



**Auditor of State
Betty Montgomery**

**BELLAIRE PUBLIC 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 and Similar Fiduciary Fund Types - For the Year Ended December 31, 2002.....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Proprietary and Similar Fiduciary Fund Types - For the Year Ended December 31, 2002.....	4
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental and Similar Fiduciary Fund Types - For the Year Ended December 31, 2001.....	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Proprietary and Similar Fiduciary Fund Types - For the Year Ended December 31, 2001.....	6
Notes to the Financial Statements.....	7
Independent Accountants' Report on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	13

This page intentionally left blank.



**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Bellaire Public Library
Belmont County
330 32nd Street
Bellaire, OH 43906

To the Board of Trustees:

We have audited the accompanying financial statements of the Bellaire Public Library, Belmont County, Ohio (the Library), as of and for the years ended December 31, 2002 and 2001. These financial statements are the responsibility of the Library's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit 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 audit provides 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 Bellaire Public Library, Belmont County, as of December 31, 2002 and 2001, 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 February 26, 2003, 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 audit.

Bellaire Public Library
Belmont County
Independent Accountants' Report
Page 2

This report is intended solely for the information and use of the audit committee, management, 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

February 26, 2003

**BELLAIRE PUBLIC LIBRARY
BELMONT COUNTY**

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

	<u>Governmental Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Expendable Trust</u>	
Cash Receipts:			
Library and Local Government Support	\$513,225	\$0	\$513,225
Patron Fines and Fees	9,539		9,539
Earnings on Investments	25,140	362	25,502
Contributions, Gifts and Donations		3,682	3,682
Miscellaneous Receipts	786		786
	<u>548,690</u>	<u>4,044</u>	<u>552,734</u>
Total Cash Receipts			
Cash Disbursements:			
Current:			
Salaries	214,145		214,145
Employee Fringe Benefits	78,370		78,370
Purchased and Contracted Services	42,173		42,173
Library Materials and Information	132,460	2,700	135,160
Supplies	14,786		14,786
Other Objects	10,399		10,399
Capital Outlay	3,266	278	3,544
	<u>495,599</u>	<u>2,978</u>	<u>498,577</u>
Total Cash Disbursements			
Total Cash Receipts Over/(Under) Cash Disbursements	<u>53,091</u>	<u>1,066</u>	<u>54,157</u>
Other Financing Receipts:			
Other Financing Receipts	203		203
	<u>203</u>		<u>203</u>
Total Other Financing Receipts			
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	<u>53,294</u>	<u>1,066</u>	<u>54,360</u>
Fund Cash Balances, January 1	<u>907,879</u>	<u>15,986</u>	<u>923,865</u>
Fund Cash Balances, December 31	<u>\$961,173</u>	<u>\$17,052</u>	<u>\$978,225</u>
Reserves for Encumbrances, December 31	<u>\$31,969</u>	<u>\$300</u>	<u>\$32,269</u>

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

**BELLAIRE PUBLIC LIBRARY
BELMONT COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Proprietary Fund Types</u>	<u>Fiduciary Fund Types</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Nonexpendable Trust</u>	
Operating Cash Receipts:			
Earnings on Investment	\$0	\$465	\$465
Total Operating Cash Receipts	<u>0</u>	<u>465</u>	<u>465</u>
Operating Cash Disbursements:			
Current:			
Salaries	4,238		4,238
Employee Fringe Benefits	597		597
Purchased and Contracted Services	5,555		5,555
Supplies	1,045		1,045
Total Operating Cash Disbursements	<u>11,435</u>		<u>11,435</u>
Operating Income/(Loss)	<u>(11,435)</u>	<u>465</u>	<u>(10,970)</u>
Non-Operating Cash Receipts:			
Earnings on Investments	39		39
Other Non-Operating Receipts	11,269		11,269
Total Non-Operating Cash Receipts	<u>11,308</u>		<u>11,308</u>
Net Receipts Over/(Under) Disbursements	(127)	465	338
Fund Cash Balances, January 1	<u>3,721</u>	<u>11,146</u>	<u>14,867</u>
Fund Cash Balances, December 31	<u>\$3,594</u>	<u>\$11,611</u>	<u>\$15,205</u>
Reserves for Encumbrances, December 31	<u>\$59</u>	<u>\$400</u>	<u>\$459</u>

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

**BELLAIRE PUBLIC LIBRARY
BELMONT COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Governmental Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Expendable Trust</u>	
Cash Receipts:			
Library and Local Government Support	\$556,668	\$0	556,668
Patron Fines and Fees	8,409		8,409
Earnings on Investments	34,752	729	35,481
Contributions, Gifts and Donations		2,643	2,643
Miscellaneous Receipts	1,425		1,425
	<u>601,254</u>	<u>3,372</u>	<u>604,626</u>
Total Cash Receipts			
Cash Disbursements:			
Current:			
Salaries	218,211		218,211
Employee Fringe Benefits	74,382		74,382
Purchased and Contracted Services	46,345		46,345
Library Materials and Information	141,523	2,052	143,575
Supplies	15,066		15,066
Other Objects	10,428		10,428
Capital Outlay	43,744	98	43,842
	<u>549,699</u>	<u>2,150</u>	<u>551,849</u>
Total Cash Disbursements			
Total Cash Receipts Over/(Under) Cash Disbursements	<u>51,555</u>	<u>1,222</u>	<u>52,777</u>
Fund Cash Balances, January 1	<u>856,324</u>	<u>14,764</u>	<u>871,088</u>
Fund Cash Balances, December 31	<u>\$907,879</u>	<u>\$15,986</u>	<u>\$923,865</u>
Reserves for Encumbrances, December 31	<u><u>\$34,393</u></u>	<u><u>\$209</u></u>	<u><u>\$34,602</u></u>

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

**BELLAIRE PUBLIC LIBRARY
BELMONT COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Proprietary Fund Types</u>	<u>Fiduciary Fund Types</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Nonexpendable Trust</u>	
Operating Cash Receipts:			
Earnings on Investments	\$	\$379	\$379
Total Operating Cash Receipts	<u>0</u>	<u>379</u>	<u>379</u>
Operating Cash Disbursements:			
Current:			
Salaries	2,935		2,935
Employee Fringe Benefits	368		368
Purchased and Contracted Services	3,562		3,562
Supplies	130		130
Other Objects	36		36
Total Operating Cash Disbursements	<u>7,031</u>		<u>7,031</u>
Operating Income/(Loss)	<u>(7,031)</u>	<u>379</u>	<u>(6,652)</u>
Non-Operating Cash Receipts:			
Earnings on Investments	67		67
Other Non-Operating Receipts	7,111		7,111
Total Non-Operating Cash Receipts	<u>7,178</u>		<u>7,178</u>
Net Receipts Over/(Under) Disbursements	147	379	526
Fund Cash Balances, January 1	<u>3,574</u>	<u>10,767</u>	<u>14,341</u>
Fund Cash Balances, December 31	<u>\$3,721</u>	<u>\$11,146</u>	<u>\$14,867</u>
Reserves for Encumbrances, December 31	<u>\$262</u>	<u>\$0</u>	<u>\$262</u>

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

**BELLAIRE PUBLIC LIBRARY
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Bellaire Public Library, Belmont 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 Bellaire Local School District Board of Education. The Library provides the community with various educational and literary resources. The Library is involved with the Southeastern Ohio Library Organization (SOLO) Regional Library System 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 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

Certificates of deposit are reported at cost.

D. Fund Accounting

The Library uses fund accounting to segregate cash that is 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. Enterprise Funds

These funds account for operations that are similar to private business enterprises where management intends that the significant costs of providing certain goods or services will be recovered through user charges. The Library had the following significant enterprise fund:

Building Rent Fund – This fund receives charges for service from the rental of the Library activity and table rooms. The fees are used to cover the cost to provide this service.

**BELLAIRE PUBLIC LIBRARY
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

3. Fiduciary 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:

Special Gift Fund - This fund receives interest earnings and contributions, gifts, or donations from patrons for the purchase of books in memory of another person. This fund is classified as an expendable trust fund.

R.L. Atkinson Fund - This nonexpendable trust fund receives interest earnings for the purchase of library materials.

E. Budgetary Process

Effective January 1, 2001, the Ohio Administrative Code amended library budgetary requirements. Libraries are not required to estimate resources or encumber appropriations; however, the Bellaire Public Library elects to still follow budgetary requirements that were in place prior to January 2001.

1. Appropriations

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

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1.

3. Encumbrances

The Ohio Administrative Code requires the Library to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2002 and 2001 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.

**BELLAIRE PUBLIC LIBRARY
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 cash basis of accounting used by the Library.

2. EQUITY IN POOLED CASH

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

	2002	2001
Demand deposits	\$772,730	\$718,032
Certificates of deposit	220,700	220,700
Total deposits	\$993,430	\$938,732

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2002 and 2001, follows:

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$547,726	\$548,893	\$1,167
Enterprise	10,070	11,308	1,238
Fiduciary	3,000	4,509	1,509
Total	\$560,796	\$564,710	\$3,914

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,081,781	\$527,568	\$554,213
Enterprise	13,712	11,494	2,218
Fiduciary	8,310	3,678	4,632
Total	\$1,103,803	\$542,740	\$561,063

**BELLAIRE PUBLIC LIBRARY
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$579,167	\$601,254	\$22,087
Enterprise	4,570	7,178	2,608
Fiduciary	5,010	3,751	(1,259)
Total	<u>\$588,747</u>	<u>\$612,183</u>	<u>\$23,436</u>

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,152,559	\$584,092	\$568,467
Enterprise	8,083	7,293	790
Fiduciary	9,826	2,359	7,467
Total	<u>\$1,170,468</u>	<u>\$593,744</u>	<u>\$576,724</u>

4. LIBRARY AND LOCAL GOVERNMENT SUPPORT 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.

5. MELLOTT MEMORIAL BUILDING

A combination library and community center building has been erected with funds out of trusts created under the wills of William D. Mellott and James F. Mellott. It was the intention of both testators that such building be used for public library and community center purposes. The Trustees grant the Bellaire Public Library Board the right and privilege to use and occupy the Mellott Memorial Building for a term of ten years and shall be renewed without notice for successive terms of ten years each, unless either Trustees or Library Board shall determine to terminate the agreement by giving written notice of such intention. There shall be no rent or lease payments made by the Library Board to the Trustees. The Library Board is responsible for custodial or janitorial personnel, services, supplies and repairs necessary for the operation, cleaning and routine maintenance of building and grounds. The Library Board is responsible for all utility charges, minor repairs to heating, cooling, plumbing and electrical services, and furnishings and equipment. The Trustees are responsible for insurance of buildings and grounds, public liability insurance and any major improvements or repairs.

**BELLAIRE PUBLIC LIBRARY
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

6. RETIREMENT SYSTEM

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

Contribution rates are prescribed by the Ohio Revised Code. The Library's PERS members contributed 8.5% of their gross salaries. The Library contributed an amount equal to 13.55% of participants' gross salaries. The Library has paid all contributions required through December 31, 2002.

7. RISK MANAGEMENT

Commercial Insurance

The Library has obtained commercial insurance for the following risks:

- General liability
- Errors and omissions.

The Library also provides health insurance coverage to employees through a private carrier.

8. JOINTLY GOVERNED ORGANIZATION

The SOLO (Southeastern Ohio Library Organization) Regional Library System is a regional library system created and jointly governed according to the provisions of Ohio Rev. Code § 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 Public Library. SOLO is governed by a fourteen member Board of Trustees selected by the Librarians Council which consists of the 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 Bellaire Public Library's control over budgeting and financing of SOLO is limited to its voting authority and its representation on SOLO's Board of Trustees.

9. RELATED PARTY TRANSACTIONS

The Library pays an annual fee to SOLO Regional Library System, a jointly governed organization, of which the Library is a member. The Library paid \$12,470 to the SOLO Regional Library System during the period January 1, 2001 through December 31, 2002.

This page intentionally left blank.



**Auditor of State
Betty Montgomery**

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

Bellaire Public Library
Belmont County
330 32nd Street
Bellaire, OH 43906

To the Board of Trustees:

We have audited the accompanying financial statements of the Bellaire Public Library, Belmont County, Ohio (the Library), as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated February 26, 2003. 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 audit 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 audit, 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.

Bellaire Public Library
Belmont County
Independent Accountants' Report on Compliance and on Internal Control
Required by *Government Auditing Standards*
Page 2

This report is intended solely for the information and use of the audit committee, management and 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

February 26, 2003



**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

BELLAIRE PUBLIC LIBRARY

BELMONT COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MAY 8, 2003**