



**Auditor of State
Betty Montgomery**

**BELLEVUE PUBLIC LIBRARY
HURON COUNTY**

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Bellevue Public Library
Huron County
224 East Main Street
Bellevue, Ohio 44811-1409

To the Board of Trustees:

We have audited the accompanying financial statements of the Bellevue Public Library, Huron County, (the Library) as of and for the years ended December 31, 2003 and 2002. 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 audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about 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 that our audits provide a reasonable basis for our opinion.

As discussed in Note 1, the Library prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

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 Library as of December 31, 2003 and 2002, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 28, 2004 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

This report is intended solely for the information and use of the audit committee, management, the Board of Trustees, and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by 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

April 28, 2004

**BELLEVUE PUBLIC LIBRARY
HURON COUNTY**

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

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Capital Projects</u>	
Cash Receipts			
Property and Other Local Taxes	\$ 851,993	\$ -	\$ 851,993
Patron Fines and Fees	28,811	-	28,811
Earnings on Investments	5,155	1,044	6,199
Contributions, Gifts and Donations	11,136	-	11,136
Miscellaneous Receipts	5,830	-	5,830
	<u>902,925</u>	<u>1,044</u>	<u>903,969</u>
Total Cash Receipts			
Cash Disbursements			
Current:			
Salaries and Benefits	500,558	-	500,558
Supplies	12,147	-	12,147
Purchased and Contracted Services	150,281	-	150,281
Library Materials and Information	145,849	-	145,849
Other Objects	241	-	241
Capital Outlay	22,181	102,551	124,732
	<u>831,257</u>	<u>102,551</u>	<u>933,808</u>
Total Cash Disbursements			
Total Cash Receipts Over/ (Under) Cash Disbursements	71,668	(101,507)	(29,839)
Fund Cash Balances, January 1	<u>511,157</u>	<u>101,682</u>	<u>612,839</u>
Fund Cash Balances, December 31	<u>\$ 582,825</u>	<u>\$ 175</u>	<u>\$ 583,000</u>
Reserves for Encumbrances, December 31	<u><u>\$ 71,857</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 71,857</u></u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

**BELLEVUE PUBLIC LIBRARY
HURON COUNTY**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2003

	Fiduciary Fund Type
	Nonexpendable Trust
Operating Cash Receipts	
Earnings on Investments	\$ 27
Contributions, Gifts, and Donations	200
Total Operating Cash Receipts	227
Operating Cash Disbursements	
Current:	
Library Materials and Information	60
Total Operating Cash Disbursements	60
Operating Income	167
Fund Cash Balances, January 1	3,726
Fund Cash Balances, December 31	\$ 3,893
Reserves for Encumbrances, December 31	\$ -

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

**BELLEVUE PUBLIC LIBRARY
HURON COUNTY**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Capital Projects</u>	
Cash Receipts			
Property and Other Local Taxes	\$ 859,367	\$ -	\$ 859,367
Patron Fines and Fees	24,735	-	24,735
Earnings on Investments	9,388	2,451	11,839
Contributions, Gifts and Donations	9,643	-	9,643
Miscellaneous Receipts	2,579	-	2,579
	<u>905,712</u>	<u>2,451</u>	<u>908,163</u>
Total Cash Receipts			
Cash Disbursements			
Current:			
Salaries and Benefits	510,384	-	510,384
Supplies	27,598	-	27,598
Purchased and Contracted Services	135,222	-	135,222
Library Materials and Information	171,858	-	171,858
Other Objects	4,186	-	4,186
Capital Outlay	7,730	244,050	251,780
	<u>856,978</u>	<u>244,050</u>	<u>1,101,028</u>
Total Cash Disbursements			
Total Cash Receipts Over/ (Under) Cash Disbursements	48,734	(241,599)	(192,865)
Fund Cash Balances, January 1	<u>462,423</u>	<u>343,281</u>	<u>805,704</u>
Fund Cash Balances, December 31	<u>\$ 511,157</u>	<u>\$ 101,682</u>	<u>\$ 612,839</u>
Reserves for Encumbrances, December 31	<u>\$ 88,044</u>	<u>\$ -</u>	<u>\$ 88,044</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

**BELLEVUE PUBLIC LIBRARY
HURON COUNTY**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2002

	Fiduciary Fund Type
	Nonexpendable Trust
Operating Cash Receipts	
Earnings on Investments	\$ 60
Contributions, Gifts, and Donations	200
Total Operating Cash Receipts	260
Operating Cash Disbursements	
Current:	
Purchased and Contracted Services	6
Library Materials and Information	112
Total Operating Cash Disbursements	118
Operating Income	142
Fund Cash Balances, January 1	3,584
Fund Cash Balances, December 31	\$ 3,726
Reserves for Encumbrances, December 31	\$ -

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

**BELLEVUE PUBLIC LIBRARY
HURON COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Bellevue Public Library, Huron County, (the Library) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of Ohio. The Library is directed by a seven-member Board of Trustees appointed by the Bellevue City School District Board of Education. The Library provides the community with various educational and literary resources.

The Library is a related organization of the Bellevue City School District. The Bellevue City School District is a separate entity from the Library and the financial statements of the School District are not included herein.

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 prescribed or permitted by the Auditor of State, which 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 expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash and Investments

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

Certificates of deposit are valued at cost. Money market mutual funds (including STAR Ohio) are recorded at share values reported by the mutual fund.

**BELLEVUE PUBLIC LIBRARY
HURON COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)

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 is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Capital Project Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Library had the following significant capital project fund:

Building and Repair Fund – This fund accounts for the funds that are not needed in the General Fund and are put aside for future building and repairs of the Library's building.

3. Fiduciary Funds (Trust Funds)

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Library to maintain the corpus of the trust, the fund is classified as a nonexpendable trust fund. Other trust funds are classified as expendable. The Library had the following significant fiduciary funds:

Endowment Fund – This fund receives endowments to the Library. Interest earnings are designated for a specific purpose. The corpus of the trust cannot be expended.

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.

**BELLEVUE PUBLIC LIBRARY
HURON COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)

A summary of 2003 and 2002 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

G. Accumulated Leave

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

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	2003	2002
Demand deposits	\$ 40,277	\$ 15,428
Certificates of deposit	311,404	308,944
Total deposits	351,681	324,372
STAR Ohio	235,212	292,193
Total deposits and investments	\$ 586,893	\$ 616,565

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation, or (2) collateralized by the financial institution's public entity deposit pool.

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2003 and 2002 follows:

**BELLEVUE PUBLIC LIBRARY
HURON COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)

2003 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 985,970	\$ 903,114	\$ 82,856
Capital Projects	102,690	102,551	139
Fiduciary	136	60	76
Total	<u>\$ 1,088,796</u>	<u>\$ 1,005,725</u>	<u>\$ 83,071</u>

2002 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 1,109,955	\$ 945,022	\$ 164,933
Capital Projects	345,500	244,050	101,450
Fiduciary	194	118	76
Total	<u>\$ 1,455,649</u>	<u>\$ 1,189,190</u>	<u>\$ 266,459</u>

4. GRANTS-IN-AID AND TAX RECEIPTS

The primary source of revenue for Ohio public libraries is the State Library and Local Government Support Fund (LLGSF). The LLGSF is allocated 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.

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the taxing authority of the subdivision to whose jurisdiction the Library is subject. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Other Governments Grants In Aid. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the taxing district.

**BELLEVUE PUBLIC LIBRARY
HURON COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

5. RETIREMENT SYSTEM

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

Contribution rates are prescribed by the Ohio Revised Code. 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, 2003.

6. RISK MANAGEMENT

Commercial Insurance

The Bellevue Public Library has obtained commercial insurance for the following risks:

- Property.
- Crime.
- Inland marine.
- Employee benefit programs liability.
- Employers stop gap liability.
- Computer.
- Umbrella liability.
- Errors and omissions.

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**Auditor of State
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND ON INTERNAL
CONTROL REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

Bellevue Public Library
Huron County
224 East Main Street
Bellevue, Ohio 44811-1409

To the Board of Trustees:

We have audited the accompanying financial statements of the Bellevue Public Library, Huron County, (the Library) as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated April 28, 2004. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Library's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered the Library's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not

necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a 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 in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management, and the Board of Trustees, and is not intended to be and should not be used by 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

April 28, 2004



**Auditor of State
Betty Montgomery**

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Columbus, Ohio 43216-1140

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BELLEVUE PUBLIC LIBRARY

HURON 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 25, 2004**