



Mary Taylor, CPA
Auditor of State

**BELLEVUE PUBLIC LIBRARY
HURON COUNTY**

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Mary Taylor, CPA

Auditor of State

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 governmental activities, each major fund, and the aggregate remaining fund information of the Bellevue Public Library, Huron County, Ohio (the Library), as of and for the year ended December 31, 2008, which collectively comprise the Library's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Library's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

As discussed in Note 1, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Bellevue Public Library, Huron County, Ohio, as of December 31, 2008 and the respective changes in cash financial position and the budgetary comparison for the General Fund thereof for the year then ended in conformity with the basis of accounting Note 1 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 31, 2010, 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.

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

August 31, 2010

BELLEVUE PUBLIC LIBRARY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008
UNAUDITED

This discussion and analysis of the Bellevue Public Library financial performance provides an overall review of the Library's financial activities for the year ended December 31, 2008, within the limitations of the Library's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Library's financial performance.

Highlights

Key highlights for 2008 are as follows:

Net assets of governmental activities decreased \$135,032 or 12.8 percent, from the prior year.

The Library's general receipts are primarily property taxes and the State Library Local Support Fund (LLGSF). These receipts represent respectively 28% and 64% of the total cash received for governmental activities during the year. Property tax receipts for 2008 increased by \$1,317 from 2007.

In 2008 the Library received \$24,834 less in Public Library funds, which is a 3.6% decrease.

The Library has not experienced any major changes in staffing levels over the past few years. Salaries have been increasing at the normal cost of living percentage rate.

There are no other significant financial issues affecting the Library in 2008.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Library's cash basis of accounting.

Report Components

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

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

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

BELLEVUE PUBLIC LIBRARY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008
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Basis of Accounting

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

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

Reporting the Library as a Whole

The statement of net assets and the statement of activities reflect how the Library did financially during 2008 within the limitations of cash basis accounting. The statement of net assets presents the cash balances and investments of the governmental type activities of the Library at year end. The statement of activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by patrons for the Library's materials and services. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each Library governmental function draws from the Library's general receipts.

These statements report the Library's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, these changes are one way to measure the Library's financial health. Over time, increases or decreases in the Library's cash position is one indicator of whether the Library's financial health is improving or deteriorating. When evaluating the Library's financial condition, one should also consider other non-financial factors as well such as the Library's property tax base, the condition of the Library's capital assets and infrastructure, the extent of the Library's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property and income LLGSF.

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

Governmental Activities – All of the Library's basic services are reported here, divided between library services, support services and capital outlay. Property taxes and LLGSF finance most of these activities.

Reporting the Library's Most Significant Funds

Fund financial statements provide detailed information about the Library's major funds – not the Library as a whole. The Library establishes separate funds to better manage its activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Library are all classified as governmental funds.

BELLEVUE PUBLIC LIBRARY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008
UNAUDITED

Governmental Funds - All of the Library's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Library's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Library's programs. The Library's significant governmental funds are presented on the financial statements in separate columns. The information for non-major funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Library's major governmental funds are the General Fund and the Building and Technology Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

The Library as a Whole

Table 1 provides a summary of the Library's net assets for 2008 compared to 2007 on a cash basis: In the table delete the "\$" in front of the 158,525

(Table 1)
Net Assets

	Governmental Activities	
	2008	2007
Assets		
Cash and Cash Equivalents	\$920,762	\$1,055,794
Total Assets	\$920,762	\$1,055,794
Net Assets		
Restricted for:		
Capital Projects	7,229	158,525
Other Purposes	4,768	4,518
Unrestricted	908,765	892,751
Total Net Assets	\$920,762	\$1,055,794

As mentioned previously, net assets of Library activities decreased \$135,032 or 12.8 percent during 2008. The reason for the decrease was less investment earnings and LLGSF received in 2008 compared to 2007 as well as an increase in capital outlay spending in 2008 of \$192,483 for the purchase of property.

Table 2 reflects the changes in net assets in 2008 compared to 2007:

BELLEVUE PUBLIC LIBRARY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008
UNAUDITED

(Table 2)
Changes in Net Assets

	<u>Governmental Activities 2008</u>	<u>Governmental Activities 2007</u>
Receipts:		
Program Receipts:		
Charges for Services and Sales	\$28,995	\$26,912
Operating Grants and Contributions	<u>29,510</u>	<u>23,485</u>
Total Program Receipts	<u>58,505</u>	<u>50,397</u>
General Receipts:		
Property Taxes Levied for General Purposes	294,564	293,247
Grants and Entitlements not Restricted	671,073	695,907
Earnings on Investments	23,748	53,991
Miscellaneous	<u>4,978</u>	<u>1,361</u>
Total General Receipts	<u>994,363</u>	<u>1,044,506</u>
Total Receipts	<u>1,052,868</u>	<u>1,094,903</u>
Expenses:		
Library Services:		
Public Service and Programs	821,862	820,386
Support Services:		
Facilities Operations and Maintenance	98,017	58,073
Information Services Support	49,670	
Business Administration	18,254	21,777
Capital Outlay	<u>200,097</u>	<u>22,381</u>
Total Expenses	<u>1,187,900</u>	<u>922,617</u>
Changes in Net Assets	(135,032)	172,286
Net Assets, January 1	<u>1,055,794</u>	<u>883,508</u>
Net Assets, December 31	<u><u>\$920,762</u></u>	<u><u>\$1,055,794</u></u>

Program receipts represent only 5.6% of total receipts and are comprised of patron fines and fees and operating grants and donations.

General receipts represent 94.4% of the Library's total receipts, and of this amount, 97.1% are property taxes and LLGSF. Other receipts are very insignificant and somewhat unpredictable revenue sources.

Disbursements for Library Services represent the overhead costs of Library operations and the support services provided for the other Library activities. In October 2007 the Board of Trustees approved a transfer of funds from the General Fund to the Building Fund for the purpose of capital improvements and to purchase adjacent property to the east. In January 2008 the property purchase offer was withdrawn. The Library consequently entered into two other property purchase agreements for properties to the west. In March 2008 the Board approved a \$63,000 transfer to the Building Fund to purchase three buildings at a total cost of \$192,483.

BELLEVUE PUBLIC LIBRARY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008
UNAUDITED

Library Activities

If you look at the Statement of Activities, you will see that the first column lists the major costs for services provided by the Library. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for library services which account for \$821,862 and 69 percent of all governmental disbursements. The next two columns of the Statement entitled Program Revenues identify amounts paid by people who are directly charged for the service and operating grants and contributions received by the Library. The net (Disbursements) Receipt column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3. In the table double underline the total amounts.

(Table 3)

Governmental Activities

	Total Cost of Services 2008	Net Cost of Services 2008	Total Cost of Services 2007	Net Cost of Services 2007
Library Services:				
Public Services and Programs	\$821,862	\$763,357	\$820,386	\$793,474
Support Services:				
Facilities Operation and Maintenance	98,017	98,017	58,073	58,073
Business Administration	18,254	18,254	21,777	21,777
Information Services	49,670	49,670		
Capital Outlay	200,097	200,097	22,381	22,381
Total Expenses	<u>\$1,187,900</u>	<u>\$1,129,395</u>	<u>\$922,617</u>	<u>\$895,705</u>

The Table above reflects a significant change in the classification of Capital Outlay expenses as presented on the 2007 financial statements. This was due to the Library purchasing property in 2008.

The dependence upon property and LLGSF is apparent as 95.1 percent of Library activities are supported through these general receipts.

The Library's Funds

Total governmental funds had receipts of \$1,052,868 and disbursements of \$1,187,900 exclusive of other financing sources and uses. The fund balance of the General Fund increased \$16,014. The General Fund had \$79,014 receipts in excess of disbursements prior to transferring \$63,000 to the Building and Technology Fund for the purpose of purchasing property. The Building and Technology Fund balance decreased due to the Library purchasing property in 2008.

BELLEVUE PUBLIC LIBRARY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008
UNAUDITED

General Fund Budgeting Highlights

The Library's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund. The Bellevue Public Library Board of Trustees adopted a permanent appropriations measure in December 2007 for calendar year 2008.

Final estimated receipts were unchanged from original budgeted receipts. Actual receipts were \$12,450 less than estimated.

Original and final disbursements and other financing uses for the General Fund were budgeted at \$1,150,000 while actual disbursements and other financing uses were \$1,036,536. The Library continued to spend lower than budgeted amounts. The result is the increase in fund balance of \$16,014 for 2008.

Capital Assets and Debt Administration

Capital Assets

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

Debt

At December 31, 2008, the Library had no outstanding debt.

Current Issues

The challenge for all governments is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. We rely heavily on state funding and the local tax revenues. In the fall of 2004 the Finance Committee of the Board of Trustees reviewed financial projections and recommended placing a 1-mill levy on the ballot in 2005. Without the passage of the levy, the financial forecast would have required serious staff cuts or a decrease of services in hours or materials. With the passage of the levy, the Library is in a favorable financial position through 2010.

Contacting the Government's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Bellevue Public Library's finances and to reflect the Library's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Mary Schultz, Fiscal Officer, Bellevue Public Library, 224 E. Main St., Bellevue, OH 44811-1409.

Bellevue Public Library
Huron County
Statement of Net Assets - Cash Basis
December 31, 2008

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$920,662
Cash	<u>100</u>
<i>Total Assets</i>	<u><u>\$920,762</u></u>
Net Assets	
Restricted for:	
Capital Projects	7,229
Other Purposes	4,768
Unrestricted	<u>908,765</u>
<i>Total Net Assets</i>	<u><u>\$920,762</u></u>

See accompanying notes to the basic financial statements

Bellevue Public Library
Huron County
Statement of Activities - Cash Basis
For the Year Ended December 31, 2008

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
Library Services:				
Public Service and Programs	821,862	28,995	29,510	(\$763,357)
Support Services:				
Facilities Operation and Maintenance	98,017			(98,017)
Information Services	49,670			(49,670)
Business Administration	18,254			(18,254)
Capital Outlay	200,097			(200,097)
<i>Total Governmental Activities</i>	<u>\$1,187,900</u>	<u>\$28,995</u>	<u>\$29,510</u>	(1,129,395)
General Receipts				
Property Taxes Levied for General Purposes				294,564
Grants and Entitlements not Restricted to Specific Programs				671,073
Interest				23,748
Miscellaneous				4,978
<i>Total General Receipts</i>				<u>994,363</u>
Change in Net Assets				(135,032)
<i>Net Assets Beginning of Year</i>				<u>1,055,794</u>
<i>Net Assets End of Year</i>				<u><u>\$920,762</u></u>

See accompanying notes to the basic financial statements

Bellevue Public Library
Huron County
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2008

	<u>General</u>	<u>Building and Technology Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets				
Equity in Pooled Cash and Cash Equivalents	\$908,665	\$7,229	\$4,768	\$920,662
Cash	100			100
Total Assets	<u>\$908,765</u>	<u>\$7,229</u>	<u>\$4,768</u>	<u>\$920,762</u>
Fund Balances				
Reserved:				
Reserved for Encumbrances		\$7,187		\$7,187
Unreserved:				
Undesignated (Deficit), Reported in:				
General Fund	908,765			908,765
Capital Projects Funds		42		42
Special Revenue Funds			4,768	4,768
Total Fund Balances	<u>\$908,765</u>	<u>\$7,229</u>	<u>\$4,768</u>	<u>\$920,762</u>

See accompanying notes to the basic financial statements

Bellevue Public Library
Huron County
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2008

	General	Building and Technology Fund	Other Governmental Funds	Total Governmental Funds
Receipts				
Property and Other Local Taxes	\$294,564			\$294,564
Intergovernmental	671,073			671,073
Patron Fines and Fees	28,995			28,995
Contributions, Gifts and Donations	29,310		200	29,510
Earnings on Investments	23,630		118	23,748
Miscellaneous	4,978			4,978
<i>Total Receipts</i>	<u>1,052,550</u>		<u>318</u>	<u>1,052,868</u>
Disbursements				
Current:				
Library Services:				
Public Service and Programs	821,794		68	821,862
Support Services:				
Facilities Operation and Maintenance	76,204	21,813		98,017
Professional Services	49,670			49,670
Business Administration	18,254			18,254
Capital Outlay	7,614	192,483		200,097
<i>Total Disbursements</i>	<u>973,536</u>	<u>214,296</u>	<u>68</u>	<u>1,187,900</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>79,014</u>	<u>(214,296)</u>	<u>250</u>	<u>(135,032)</u>
Other Financing Sources (Uses)				
Transfers In		63,000		63,000
Transfers Out	(63,000)			(63,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(63,000)</u>	<u>63,000</u>		
<i>Net Change in Fund Balances</i>	16,014	(151,296)	250	(135,032)
<i>Fund Balances Beginning of Year</i>	<u>892,751</u>	<u>158,525</u>	<u>4,518</u>	<u>1,055,794</u>
<i>Fund Balances End of Year</i>	<u><u>\$908,765</u></u>	<u><u>\$7,229</u></u>	<u><u>\$4,768</u></u>	<u><u>\$920,762</u></u>

See accompanying notes to the basic financial statements

Bellevue Public Library
Huron County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2008

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts				
Property and Other Local Taxes	\$267,000	\$267,000	\$294,564	\$27,564
Intergovernmental	696,000	696,000	671,073	(24,927)
Patron Fines and Fees	26,500	26,500	28,995	2,495
Contributions, Gifts and Donations	25,000	25,000	29,310	4,310
Earnings on Investments	50,000	50,000	23,630	(26,370)
Miscellaneous	500	500	4,978	4,478
<i>Total Receipts</i>	<u>1,065,000</u>	<u>1,065,000</u>	<u>1,052,550</u>	<u>(12,450)</u>
Disbursements				
Current:				
Library Services:				
Public Service and Programs	868,000	868,000	821,794	46,206
Support Services:				
Facilities Operation and Maintenance	80,500	80,500	76,204	4,296
Contracted Services	54,500	54,500	49,670	4,830
Business Administration	27,200	27,200	18,254	8,946
Capital Outlay	<u>10,800</u>	<u>10,800</u>	<u>7,614</u>	<u>3,186</u>
<i>Total Disbursements</i>	<u>1,041,000</u>	<u>1,041,000</u>	<u>973,536</u>	<u>67,464</u>
<i>Excess of Receipts Over Disbursements</i>	<u>24,000</u>	<u>24,000</u>	<u>79,014</u>	<u>55,014</u>
Other Financing Sources (Uses)				
Transfers Out	<u>(109,000)</u>	<u>(109,000)</u>	<u>(63,000)</u>	<u>46,000</u>
<i>Net Change in Fund Balance</i>	(85,000)	(85,000)	16,014	101,014
<i>Fund Balance Beginning of Year</i>	<u>737,261</u>	<u>737,261</u>	<u>892,751</u>	<u>155,490</u>
<i>Fund Balance End of Year</i>	<u><u>\$652,261</u></u>	<u><u>\$652,261</u></u>	<u><u>\$908,765</u></u>	<u><u>\$256,504</u></u>

See accompanying notes to the basic financial statements

Bellevue Public Library
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

NOTE 1 – DESCRIPTION OF THE LIBRARY AND REPORTING ENTITY

The Bellevue Public Library was organized as a school district public library in 1891 under the laws of the State of Ohio. The Library has its own Board of Trustees of seven members who are appointed by the Bellevue City 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 sections 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 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(s) 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 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 Bellevue City 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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Note 2.C, the financial statements of the Bellevue Public Library have been prepared on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The most significant of the Library's accounting policies are described below.

A. Basis of Presentation

The Library's basic financial statements consist of government-wide statements, including a statement of net assets and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

Bellevue Public Library
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

Government-wide Financial Statements

The statement of net assets and the statement of activities display information about the Library as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the Library that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental revenues and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The Library did not have any business-type activities.

The statement of net assets presents the cash balance of the governmental activities of the Library at year end. The statement of activities compares disbursements with program receipts for each of the Library's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Library is responsible. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a cash basis or draws from the Library's general receipts.

Fund Financial Statements

During the year, the Library segregates transactions related to certain Library functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Library at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

B. Fund Accounting

The Library uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. The Library's funds are all classified as governmental.

Governmental Funds

Governmental funds are financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions. Monies are assigned to the various governmental funds according to the purposes for which they may or must be used. The following are the Library's major governmental funds:

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

Building and Technology Fund - This fund accounts for monies set aside by the Board of Library Trustees specifically for major capital and technology improvements.

The other governmental funds of the Library account for other resources whose use is restricted to a particular purpose.

Bellevue Public Library
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

C. Basis of Accounting

The Library's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the Library's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

As a result of the use of the cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued liabilities and the related expenses) are not recorded in these financial statements.

D. Budgetary Process

All funds are legally required to be appropriated. The appropriations resolution is the Trustee's authorization to spend resources and sets limits on expenditures plus encumbrances at the level of control selected by the Trustees. The legal level of control has been established at the fund and character or major category of the object code level for all funds. Budgetary modifications at the legal level of control may only be made by resolution of the Board of Library Trustees.

For control purposes, the Library estimates revenues to be received during the year. These estimated revenues, together with the unencumbered carry-over balances from the prior year, set a limit on the amount the Trustees may appropriate. The estimated revenues may be revised during the year if projected increases or decreases in revenue are identified by the Fiscal Officer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts of estimated resources at the time final appropriations were enacted by the Trustees.

The appropriations resolution is subject to amendment throughout the year with the restriction that appropriations should not exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Trustees during the year.

E. Cash and Cash Equivalents

To improve cash management, cash received by the Library is pooled and invested. Individual fund integrity is maintained through the Library's records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents."

Investments with original maturities of three months or less at the time they are purchased and investments of the cash management pool are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as 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 negative receipts (contra revenue), respectively.

During 2008, investments were limited to STAR Ohio. STAR Ohio investments are recorded at current value.

Bellevue Public Library
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31, 2008.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue credited to the general fund during 2008 amounted to \$23,630. No portion of that amount was assigned from other Library funds.

F. Restricted Assets

Cash, cash equivalents, and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, laws of other governments, or imposed by enabling legislation. Restricted assets represent monies held for capital improvements and endowment. As of December 31, 2008, the Library has no restricted assets.

G. Inventory and Prepaid Items

The Library reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

H. Capital Assets

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

I. Accumulated Leave

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

I. Employer Contributions to Cost-Sharing Pension Plans

The Library recognizes the disbursement for their employer contributions to cost-sharing pension plans when they are paid. As described in Notes 7 and 8, the employer contributions include portions for pension benefits and for postretirement health care benefits.

J. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or law or regulations of other governments. Restricted assets represent monies restricted for capital projects and other purposes.

K. Interfund Transactions

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

Bellevue Public Library
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

NOTE 3 – BUDGETARY BASIS OF ACCOUNTING

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis for the general fund presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is outstanding year end encumbrances are treated as expenditures (budgetary basis) rather than as a reservation of fund balance (cash basis). There were no encumbrances outstanding at year end (budgetary basis) for the general fund.

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

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

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

Interim monies may be deposited or invested in the following securities:

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

Bellevue Public Library
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

NOTE 4 - DEPOSITS AND INVESTMENTS - (CONTINUED)

7. The State Treasurer's investment pool (STAR Ohio).

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

At year end, the Library had \$100 cash on hand which is included as part of "Cash" on the financial statements.

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the Library will not be able to recover deposits or collateral securities that are in the possession of an outside party.

The Library has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Library or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Investments

As of December 31, 2008 the Library had investments in STAR Ohio of \$907,896.

The Library adopted an Investment Policy in October 1996. Four objectives are listed in order of priority: Safety = receiving full par value plus accrued interest at the investment's maturity; Liquidity- Investments are to be structured to ensure adequate funds to meet the operational needs of the Library; Return on Investment = Returns shall be at a market rate; Authorized Financial Institutions- as defined in the Ohio Revised Code and those with which the Library has executed current depositary agreements.

Further, the Investment Policy requires investments to be listed in the name of the Library, requires two signatures and requires the Fiscal Officer to provide a quarterly report on the investments to the Board of Trustees.

Credit Risk: STAR Ohio carries a rating of AAAM by Standard and Poor's. The Library has no investment policy dealing with investment credit risk beyond the requirements in state statutes. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service.

NOTE 5 – GRANTS-IN-AID AND PROPERTY TAXES

The primary source of revenue for Ohio public libraries is the State Library and Local Government Support Fund (LLGSF). The State allocated LLGSF to each county based on the county's prior intangible 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, operations, maintenance, or other expense. The Budget Commission cannot reduce its allocation of these funds to the Library based on any additional revenues the Library receives

Bellevue Public Library
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

NOTE 5 – GRANTS-IN-AID AND PROPERTY TAXES - (CONTINUED)

In May 2005 the electorate of the Bellevue Public Library passed a 1.0 mill five-year operating tax levy. This levy generates approximately \$265,000 per year and will expire as of December 31, 2010.

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the Bellevue City School District. Property tax revenue received during 2008 for real and public utility property taxes represents collections of the 2007 taxes. Property tax payments received during 2008 for tangible personal property (other than public utility property) are for 2008 taxes.

2008 real property taxes are levied after October 1, 2008, on the assessed value as of January 1, 2008, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2008 real property taxes are collected in and intended to finance 2009.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2008 public utility property taxes became a lien December 31, 2007, are levied after October 1, 2008, and are collected in 2009 with real property taxes.

2008 tangible property taxes are levied after October 1, 2007, on the value as of December 31, 2007. Collections are made in 2008. Tangible personal property assessments are being phased out – the assessment percentage for all property including inventory for 2007 is 12.5 percent. This will be reduced to 6.25 percent for 2008, and zero for 2009. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 3, with the remainder due September 20.

The full tax rate for all Library operations for the year ended December 31, 2008, was \$1 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2008 property tax receipts were based are as follows:

Residential/agricultural and other real estate	\$236,976,970
Public utility personal	8,561,470
Tangible personal property	203,330
Total	<u>\$245,741,770</u>

The County Treasurers collects property taxes on behalf of all taxing districts in the county, including the Library. The County Auditors periodically remits to the Library its portion of the taxes collected.

NOTE 6 - RISK MANAGEMENT

The Library is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2008, the Library contracted with several companies for various types of insurance coverage as follows:

Bellevue Public Library
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

NOTE 6 - RISK MANAGEMENT- (CONTINUED)

<u>Company</u>	<u>Type of Coverage</u>	<u>Coverage</u>
Cincinnati	Commercial	\$
	Property	
	General Liability	1,000,000
	Commercial Crime	50,000
	Umbrella	1,000,000
	Vehicle	500,000
France & Co.	Errors and Omissions	1,000,000/3000,000
	Library Officials	
Westfield Insurance	Fidelity and Deposit	20,000

Settled claims have not exceeded coverage in any of the last three years and there was no significant reduction in coverage from the prior year.

The Library pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs. The System administers and pays all claims.

NOTE 7 - DEFINED BENEFIT PENSION PLAN

Ohio Public Employees Retirement System

Plan Description- The Library participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-6705 or (800) 222-7377.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions. For the year ended December 31, 2008, members in state and local classifications contributed 10 percent of covered payroll.

The Library's contribution rate for 2008 was 14 percent of covered payroll. For 2008, 7% of the Library's contribution was allocated to fund the postemployment health care plan. Employer contribution rates are actuarially determined. State statute sets a maximum contribution rate for the Library of 14 percent.

The Library's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2008, 2007, and 2006 were \$67,508, \$60,903, and \$57,666 respectively. The full amount has been contributed for 2008, 2007 and 2006.

Bellevue Public Library
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

NOTE 8 - POSTEMPLOYMENT BENEFITS

Ohio Public Employees Retirement System

Plan Description - OPERS maintains a cost-sharing multiple-employer defined benefit postemployment healthcare plan for qualifying members of both the traditional and combined pension plans. Members of the member-directed plan do not qualify for ancillary benefits, including postemployment healthcare. The plan includes a medical plan, a prescription drug program and Medicare Part B premium reimbursement.

To qualify for postemployment healthcare coverage, age and service retirees under the traditional and combined plans must have ten years or more of qualifying Ohio service credit. Healthcare coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised code permits, but does not require, OPERS to provide healthcare benefits to eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the healthcare plan are provided separately in the OPERS financial report which may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or (800) 222 – 7377.

Funding Policy – The postemployment healthcare plan was established under, and is administered in accordance with, Internal Revenue Code 401 (h). State statute requires that public employers fund postemployment healthcare through contributions to OPERS. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postemployment healthcare.

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2008, local government employers contributed 14 percent of covered payroll. Each year, The OPERS retirement board determines the portion of the employer contribution that will be set aside for funding postemployment healthcare benefits. The amount of the employer contributions which was allocated to fund postemployment healthcare was 7 percent of covered payroll.

The retirement board is also authorized to establish rules for the payment of a portion of the healthcare benefits by the retiree or retiree's surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and selected coverage.

The Library's contributions allocated to fund postemployment healthcare benefits for the years ended December 31, 2008, 2007, and 2006 were \$33,754, \$24,185, and \$19,361 respectively; 100 percent has been contributed for 2008, 2007 and 2006.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) which was effective January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007, and January 1, 2008, which allowed additional funds to be allocated to the healthcare plan.

NOTE 9 – INTERFUND TRANSFERS

The General fund transferred \$63,000 to the building capital projects fund for the purchase of property.

NOTE 10 – CONTINGENT LIABILITIES

As of December 31, 2008 the Library was not involved in any lawsuits. Management believes there are no pending or future legal matters that would materially adversely affect the Library's financial condition.



Mary Taylor, CPA

Auditor of State

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

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

To the Board of Trustees:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Bellevue Public Library, Huron County, (the Library) as of and for the year ended December 31, 2008, which collectively comprise the Library's basic financial statements and have issued our report thereon dated August 31, 2010, wherein we noted the Library prepared its financial statements on the cash basis. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Library's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinions on the financial statements, but not to opine on the effectiveness of the Library's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Library's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Library's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Library's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Library's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

Compliance and Other Matters

As part of reasonably assuring whether the Library's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

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

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

August 31, 2010



Mary Taylor, CPA
Auditor of State

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
OCTOBER 12, 2010**