



**Auditor of State
Betty Montgomery**

ST. CLAIRSVILLE PUBLIC LIBRARY
BELMONT COUNTY

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**Auditor of State
Betty Montgomery**

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

To the Board of Trustees:

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

A handwritten signature in cursive script that reads "Betty Montgomery".

Betty Montgomery
Auditor of State

September 6, 2005

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Trustees:

We have audited the accompanying financial statements of the St. Clairsville Public Library, Belmont County, Ohio (the Library), as of and for the years ended December 31, 2004 and 2003. These financial statements are the responsibility of the Library's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

Revisions to GAAP would require the Library to reformat its financial statement presentation and make other changes effective for the year ended December 31, 2004. Instead of the combined funds the accompanying financial statements present for 2004 (and 2003), the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2004. While the Library does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Library has elected not to reformat its statements. Since this Library does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

743 E. State St. / Athens Mall Suite B / Athens, OH 45701
Telephone: (740) 594-3300 (800) 441-1389 Fax: (740) 594-2110
www.auditor.state.oh.us

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

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the St. Clairsville Public Library, Belmont County, as of December 31, 2004 and 2003, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 6, 2005, 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.



Betty Montgomery
Auditor of State

September 6, 2005

**ST. CLAIRSVILLE PUBLIC LIBRARY
BELMONT COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Governmental Fund Types</u>		<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
Cash Receipts:				
Library and Local Government Support	\$511,299	\$	\$	\$511,299
Patron Fines and Fees	11,373			11,373
Earnings on Investments	2,064	2,721	1,926	6,711
Contributions, Gifts and Donations	3,435	269	4,471	8,175
Miscellaneous Receipts	7,367			7,367
Total Cash Receipts	<u>535,538</u>	<u>2,990</u>	<u>6,397</u>	<u>544,925</u>
Cash Disbursements:				
Current:				
Salaries and Benefits	325,656			325,656
Purchased and Contracted Services	57,937			57,937
Library Materials and Information	72,146		1,678	73,824
Supplies	12,928			12,928
Other Objects	7,987			7,987
Capital Outlay	95,924	140	62	96,126
Total Cash Disbursements	<u>572,578</u>	<u>140</u>	<u>1,740</u>	<u>574,458</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(37,040)</u>	<u>2,850</u>	<u>4,657</u>	<u>(29,533)</u>
Fund Cash Balances, January 1	<u>240,942</u>	<u>212,648</u>	<u>155,518</u>	<u>609,108</u>
Fund Cash Balances, December 31	<u>\$203,902</u>	<u>\$215,498</u>	<u>\$160,175</u>	<u>\$579,575</u>
Reserves for Encumbrances, December 31	<u>\$13,297</u>	<u>\$0</u>	<u>\$41</u>	<u>13,338</u>

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

**ST. CLAIRSVILLE PUBLIC LIBRARY
BELMONT COUNTY**

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

	<u>Governmental Fund Types</u>		<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
Cash Receipts:				
Library and Local Government Support	\$507,681	\$	\$	\$507,681
Patron Fines and Fees	12,822			12,822
Earnings on Investments	2,504	2,493	1,653	6,650
Contributions, Gifts and Donations	2,475	868	3,265	6,608
Miscellaneous Receipts	1,770			1,770
Total Cash Receipts	<u>527,252</u>	<u>3,361</u>	<u>4,918</u>	<u>535,531</u>
Cash Disbursements:				
Current:				
Salaries and Benefits	327,352			327,352
Purchased and Contracted Services	43,340	7,248		50,588
Library Materials and Information	52,930			52,930
Supplies	9,727		1,104	10,831
Other Objects	4,024	200		4,224
Capital Outlay	7,342	41,471		48,813
Total Cash Disbursements	<u>444,715</u>	<u>48,919</u>	<u>1,104</u>	<u>494,738</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>82,537</u>	<u>(45,558)</u>	<u>3,814</u>	<u>40,793</u>
Other Financing Receipts:				
Transfers-In		3,960		3,960
Total Other Financing Receipts	<u>0</u>	<u>3,960</u>	<u>0</u>	<u>3,960</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	82,537	(41,598)	3,814	44,753
Fund Cash Balances, January 1	158,405	254,246	151,704	564,355
Fund Cash Balances, December 31	<u>\$240,942</u>	<u>\$212,648</u>	<u>\$155,518</u>	<u>\$609,108</u>
Reserves for Encumbrances, December 31	<u>\$29,667</u>		<u>\$3,561</u>	<u>\$33,228</u>

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

ST. CLAIRSVILLE PUBLIC LIBRARY
BELMONT COUNTY

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN CASH BALANCE
AGENCY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2003

Operating Cash Receipts:	
Contributions, Gifts and Donations	\$1,196
Earnings on Investments	<u>17</u>
Total Operating Cash Receipts	<u>1,213</u>
Operating Income	<u>1,213</u>
Other Financing (Disbursements):	
Transfers-Out	<u>(3,960)</u>
Total Other Financing (Disbursements)	<u>(3,960)</u>
Net Loss	(2,747)
Cash Balance, January 1	<u>2,747</u>
Cash Balance, December 31	<u><u>\$0</u></u>

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

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**ST. CLAIRSVILLE PUBLIC LIBRARY
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the St. Clairsville Public Library, Belmont County (the Library), as a body corporate and politic. The St. Clairsville City School District Board of Education appoints a seven-member Board of Trustees to govern the Library. The Library provides the community with various educational and literary resources. The Library is involved with the Southeastern Ohio Library Organization Regional Library System (SOLO) which is defined as a jointly governed organization. Additional information concerning the jointly governed organization is presented in Note 7.

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

B. Basis of Accounting

These financial statements follow the basis of accounting the Auditor of State prescribes or permits. This accounting basis is similar to the cash receipts and disbursements accounting basis. The Library recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Cash and Investments

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

Money market mutual funds (including STAROhio) are recorded at share values the mutual fund reports.

D. Fund Accounting

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

1. General Fund

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

**ST. CLAIRSVILLE PUBLIC LIBRARY
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Capital Project Funds

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

Building Fund – This fund is used to accumulate resources for a possible building project.

3. Fiduciary Funds (Trust and Agency Funds)

Trust funds account for resources restricted by legally binding trust agreements. If the agreement requires the Library to maintain the corpus of the trust, the Library classifies the activity as a nonexpendable trust fund. The Library classifies other trust funds as expendable. The Library classifies funds for which it acts in an agency capacity as agency funds. The Library had the following significant Fiduciary Funds:

Marcy Lewis Memorial Fund (Expendable Trust Fund) – This fund is used to account for donations received in memory of a deceased individual. The donations and/or contributions are to allow the Library to proceed with plans to expand the library.

Recipe Book Fund (Agency Fund) – This fund receives contributions to provide for the printing of recipe books for subsequent sale. This fund was closed out as of December 31, 2003.

E. Budgetary Process

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

A summary of 2004 and 2003 budgetary activity appears in Note 3.

F. Property, Plant, and Equipment

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

G. Accumulated Leave

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

**ST. CLAIRSVILLE PUBLIC LIBRARY
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	2004	2003
Demand Deposits	\$158,481	\$193,334
STAROhio	421,094	415,774
Total deposits and investments	\$579,575	\$609,108

Deposits: Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized by securities specifically pledged by the financial institution to the Library.

Investments: Investments in STAROhio are not evidenced by securities existing in physical or book-entry form.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2004 and 2003, follows:

2004 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$480,536	\$535,538	\$55,002
Capital Projects	758,802	2,990	(755,812)
Fiduciary	6,000	6,397	397
Total	\$1,245,338	\$544,925	(\$700,413)

2004 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$721,478	\$585,875	\$135,603
Capital Projects	971,450	140	971,310
Fiduciary	161,517	1,781	159,736
Total	\$1,854,445	\$587,796	\$1,266,649

**ST. CLAIRSVILLE PUBLIC LIBRARY
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2003 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$515,452	\$527,252	\$11,800
Capital Projects	809,229	7,321	(801,908)
Fiduciary	6,000	6,131	131
Total	\$1,330,681	\$540,704	(\$789,977)

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$673,891	\$474,382	\$199,509
Capital Projects	1,063,475	48,919	1,014,556
Fiduciary	164,471	8,625	155,846
Total	\$1,901,837	\$531,926	\$1,369,911

4. GRANTS-IN-AID

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

5. RETIREMENT SYSTEM

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

The Ohio Revised Code also prescribes contribution rates. The Library's OPERS members contributed 8.5 percent of their gross salaries. The Library contributed an amount equal to 13.55 percent of participants' gross salaries. The Library has paid all contributions required through December 31, 2004.

**ST. CLAIRSVILLE PUBLIC LIBRARY
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

6. RISK MANAGEMENT

Commercial Insurance

The Library has obtained commercial insurance for the following risks:

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

7. JOINTLY GOVERNED ORGANIZATION

The Southeastern Ohio Library Organization Regional Library System, (SOLO), is a regional library system created and jointly governed according to the provisions of the Ohio Rev. Code Sections 3375.90 through 3375.93. SOLO is composed of fourteen legally-separate libraries within Southeast Ohio: Barnesville Hutton Memorial Library, Bellaire Public Library, Caldwell Public Library, Guernsey County District Library, Kate Love Simpson Library, Martins Ferry Public Library, Monroe County District Library, Muskingum County Public Library System, Newark Public Library, Perry County District Library, Public Library of Steubenville and Jefferson County, Puskarich Public Library, St. Clairsville Public Library, and Washington County Library. SOLO is governed by a fourteen member Board of Trustees selected by the Librarians Council which consists of library administrators or a representative from each member library. SOLO provides annual training workshops for member library employees, technical training and assistance, a central graphics center, and coordinates the delivery of intra-library book loans. The St. Clairsville Public Library's control over budgeting and financing of SOLO is limited to its voting authority and its representation on SOLO's Board of Trustees.

8. RELATED PARTY TRANSACTIONS

The Library pays an annual fee to SOLO Regional Library System, a jointly owned organization, of which the Library is a member. The Library paid \$8,000 to the SOLO Regional Library System during the period January 1, 2003 through December 31, 2004.

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Auditor of State Betty Montgomery

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

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

To the Board of Trustees:

We have audited the financial statements of the St. Clairsville Public Library, Belmont County, Ohio (the Library), as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated September 6, 2005, wherein we noted the Library follows the accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We also noted that 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 because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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*.

743 E. State St. / Athens Mall Suite B / Athens, OH 45701
Telephone: (740) 594-3300 (800) 441-1389 Fax: (740) 594-2110
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St. Clairsville Public Library
Belmont County
Independent Accountants' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
Page 2

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

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

Betty Montgomery
Auditor of State

September 6, 2005



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

ST. CLAIRSVILLE PUBLIC LIBRARY

BELMONT COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
OCTOBER 20, 2005**