38,349
Other time deposits (savings and NOW accounts)	<u>112,516</u>
Total deposits	<u>212,765</u>
STAR Ohio	1,602,340
STARPLUS	585,350
Petty Cash	205
Total investments	<u>2,187,895</u>
Total deposits and investments	<u><u>\$2,400,660</u></u>

**Public Library of Steubenville and Jefferson County**

*Jefferson County*

*Notes to the Financial Statements*

*For the Year Ended December 31, 2019*

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***Deposits***

Deposits are insured by the Federal Deposit Insurance Corporation.

***Investments***

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

**Note 5 – Grants in Aid and Taxes**

***Grants in Aid***

The primary source of revenue for Ohio public libraries is the Public Library Fund (PLF). The State allocates PLF to each county based on the total tax revenue credited to the State's general revenue fund during the preceding month using the statutory allocation method. Estimated entitlement figures were issued to County Auditors. The actual current year entitlements were computed in December of the current year. The difference between the estimate and actual will be adjusted evenly in the PLF distributions made from January-June of the subsequent year.

***Property Taxes***

Real property taxes become a lien on January 1 preceding the October 1 date for which the taxing authority of the subdivision to whose jurisdiction the Library is subject adopts rates. The State Department of Taxation, Division of Tax Equalization, adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Other Governments' Grants In Aid. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

**Note 6 - Risk Management**

Workers' Compensation coverage is provided by the State of Ohio. The Library pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs (if material).

**Commercial Insurance**

The Library has obtained commercial insurance for the following risks:

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

**Public Library of Steubenville and Jefferson County**

*Jefferson County*

*Notes to the Financial Statements*

*For the Year Ended December 31, 2019*

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**Note 7 - Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

The Library's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10%, of their gross salaries and the Library contributed an amount equaling 14% of participants' gross salaries. The Library has paid all contributions required through December 31, 2019.

**Note 8 - Postemployment Benefits**

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

**Note 9 – Subsequent Events**

The United States and State of Ohio declared a state of emergency in March 2020 due to the COVID 19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Library. The impact on the Library's future operating costs, revenues and any recovery from emergency funding, either federal or state, cannot be estimated.

**Public Library of Steubenville and Jefferson County**  
*Jefferson County*  
*Combined Statement of Receipts, Disbursements*  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
*All Governmental Fund Types*  
*For the Year Ended December 31, 2018*

	General	Special Revenue	Capital Projects	Permanent	Totals (Memorandum Only)
<b>Cash Receipts</b>					
Property and Other Local Taxes	\$1,235,116				\$1,235,116
Public Library	2,503,577				2,503,577
Intergovernmental	128,732	\$18,815			147,547
Patron Fines and Fees	48,010				48,010
Services Provided to Other Entities	1,325				1,325
Contributions, Gifts and Donations	1,916		\$40		1,956
Earnings on Investments	27,733		51,012	\$34	78,779
Miscellaneous	75,194				75,194
<i>Total Cash Receipts</i>	<u>4,021,603</u>	<u>18,815</u>	<u>51,052</u>	<u>34</u>	<u>4,091,504</u>
<b>Cash Disbursements</b>					
Current:					
Library Services:					
Public Services and Programs	3,246,348				3,246,348
Support Services:					
Facilities Operation and Maintenance					0
Capital Outlay	17,441		3,363,097		3,380,538
<i>Total Cash Disbursements</i>	<u>3,263,789</u>	<u>0</u>	<u>3,363,097</u>	<u>0</u>	<u>6,626,886</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>757,814</u>	<u>18,815</u>	<u>(3,312,045)</u>	<u>34</u>	<u>(2,535,382)</u>
<b>Other Financing Receipts (Disbursements)</b>					
Transfers In			700,000		700,000
Transfers Out	(700,000)				(700,000)
Other Financing Uses	(1,553)				(1,553)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(701,553)</u>	<u>0</u>	<u>700,000</u>	<u>0</u>	<u>(1,553)</u>
<i>Net Change in Fund Cash Balances</i>	56,261	18,815	(2,612,045)	34	(2,536,935)
<i>Fund Cash Balances, January 1</i>	<u>1,079,004</u>	<u>127,628</u>	<u>4,086,333</u>	<u>37,521</u>	<u>5,330,486</u>
<b>Fund Cash Balances, December 31</b>					
Nonspendable	0	0	0	7,524	7,524
Restricted	0	146,443	530,051	30,031	706,525
Committed	0	0	944,237	0	944,237
Assigned	454,014	0	0	0	454,014
Unassigned (Deficit)	681,251	0	0	0	681,251
<i>Fund Cash Balances, December 31</i>	<u>\$1,135,265</u>	<u>\$146,443</u>	<u>\$1,474,288</u>	<u>\$37,555</u>	<u>\$2,793,551</u>

See accompanying notes to the basic financial statements

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# Public Library of Steubenville and Jefferson County

Jefferson County

Notes to the Financial Statements

For the Year Ended December 31, 2018

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## Note 1 - Reporting Entity

The Public Library of Steubenville and Jefferson County (the Library) Jefferson County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Mayor of Steubenville appoints a Board of Trustees to govern the Library. The Library provides the community with various educational and literary resources.

## Note 2 - Summary of Significant Accounting Policies

### *Basis of Presentation*

The Library's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types.

### *Fund Accounting*

The Library uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Library are presented below:

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**PNC-Digital Shoebox:** Digital Shoebox is a database of digital images of Local History and Genealogy accessible to the public, containing 80,000 pages.

**Memorial Fund:** A special revenue fund for large memorial donations.

**P.4 Proj-Schiappa Wall:** A special revenue fund from Ohio Department of Public Safety Emergency Management Agency to repair a retaining wall behind the Schiappa Library branch that was damaged due to excessive rainfall during 2018.

**Capital Project Funds** These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Library had the following significant capital project funds:

**Capital Projects:** This fund accounts for the construction of new buildings or permanent improvements of existing buildings. In 2018 the Library continued a project to construct a new ADA accessible entrance to the Carnegie (Main Library) Building. This is estimated to be a \$4,000,000 project.

**Capital Projects Vehicle:** This fund accounts for the purchase of new vehicles, including bookmobiles.

**Public Library of Steubenville and Jefferson County**

*Jefferson County*

*Notes to the Financial Statements*

*For the Year Ended December 31, 2018*

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**Permanent Funds** These funds account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs (for the benefit of the government or its citizenry). The Library had the following significant permanent fund:

**Naylor Endowment Fund:** The library endowment fund accounts for and reports interest earned on the nonexpendable corpus from a trust agreement restricted for the purpose of purchasing books at the discretion of the Library's book selection committee.

***Basis of Accounting***

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

***Budgetary Process***

The Board must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year-end. Budgetary expenditures, that is, disbursements and encumbrances, may not exceed appropriations at the fund, function, and object level of control.

A summary of 2018 budgetary activity appears in Note 3.

***Deposits and Investments***

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

Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

***Capital Assets***

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

**Public Library of Steubenville and Jefferson County**

*Jefferson County*

*Notes to the Financial Statements*

*For the Year Ended December 31, 2018*

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***Accumulated Leave***

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

***Fund Balance***

Fund balance is divided into five classifications based primarily on the extent to which the Library must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

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

***Restricted*** Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

***Committed*** The Board of Trustees can *commit* amounts via formal action (resolution). The Library must adhere to these commitments unless the Board amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

***Assigned*** Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by the Library Board or a Library official delegated that authority by resolution, or by State Statute.

***Unassigned*** Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Library applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**Public Library of Steubenville and Jefferson County**

*Jefferson County*

*Notes to the Financial Statements*

*For the Year Ended December 31, 2018*

**Note 3 - Budgetary Activity**

Budgetary activity for the year ending 2018 follows:

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$3,990,825	\$4,021,603	\$30,778
Special Revenue	0	18,815	18,815
Capital Projects	700,000	751,052	51,052
Permanent	0	34	34
Total	<u>\$4,690,825</u>	<u>\$4,791,504</u>	<u>\$100,679</u>

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$4,682,286	\$4,017,954	\$664,332
Special Revenue	126,228	0	126,228
Capital Projects	4,740,845	4,307,335	433,510
Permanent	0	0	0
Total	<u>\$9,549,359</u>	<u>\$8,325,289</u>	<u>\$1,224,070</u>

**Note 4 – Deposits and Investments**

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

	<u>2018</u>
Demand deposits	\$109,911
Certificates of deposit	37,699
Other time deposits (savings and NOW accounts)	<u>250,314</u>
Total deposits	<u>397,924</u>
STAR Plus	571,986
STAR Ohio	<u>1,823,436</u>
Total investments	<u>2,395,422</u>
Petty Cash	205
Total deposits and investments	<u><u>\$2,793,551</u></u>

***Deposits***

Deposits are insured by the Federal Deposit Insurance Corporation.

**Public Library of Steubenville and Jefferson County**

*Jefferson County*

*Notes to the Financial Statements*

*For the Year Ended December 31, 2018*

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***Investments***

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

**Note 5 – Grants in Aid and Taxes**

***Grants in Aid***

The primary source of revenue for Ohio public libraries is the Public Library Fund (PLF). The State allocates PLF to each county based on the total tax revenue credited to the State's general revenue fund during the preceding month using the statutory allocation method. Estimated entitlement figures were issued to County Auditors. The actual current year entitlements were computed in December of the current year. The difference between the estimate and actual will be adjusted evenly in the PLF distributions made from January-June of the subsequent year.

***Property Taxes***

Real property taxes become a lien on January 1 preceding the October 1 date for which the taxing authority of the subdivision to whose jurisdiction the Library is subject adopts rates. The State Department of Taxation, Division of Tax Equalization, adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Other Governments' Grants In Aid. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

**Note 6 - Risk Management**

Workers' Compensation coverage is provided by the State of Ohio. The Library pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs (if material).

**Commercial Insurance**

The Library has obtained commercial insurance for the following risks:

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

**Public Library of Steubenville and Jefferson County**

*Jefferson County*

*Notes to the Financial Statements*

*For the Year Ended December 31, 2018*

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**Note 7 - Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

The Library's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10%, of their gross salaries and the Library contributed an amount equaling 14% of participants' gross salaries. The Library has paid all contributions required through December 31, 2018.

**Note 8 - Postemployment Benefits**

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients of both the traditional pension and the combined plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2018. The portion of employer contributions allocated to health care for members in the member-directed plan was 4.0 percent during calendar year 2018.

**Note 9 – Construction and Contractual Commitments**

The Library had outstanding construction commitments of \$944,237 related to the construction of the ADA accessible entrance of the Carnegie (Main Library) Building at December 31, 2018.

**Note 10 – Subsequent Events**

The United States and State of Ohio declared a state of emergency in March 2020 due to the COVID 19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Library. The impact on the Library's future operating costs, revenues and any recovery from emergency funding, either federal or state, cannot be estimated.



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

Public Library of Steubenville and Jefferson County  
Jefferson County  
407 South 4<sup>th</sup> Street  
Steubenville, Ohio 43952

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of the Public Library of Steubenville and Jefferson County, Jefferson County, (the Library) as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements and have issued our report thereon dated September 18, 2020 wherein we noted the Library followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. We also noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Library.

***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Library's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Library's internal control. Accordingly, we have not opined on it.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. *A material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Library's financial statements. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings that we consider significant deficiencies. We consider findings 2019-001 and 2019-002 to be significant deficiencies.

***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, opining 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*.

***Library's Response to Findings***

The Library's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not subject the Library's responses to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Library's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Library's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Keith Faber  
Auditor of State

Columbus, Ohio

September 18, 2020



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

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2019 AND 2018**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

**FINDING NUMBER 2019-001**

**Significant Deficiency – Financial Reporting**

In our audit engagement letter, as required by AU-C Section 210, Terms of Engagement, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16.

The Fiscal Officer did not abide by the adopted chart of account in coding and classifying various transactions in 2019 and 2018. This resulted in adjustments and reclassifications to the financial statements. The Library Fiscal Officer and management have agreed to and posted the following adjustments to the Library's accounting records and the corrected amounts are reflected in the accompanying financial statements.

**2019:**

Adjustment:

Fund	Adjusted To:	Amount	Explanation:
Permanent	Earnings on Investment and Restricted Fund Balance	\$650	To adjust the financial statements for interest not recorded by the Library on the Naylor Trust account.

Reclassifications:

Fund	Reclassified To:	Amount	Explanation:
General	Assigned Fund Balance	\$260,838	To reclassify ending fund balance for the portion that should be assigned due to subsequent year appropriations exceeding estimated revenues.
Permanent	Nonspendable Fund Balance	7,524	To reclassify ending fund balance for the portion that represents donations that are not spendable.

**2018:**

Reclassifications:

<b>Fund</b>	<b>Reclassified To:</b>	<b>Amount</b>	<b>Explanation:</b>
General	Assigned Fund Balance	\$454,014	To reclassify ending fund balance for the portion that should be assigned due to subsequent year appropriations exceeding estimated revenues.
Capital Projects	Committed Fund Balance	944,237	To reclassify ending fund balance for the portion that was committed to an ADA project.
Permanent	Nonspendable Fund Balance	7,524	To reclassify ending fund balance for the portion that represents donations that are not spendable.

Other mispostings were identified, however were not material and the Library decided not to make the adjustments.

Adjustments to the Financial Statement Notes include:

2019:

- The Defined Benefits Plan and Post-Employment Benefits Notes did not include the most current information.

2018:

- The Budgetary Activity Note did not include accurate figures for Special Revenue budgeted receipts and appropriations;
- The Defined Benefits Plan and Post-Employment Benefits Notes did not include the most current information; and
- The Construction and Contractual Commitments Note reported commitments of \$881,119, however, should have been \$944,237.

The Library did not have procedures in place to record transactions properly or procedures in place to include updated disclosures.

The Fiscal Officer should maintain the accounting system to enable the Library to identify, assemble, analyze, classify, record, and report all transactions and to maintain accountability. All transactions should be properly coded and classified according to the UAN chart of accounts to help ensure that financial activity of the Library is accurately recorded and reported. In addition, the Library should review the financial statements and notes prior to report submission.

**Officials' Response:** The Fiscal Officer will more closely follow the UAN chart of accounts and use the most current AOS footnote shell when submitting year end financial statements.

#### **FINDING NUMBER 2019-002**

##### **Significant Deficiency – Cash Reconciliation Process Errors**

Sound accounting practices require that when designing the public office's system of internal control and the specific control activities, management should ensure adequate security of assets and records, and verify the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records.

The reconciliation of cash (bank) balances to accounting system records (book) to the accounting system is the most basic and primary control process performed. Lack of completing an accurate and timely reconciliation may allow for accounting errors, theft and fraud to occur without timely detection.

The Fiscal Officer is responsible for reconciling the book (fund) balance to the total bank balance on a monthly basis, and the Board and/or other administrator are responsible for reviewing the reconciliations and related support.

The December 2019 reconciliation included the following errors:

- The Fiscal Officer transferred \$56,133 from the checking to the payroll clearing account on December 30, 2019, however, on the bank reconciliation this amount is included as an Other Adjusting Factor in the book balance, as opposed to being included in the bank balance. This did not have a financial statement impact, as the filed financial statements report the proper ending balance; and
- The entered bank balance for the Naylor certificate of deposit had an ending balance as \$37,698, however, this did not agree to the confirmed balance of \$38,348. The variance of \$650 is due to the Library not recording the interest earned upon maturity of the certificate of deposit in 2019 and prior years. The financial statements have been adjusted to reflect the interest earned.

Failure to reconcile monthly increases the possibility that the Library will not be able to identify, assemble, analyze, classify, and record its transactions correctly or to document compliance with finance related legal and contractual requirements. Further, the lack of accurate monthly reconciliations increases the risk of theft/fraud over the cash cycle and could lead to inaccurate reporting in the annual financial statements.

The Fiscal Officer should record all transactions and prepare monthly bank to book cash reconciliations, which include all bank accounts and all fund balances. Variances should be investigated, documented and corrected. In addition, the Board should review the monthly cash reconciliations including the related support (such as reconciling items) and document the reviews.

**Officials' Response:** The Fiscal Officer will include any transfers to the Payroll Clearing Account as a part of the stated bank balance listed on the bank reconciliation.

A correcting Journal Entry has been posted through the UAN system to properly adjust the Naylor CD balance.

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# OHIO AUDITOR OF STATE KEITH FABER



**PUBLIC LIBRARY OF STEUBENVILLE AND JEFFERSON COUNTY**

**JEFFERSON COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 10/13/2020**

88 East Broad Street, Columbus, Ohio 43215  
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)