



**Auditor of State
Betty Montgomery**

**BARNESVILLE HUTTON MEMORIAL LIBRARY
BELMONT COUNTY**

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Trustees:

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

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

As discussed in Note 1, the Library prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves of encumbrances of the Barnesville Hutton Memorial Library, Belmont County, as of December 31, 2002 and 2001, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2003 on our consideration of the Library's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Barnesville Hutton Memorial Library
Belmont County
Independent Accountants' Report
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This report is intended solely for the information and use of the audit committee, management, Board of Trustees and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

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

Betty Montgomery
Auditor of State

March 31, 2003

**BARNESVILLE HUTTON MEMORIAL LIBRARY
BELMONT COUNTY**

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

	Governmental Fund Types			Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Expendable Trust	
Cash Receipts:					
Property and Other Local Taxes	\$513,225	\$	\$	\$	\$513,225
Patron Fines and Fees	17,662				17,662
Earnings on Investments	4,876				4,876
Contributions, Gifts and Donations	3,807		9,115	11,726	24,648
Miscellaneous Receipts	515				515
Total Cash Receipts	<u>540,085</u>	<u>0</u>	<u>9,115</u>	<u>11,726</u>	<u>560,926</u>
Cash Disbursements:					
Current:					
Salaries and Benefits	287,610				287,610
Purchased and Contracted Services	63,124		2,500		65,624
Library Materials and Information	85,792			6,164	91,956
Supplies	20,450				20,450
Other Objects	1,888				1,888
Capital Outlay	846	1,415	65,159	601	68,021
Total Cash Disbursements	<u>459,710</u>	<u>1,415</u>	<u>67,659</u>	<u>6,765</u>	<u>535,549</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>80,375</u>	<u>(1,415)</u>	<u>(58,544)</u>	<u>4,961</u>	<u>25,377</u>
Other Financing Receipts/(Disbursements):					
Transfers-In			80,000		80,000
Transfers-Out	(80,000)				(80,000)
Total Other Financing Receipts/(Disbursements)	<u>(80,000)</u>	<u>0</u>	<u>80,000</u>	<u>0</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	375	(1,415)	21,456	4,961	25,377
Fund Cash Balances, January 1	50,600	1,415	103,383	13,953	169,351
Fund Cash Balances, December 31	<u><u>\$50,975</u></u>	<u><u>\$0</u></u>	<u><u>\$124,839</u></u>	<u><u>\$18,914</u></u>	<u><u>\$194,728</u></u>
Reserves for Encumbrances, December 31	<u><u>\$25,253</u></u>	<u><u>\$0</u></u>	<u><u>\$3,319</u></u>	<u><u>\$0</u></u>	<u><u>\$28,572</u></u>

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

**BARNESVILLE HUTTON MEMORIAL LIBRARY
BELMONT COUNTY**

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

	Governmental Fund Types				Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
Cash Receipts:						
Property and Other Local Taxes	\$545,105	\$	\$11,563	\$	\$10,620	\$567,288
Patron Fines and Fees	17,047					17,047
Earnings on Investments	4,859					4,859
Contributions, Gifts and Donations	101,867	8,058				109,925
Miscellaneous Receipts	1,293					1,293
Total Cash Receipts	670,171	8,058	11,563	0	10,620	700,412
Cash Disbursements:						
Current:						
Salaries and Benefits	286,981					286,981
Purchased and Contracted Services	67,111			315		67,426
Other Objects	3,945					3,945
Supplies	18,114					18,114
Library Materials and Information	73,838			586	11,903	86,327
Debt Service:						
Redemption of Principal			131,012			131,012
Interest Payments and Other Financing Fees and Costs	688		3,551			4,239
Capital Outlay	644	6,643		58,557	255	66,099
Total Cash Disbursements	451,321	6,643	134,563	59,458	12,158	664,143
Total Cash Receipts Over/(Under) Cash Disbursements	218,850	1,415	(123,000)	(59,458)	(1,538)	36,269
Other Financing Receipts/(Disbursements):						
Transfers-In			98,000	131,314		229,314
Transfers-Out	(229,314)					(229,314)
Total Other Financing Receipts/(Disbursements)	(229,314)	0	98,000	131,314	0	0
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(10,464)	1,415	(25,000)	71,856	(1,538)	36,269
Fund Cash Balances, January 1	61,064	0	25,000	31,527	15,491	133,082
Fund Cash Balances, December 31	\$50,600	\$1,415	\$0	\$103,383	\$13,953	\$169,351
Reserves for Encumbrances, December 31	\$20,177	\$115	\$0	\$0	\$362	\$20,654

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

**BARNESVILLE HUTTON MEMORIAL LIBRARY
BELMONT COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Barnesville Hutton Memorial Library, Belmont County (the Library), is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of Ohio. The Library is directed by a seven-member Board of Trustees appointed by the Board members of the Barnesville Exempted Village School District. The Library provides the community with various educational and literary resources. The Library is involved with the SOLO Regional Library which is defined as a jointly governed organization. Additional information concerning the jointly governed organization is presented in note 8.

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. 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 is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Library had the following significant Special Revenue Funds:

The Gates Foundation Fund - This fund was established for monies which were received to purchase two computers and other similar equipment for public use.

3. Debt Service Funds

The debt service fund is used to accumulate resources for the payment of bonds and note indebtedness. The Library had the following significant debt service fund:

**BARNESVILLE HUTTON MEMORIAL LIBRARY
BELMONT COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Fund Accounting (Continued)

3. Debt Service Funds (Continued)

Note Retirement Fund - This fund receives state tax money to pay outstanding debt that was issued for renovations. This debt was issued by the Village of Barnesville on behalf of the Library. All debt of the Library was fully retired as of February 15, 2001.

4. Capital Project Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Library had the following significant capital project funds:

Building Fund - This fund receives proceeds of notes. The proceeds are being used for the Library Renovation and Expansion Project.

Equipment Fund - This fund receives donations and general fund transfers to make equipment purchases.

5. Fiduciary Funds (Trust Funds)

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Library to maintain the corpus of the trust, the fund is classified as a nonexpendable trust fund. Other trust funds are classified as expendable.

The Library had the following expendable Trust Fund:

Hutton Fund - This fund receives proceeds from the Hutton family estate to be used for the benefit of the Library's patrons.

D. Budgetary Process

The Ohio Administrative Code requires appropriating for each fund annually.

1. Appropriations

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.

2. Encumbrances

The Ohio Administrative Code does not require the Library to reserve (encumber) appropriations when commitments are made, effective January 1, 2001. The Library has elected to continue the practice of using encumbrance accounting. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

**BARNESVILLE HUTTON MEMORIAL LIBRARY
BELMONT COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgetary Process (Continued)

A summary of 2002 and 2001 budgetary activity appears in Note 3.

E. Property, Plant and Equipment

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

F. Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the Library.

2. EQUITY IN POOLED CASH

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

	2002	2001
Demand deposits	\$194,728	\$169,351

Deposits: Deposits are either (1) insured by the Federal Deposit Insurance Corporation, and/or (2) collateralized by securities specifically pledged by the financial institution to the Library.

3. BUDGETARY ACTIVITY

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

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$583,094	\$564,963	\$18,131
Special Revenue	1,303	1,415	(112)
Capital Projects	103,384	70,978	32,406
Fiduciary	14,991	6,765	8,226
Total	\$702,772	\$644,121	\$58,651

**BARNESVILLE HUTTON MEMORIAL LIBRARY
BELMONT COUNTY**

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

3. BUDGETARY ACTIVITY (Continued)

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$706,082	\$700,812	\$5,270
Special Revenue	8,058	6,758	1,300
Debt Service	134,563	134,563	0
Capital Projects	77,622	59,458	18,164
Fiduciary	13,963	12,520	1,443
Total	\$940,288	\$914,111	\$26,177

4. GRANTS-IN-AID AND TAX RECEIPTS

The primary source of revenue for Ohio public libraries is the State Library and Local Government Support Fund (LLGSF). The LLGSF is allocated to each county based on the county's prior intangibles tax of LLGSF revenues, and its population. The County Budget Commission allocates these funds to the Library based on its needs such as for the construction of new library buildings, improvements, operation, maintenance, or other expenses. The Budget Commission cannot reduce its allocation of these funds to the Library based on of any additional revenues the Library receives.

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the taxing authority of the subdivision to whose jurisdiction the Library is subject. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Other Governments Grants In Aid. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the taxing district.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Library.

5. DEBT

On September 14, 1994, the Library entered into an open-end mortgage and security agreement with the Village of Barnesville. The Village of Barnesville agreed to loan the Library an amount up to \$600,000 for library expansion, and the Library agreed to grant the mortgage as security for the payment of its obligation under the agreement.

As of December 31, 2002, the Library has retired all of its outstanding debt. Payments were submitted to the Village of Barnesville prior to the due date of the annual principal and interest payments.

**BARNESVILLE HUTTON MEMORIAL LIBRARY
BELMONT COUNTY**

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

6. RETIREMENT SYSTEM

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

Contribution rates are prescribed by the Ohio Revised Code. For 2002 and 2001, the Library's PERS members contributed 8.5% of their gross salaries. The Library contributed an amount equal to 13.55% of participants' gross salaries for 2002 and 2001. The Library has paid all contributions required through December 31, 2002.

7. RISK MANAGEMENT

The Barnesville Hutton Memorial Library has obtained commercial insurance for the following risks:

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

8. JOINTLY GOVERNED ORGANIZATION

The SOLO (Southeastern Ohio Library Organization) Regional Library System, (SOLO), is a regional library system created and jointly governed according to the provisions of the Ohio Rev. Code Section 3375.90 through Section 3375.93. The Regional Library System is composed of fourteen legally-separate libraries within Southeast Ohio: Barnesville Hutton Memorial Library, Bellaire Public Library, Caldwell Public Library, Guernsey County District Library, Kate Love Simpson Library, Martins Ferry Public Library, Monroe County District Library, Muskingum County Public Library System, Newark Public Library, Perry County District Library, Public Library of Steubenville and Jefferson County, Puskarich Public Library, St. Clairsville Public Library, and Washington County Public Library. The Regional Library System is governed by a fourteen member Board of Trustees selected by the Librarians Council which consists of library administrators or a representative from each member library. The Regional Library System provides annual training workshops for member library employees, technical training and assistance, a central graphics center, and coordinates the delivery of intra-library book loans. The Barnesville Hutton Memorial Library's control over budgeting and financing of SOLO is limited to its voting authority and its representation on SOLO's Board of Trustees.

9. RELATED PARTY TRANSACTIONS

The Library pays an annual fee to SOLO Regional Library, a jointly owned organization, of which the Library is a member. The Library paid \$12,203.70 to the SOLO Regional Library during the period January 1, 2001 through December 31, 2002.

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**Auditor of State
Betty Montgomery**

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

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

To the Board of Trustees:

We have audited the accompanying financial statements of the Barnesville Hutton Memorial Library, Belmont County, Ohio (the Library), as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated March 31, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Library's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Library's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

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

This report is intended solely for the information and use of the audit committee, management and Board of Trustees, and is not intended to be and should not be used by anyone other than these specified parties.

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

Betty Montgomery
Auditor of State

March 31, 2003



**Auditor of State
Betty Montgomery**

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BARNESVILLE HUTTON MEMORIAL LIBRARY

BELMONT COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MAY 13, 2003**