



Dave Yost • Auditor of State

**BARNESVILLE-HUTTON MEMORIAL LIBRARY
BELMONT COUNTY**

TABLE OF CONTENTS

| TITLE | PAGE |
|--|-------------|
| Independent Auditor's Report | 1 |
| Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2014 | 3 |
| Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2013 | 4 |
| Notes to the Financial Statements | 5 |
| Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> | 11 |
| Schedule of Findings..... | 13 |

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

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

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of Barnesville-Hutton Memorial Library, Belmont County, Ohio (the Library), as of and for the years ended December 31, 2014 and 2013.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

As described in Note 1 of the financial statements, the Library prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code §117.38 and Ohio Administrative Code §117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Library as of December 31, 2014 and 2013, or changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Barnesville-Hutton Memorial Library, Belmont County, Ohio, as of December 31, 2014 and 2013, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code §117.38 and Ohio Administrative Code §117-2-03(D) permit, described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 26, 2015, on our consideration of the Library's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Library's internal control over financial reporting and compliance.



Dave Yost
Auditor of State
Columbus, Ohio

October 26, 2015

**BARNESVILLE-HUTTON MEMORIAL LIBRARY
BELMONT COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2014**

| | General | Special Revenue | Capital Projects | Totals (Memorandum Only) |
|--|-----------------|--------------------|---------------------|--------------------------------|
| Cash Receipts | | | | |
| Local Grants | \$3,900 | \$5,800 | \$0 | \$9,700 |
| Public Library - Intergovernmental | 386,402 | 0 | 0 | 386,402 |
| Patron Fines and Fees | 15,914 | 0 | 0 | 15,914 |
| Contributions, Gifts and Donations | 11,247 | 2,500 | 157,264 | 171,011 |
| Earnings on Investments | 413 | 20,179 | 0 | 20,592 |
| Miscellaneous | 8,984 | 0 | 0 | 8,984 |
| <i>Total Cash Receipts</i> | <u>426,860</u> | <u>28,479</u> | <u>157,264</u> | <u>612,603</u> |
| Cash Disbursements | | | | |
| Current: | | | | |
| Library Services: | | | | |
| Public Services and Programs | 3,551 | 6,647 | 0 | 10,198 |
| Collection Development and Processing | 48,412 | 13,488 | 0 | 61,900 |
| Support Services: | | | | |
| Facilities Operation and Maintenance | 62,461 | 0 | 0 | 62,461 |
| Information Services | 9,253 | 0 | 0 | 9,253 |
| Business Administration | 323,611 | 0 | 0 | 323,611 |
| Capital Outlay | 1,956 | 2,024 | 50,094 | 54,074 |
| <i>Total Cash Disbursements</i> | <u>449,244</u> | <u>22,159</u> | <u>50,094</u> | <u>521,497</u> |
| <i>Excess of Cash Receipts Over (Under) Cash Disbursements</i> | <u>(22,384)</u> | <u>6,320</u> | <u>107,170</u> | <u>91,106</u> |
| <i>Fund Cash Balances, January 1</i> | <u>58,267</u> | <u>455,742</u> | <u>122,750</u> | <u>636,759</u> |
| Fund Cash Balances, December 31 | | | | |
| Restricted | 0 | 462,062 | 229,920 | 691,982 |
| Assigned | 15,164 | 0 | 0 | 15,164 |
| Unassigned | 20,719 | 0 | 0 | 20,719 |
| <i>Fund Cash Balances, December 31</i> | <u>\$35,883</u> | <u>\$462,062</u> | <u>\$229,920</u> | <u>\$727,865</u> |

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

**BARNESVILLE-HUTTON MEMORIAL LIBRARY
BELMONT COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2013**

| | General | Special Revenue | Capital Projects | Totals (Memorandum Only) |
|--|-----------------|--------------------|---------------------|--------------------------------|
| Cash Receipts | | | | |
| Local Grants | \$13,900 | \$0 | \$0 | \$13,900 |
| Public Library - Intergovernmental | 393,992 | 0 | 0 | 393,992 |
| Patron Fines and Fees | 18,727 | 0 | 0 | 18,727 |
| Contributions, Gifts and Donations | 10,047 | 0 | 0 | 10,047 |
| Earnings on Investments | 293 | 18,474 | 0 | 18,767 |
| Miscellaneous | 15,259 | 0 | 0 | 15,259 |
| <i>Total Cash Receipts</i> | <u>452,218</u> | <u>18,474</u> | <u>0</u> | <u>470,692</u> |
| Cash Disbursements | | | | |
| Current: | | | | |
| Library Services: | | | | |
| Public Services and Programs | 9,354 | 1,980 | 0 | 11,334 |
| Collection Development and Processing | 43,266 | 20,375 | 0 | 63,641 |
| Support Services: | | | | |
| Facilities Operation and Maintenance | 59,282 | 0 | 0 | 59,282 |
| Information Services | 13,254 | 0 | 0 | 13,254 |
| Business Administration | 320,430 | 0 | 0 | 320,430 |
| Capital Outlay | 42 | 1,757 | 11,728 | 13,527 |
| <i>Total Cash Disbursements</i> | <u>445,628</u> | <u>24,112</u> | <u>11,728</u> | <u>481,468</u> |
| <i>Excess of Cash Receipts Over (Under) Cash Disbursements</i> | <u>6,590</u> | <u>(5,638)</u> | <u>(11,728)</u> | <u>(10,776)</u> |
| <i>Fund Cash Balances, January 1</i> | <u>51,677</u> | <u>461,380</u> | <u>134,478</u> | <u>647,535</u> |
| Fund Cash Balances, December 31 | | | | |
| Restricted | 0 | 455,742 | 122,750 | 578,492 |
| Assigned | 10,428 | 0 | 0 | 10,428 |
| Unassigned | 47,839 | 0 | 0 | 47,839 |
| <i>Fund Cash Balances, December 31</i> | <u>\$58,267</u> | <u>\$455,742</u> | <u>\$122,750</u> | <u>\$636,759</u> |

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

**BARNESVILLE-HUTTON MEMORIAL LIBRARY
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Barnesville Hutton Memorial Library (the Library), was organized as a school district public library in 1924 under the laws of the State of Ohio. The Library has its own Board of Trustees of seven members who are appointed by the Barnesville Exempted Village School District Board of Education. Appointments are for seven-year terms and members serve without compensation. Under Ohio statutes, the Library is a body politic and corporate capable of suing and being sued, contracting, acquiring, holding, possessing, and disposing of real property, and of exercising such other powers and privileges conferred upon it by law. The Library also determines and operates under its own budget. Control and management of the Library is governed by §§3375.33 to 3375.39 of the Ohio Revised Code with the administration of the day-to-day operations of the Library being the responsibility of the Director and financial accountability being solely that of the Fiscal Officer.

The Library is fiscally independent of the Barnesville Exempted Village School District Board of Education, although the Board of Education serves in a ministerial capacity as the taxing authority for the Library. The determination to request approval of a tax levy, the role and purpose of the levy, are discretionary decisions made solely by the Board of Library Trustees. Once those decisions are made, the Board of Education must put the levy on the ballot. There is no potential for the Library to provide a financial benefit to or impose a financial burden on the Barnesville Exempted Village School District Board of Education.

Under the provisions of Statement No. 14 of the Governmental Accounting Standards Board, "The Financial Reporting Entity," the Library is considered to be a related organization of the Barnesville Exempted Village School District.

Component units are legally separate organizations for which the Library is financially accountable. The Library is financially accountable for an organization if the Library appoints a voting majority of the organization's governing board and (1) the Library is able to significantly influence the programs or services performed or provided by the organization; or (2) the Library is legally entitled to or can otherwise access the organization's resources; the Library is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Library is obligated for the debt of the organization. The Library is also financially accountable for any organizations for which the Library approves the budget, the issuance of debt or the levying of taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Library, are accessible to the Library and are significant in amount to the Library. The Library has no component units.

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

B. Accounting Basis

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

**BARNESVILLE-HUTTON MEMORIAL LIBRARY
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Accounting Basis (Continued)

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

C. Deposits and Investments

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

During 2014 and 2013, investments were limited to donated stock. These investments are recorded 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 and reports all financial resources not accounted for and reported in another fund.

2. Special Revenue Funds

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Library had one Special Revenue Fund, which was the Hutton Fund. This fund received dividends from the stock of the Hutton family estate to be used for the benefit of the Library's patrons.

3. Capital Project Funds

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Library had one Capital Project Fund, which was the Building Fund. This fund receives donations to be used for various library renovations or expansion projects.

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 2014 and 2013 budgetary activity appears in Note 3.

**BARNESVILLE-HUTTON MEMORIAL LIBRARY
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Fund Balance

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

1. Restricted

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

2. Assigned

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

3. Unassigned

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

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

G. Property, Plant, and Equipment

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

H. Accumulated Leave

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

2. EQUITY IN POOLED DEPOSITS AND INVESTMENTS

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

**BARNESVILLE-HUTTON MEMORIAL LIBRARY
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

2. EQUITY IN POOLED DEPOSITS AND INVESTMENTS (Continued)

| | 2014 | 2013 |
|---|-----------|-----------|
| Demand deposits | \$284,239 | \$193,133 |
| Total deposits | 284,239 | 193,133 |
| Donated Common stock (at fair value when donated, fair value was \$688,384 and \$679,837 at December 31, 2014 and 2013, respectively) | 443,626 | 443,626 |
| Total investments | 443,626 | 443,626 |
| Total deposits and investments | \$727,865 | \$636,759 |

Deposits: Deposits are insured by the Federal Deposit Insurance Corporation, or collateralized by the financial institution's public entity deposit pool.

Investments: The common stocks owned by the Library were donations and were not purchased by the Library. These stocks are reported at the value that they were at the time of donation. Any gain or loss will be reported when the stocks are liquidated.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2014 and 2013, follows:

2014 Budgeted vs. Actual Receipts

| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
|------------------|----------------------|--------------------|------------|
| General | \$451,817 | \$426,860 | (\$24,957) |
| Special Revenue | 20,000 | 28,479 | 8,479 |
| Capital Projects | 5,000 | 157,264 | 152,264 |
| Total | \$476,817 | \$612,603 | \$135,786 |

2014 Budgeted vs. Actual Budgetary Basis Expenditures

| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
|------------------|----------------------------|---------------------------|-----------|
| General | \$510,084 | \$464,408 | \$45,676 |
| Special Revenue | 475,741 | 26,743 | 448,998 |
| Capital Projects | 127,750 | 57,129 | 70,621 |
| Total | \$1,113,575 | \$548,280 | \$565,295 |

2013 Budgeted vs. Actual Receipts

| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
|------------------|----------------------|--------------------|----------|
| General | \$421,066 | \$452,218 | \$31,152 |
| Special Revenue | 17,000 | 18,474 | 1,474 |
| Capital Projects | 5,000 | 0 | (5,000) |
| Total | \$443,066 | \$470,692 | \$27,626 |

**BARNESVILLE-HUTTON MEMORIAL LIBRARY
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

| 2013 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|----------------------------|---------------------------|-----------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$460,868 | \$456,056 | \$4,812 |
| Special Revenue | 472,989 | 28,026 | 444,963 |
| Capital Projects | 129,952 | 11,754 | 118,198 |
| Total | \$1,063,809 | \$495,836 | \$567,973 |

4. GRANTS-IN-AID

The primary source of revenue for Ohio public libraries is the Public Library Fund (PLF). The State allocates PLF to each county based on the total tax revenue credited to the State's general revenue fund during the preceding month. This method of distribution is called the "percentage of revenue" method. This method was not used for August 2011 through June 2013. During that 23 month period PLF received a designated percentage of the dollar amounts received by the fund during the corresponding month of the fiscal year 2011 "base-year" period. Effective July 2013 the statutory allocation method reverted to the "percentage of revenue" method for PLF distribution. The fund received an amount equal to a specified percentage of the amount of GRF tax revenue received during the previous month. Beginning with the July 2013 distribution the "statutory allocation method" was implemented. The calendar year 2013 entitlements were used in the computation as the basis of each county's allocation percentage. Those percentages were used through December 2013. In December 2013 the actual calendar year entitlement was computed. Any difference was adjusted evenly to the PLF distributions from January-June 2014. In calendar year 2014 the statutory entitlement computation method continued. Estimated entitlement figures were issued to County Auditors in July 2013, December 2013 and June 2014. The actual 2014 entitlements will be computed in December 2014. The difference between the estimate and actual will be adjusted evenly in the PLF distributions made from January-June 2015.

5. RETIREMENT SYSTEM

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

The Ohio Revised Code also prescribes contribution rates. For 2014 and 2013, OPERS members contributed 10% of their gross salaries and the Library contributed an amount equaling 14% of participants' gross salaries. The Library has paid all contributions required through December 31, 2014.

6. RISK MANAGEMENT

Risk Pool Membership

The Library belongs to the Ohio Plan Risk Management, Inc. (OPRM) - formerly known as the Ohio Government Risk Management Plan, (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

**BARNESVILLE-HUTTON MEMORIAL LIBRARY
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

6. RISK MANAGEMENT (Continued)

Risk Pool Membership (Continued)

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss, except OPRM retains 41.5% (effective November 1, 2011) of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Effective November 1, 2012 (and through October 2014) the plan increased its retention to 50% of the first \$250,000 casualty treaty. The Plan's property retention remained unchanged from prior years. This change was made to balance the reinsurance market conditions. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 774 and 783 members as of December 31, 2013 and 2014 respectively.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2013 and 2014:

| | <u>2014</u> | <u>2013</u> |
|-----------------|--------------------|--------------------|
| Assets | \$14,830,185 | \$13,774,304 |
| Liabilities | (\$8,942,504) | (\$7,968,395) |
| Members' Equity | <u>\$5,887,681</u> | <u>\$5,805,909</u> |

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

7. CONTINGENT LIABILITIES

Amounts grantor agencies pay to the Library are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S 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, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Barnesville-Hutton Memorial Library, Belmont County, Ohio (the Library), as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements, and have issued our report thereon dated October 26, 2015, wherein we noted the Library followed financial reporting provisions Ohio Revised Code §117.38 and Ohio Administrative Code §117-2-03(D) permit.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying Schedule of Findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A material weakness is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Library's financial statements. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2014-001 described in the accompanying Schedule of Findings to be a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the Library's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts.

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However, opining on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

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

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping initial "D".

Dave Yost
Auditor of State
Columbus, Ohio

October 26, 2015

**BARNESVILLE-HUTTON MEMORIAL LIBRARY
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2014 AND 2013**

| |
|---|
| FINDING RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS |
|---|

FINDING NUMBER 2014-001

Material Weakness

All local public offices shall maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements.

Governmental Accounting Standards Board (GASB) Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, introduces five fund balance classifications and clarifies the existing governmental fund type definitions. The fund balance classifications relate to constraints placed upon the use of resources reported in governmental funds. The five classifications are nonspendable, restricted, committed, assigned and unassigned. Auditor of State Bulletin 2011-004 provides guidance on applying GASB 54.

The Library did not always record receipts, expenditures, and fund balances into accurate classifications.

The Library did not have a process in place to ensure proper account/fund balance classifications.

The following table summarizes the adjustments in 2014 and 2013 the Fiscal Officer has agreed to and are reflected in the accompanying financial statements:

| 2014 | | | |
|------------------|---------------------------|---------------|---|
| Fund | Account Type | Amount | Description |
| General Fund | Fund Balance - Assigned | \$15,164 | Fund Cash Balance classified as Committed |
| Special Revenue | Fund Balance - Restricted | 462,062 | Fund Cash Balance classified as Committed and Unassigned |
| Capital Projects | Fund Balance - Restricted | 229,920 | Fund Cash Balance classified as Committed and Unassigned |
| Special Revenue | Local Grants | 5,800 | Grant revenue classified as Contributions, Gifts, and Donations |
| Special Revenue | Capital Outlay | 2,024 | Equipment expense classified as Public Services and Programs (Program Supplies) |
| 2013 | | | |
| Fund | Account Type | Amount | Description |
| General Fund | Fund Balance - Assigned | \$10,428 | Fund Cash Balance classified as Restricted |
| Special Revenue | Fund Balance - Restricted | 455,742 | Fund Cash Balance classified as Committed and Unassigned |
| Capital Projects | Fund Balance - Restricted | 122,750 | Fund Cash Balance classified as Committed and Unassigned |

**BARNESVILLE-HUTTON MEMORIAL LIBRARY
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2014 AND 2013
(Continued)**

**FINDING RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)**

FINDING NUMBER 2014-001 (Continued)

Material Weakness (Continued)

The Library should utilize available authoritative resources to appropriately classify and record all receipt and expenditure transactions and fund balance. This guidance will help ensure the Library's Fiscal Officer to properly classify receipt and expenditures based on the source of the receipt and purpose of the expenditure and that the financial statements of the Library accurately reflect the cash balance in accordance with GASB Statement No. 54 reporting requirements. The Library Fiscal Officer may refer to Auditor of State Bulletin 2011-004 for additional guidance.

Officials' Response: We did not receive a response from Officials to this finding.



Dave Yost • Auditor of State

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, 2015**