



Dave Yost • Auditor of State

**BELMONT COUNTY DISTRICT LIBRARY
BELMONT COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Management's Discussion and Analysis.....	5
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position – Modified Cash Basis – December 31, 2013	11
Statement of Activities – Modified Cash Basis – For the Year Ended December 31, 2013.....	12
Fund Financial Statements:	
Statement of Assets and Fund Balances – Modified Cash Basis – Governmental Funds – December 31, 2013	13
Statement of Receipts, Disbursements and Changes in Fund Balances – Modified Cash Basis – Governmental Funds – For the Year Ended December 31, 2013.....	14
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis – General Fund – For the Year Ended December 31, 2013.....	15
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis – Wetzel Bequest Fund – For the Year Ended December 31, 2013.....	16
Government-Wide Financial Statements:	
Statement of Net Position – Modified Cash Basis – December 31, 2012	17
Statement of Activities – Modified Cash Basis – For the Year Ended December 31, 2012.....	18
Fund Financial Statements:	
Statement of Assets and Fund Balances – Modified Cash Basis – Governmental Funds – December 31, 2012	19
Statement of Receipts, Disbursements and Changes in Fund Balances – Modified Cash Basis – Governmental Funds – For the Year Ended December 31, 2012.....	20
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis – General Fund – For the Year Ended December 31, 2012.....	21
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis – Wetzel Bequest Fund – For the Year Ended December 31, 2012.....	22
Notes to the Basic Financial Statements	23

**BELMONT COUNTY DISTRICT LIBRARY
BELMONT COUNTY**

**TABLE OF CONTENTS
(Continued)**

TITLE	PAGE
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	35
Schedule of Findings	37



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Belmont County District Library
Belmont County
20 James Wright Place
P.O. Box 130
Martins Ferry, Ohio 43935

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Belmont County District Library, Belmont County, Ohio (the Library), as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the modified cash accounting basis Note 2C describes. This responsibility includes determining that the modified cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are 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 opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Belmont County District Library, Belmont County, Ohio, as of December 31, 2013 and 2012, and the respective changes in modified cash financial position and the respective budgetary comparison for the General and Wetzel Bequest Funds thereof for the years then ended in accordance with the accounting basis described in Note 2C.

Accounting Basis

We draw attention to Note 2C of the financial statements, which describes the accounting basis, which differs from generally accepted accounting principles. We did not modify our opinion regarding this matter.

Emphasis of Matter

As discussed in Note 3 to the financial statements, during the year ended December 31, 2012, the Library adopted the provisions of Governmental Accounting Standards Board Statement No. 63, "*Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.*" We did not modify our opinion regarding this matter.

Other Matters

Supplemental and Other Information

We audited to opine on the Library's financial statements that collectively comprise its basic financial statements.

Management's Discussion & Analysis includes tables of net position, changes in net position, and governmental activities. This information provides additional analysis and is not a required part of the basic financial statements.

These tables are management's responsibility, and derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected these tables to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling these tables directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and in accordance with auditing standards generally accepted in the United States of America. In our opinion, these tables are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other than the aforementioned procedures applied to the tables, we applied no procedures to any other information in Management's Discussion & Analysis, and we express no opinion or any other assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 24, 2014, 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.

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

Dave Yost
Auditor of State

Columbus, Ohio

March 24, 2014

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Belmont County District Library, Belmont County
Management's Discussion and Analysis
For the Years Ended December 31, 2013 and 2012
(Unaudited)

This discussion and analysis of the Belmont County District Library's (the Library) financial performance provides an overall review of the Library's financial activities for the years ended December 31, 2013 and 2012, within the limitations of the Library's modified 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 2013 and 2012 are as follows:

For 2013, net position of governmental activities increased \$20,815, approximately 7 percent, from the prior year. For 2012, net position of governmental activities decreased \$66,937, approximately 19 percent, from the prior year. For 2013 and 2012, the fund most affected by the change in cash and cash equivalents was the General Fund.

There was an increase of \$19,988 and a decrease of \$52,307 in the PLF (Public Library Funds) for 2013 and 2012, respectively. The Library's general receipts are primarily PLF. For 2013 and 2012, these receipts represent 92 percent and 93 percent, respectively of the total cash received for governmental activities during the year.

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 modified cash basis of accounting.

Report Components

The statement of net position 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.

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 modified cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Library's modified cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the modified 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 modified cash basis of accounting.

Belmont County District Library, Belmont County
Management's Discussion and Analysis
For the Years Ended December 31, 2013 and 2012
(Unaudited)

Reporting the Government as a Whole

The statement of net position and the statement of activities reflect how the Library did financially during 2013 and 2012, within the limitations of modified cash basis accounting. The statement of net position presents the cash balances and investments of the governmental 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 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. The comparison of cash disbursements with program receipts identifies how each 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 modified cash basis of accounting, you can think of these changes as 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, you should also consider other nonfinancial factors as well such as the condition of the Library and the need for continued growth in the major local revenue sources such as the PLF.

In the statement of net position and the statement of activities, we have only the Governmental types of activities. There are no Business-type activities for the Library.

Reporting the Government'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 many 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 governmental.

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 nonmajor 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 and Wetzel Bequest Funds. The programs reported in governmental funds are the same as 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 position for 2013 and 2012 compared to 2011 on a modified cash basis:

Belmont County District Library, Belmont County
Management's Discussion and Analysis
For the Years Ended December 31, 2013 and 2012
(Unaudited)

	Governmental Activities		
	2013	2012	2011
Assets			
Cash and Cash Equivalents	\$200,812	\$66,924	\$153,127
Investments	100,000	213,073	193,807
Total Assets	\$300,812	\$279,997	\$346,934
Net Position			
Restricted for:			
Capital Projects			103,203
Other Purposes	172,274	190,262	195,000
Unrestricted	128,538	89,735	48,731
Total Net Position	\$300,812	\$279,997	\$346,934

As mentioned previously, net position of governmental activities increased \$20,815, or 7 percent in 2013 and decreased \$ 66,937, or 19 percent during 2012. The primary reasons contributing to the change in net position is as follows:

- PLF increased by \$19,988 in 2013 from 2012 and decreased by \$52,307 in 2012 from 2011.
- The Bookmobile was taken off the road and sold.

Table 2 reflects the changes in net position in 2013 and 2012 as compared to 2011.

Belmont County District Library, Belmont County
Management's Discussion and Analysis
For the Years Ended December 31, 2013 and 2012
(Unaudited)

(Table 2)
Changes in Net Position

	Governmental Activities		
	2013	2012	2011
Receipts:			
Program Receipts:			
Charges for Services and Sales	\$24,503	\$26,297	\$28,548
Total Program Receipts	<u>24,503</u>	<u>26,297</u>	<u>28,548</u>
General Receipts:			
Unrestricted Gifts and Contributions	5,768	4,638	3,223
Grants and Entitlements Not Restricted to Specific Programs	893,555	880,710	953,901
Sale of Capital Assets		3,250	
Earnings on Investments	1,030	696	3,539
Miscellaneous	10,510	8,764	11,178
Special Item	30,785	17,219	13,609
Total General Receipts	<u>941,648</u>	<u>915,277</u>	<u>985,450</u>
Total Receipts	<u>966,151</u>	<u>941,574</u>	<u>1,013,998</u>
Disbursements:			
Library Services	915,270	989,991	1,067,187
Capital Outlay	30,066	18,102	146,519
Other		418	311
Total Disbursements	<u>945,336</u>	<u>1,008,511</u>	<u>1,214,017</u>
Increase (Decrease) in Net Position	20,815	(66,937)	(200,019)
Net Position, January 1,	<u>279,997</u>	<u>346,934</u>	<u>546,953</u>
Net Position, December 31,	<u>\$300,812</u>	<u>\$279,997</u>	<u>\$346,934</u>

For 2013 and 2012, program receipts represent only 3 percent of total receipts and are primarily comprised of patron fines and fees.

For 2013, General receipts represent 97 percent of the Library's total receipts, and of this amount, 95 percent are Public Library fund and other intergovernmental receipts. For 2012, General receipts represent 97 percent of the Library's total receipts, and of this amount, 96 percent are Public Library fund and other intergovernmental receipts. Since these monies are provided primarily by the State, it can be seen how easily changes in this funding source could have a substantial impact on the services the Library provides.

Disbursements for Library represent the overhead costs of running the Library and the support services provided for the other Library activities. These include the costs such as payroll and purchasing.

Governmental Activities

If you look at the Statement of Activities on pages 12 and 18, you will see that the first column lists the major services provided by the Library. The next column identifies the costs of providing these services. The major program disbursements for governmental activities for 2013 and 2012 are for Library Services, which account for 97 and 98 percent of all governmental disbursements, respectively. The next column of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service by the Library that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service.

Belmont County District Library, Belmont County
Management's Discussion and Analysis
For the Years Ended December 31, 2013 and 2012
(Unaudited)

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.

(Table 3)

	Governmental Activities					
	Total Cost	Net Cost	Total Cost	Net Cost	Total Cost	Net Cost
	of Services	of Services	of Services	of Services	of Services	of Services
	2013	2013	2012	2012	2011	2011
Library Services	\$915,270	(\$898,441)	\$989,991	(\$971,683)	\$1,067,187	(\$1,046,651)
Public Services and Programs		7,674		7,989		8,012
Capital Outlay	30,066	(30,066)	18,102	(18,102)	146,519	(146,519)
Other			418	(418)	311	(311)
Total Expenses	\$945,336	(\$920,833)	\$1,008,511	(\$982,214)	\$1,214,017	(\$1,185,469)

The Library's Funds

In 2013, the Library had receipts of \$966,151 and disbursements of \$945,336. The greatest change within governmental funds occurred within the General Fund. In 2012, the Library had receipts of \$1,011,850 and disbursements of \$1,078,787. The greatest change within governmental funds occurred within the General Fund and the Other Governmental Funds due to the closing out of the Bookmobile Fund.

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.

During 2013 and 2012, the Library amended its budget several times to reflect changing circumstances.

For 2013 in the General Fund, final disbursements were budgeted at \$993,042 while actual disbursements were \$941,422. For 2012 in the General Fund, final disbursements were budgeted at \$1,048,934 while actual disbursements were \$1,012,193. The Library spends very close to its budgeted amounts.

Debt Administration

Debt

At December 31, 2013 and 2012, the Library had no debt issues.

Current Issues

The challenge for all libraries 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 the PLF. Our newly prepared financial forecast predicts more decreases in funding. The Library successfully placed a levy on the November 2013 ballot and will begin collecting the tax revenues from this levy in 2014.

Belmont County District Library, Belmont County
Management's Discussion and Analysis
For the Years Ended December 31, 2013 and 2012
(Unaudited)

Contacting the Library's Financial Management

This financial report is designed to provide our citizens, taxpayers, and potential creditors with a general overview of the 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 Karri Rose Haglock, Fiscal Officer, Martins Ferry Public Library, 20 James Wright Place, Martins Ferry, Ohio, 43935. Phone 740 633-0314.

Belmont County District Library
Statement of Net Position - Modified Cash Basis
December 31, 2013

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$200,812
Investments	<u>100,000</u>
<i>Total Assets</i>	<u><u>\$300,812</u></u>
Net Position	
Restricted for:	
Other Purposes	\$172,274
Unrestricted	<u>128,538</u>
<i>Total Net Position</i>	<u><u>\$300,812</u></u>

See accompanying notes to the basic financial statements

Belmont County District Library
Statement of Activities - Modified Cash Basis
For the Year Ended December 31, 2013

	Cash Disbursements	Program Cash Receipts Charges for Services and Sales	Net (Disbursements) Receipts and Changes in Net Position Governmental Activities
Governmental Activities			
Current:			
Library Services	\$915,270	\$16,829	(\$898,441)
Public Services and Programs		7,674	\$7,674
Capital Outlay	30,066		(30,066)
<i>Total Governmental Activities</i>	<u>\$945,336</u>	<u>\$24,503</u>	<u>(920,833)</u>
		General Receipts:	
		Unrestricted Gifts and Contributions	5,768
		Grants/Entitlements not Restricted to Specific Programs	893,555
		Earnings on Investments	1,030
		Miscellaneous	10,510
		Special Item	30,785
		<i>Total General Receipts</i>	<u>941,648</u>
		Change in Net Position	20,815
		<i>Net Position Beginning of Year</i>	<u>279,997</u>
		<i>Net Position End of Year</i>	<u>\$300,812</u>

See accompanying notes to the basic financial statements

Belmont County District Library
Statement of Assets and Fund Balances- Modified Cash Basis
Governmental Funds
December 31, 2013

	General	Wetzel Bequest	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$100,218	\$72,274	\$28,320	\$200,812
Investments		100,000		100,000
<i>Total Assets</i>	<u>\$100,218</u>	<u>\$172,274</u>	<u>\$28,320</u>	<u>\$300,812</u>
Fund Balances				
Restricted		\$172,274		172,274
Committed			\$28,320	28,320
Assigned	14,836			14,836
Unassigned (Deficit)	85,382			85,382
<i>Total Fund Balances</i>	<u>\$100,218</u>	<u>\$172,274</u>	<u>\$28,320</u>	<u>\$300,812</u>

See accompanying notes to the basic financial statements

Belmont County District Library
Statement of Receipts, Disbursements and Changes in Fund Balances - Modified Cash Basis
Governmental Funds
For the Year Ended December 31, 2013

	General	Wetzel Bequest	Other Governmental Funds	Total Governmental Funds
Receipts				
Public Library	\$891,665			\$891,665
Intergovernmental	1,890			1,890
Patron Fines and Fees	23,381			23,381
Contributions, Gifts and Donations	36,553			36,553
Earnings on Investments	380	\$762	\$268	1,410
Miscellaneous	11,252			11,252
<i>Total Receipts</i>	<u>965,121</u>	<u>762</u>	<u>268</u>	<u>966,151</u>
Disbursements				
Current:				
Library Services	915,270			915,270
Capital Outlay	11,316	18,750		30,066
<i>Total Disbursements</i>	<u>926,586</u>	<u>18,750</u>	<u>0</u>	<u>945,336</u>
<i>Net Change in Fund Balances</i>	38,535	(17,988)	268	20,815
<i>Fund Balances Beginning of Year</i>	<u>61,683</u>	<u>190,262</u>	<u>28,052</u>	<u>279,997</u>
<i>Fund Balances End of Year</i>	<u>\$100,218</u>	<u>\$172,274</u>	<u>\$28,320</u>	<u>\$300,812</u>

See accompanying notes to the basic financial statements

Belmont County District Library
*Statement of Receipts, Disbursements and Changes
 In Fund Balance - Budget and Actual - Budget Basis
 General Fund
 For the Year Ended December 31, 2013*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Public Library	\$787,927	\$881,834	\$891,665	\$9,831
Intergovernmental			1,890	1,890
Patron Fines and Fees	27,855	27,855	23,381	(4,474)
Contributions, Gifts and Donations	25,150	25,150	36,553	11,403
Earnings on Investments	1,159	1,159	380	(779)
Miscellaneous	692	692	11,252	10,560
<i>Total Receipts</i>	842,783	936,690	965,121	28,431
Disbursements				
Current:				
Library Services	849,235	977,867	928,213	49,654
Capital Outlay	2,000	15,175	13,209	1,966
<i>Total Disbursements</i>	851,235	993,042	941,422	51,620
<i>Net Change in Fund Balance</i>	(8,452)	(56,352)	23,699	80,051
<i>Unencumbered Fund Balance Beginning of Year</i>	47,900	47,900	47,900	0
Prior Year Encumbrances Appropriated	13,783	13,783	13,783	0
<i>Unencumbered Fund Balance End of Year</i>	\$53,231	\$5,331	\$85,382	\$80,051

See accompanying notes to the basic financial statements

Belmont County District Library
*Statement of Receipts, Disbursements and Changes
 In Fund Balance - Budget and Actual - Budget Basis
 Wetzel Bequest Fund
 For the Year Ended December 31, 2013*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Earnings on Investments	\$0	\$0	\$762	\$762
<i>Total Receipts</i>	0	0	762	762
Disbursements				
Capital Outlay	18,750	18,750	18,750	0
<i>Total Disbursements</i>	18,750	18,750	18,750	0
<i>Net Change in Fund Balance</i>	(18,750)	(18,750)	(17,988)	762
<i>Unencumbered Fund Balance Beginning of Year</i>	190,262	190,262	190,262	0
Prior Year Encumbrances Appropriated	0	0	0	0
<i>Unencumbered Fund Balance End of Year</i>	<u>\$171,512</u>	<u>\$171,512</u>	<u>\$172,274</u>	<u>\$762</u>

See accompanying notes to the basic financial statements

Belmont County District Library
Statement of Net Position - Modified Cash Basis
December 31, 2012

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$66,924
Investments	<u>213,073</u>
<i>Total Assets</i>	<u><u>\$279,997</u></u>
Net Position	
Restricted for:	
Other Purposes	\$190,262
Unrestricted	<u>89,735</u>
<i>Total Net Position</i>	<u><u>\$279,997</u></u>

See accompanying notes to the basic financial statements

Belmont County District Library
Statement of Activities - Modified Cash Basis
For the Year Ended December 31, 2012

	Cash Disbursements	Program Cash Receipts Charges for Services and Sales	Net (Disbursements) Receipts and Changes in Net Position Governmental Activities
Governmental Activities			
Current:			
Library Services	\$989,991	\$18,308	(\$971,683)
Public Services and Programs		7,989	\$7,989
Capital Outlay	18,102		(18,102)
Other	418		(418)
<i>Total Governmental Activities</i>	<u>\$1,008,511</u>	<u>\$26,297</u>	<u>(982,214)</u>
		General Receipts:	
		Unrestricted Gifts and Contribut Grants/Entitlements not	4,638
		Restricted to Specific Programs	880,710
		Sale of Capital Assets	3,250
		Earnings on Investments	696
		Miscellaneous	8,764
		Special Item	17,219
		<i>Total General Receipts</i>	<u>915,277</u>
		Change in Net Position	(66,937)
		<i>Net Position Beginning of Year</i>	<u>346,934</u>
		<i>Net Position End of Year</i>	<u>\$279,997</u>

See accompanying notes to the basic financial statements

Belmont County District Library
Statement of Assets and Fund Balances- Modified Cash Basis
Governmental Funds
December 31, 2012

	General	Wetzel Bequest	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$61,683	\$1	\$5,239	\$66,923
Investments		190,261	22,813	213,074
<i>Total Assets</i>	<u>\$61,683</u>	<u>\$190,262</u>	<u>\$28,052</u>	<u>\$279,997</u>
Fund Balances				
Restricted		\$190,262		190,262
Committed			\$28,052	28,052
Assigned	13,783			13,783
Unassigned (Deficit)	47,900			47,900
<i>Total Fund Balances</i>	<u>\$61,683</u>	<u>\$190,262</u>	<u>\$28,052</u>	<u>\$279,997</u>

See accompanying notes to the basic financial statements

Belmont County District Library
Statement of Receipts, Disbursements and Changes in Fund Balances - Modified Cash Basis
Governmental Funds
For the Year Ended December 31, 2012

	General	Wetzel Bequest	Other Governmental Funds	Total Governmental Funds
Receipts				
Public Library	\$871,677			\$871,677
Intergovernmental	9,033			9,033
Patron Fines and Fees	25,961			25,961
Contributions, Gifts and Donations	21,858			21,858
Earnings on Investments	543	\$195	\$293	1,031
Miscellaneous	8,764			8,764
<i>Total Receipts</i>	<u>937,836</u>	<u>195</u>	<u>293</u>	<u>938,324</u>
Disbursements				
Current:				
Library Services	989,991			989,991
Capital Outlay	8,419	4,933	4,750	18,102
<i>Total Disbursements</i>	<u>998,410</u>	<u>4,933</u>	<u>4,750</u>	<u>1,008,093</u>
<i>Excess of Receipts (Under) Disbursements</i>	<u>(60,574)</u>	<u>(4,738)</u>	<u>(4,457)</u>	<u>(69,769)</u>
Other Financing Sources (Uses)				
Sale of Capital Assets	3,250			3,250
Transfers In	70,276			70,276
Transfers Out			(70,276)	(70,276)
Other Financing Uses			(418)	(418)
<i>Total Other Financing Sources (Uses)</i>	<u>73,526</u>	<u>0</u>	<u>(70,694)</u>	<u>2,832</u>
<i>Net Change in Fund Balances</i>	12,952	(4,738)	(75,151)	(66,937)
<i>Fund Balances Beginning of Year</i>	<u>48,731</u>	<u>195,000</u>	<u>103,203</u>	<u>346,934</u>
<i>Fund Balances End of Year</i>	<u>\$61,683</u>	<u>\$190,262</u>	<u>\$28,052</u>	<u>\$279,997</u>

See accompanying notes to the basic financial statements

Belmont County District Library
*Statement of Receipts, Disbursements and Changes
 In Fund Balance - Budget and Actual - Budget Basis
 General Fund
 For the Year Ended December 31, 2012*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Public Library	\$784,509	\$871,675	\$871,677	\$2
Intergovernmental		5,820	9,033	3,213
Patron Fines and Fees	28,715	28,715	25,961	(2,754)
Contributions, Gifts and Donations	21,611	21,611	21,858	247
Earnings on Investments	821	821	543	(278)
Miscellaneous	10,344	10,344	8,764	(1,580)
<i>Total Receipts</i>	846,000	938,986	937,836	(1,150)
Disbursements				
Current:				
Library Services	854,291	1,035,419	1,003,774	31,645
Capital Outlay	2,015	13,515	8,419	5,096
<i>Total Disbursements</i>	856,306	1,048,934	1,012,193	36,741
<i>Excess of Receipts Over (Under) Disbursements</i>	(10,306)	(109,948)	(74,357)	35,591
Other Financing Sources				
Sale of Capital Assets			3,250	3,250
Transfers In		70,276	70,276	0
<i>Total Other Financing Sources</i>	0	70,276	73,526	3,250
<i>Net Change in Fund Balance</i>	(10,306)	(39,672)	(831)	38,841
<i>Unencumbered Fund Balance Beginning of Year</i>	36,050	36,050	36,050	0
Prior Year Encumbrances Appropriated	12,681	12,681	12,681	0
<i>Unencumbered Fund Balance End of Year</i>	\$38,425	\$9,059	\$47,900	\$38,841

See accompanying notes to the basic financial statements

Belmont County District Library
*Statement of Receipts, Disbursements and Changes
 In Fund Balance - Budget and Actual - Budget Basis
 Wetzel Bequest Fund
 For the Year Ended December 31, 2012*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Earnings on Investments	\$0	\$0	\$195	\$195
<i>Total Receipts</i>	0	0	195	195
Disbursements				
Capital Outlay	4,933	4,933	4,933	0
<i>Total Disbursements</i>	4,933	4,933	4,933	0
<i>Net Change in Fund Balance</i>	(4,933)	(4,933)	(4,738)	195
<i>Unencumbered Fund Balance Beginning of Year</i>	190,067	190,067	190,067	0
Prior Year Encumbrances Appropriated	4,933	4,933	4,933	0
<i>Unencumbered Fund Balance End of Year</i>	<u>\$190,067</u>	<u>\$190,067</u>	<u>\$190,262</u>	<u>\$195</u>

See accompanying notes to the basic financial statements

Belmont County District Library
Notes to the Basic Financial Statements
For the Years Ended December 31, 2013 and 2012

Note 1 – Description of the Library and Reporting Entity

The Belmont County District Library (the Library) was originally organized as the Martins Ferry Public Library, a school district public library, in the 1930's under the laws of the State of Ohio. The Library was approved as a county district library by the State Library of Ohio on July 25, 2013. The Library has its own Board of Trustees of seven members, of which, four are appointed by the Belmont County Commissioners and three are appointed by the Belmont County Court of Common Pleas. 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 Belmont County, although Belmont County 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 Belmont County Commissioners 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 Belmont County.

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 Belmont County.

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 Friends of the Martins Ferry Library is a not-for-profit organization with a self-appointing board. The Library is not financially accountable for the organization nor does the Library approve the budget or the issuance of debt of the organization. Therefore, this organization has been excluded from the reporting entity of the Library.

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 Library have been prepared on a *modified* cash basis of accounting. This *modified* 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 *modified* cash basis of accounting.

Belmont County District Library
Notes to the Basic Financial Statements
For the Years Ended December 31, 2013 and 2012

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 *modified* 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 position and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

Government-wide Financial Statements

The statement of net position and the statement of activities display information about the Library as a whole. These statements include the financial activities of the primary government. The statement shows activities of the Library that are governmental. Governmental activities generally are financed through Public Library and other intergovernmental receipts and other non-exchange transactions.

The statement of net position presents the cash and investment balances 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, grants and contributions restricted to meeting the operational or capital requirements of a particular program, and receipts of interest earned on grants that are required to be used to support 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 modified 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 Public Library and other 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.

Belmont County District Library
Notes to the Basic Financial Statements
For the Years Ended December 31, 2013 and 2012

Wetzel Bequest Special Revenue Fund – This money was bequeathed to the Library by the Charles Wetzel Estate. The only restriction on this money is that the money is not to be used for general operating expenses of the Library.

C. Basis of Accounting

The Library's financial statements are prepared using the *modified* cash basis of accounting. Except for modifications having substantial support, 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. Any such modifications made by the Library are described in the appropriate section in this note.

As a result of the use of this *modified* 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 cash disbursements plus encumbrances at the level of control selected by the Trustees. The legal level of control has been established at 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 Trustees.

For control purposes, the Library estimates cash receipts for the year. These estimated receipts, together with the unencumbered carry-over balances from the prior year, set a limit on the amount the Trustees may appropriate. The estimated receipts may be revised during the year if projected increases or decreases in receipts 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

Library records identify the purchase of specific investments by specific funds.

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.

Belmont County District Library
Notes to the Basic Financial Statements
For the Years Ended December 31, 2013 and 2012

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, respectively.

During 2013 and 2012, investments were limited to nonnegotiable certificates of deposit. These investments are recorded at cost.

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, or laws of other governments, or imposed by enabling legislation.

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. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Library is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

Restricted Fund balance is reported as 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

Committed The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (resolution) of Library Trustees. Those committed amounts cannot be used for any other purpose unless the Library Trustees remove or change the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned Amounts in the assigned fund balance classification are intended to be used by the Library for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by the Library Trustees or a Library official delegated that authority by resolution, or by State Statute.

Belmont County District Library
Notes to the Basic Financial Statements
For the Years Ended December 31, 2013 and 2012

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not contained 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.

J. Interfund Receivables/Payables

The Library reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

K. 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 modified cash basis of accounting.

L. 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.

M. Net Position

Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes include resources restricted for the purposes outlined in the description of the Wetzel Bequest Special Revenue Fund above.

The Library's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net position are available.

N. 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.

Note 3 – Change in Accounting Principle

For 2012, the Library implemented Governmental Accounting Standard Board (GASB) Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position." GASB Statement No. 63 identifies net position, rather than net assets, as the residual of all other elements presented in a statement of financial position. This change was incorporated in the Library's 2012 financial statements; however, there was no effect on beginning net position/fund balance.

Belmont County District Library
Notes to the Basic Financial Statements
For the Years Ended December 31, 2013 and 2012

Note 4 – 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 – Budget Basis presented for the General Fund and Wetzel Bequest Special Revenue Fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the *modified* cash basis is outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as restricted, committed or assigned fund balance (*modified* cash basis). The encumbrances outstanding at December 31, 2013 (budgetary basis) amounted to \$14,836 for the General Fund and at December 31, 2012 (budgetary basis) amounted to \$13,783 for the General Fund.

Note 5 – Deposits and Investments

State statutes classify monies held by the Library into three categories.

Active deposits are public deposits determined to be necessary to meet current demands upon 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 that the Library 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;

Belmont County District Library
Notes to the Basic Financial Statements
For the Years Ended December 31, 2013 and 2012

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;
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. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipts of confirmation of transfer from the custodian.

At December 31, 2013, the Library had \$500 (Petty Cash) in undeposited cash on hand which is included on the balance sheet of the Library as part of "Equity in Pooled Cash and Cash Equivalents."

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. At December 31, 2013 and 2012, none of the Library's bank balance of \$318,778 and \$286,962, respectively, was exposed to custodial credit risk because those deposits were covered by federal deposit insurance.

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, 2013, the Library had the following investments:

	<u>Fair Value</u>
The Citizens Bank nonnegotiable certificate of deposit	<u>\$100,000</u>

As of December 31, 2012, the Library had the following investments:

	<u>Fair Value</u>
The Citizens Bank nonnegotiable certificate of deposit	<u>\$213,073</u>

Interest Rate Risk Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The Library's investment policy addresses interest rate risk by requiring the Library's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments, thereby avoiding the need to sell securities on the open market prior to maturity, and by investing operating funds primarily in short-term investments.

Belmont County District Library
Notes to the Basic Financial Statements
For the Years Ended December 31, 2013 and 2012

Credit Risk The Library has no investment policy dealing with investment credit risk beyond the requirements in state statutes.

Custodial Credit Risk For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Library will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Library has no investment policy dealing with investment custodial risk beyond the requirements in ORC 135.14(M)(2) which states, "Payment for investments shall be made only upon the delivery of securities representing such investments to the treasurer, investing authority, or qualified trustee. If the securities transferred are not represented by a certificate, payment shall be made only upon receipt of confirmation of transfer from the custodian by the treasurer, governing board, or qualified trustee."

Concentration of Credit Risk The Library places no limit on the amount it may invest in any one issuer. The following investments represent five percent or more of total investments as of December 31, 2013 and 2012:

Investment Issuer	Percentage of Investments
The Citizens Bank nonnegotiable certificates of deposit	100.00 %

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. The Library contracted with Cook Insurance & Financial Planning, affiliated with Steele Insurance Associates, Inc. for various types of insurance coverage as follows:

Coverage Type	Limit
<i>Property</i>	
Buildings-Blanket	\$5,681,235
Contents-Blanket	571,230
Valuable Papers (Books) - Blanket	3,105,000
<i>Liability</i>	
Each Occurrence	500,000
Aggregate	1,000,000
Medical Expense	10,000
Employers Liability	500,000
Employee Benefit Liability	1,000,000
Damage to Rented Premises	500,000
<i>Crime</i>	
Employee Theft	25,000
Forgery or Alteration	25,000
Theft of Money/Securities Inside	25,000
Theft of Money/Securities Outside	5,000
Money Orders & Counterfeit Money	25,000
Umbrella	1,000,000

Belmont County District Library
Notes to the Basic Financial Statements
For the Years Ended December 31, 2013 and 2012

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.

The Library pays for life insurance for all full-time employees 30 days after hire & part time employees after 2 full years of employment. The Library pays 80% hospitalization for all full-time employees.

Note 7 - Defined Benefit Pension Plan

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) 222-5601 or (800) 222-7377.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions and currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units. Member contribution rates, as set forth in the Ohio Revised Code, are not to exceed 10 percent of covered payroll. For the years ended December 31, 2013 and 2012, members in state and local classifications contributed 10 percent of covered payroll. Members in the state and local divisions may participate in all three plans. For 2013 and 2012, member and employer contribution rates were consistent across all three plans.

The Library's 2013 and 2012 contribution rate was 14.0 percent. The portion of employer contributions used to fund pension benefits is net of post-employment health care benefits. The portion of employer contribution allocated to health care for members in the Traditional Plan was 4.0 percent for 2012. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05 percent for 2013. Employer contribution rates are actuarially determined.

The Library's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2013, 2012, and 2011 were \$60,845, \$63,304, and \$72,022, respectively; 100 percent has been contributed for 2013, 2012, and 2011. There were no required contributions to the Member-Directed Plan for 2013, 2012, or 2011.

Belmont County District Library
Notes to the Basic Financial Statements
For the Years Ended December 31, 2013 and 2012

Note 8 - Postemployment Benefits

Plan Description – Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan—a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan—a defined contribution plan; and the Combined Plan—a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing multiple-employer defined benefit post-employment health care plan for qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage. The plan includes a medical plan, prescription drug program and Medicare Part B premium reimbursement.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised Code permits, but does not mandate, OPERS to provide health care benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented 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 post-employment health care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). The Ohio Revised Code provides the statutory authority requiring public employers to fund post-retirement health care through contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2013 and 2012, state and local employers contributed at a rate of 14.0 percent of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units.

Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 4.0 percent for 2012 (the latest information available). The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05 percent for 2012 (the latest information available).

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the post-employment health care plan.

The Library's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2013, 2012, and 2011 were approximately \$3,651, \$3,805, and \$3,541, respectively; 100 percent has been contributed for 2013, 2012, and 2011.

Note 9 – Fund Balances

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Library is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below for the year ended December 31, 2013:

Belmont County District Library
Notes to the Basic Financial Statements
For the Years Ended December 31, 2013 and 2012

Fund Balances	General	Wetzel Bequest	Other Governmental Funds	Total
Restricted for				
Wetzel Bequest		\$172,274		\$172,274
<i>Total Restricted</i>		172,274		172,274
Committed to				
Capital Projects			\$28,320	28,320
Assigned to				
Reserve for Encumbrances	\$14,836			14,836
Unassigned (Deficit)	85,382			85,382
<i>Total Fund Balances</i>	<u>\$100,218</u>	<u>\$172,274</u>	<u>\$28,320</u>	<u>\$300,812</u>

The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below for the year ended December 31, 2012:

Fund Balances	General	Wetzel Bequest	Other Governmental Funds	Total
Restricted for				
Wetzel Bequest		\$190,262		\$190,262
<i>Total Restricted</i>		190,262		190,262
Committed to				
Capital Projects			\$28,052	28,052
Assigned to				
Reserve for Encumbrances	\$13,783			13,783
Unassigned (Deficit)	47,900			47,900
<i>Total Fund Balances</i>	<u>\$61,683</u>	<u>\$190,262</u>	<u>\$28,052</u>	<u>\$279,997</u>

Note 10 – Interfund Transfers

\$70,276 was transferred into the General Fund in 2012 from the Flushing Building Fund in the amount of \$8, Bookmobile Fund in the amount of \$63,591 due to discontinuing the bookmobile program, and the Permanent Improvement Fund in the amount of \$6,677.

Note 11 – Contingent Liabilities

Amounts grantor agencies pay to the Library are subject to audit and adjustment by the grantor, principally the federal government. Grantors 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.

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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

Belmont County District Library
Belmont County
20 James Wright Place
P.O. Box 130
Martins Ferry, Ohio 43935

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 governmental activities, each major fund, and the aggregate remaining fund information of the Belmont County District Library, Belmont County, Ohio (the Library), as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements and have issued our report thereon dated March 24, 2014, wherein we noted the Library uses a special purpose framework other than generally accepted accounting principles. We also noted the Library adopted Governmental Accounting Standards Board Statement No. 63.

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 opinions 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.

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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings that we consider a significant deficiency in internal control. We consider finding 2013-001 to be a significant deficiency.

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, 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*.

Entity's Response to Finding

The Library's response to the finding identified in our audit is described in the accompanying Schedule of Findings. We did not audit the Library's response and, accordingly, we express no opinion on it.

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.



Dave Yost
Auditor of State

Columbus, Ohio

March 24, 2014

**BELMONT COUNTY DISTRICT LIBRARY
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2013 AND 2012**

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

FINDING NUMBER 2013-001

Significant Deficiency

The Library should have internal controls in place to reasonably assure that budgetary accounts are integrated into the financial accounting system. This means designing an accounting system to provide ongoing and timely information on unrealized budgetary receipts and remaining uncommitted appropriation balances.

At December 31, 2013, variances existed between the legislatively approved appropriation resolution/amendments, as noted in the minute record, and the amounts posted to the accounting system. The following table details this variance:

<u>Fund</u>	<u>Amount Per Annual Appropriation Resolution and Approved Amendments</u>	<u>Amounts Posted to the Accounting System</u>	<u>Variance</u>
Wetzel Bequest	\$18,750	\$40,448	\$21,698

At December 31, 2012, variances existed between the County Budget Commission approved budgeted receipts, and any amendments made to them and the amounts posted to the Library's accounting system. The following table details this variance:

<u>Fund</u>	<u>Amount Per Last Amended Certificate</u>	<u>Amounts Posted to the Accounting System</u>	<u>Variance</u>
General	\$1,002,577	\$1,009,262	\$6,685

As a result, audit adjustments were prepared regarding these variances. The 2013 financial statement final budgeted amounts for the Wetzel Bequest Fund required adjustment to agree to the legislatively approved amounts due to the amount of the variance. The 2012 financial statement final budgeted amounts for the General Fund amount did not require adjustment as the amount was not significant to the financial statements.

When authorized budgetary amounts are not entered into the accounting system, budget vs. actual information generated by the system is not a useful monitor tool.

We recommend the Board of Trustees establish internal control to reasonably assure that budgetary amounts are accurately integrated into the financial accounting system. In addition, the Board should approve all appropriation and estimated resources amendments, with approval noted in the minute record.

Officials' Response: The variances reported were primarily due to a simple misunderstanding of the Board's directions regarding budgeted amounts. All monies were accounted for. We take any issues pointed out by the Auditor of State very seriously and use our audits as a learning experience to avoid similar issues in the future. We have already taken steps to correct this issue for future audits.

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Dave Yost • Auditor of State

BELMONT COUNTY DISTRICT 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
APRIL 8, 2014**