



**Auditor of State
Betty Montgomery**

**BARNESVILLE HUTTON MEMORIAL LIBRARY
BELMONT COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report.....	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2003.....	3
Notes to the Financial Statement.....	5
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	11

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Barnesville Hutton Memorial Library
Belmont County
308 East Main Street
Barnesville, Ohio 43713

To the Board of Trustees:

We have audited the accompanying financial statement of the Barnesville Hutton Memorial Library, Belmont County, Ohio (the Library), as of and for the year ended December 31, 2003. This financial statement is the responsibility of the Library's management. Our responsibility is to express an opinion on this financial statement 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 statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. 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 opinion.

As described more fully in Note 1, the Library has prepared this financial statement using accounting practices the Auditor of State prescribes or permits, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Barnesville Hutton Memorial Library, Belmont County, as of December 31, 2003, and its combined cash receipts and disbursements for the year then ended on the accounting basis Note 1 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 13, 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.

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 Ohio Rev. Code Section 117.26, 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

September 13, 2005

**BARNESVILLE HUTTON MEMORIAL LIBRARY
BELMONT 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>			<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Library and Local Government Support	\$507,681	\$	\$	\$507,681
Intergovernmental		4,000		4,000
Patron Fines and Fees	18,363			18,363
Earnings on Investments	4,353	5,779		10,132
Contributions, Gifts and Donations	7,994	468,900	25	476,919
Miscellaneous Receipts	222			222
Total Cash Receipts	<u>538,613</u>	<u>478,679</u>	<u>25</u>	<u>1,017,317</u>
Cash Disbursements:				
Current:				
Salaries and Benefits	273,784			273,784
Purchased and Contracted Services	77,161			77,161
Library Materials and Information	86,487	7,992		94,479
Supplies	19,672	4,000		23,672
Other Objects	1,017			1,017
Capital Outlay	1,763		12,363	14,126
Total Cash Disbursements	<u>459,884</u>	<u>11,992</u>	<u>12,363</u>	<u>484,239</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>78,729</u>	<u>466,687</u>	<u>(12,338)</u>	<u>533,078</u>
Other Financing Receipts/(Disbursements):				
Transfers-In			65,000	65,000
Transfers-Out	(65,000)			(65,000)
Total Other Financing Receipts/(Disbursements)	<u>(65,000)</u>	<u>0</u>	<u>65,000</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	13,729	466,687	52,662	533,078
Fund Cash Balances, January 1 - Restated See Note 2	53,783	16,105	124,839	194,727
Fund Cash Balances, December 31	<u><u>\$67,512</u></u>	<u><u>\$482,792</u></u>	<u><u>\$177,501</u></u>	<u><u>\$727,805</u></u>
Reserves for Encumbrances, December 31	<u><u>\$26,230</u></u>	<u><u>\$331</u></u>	<u><u>\$0</u></u>	<u><u>\$26,561</u></u>

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

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**BARNESVILLE HUTTON MEMORIAL LIBRARY
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 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 Barnesville Hutton Memorial Library, Belmont County (the Library), as a body corporate and politic. The Barnesville Exempted Village School District Board 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 8.

The Library's management believes this financial statement presents all activities for which the Library is financially accountable.

B. Basis of Accounting

This financial statement follows 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).

This statement includes 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.

The Library values common stock at fair value when donated.

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.

2. Special Revenue Funds

These funds account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Library had the following significant Special Revenue Fund:

**BARNESVILLE HUTTON MEMORIAL LIBRARY
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2003
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

Hutton Fund – This fund receives proceeds from the Hutton family estate to be used for the benefit of the Library's patrons.

3. 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 Project Fund:

Building Fund – This fund receives an operating transfer from the General Fund to be used for various library renovations.

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 2003 budgetary activity appears in Note 4.

F. Property, Plant, and Equipment

The Library records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statement does 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 statement does not include a liability for unpaid leave.

2. PRIOR PERIOD RESTATEMENT

During 2003, the Library updated the fund classification to report the Hutton Fund, previously reported as an expendable trust fund, as a special revenue fund, and the Memorial Fund and Gift Contribution Fund, previously reported as expendable trust funds, as part of the General Fund. The restatements had the following impact on Fund Balances:

**BARNESVILLE HUTTON MEMORIAL LIBRARY
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2003
(Continued)**

2. PRIOR PERIOD RESTATEMENT (Continued)

	General	Special Revenue	Expendable Trust
Fund Balances at December 31, 2002	\$50,975	\$0	\$18,913
Reclassification of expendable trust funds	2,808	16,105	(18,913)
Adjusted Fund Balances at December 31, 2002	\$53,783	\$16,105	\$0

3. 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:

	2003
Demand deposits	\$284,179
Total deposits	284,179
Donated common stock (fair value was \$483,797 at December 31, 2003.)	443,626
Total investments	443,626
Total deposits and investments	\$727,805

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

Investments: The Library received a donation of stock through the Hutton estate. This stock was recorded on the books at fair value on the date donated. The financial institution maintains records identifying the Library as owner of these securities.

4. BUDGETARY ACTIVITY

Budgetary activity for the year ending December 31, 2003, follows:

2003 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$523,202	\$538,613	\$15,411
Special Revenue	471,664	478,679	7,015
Capital Projects	0	65,025	65,025
Total	\$994,866	\$1,082,317	\$87,451

**BARNESVILLE HUTTON MEMORIAL LIBRARY
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2003
(Continued)**

4. BUDGETARY ACTIVITY (Continued)

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$576,985	\$551,114	\$25,871
Special Revenue	487,770	12,323	475,447
Capital Projects	124,839	12,363	112,476
Total	\$1,189,594	\$575,800	\$613,794

5. 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 of any additional revenues the Library receives.

6. 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, 2003.

7. RISK MANAGEMENT

Commercial Insurance

The Library has obtained commercial insurance for the following risks:

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

**BARNESVILLE HUTTON MEMORIAL LIBRARY
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2003
(Continued)**

8. 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 Barnesville Hutton Memorial Library's control over budgeting and financing of SOLO is limited to its voting authority and its representation on SOLO's Board of Trustees.

9. RELATED PARTY TRANSACTIONS

The Library pays an annual fee to SOLO Regional Library, a jointly owned organization, of which the Library is a member. The Library paid \$4,000 to the SOLO Regional Library during the period January 1, 2003 through December 31, 2003.

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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***

Barnesville Hutton Memorial Library
Belmont County
308 East Main Street
Barnesville, Ohio 43713

To the Board of Trustees:

We have audited the financial statement of the Barnesville Hutton Memorial Library, Belmont County, Ohio (the Library), as of and for the year ended December 31, 2003, and have issued our report thereon dated September 13, 2005. 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 statement 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 statement 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 statement is 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*.

Barnesville Hutton Memorial 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 13, 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

BARNESVILLE HUTTON MEMORIAL LIBRARY

BELMONT COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
NOVEMBER 10, 2005**