



Dave Yost • Auditor of State

**BELLAIRE PUBLIC LIBRARY
BELMONT COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

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

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Bellaire Public Library, Belmont County, Ohio (the Library), as of and for the years ended December 31, 2014 and 2013.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

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

Opinion on Regulatory Basis of Accounting

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2015, on our consideration of the Library's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Library's internal control over financial reporting and compliance.



Dave Yost
Auditor of State
Columbus, Ohio

December 11, 2015

**BELLAIRE PUBLIC LIBRARY
BELMONT COUNTY**

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

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Public Library - Intergovernmental	\$386,402	\$0	\$386,402
Patron Fines and Fees	9,703	0	9,703
Contributions, Gifts and Donations	0	3,235	3,235
Earnings on Investments	3,087	104	3,191
Miscellaneous	1,249	0	1,249
<i>Total Cash Receipts</i>	<u>400,441</u>	<u>3,339</u>	<u>403,780</u>
Cash Disbursements			
Current:			
Library Services:			
Public Services and Programs	272,607	0	272,607
Collection Development and Processing	43,095	336	43,431
Support Services:			
Facilities Operation and Maintenance	60,593	0	60,593
Information Services	254	0	254
Business Administration	22,701	0	22,701
Capital Outlay	668	909	1,577
<i>Total Cash Disbursements</i>	<u>399,918</u>	<u>1,245</u>	<u>401,163</u>
<i>Excess of Cash Receipts Over Cash Disbursements</i>	<u>523</u>	<u>2,094</u>	<u>2,617</u>
Other Financing Receipts			
Advances In	6,500	0	6,500
<i>Total Other Financing Receipts</i>	<u>6,500</u>	<u>0</u>	<u>6,500</u>
<i>Net Change in Fund Cash Balances</i>	7,023	2,094	9,117
<i>Fund Cash Balances, January 1</i>	<u>743,643</u>	<u>36,300</u>	<u>779,943</u>
Fund Cash Balances, December 31			
Restricted	0	38,394	38,394
Unassigned	750,666	0	750,666
<i>Fund Cash Balances, December 31</i>	<u>\$750,666</u>	<u>\$38,394</u>	<u>\$789,060</u>

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

**BELLAIRE PUBLIC LIBRARY
BELMONT COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCE (CASH BASIS)
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Enterprise</u>
Operating Cash Disbursements	
Salaries	\$4,228
Employee Fringe Benefits	655
Purchased and Contracted Services	2,015
Other	<u>135</u>
<i>Total Operating Cash Disbursements</i>	<u>7,033</u>
<i>Operating (Loss)</i>	<u>(7,033)</u>
Non-Operating Receipts	
Miscellaneous Receipts	7,075
Earnings on Investments	<u>6</u>
<i>Total Non-Operating Receipts</i>	<u>7,081</u>
<i>Operating Income before Advances</i>	48
Advances Out	<u>(6,500)</u>
<i>Net Change in Fund Cash Balances</i>	(6,452)
<i>Fund Cash Balances, January 1</i>	<u>9,527</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$3,075</u></u>

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

**BELLAIRE PUBLIC LIBRARY
BELMONT COUNTY**

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

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Public Library - Intergovernmental	\$393,992	\$0	\$393,992
Patron Fines and Fees	10,590	0	10,590
Contributions, Gifts and Donations	0	972	972
Earnings on Investments	2,086	73	2,159
Miscellaneous	232	0	232
<i>Total Cash Receipts</i>	<u>406,900</u>	<u>1,045</u>	<u>407,945</u>
Cash Disbursements			
Current:			
Library Services:			
Public Services and Programs	276,513	0	276,513
Collection Development and Processing	44,834	1,211	46,045
Support Services:			
Facilities Operation and Maintenance	58,598	0	58,598
Information Services	740	0	740
Business Administration	23,502	0	23,502
Capital Outlay	5,575	254	5,829
<i>Total Cash Disbursements</i>	<u>409,762</u>	<u>1,465</u>	<u>411,227</u>
<i>Excess of Cash Receipts (Under) Cash Disbursements</i>	<u>(2,862)</u>	<u>(420)</u>	<u>(3,282)</u>
<i>Fund Cash Balances, January 1</i>	<u>746,505</u>	<u>36,720</u>	<u>783,225</u>
Fund Cash Balances, December 31			
Restricted	0	36,300	36,300
Unassigned	743,643	0	743,643
<i>Fund Cash Balances, December 31</i>	<u><u>\$743,643</u></u>	<u><u>\$36,300</u></u>	<u><u>\$779,943</u></u>

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

**BELLAIRE PUBLIC LIBRARY
BELMONT COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCE (CASH BASIS)
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Enterprise</u>
Operating Cash Disbursements	
Salaries	\$4,088
Employee Fringe Benefits	632
Purchased and Contracted Services	<u>2,863</u>
<i>Total Operating Cash Disbursements</i>	<u>7,583</u>
<i>Operating (Loss)</i>	<u>(7,583)</u>
Non-Operating Receipts	
Miscellaneous Receipts	10,148
Earnings on Investments	<u>5</u>
<i>Total Non-Operating Receipts</i>	<u>10,153</u>
<i>Net Change in Fund Cash Balances</i>	2,570
<i>Fund Cash Balances, January 1</i>	<u>6,957</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$9,527</u></u>

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

**BELLAIRE PUBLIC LIBRARY
BELMONT COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Bellaire Public Library was organized as a school district public library in Bellaire, Ohio under the laws of the State of Ohio. The Library has its own Board of Trustees of seven members who are appointed by the Bellaire Local 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 Bellaire Local School District Board of Education, although the Board of Education serves in a ministerial capacity as the taxing authority for the Library. The determination to request approval of a tax levy, the role and purpose(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 Bellaire Local School District Board of Education.

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

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

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

B. Accounting Basis

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

**BELLAIRE PUBLIC LIBRARY
BELMONT COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Accounting Basis (Continued)

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

C. Deposits and Investments

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

D. Fund Accounting

The Library uses fund accounting to segregate cash and investments that are restricted as to use. The Library classifies its funds into the following types:

1. General Fund

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund.

2. Special Revenue Funds

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Library had the following significant Special Revenue Funds:

Special Gift Fund – This fund receives donations for memorial books to be used as needed by the Library

Other Gift Fund – This fund receives donations to be used as needed by the Library.

3. Enterprise Funds

These funds account for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges. The Library had the following significant Enterprise Fund:

Building Rent Fund - This fund receives rent for the use of the Library community room. The receipts are used to cover the cost to provide this service.

E. Budgetary Process

The Board must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end. Budgetary expenditures that is, disbursements and encumbrances may not exceed appropriations at the fund, function, and object level of control.

**BELLAIRE PUBLIC LIBRARY
BELMONT COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

A summary of 2014 and 2013 budgetary activity appears in Note 3.

F. Fund Balance

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

1. Restricted

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

2. Unassigned

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

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

G. Property, Plant, and Equipment

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

H. Accumulated Leave

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

2. EQUITY IN POOLED DEPOSITS AND INVESTMENTS

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

**BELLAIRE PUBLIC LIBRARY
BELMONT COUNTY**

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

2. EQUITY IN POOLED DEPOSITS AND INVESTMENTS (Continued)

	2014	2013
Demand deposits	\$292,135	\$789,470
Certificates of deposit	500,000	0
Total deposits	\$792,135	\$789,470

Deposits: Deposits are insured by the Federal Deposit Insurance Corporation.

At December 31, 2014 and 2013, \$297,383 and \$48,567, respectively, of deposits were not insured or collateralized, contrary to Ohio law.

3. BUDGETARY ACTIVITY

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

2014 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$358,357	\$406,941	\$48,584
Special Revenue	5,815	3,339	(2,476)
Enterprise	8,000	7,081	(919)
Total	\$372,172	\$417,361	\$45,189

2014 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$757,722	\$401,447	\$356,275
Special Revenue	11,000	1,292	9,708
Enterprise	15,177	13,544	1,633
Total	\$783,899	\$416,283	\$367,616

2013 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$370,022	\$406,900	\$36,878
Special Revenue	5,851	1,045	(4,806)
Enterprise	8,022	10,153	2,131
Total	\$383,895	\$418,098	\$34,203

**BELLAIRE PUBLIC LIBRARY
BELMONT COUNTY**

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

3. BUDGETARY ACTIVITY (Continued)

2013 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$767,882	\$417,484	\$350,398
Special Revenue	11,556	1,465	10,091
Enterprise	8,677	7,583	1,094
Total	\$788,115	\$426,532	\$361,583

4. GRANTS-IN-AID

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

5. RETIREMENT SYSTEM

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

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

6. RISK MANAGEMENT

Commercial Insurance

The Library has obtained commercial insurance for the following risks:

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

**BELLAIRE PUBLIC LIBRARY
BELMONT COUNTY**

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

7. SUBSEQUENT EVENT

As of July 15, 2015, the employees of the Bellaire Public Library are no longer members of the Local 251, Ohio Association of Public School Employees/AFSCME Local 4 (the "Union").



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

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

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 cash balances, receipts, and disbursements by fund type of the Bellaire Public Library, Belmont County, Ohio (the Library), as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements, and have issued our report thereon dated December 11, 2015, wherein we noted the Library followed financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administration Code § 117-2-03(D) permit.

Internal Control Over Financial Reporting

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

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 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. Therefore, unidentified material weaknesses or significant deficiencies may exist. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings that we consider a significant deficiency. We consider Finding 2014-001 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 an instance of noncompliance or other matter we must report under *Government Auditing Standards* which is described in the accompanying Schedule of Findings as item 2014-002.

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.



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Dave Yost
Auditor of State
Columbus, Ohio

December 11, 2015

**BELLAIRE PUBLIC LIBRARY
BELMONT COUNTY**

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

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

FINDING NUMBER 2014-001

Significant Deficiency

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

During 2014, the Library transferred \$6,500 from the Building Rent Fund to the General Fund. This should have been classified as an advance due to the intent to pay the money back from the original advance of monies made from the General Fund to the Building Rent Fund which occurred in 2012. In 2012 the General Fund originally advanced money to establish the Building Rent Fund to cover expenses until this fund accumulated enough resources to pay the General Fund back.

The Library did not have procedures in place to properly account for interfund transactions. The adjustment with which management agrees is reflected within the accompanying financial statements.

The Library should maintain accountability for outstanding advances owed between funds so that when they are repaid the transactions are appropriately reflected on the financial statements.

FINDING NUMBER 2014-002

Noncompliance

Ohio Rev. Code § 135.18(A) states the treasurer, before making the initial deposit in a public depository pursuant to an award made under §§ 135.01 to 135.21 of the Revised Code, shall require the institution designated as a public depository to pledge to and deposit with the treasurer, as security for repayment of all public moneys to be deposited in the public depository during the period of designation pursuant to the award, eligible securities of aggregate market value equal to the excess of the amount of public moneys to be at the time so deposited, over and above such portion or amount of such moneys as is at that time insured by the federal deposit insurance corporation or by any other agency or instrumentality of the federal government. In the case of any deposit other than the initial deposit made during the period of designation, the amount of the aggregate market value of securities required to be pledged and deposited shall be equal to the difference between the amount of public moneys on deposit in such public depository plus the amount to be so deposited, minus the portion or amount of the aggregate as is at the time insured as provided in this section. The treasurer may require additional eligible securities to be deposited to provide for any depreciation which may occur in the market value of any of the securities so deposited.

At December 31, 2014 and 2013, the Library had an excess of \$297,383 and \$48,567, respectively, on deposit with its banks that was not covered by Federal Deposit Insurance Corporation (FDIC) coverage or collateralized by the financial institutions. This caused deposits to be uninsured and uncollateralized.

The Library should require their depository institutions to pledge sufficient collateral to adequately protect Library deposits.

Officials' Response: We did not receive a response from Officials to the Findings reported above.

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Dave Yost • Auditor of State

BELLAIRE PUBLIC LIBRARY

BELMONT COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JANUARY 5, 2016**