



Mary Taylor, CPA
Auditor of State

**PORTSMOUTH PUBLIC LIBRARY
SCIOTO COUNTY**

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Portsmouth Public Library
Scioto County
1220 Gallia Street
Portsmouth, Ohio 45662

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 Portsmouth Public Library, Scioto County, Ohio (the Library), as of and for the years ended December 31, 2006 and 2005, which collectively comprise the Library's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Library's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

As discussed in Note 1, the accompanying financial statements and notes follow the modified 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 modified cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Portsmouth Public Library, Scioto County, Ohio, as of December 31, 2006 and 2005, and the respective changes in modified cash financial position and the budgetary comparison for the General Fund thereof for the years then ended in conformity with the basis of accounting Note 1 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 3, 2007, on our consideration of the Library's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Portsmouth Public Library
Scioto County
Independent Accountants' Report
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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

May 3, 2007

Portsmouth Public Library
Management's Discussion and Analysis
For the Year Ended December 31, 2006 - 2005

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

Highlights

Key highlights for 2005 and 2006 are as follows:

Net assets of governmental activities increased \$239,008 or 22 percent for 2005, and increased \$286,998 or 22 percent for 2006 from 2005. The fund most affected by the increase in cash and cash equivalents was the General Fund.

The Government's general receipts are primarily State Library and Local Government Support Fund receipts. These receipts represent respectively 96.8 percent for 2005 and 96.6 percent for 2006 of the total cash received for governmental activities during the year. These receipts for 2005 and 2006 changed very little compared to 2004.

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 modified cash basis of accounting.

Report Components

The statement of net assets and the statement of activities provide information about the cash activities of the Library as a whole.

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

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

Basis of Accounting

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

As a result of using the modified 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 modified cash basis of accounting.

Reporting the Library as a Whole

The statement of net assets and the statement of activities reflect how the Library did financially during 2005 and 2006, within the limitations of modified cash basis accounting. The statement of net assets presents the cash balances and investments of the governmental activities of the Library at year-end. The statement of activities compares cash disbursements with program receipts for each governmental program activity. Program receipts include charges for services and grants and contributions restricted to meeting the operational 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 modified 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 represent 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 condition of the Library's capital assets and infrastructure, the extent of the Library's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources.

In the statement of net assets and the statement of activities, the Library has one type of activity:

Governmental activities. All of the Library's basic services are reported here, including library services, support services, capital outlay, and debt service. State intergovernmental grants finance 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 are presented on the financial statements in separate columns. The information for non-major funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Library's major governmental funds are the General Fund and the Building Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

Portsmouth Public Library
Management's Discussion and Analysis
For the Year Ended December 31, 2006 - 2005

The Library as a Whole

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

	Governmental Activities		
	2006	2005	2004
Assets			
Cash and Cash Equivalents	\$807,660	\$557,958	\$341,505
Investments	784,629	747,333	724,778
Total Assets	\$1,592,289	\$1,305,291	\$1,066,283
Net Assets			
Restricted for:			
Capital Projects	\$696,738	\$696,738	\$19,738
Debt Service	0	558	515
Other Purposes	20,069	18,187	40,856
Unrestricted	875,482	589,808	1,005,174
Total Net Assets	\$1,592,289	\$1,305,291	\$1,066,283

As mentioned previously, net assets of governmental activities increased \$239,008 or 22 percent during 2005 and decreased \$286,998 or 22 percent during 2006.

Portsmouth Public Library
Management's Discussion and Analysis
For the Year Ended December 31, 2006 - 2005

Table 2 reflects the changes in net assets in 2005 and 2006. Listed below is a comparative analysis of government-wide data.

(Table 2)
Change in Net Assets

	Governmental Activities 2004	Governmental Activities 2005	Governmental Activities 2006
Receipts:			
Program Receipts:			
Charges for Services and Sales	\$0	86,136	87,512
Operating Grants and Contributions	47,207	24,740	19,436
Capital Grants and Contributions	0	2,800	4,500
Total Program Receipts	<u>47,207</u>	<u>113,676</u>	<u>111,448</u>
General Receipts:			
Intergovernmental	2,983,790	3,000,202	3,000,202
Unrestricted Gifts and Contributions	35,598	306,155	69,756
Interest	11,471	34,003	70,563
Miscellaneous	99,497	13,332	7,135
Total General Receipts	<u>3,130,356</u>	<u>3,353,692</u>	<u>3,147,656</u>
Total Receipts	<u>3,177,563</u>	<u>3,467,368</u>	<u>3,259,104</u>
Disbursements:			
Governmental Activities:			
General Library Services	2,805,788	2,904,034	2,854,735
Capital Outlay	112,946	119,174	104,791
Debt Service:			
Principal Retirement	197,074	197,074	12,522
Interest and Fiscal Issues	21,703	8,078	58
Total Disbursements	<u>3,137,511</u>	<u>3,228,360</u>	<u>2,972,106</u>
Increase (Decrease) in Net Assets	40,052	239,008	286,998
Net Assets, January 1	<u>1,026,231</u>	<u>1,066,283</u>	<u>1,305,291</u>
Net Assets, December 31	<u>\$1,066,283</u>	<u>\$1,305,291</u>	<u>\$1,592,289</u>

Program receipts represent only 3.2 percent of total receipts in 2005 and 3.4 percent of total receipts in 2006 and are primarily comprised of restricted intergovernmental receipts such as charges for services and grants and contributions.

General receipts represent 96.8 and 96.6 percent of the Library's total receipts in 2005 and 2006, respectively, and of this amount, 87.2 percent are intergovernmental receipts for 2005 and 92.1 percent for 2006. Miscellaneous receipts, unrestricted gifts and interest make up the balance of the Library's general receipts. Other receipts are very insignificant and somewhat unpredictable revenue sources.

Disbursements for General Government represent the overhead costs of running the Library and the support services provided for the other Government activities. These include the costs of public service programs, facility operation and maintenance, and library branch offices, as well as internal services such as payroll and purchasing. Since these costs do not represent direct services to residents, we try to limit these costs to 100% of General Fund unrestricted receipts.

Portsmouth Public Library
Management's Discussion and Analysis
For the Year Ended December 31, 2006 - 2005

Governmental Activities

If you look at the Statements 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 next three columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Library that must be used to provide a specific service. The net (Disbursement) Receipt 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 the State Library and Local Government Support Fund and other receipts. 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.

(Table 3)

	Governmental Activities			
	Total Cost Of Services 2005	Net Cost of Services 2005	Total Cost Of Services 2006	Net Cost of Services 2006
	<u>2005</u>	<u>2005</u>	<u>2006</u>	<u>2006</u>
Governmental Activities				
General Library Services	2,904,034	2,793,158	2,854,734	2,747,786
Capital Outlay	119,174	116,374	104,791	100,291
Debt Service				
Principal Retirement	197,074	197,074	12,522	12,522
Interest and Fiscal Charges	8,078	8,078	58	58
Total Expenses	<u>\$3,228,360</u>	<u>\$3,114,684</u>	<u>\$2,972,105</u>	<u>\$2,860,657</u>

The dependence upon intergovernmental receipts is apparent as 87.2 percent in 2005 and 92.1 percent in 2006 of governmental activities are supported through these general receipts.

The Library's Funds

Total governmental funds had receipts of \$4,349,565 and disbursements of \$4,110,557 for 2005 and had receipts of \$3,271,124 and disbursements of \$2,984,126 for 2006. The greatest change within governmental funds occurred within the General Fund. The fund balance of the General Fund decreased \$415,366 in 2005 and the fund balance of the General Fund increased \$285,674 in 2006 as the result of efforts to contain costs and careful spending to compensate for the stagnancy of receipts from the Library and Local Government Support Fund (LLGSF).

General Fund disbursements were more than receipts by \$415,366 in 2005. However, in 2006 the General Fund receipts were more than disbursements by \$285,674, indicating that efforts to contain cost, and limit expenses were successful. In light of the continued uncertainty regarding the Local Government Support Fund, it was the recommendation of the Audit, Budget, and Expenditure committee and the administration that a continued reduction in disbursements was preferable to requesting additional funds from the taxpayers. Some of these reductions have already been implemented for 2005 including cuts in purchasing new materials and reductions in health care benefits for employees. These cuts will not eliminate the need for additional funds (or additional cuts) in the future if the growth in the Local Government Support Funding is reduced or remains stagnant.

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 2005 and 2006, the Library amended its General Fund budget several times to reflect changing circumstances. Final budgeted receipts were more than original budgeted receipts due to unexpected increases in Patron Fines and Fees and Contributions, Gifts, and Donations from local area foundations and benefactors. There was no difference between final budgeted receipts and actual receipts in either year.

In 2006, final General Fund disbursements were budgeted at \$3,666,487 while actual General Fund disbursements were \$3,603,247. In 2005, final General fund disbursements were budgeted at \$4,416,930 while actual General Fund disbursements were \$4,416,930. Although receipts failed to live up to expectations, appropriations were not reduced. The Library kept spending very close to budgeted amounts as demonstrated by the original budget amounts as compared to the final budgeted amounts.

Capital Assets and Debt Administration

Capital Assets

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

Current Issues

As the preceding information shows, the Library heavily depends on intergovernmental monies. With the Local Government Support Fund being frozen at the 2004 level for the calendar year 2005, and a cut by 5 percent each month for the calendar year 2006 as well as the first six months of calendar year 2007, the Library will be faced with making changes over the next several years to contain costs and determine what other options are available to the Library to increase financial resources.

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 Linda Woods-Jones, Clerk-Treasurer, Portsmouth Public Library, 1220 Gallia Street, Portsmouth, Ohio 45662, or e-mail at lwoods@yourppl.org.

Portsmouth Public Library
Scioto County
Statement of Net Assets - Modified Cash Basis
December 31, 2006

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$807,660
Investments	784,629
<i>Total Assets</i>	\$1,592,289
 Net Assets	
Restricted for:	
Capital Projects	\$696,738
Other Purposes	20,069
Unrestricted	875,482
<i>Total Net Assets</i>	\$1,592,289

See accompanying notes to the basic financial statements

Portsmouth Public Library
Scioto County
Statement of Activities - Modified Cash Basis
For the Year Ended December 31, 2006

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets	
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
General Library Services	\$2,854,734	\$87,512	\$19,436	\$	\$(2,747,786)
Capital Outlay	104,791			4,500	(100,291)
Debt Service:					
Principal Retirement	12,522				(12,522)
Interest and Fiscal Charges	58				(58)
<i>Total Governmental Activities</i>	<u>\$2,972,105</u>	<u>\$87,512</u>	<u>\$19,436</u>	<u>\$4,500</u>	<u>(2,860,657)</u>
		General Receipts			
		Intergovernmental			3,000,202
		Unrestricted Gifts and Contributions			69,756
		Earning on Investments			70,562
		Miscellaneous			7,135
		<i>Total General Receipts</i>			<u>3,147,655</u>
		Change in Net Assets			286,998
		<i>Net Assets Beginning of Year</i>			<u>1,305,291</u>
		<i>Net Assets End of Year</i>			<u>\$1,592,289</u>

See accompanying notes to the basic financial statements

Portsmouth Public Library
Scioto County
Statement of Modified Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2006

	General	Building and Repair	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$767,853	\$19,738	\$20,069	\$807,660
Investments	107,629	677,000		784,629
<i>Total Assets</i>	<u>\$875,482</u>	<u>\$696,738</u>	<u>\$20,069</u>	<u>\$1,592,289</u>
Fund Balances				
Reserved:				
Reserved for Encumbrances	\$654,706	\$	\$	\$654,706
Unreserved:				
Undesignated (Deficit), Reported in:				
General Fund	220,776			220,776
Special Revenue Funds			20,069	20,069
Capital Project Funds		696,738		696,738
<i>Total Fund Balances</i>	<u>\$875,482</u>	<u>\$696,738</u>	<u>\$20,069</u>	<u>\$1,592,289</u>

See accompanying notes to the basic financial statements

**Portsmouth Public Library
Scioto County**

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

	General	Building and Repair	Other Governmental Funds	Total Governmental Funds
Receipts				
Intergovernmental	\$3,000,202	\$	\$	\$3,000,202
Patron Fines and Fees	87,512			87,512
Contributions, Gifts and Donations	69,756		23,936	93,692
Earnings on Investments	69,610		952	70,562
Miscellaneous	7,135			7,135
<i>Total Receipts</i>	<u>3,234,215</u>	<u>0</u>	<u>24,888</u>	<u>3,259,103</u>
Disbursements				
General Library Services	2,840,431		14,303	2,854,734
Capital Outlay	96,089		8,702	104,791
Debt Service:				
Principal			12,522	12,522
Interest			58	58
<i>Total Disbursements</i>	<u>2,936,520</u>	<u>0</u>	<u>35,585</u>	<u>2,972,105</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>297,695</u>	<u>0</u>	<u>(10,697)</u>	<u>286,998</u>
Other Financing Sources (Uses)				
Transfers In			12,021	12,021
Transfers Out	(12,021)			(12,021)
<i>Total Other Financing Sources (Uses)</i>	<u>(12,021)</u>	<u>0</u>	<u>12,021</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	285,674	0	1,324	286,998
<i>Fund Balances Beginning of Year</i>	<u>589,808</u>	<u>696,738</u>	<u>18,745</u>	<u>1,305,291</u>
<i>Fund Balances End of Year</i>	<u>\$875,482</u>	<u>\$696,738</u>	<u>\$20,069</u>	<u>\$1,592,289</u>

See accompanying notes to the basic financial statements

Portsmouth Public Library
Scioto County
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				
Intergovernmental	\$3,000,202	\$3,000,202	\$3,000,202	\$0
Patron Fines and Fees	65,000	87,512	87,512	0
Contributions, Gifts and Donations	2,500	69,756	69,756	0
Earnings on Investments	16,000	69,610	69,610	0
Miscellaneous	4,000	7,135	7,135	0
<i>Total Receipts</i>	<u>3,087,702</u>	<u>3,234,215</u>	<u>3,234,215</u>	<u>0</u>
Disbursements				
General Library Services	3,490,569	3,493,542	3,493,542	0
Capital Outley	98,657	160,924	97,684	63,240
<i>Total Disbursements</i>	<u>3,589,226</u>	<u>3,654,466</u>	<u>3,591,226</u>	<u>63,240</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(501,524)</u>	<u>(420,251)</u>	<u>(357,011)</u>	<u>(63,240)</u>
Other Financing Sources (Uses)				
Transfers Out	(12,021)	(12,021)	(12,021)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(12,021)</u>	<u>(12,021)</u>	<u>(12,021)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(513,545)	(432,272)	(369,032)	(63,240)
<i>Fund Balance Beginning of Year</i>	30,479	30,479	30,479	0
Prior Year Encumbrances Appropriated	559,329	559,329	559,329	0
<i>Fund Balance End of Year</i>	<u>\$76,263</u>	<u>\$157,536</u>	<u>\$220,776</u>	<u>(\$63,240)</u>

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Portsmouth Public Library
Scioto County
Statement of Net Assets - Modified Cash Basis
December 31, 2005

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$557,958
Investments	747,333
<i>Total Assets</i>	\$1,305,291
 Net Assets	
Restricted for:	
Capital Projects	\$696,738
Debt Service	558
Other Purposes	18,187
Unrestricted	589,808
<i>Total Net Assets</i>	\$1,305,291

See accompanying notes to the basic financial statements

Portsmouth Public Library
Scioto County
Statement of Activities - Modified Cash Basis
For the Year Ended December 31, 2005

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets	
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
General Library Services	\$2,904,034	\$86,136	\$24,740	\$	\$(2,793,158)
Capital Outlay	119,174			2,800	(116,374)
Debt Service:					
Principal Retirement	197,074				(197,074)
Interest and Fiscal Charges	8,078				(8,078)
<i>Total Governmental Activities</i>	<u>\$3,228,360</u>	<u>\$86,136</u>	<u>\$24,740</u>	<u>\$2,800</u>	<u>(3,114,684)</u>
		General Receipts			
		Intergovernmental			3,000,202
		Unrestricted Gifts and Contributions			306,155
		Earning on Investments			34,003
		Miscellaneous			13,332
		<i>Total General Receipts</i>			<u>3,353,692</u>
		Change in Net Assets			239,008
		<i>Net Assets Beginning of Year</i>			<u>1,066,283</u>
		<i>Net Assets End of Year</i>			<u>\$1,305,291</u>

See accompanying notes to the basic financial statements

Portsmouth Public Library
Scioto County
Statement of Modified Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2005

	General	Building and Repair	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$519,475	\$19,738	\$18,745	\$557,958
Investments	70,333	677,000		747,333
<i>Total Assets</i>	<u>\$589,808</u>	<u>\$696,738</u>	<u>\$18,745</u>	<u>\$1,305,291</u>
Fund Balances				
Reserved:				
Reserved for Encumbrances	\$559,329	\$	\$	\$559,329
Unreserved:				
Undesignated (Deficit), Reported in:				
General Fund	30,479			30,479
Special Revenue Funds			18,187	18,187
Debt Service Fund			558	558
Capital Projects Funds		636,738		636,738
<i>Total Fund Balances</i>	<u>\$589,808</u>	<u>\$636,738</u>	<u>\$18,745</u>	<u>\$1,245,291</u>

See accompanying notes to the basic financial statements

**Portsmouth Public Library
Scioto County**

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

	General	Building and Repair	Other Governmental Funds	Total Governmental Funds
Receipts				
Intergovernmental	\$3,003,002	\$	\$18,784	\$3,021,786
Patron Fines and Fees	86,136			86,136
Contributions, Gifts and Donations	306,155		5,956	312,111
Earnings on Investments	33,609		394	34,003
Miscellaneous	13,332			13,332
<i>Total Receipts</i>	<u>3,442,234</u>	<u>0</u>	<u>25,134</u>	<u>3,467,368</u>
Disbursements				
General Library Services	2,869,476		34,558	2,904,034
Capital Outlay	105,927		13,247	119,174
Debt Service:				
Principal			197,074	197,074
Interest			8,078	8,078
<i>Total Disbursements</i>	<u>2,975,403</u>	<u>0</u>	<u>252,957</u>	<u>3,228,360</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>466,831</u>	<u>0</u>	<u>(227,823)</u>	<u>239,008</u>
Other Financing Sources (Uses)				
Transfers In		677,000	205,197	882,197
Transfers Out	(882,197)			(882,197)
<i>Total Other Financing Sources (Uses)</i>	<u>(882,197)</u>	<u>677,000</u>	<u>205,197</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	(415,366)	677,000	(22,626)	239,008
<i>Fund Balances Beginning of Year</i>	<u>1,005,174</u>	<u>19,738</u>	<u>41,371</u>	<u>1,066,283</u>
<i>Fund Balances End of Year</i>	<u>\$589,808</u>	<u>\$696,738</u>	<u>\$18,745</u>	<u>\$1,305,291</u>

See accompanying notes to the basic financial statements

Portsmouth Public Library
Scioto County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
General Fund
For the Year Ended December 31, 2005

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Intergovernmental	\$3,109,914	\$3,003,002	\$3,003,002	\$0
Patron Fines and Fees	65,000	86,136	86,136	0
Contributions, Gifts and Donations	2,500	306,155	306,155	0
Earnings on Investments	10,000	33,609	33,609	0
Miscellaneous	4,000	13,332	13,332	0
<i>Total Receipts</i>	<u>3,191,414</u>	<u>3,442,234</u>	<u>3,442,234</u>	<u>0</u>
Disbursements				
General Library Services	3,341,534	3,426,192	3,426,192	0
Capital Outley	105,199	108,541	108,541	0
<i>Total Disbursements</i>	<u>3,446,733</u>	<u>3,534,733</u>	<u>3,534,733</u>	<u>0</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(255,319)</u>	<u>(92,499)</u>	<u>(92,499)</u>	<u>0</u>
Other Financing Sources (Uses)				
Transfers Out	(882,197)	(882,197)	(882,197)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(882,197)</u>	<u>(882,197)</u>	<u>(882,197)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(1,137,516)	(974,696)	(974,696)	0
<i>Fund Balance Beginning of Year</i>	463,160	463,160	463,160	0
Prior Year Encumbrances Appropriated	542,015	542,015	542,015	0
<i>Fund Balance End of Year</i>	<u>(\$132,341)</u>	<u>\$30,479</u>	<u>\$30,479</u>	<u>\$0</u>

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**PORTSMOUTH PUBLIC LIBRARY
SCIOTO COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The constitution and laws of the State of Ohio establish the rights and privileges of the Portsmouth Public Library, Scioto County (the Library), as a body corporate and politic. The Mayor of the City of Portsmouth appoints a six-member Board of Trustees to govern the Library. The Library provides the community with various educational and literary resources.

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

Reporting Entity

The Library utilizes the standards of Governmental Accounting Standards Board Statement 14 for determining the reporting entity.

A reporting entity is comprised of the primary government, component units, and other organizations included to ensure that the basic financial statements of the Library are not misleading. The primary government consists of all funds of the Library.

Component units are legally separate organizations for which the Library is financially accountable. Component units may also include organizations that are fiscally dependent on the Library in that the Library approves their budget, the issuance of debt or the levying of their taxes. The Library has no component units.

Fund Accounting

The Library's accounts are maintained on the basis of funds, each of which is considered a separate accounting entity. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to specific Library functions or activities. The operation of each fund is accounted for within a separate set of self-balancing set of accounts.

Governmental Funds

Governmental funds are those through which most governmental functions typically are financed. Governmental funds reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Cash disbursements are assigned to the fund from which they are paid. The difference between governmental fund assets and cash disbursements is reported as fund balance. The following are the Library's major governmental funds:

General Fund

The General Fund is the general operating fund of the Library and is used to account for all financial resources except those required to be accounted for in another fund. The General Fund is available to the Library for any purpose provided it is expended or transferred according to the general laws of Ohio.

Capital Projects - Building and Repair Fund

The Building and Repair Fund is used to account for the construction and refurbishment projects of the Library.

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

**PORTSMOUTH PUBLIC LIBRARY
SCIOTO COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation

For fiscal years 2005 and 2006 the Library has implemented the provisions of GASB 34 for financial reporting on a modified cash basis, which is a basis of accounting other than accounting principles generally accepted in the United States of America and GASB 38, for certain financial statement note disclosures. However, there are no adjustments to beginning fund balances since the basis of accounting has not changed. The Library's basic financial statements consist of government-wide statements, including a statement of net cash assets and a statement of activities, and fund financial statements that 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 all financial activities of the Library.

The statement of net assets-modified cash basis presents the modified cash basis financial condition of governmental activities of the Library at year-end. The statement of activities-modified cash basis presents a comparison between direct cash disbursements and program cash receipts for each program or function of the Library's governmental activities. Direct cash disbursements are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program cash receipts include charges for services and grants and contributions that are restricted to meeting the operational requirements of a particular program. Cash receipts which are not classified as program cash receipts are presented as general cash receipts of the Library. The comparison of direct cash disbursements with program cash receipts identifies the extent to which each governmental function is self-financing or draws from the general cash receipts of the Library.

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 fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

Basis of Accounting

The Library prepares its financial statements and notes in accordance with standards established by the Auditor of State for governmental entities that are not required to prepare annual financial reports in accordance with generally accepted accounting principles. This basis of accounting is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary disbursements when a commitment is made (i.e., when an encumbrance is approved). These statements include adequate disclosure of material matters, in accordance with the basis of accounting described in the preceding paragraph.

As a result of the use of the modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and 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. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the modified cash basis of accounting.

**PORTSMOUTH PUBLIC LIBRARY
SCIOTO COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash Receipts – Exchange and Non-exchange Transactions

Cash receipts resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the modified cash basis when the exchange takes place. On a modified cash basis, receipts are recorded in the year in which the resources are received.

Non-exchange transactions, in which the Library receives value without directly giving equal value in return, include grants, entitlements and donations. On a modified cash basis, receipts from grants, entitlements and donations are recognized in the year in which the monies have been received.

Cash Disbursements

On the modified cash basis of accounting, disbursements are recognized at the time payments are made.

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.

Cash and Cash Equivalents and Investments

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

The Library values the certificate of deposit at cost. Money market mutual funds (including STAROhio) are recorded at share values the mutual fund reports.

Capital Assets and Depreciation

Capital assets (fixed assets) acquired or constructed for the Library are recorded as disbursements at the time of acquisition. However, under the modified cash basis of accounting, capital assets and the related depreciation are not reported separately on the financial statements.

Compensated Absences

Vacation and sick leave benefits are not accrued under the modified cash basis of accounting as previously described. All leave will either be absorbed by time off from work, or within certain limitations, be paid to the employees.

Long-Term Obligations

In general, notes are recorded as cash disbursements in the basic financial statements when paid.

Net Cash Assets

Net cash assets represent the difference between assets and liabilities. Net cash 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 the enabling legislation adopted by the Library or through external restrictions imposed by creditors, grantors or laws, or regulations of other governments. Restricted for Other Purposes is comprised of net assets restricted for grants. The Library applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

Interfund Transactions

Exchange transactions between funds are reported as cash receipts in the seller funds and as cash disbursements in the purchaser funds. Flows of cash 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. In the government-wide financial statements transfers within governmental activities are eliminated.

**PORTSMOUTH PUBLIC LIBRARY
SCIOTO COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005**

NOTE 2 - DEPOSITS AND INVESTMENTS

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

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

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

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

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

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

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

At year end, the Library had \$50 in undeposited cash on hand which is included as part of "Equity in Pooled Cash and Cash Equivalents" for December 31, 2006 and December 31, 2005.

**PORTSMOUTH PUBLIC LIBRARY
SCIOTO COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005**

NOTE 2 - DEPOSITS AND INVESTMENTS (Continued)

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.

As of December 31, 2006, the Library had \$747,334 invested in STAROhio and as of December 31, 2005, the Library had \$784,628 invested in STAROhio.

Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The Library's investment policy addresses interest rate risk by requiring that the Library's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments, thereby avoiding that need to sell securities on the open market prior to maturity, and by investing operating funds primarily in short-term investments.

STAROhio carries a rating of AAA by Standard and Poor's. Ohio law requires that STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service.

NOTE 3- 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 – Budgetary Basis presented for the General Fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the modified cash basis is outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (modified cash basis). The encumbrances outstanding at year ended December 31, 2006 (budgetary basis) amounted to \$654,706 for the General Fund, and encumbrances outstanding at year ended December 31, 2005 (budgetary basis) amounted to \$559,330 for the General Fund.

NOTE 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.

NOTE 5 - RISK MANAGEMENT

Commercial Insurance

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

**PORTSMOUTH PUBLIC LIBRARY
SCIOTO COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005**

NOTE 5 - RISK MANAGEMENT (Continued)

<u>Company</u>	<u>Type of Coverage</u>	<u>Amount of Coverage</u>
Cincinnati Insurance Co.	Commercial Property	\$8,925,000
	General Liability	1,000,000
	Umbrella Liability	4,000,000
	Commercial Crime	2,500
	Inland Marine	
	Electronic Data	200,000
	Data Processing	48,000
	Valuable Papers & Records	4,250,000
	Vehicles (4)	1,000,000
	France & Associates	Errors and Omissions
France & Associates	Library Board Members	1,000,000-3,000,000

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.

NOTE 6 – 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, 2006 and 2005, the members of all three plans were required to contribute 9.0 and 8.5 percent, respectively, of their annual covered salaries. The Library's contribution rate for pension benefits for 2006 and 2005 were 9.7 and 9.55 percent, respectively. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Library's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2006, 2005, and 2004 were \$203,911, \$185,041, and \$205,342 respectively; the full amount has been contributed for 2006, 2005, and 2004. Contributions to the member-directed plan for 2006 and 2005 were \$203,911 and \$185,041, respectively, made by the Library and \$133,387 and \$124,239, respectively, made by the plan members.

**PORTSMOUTH PUBLIC LIBRARY
SCIOTO COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005**

NOTE 7 – POSTEMPLOYMENT BENEFITS

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in *GASB Statement No. 12*. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2006 and 2005 local government employer contribution rates were 13.70 and 13.55 percent, respectively, of covered payroll; 4 percent of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2004, include a rate of return on investments of 8.00 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.30 percent based on additional annual pay increases. Health care premiums were assumed to increase 1.00 to 6.00 percent annually for the next eight years and 4.00 percent annually after eight years.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually.

The number of active contributing participants in the traditional and combined plans was 376,109. Actual employer contributions for 2006 and 2005 which were used to fund postemployment benefits were \$219,484 and \$183,855, respectively. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2004, (the latest information available) were \$10.8 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$29.5 billion and \$18.7 billion, respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care costs.

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Mary Taylor, CPA

Auditor of State

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

Portsmouth Public Library
Scioto County
1220 Gallia Street
Portsmouth, Ohio 45662

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 Portsmouth Public Library, Scioto County, Ohio (the Library), as of and for the years ended December 31, 2006 and 2005, which collectively comprise the Library's basic financial statements and have issued our report thereon dated May 3, 2007. 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 basic 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 basic financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

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

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

Mary Taylor, CPA
Auditor of State

May 3, 2007



Mary Taylor, CPA
Auditor of State

PORTSMOUTH PUBLIC LIBRARY

SCIOTO 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
MAY 24, 2007**