



**Mary Taylor, CPA**  
Auditor of State



**BELLAIRE PUBLIC LIBRARY  
BELMONT COUNTY**

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# Mary Taylor, CPA

## Auditor of State

### INDEPENDENT ACCOUNTANTS' REPORT

Bellaire Public Library  
Belmont County  
330 32<sup>nd</sup> Street  
Bellaire, Ohio 43906

To the Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Bellaire Public Library, Belmont County, Ohio (the Library), as of and for the years ended December 31, 2006 and 2005, which collectively comprise the Library's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Library's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. The Library processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Library because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinions.

As discussed in Note 2C, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Bellaire Public Library, Belmont County, Ohio, as of December 31, 2006 and 2005, and the respective changes in cash financial position and the respective budgetary comparison for the General Fund, thereof for the years then ended in conformity with the basis of accounting Note 2C describes.

For the years ended December 31, 2006 and 2005, the Library revised its financial presentation comparable to the requirements of Governmental Accounting Standard No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2007, on our consideration of the Library's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

A handwritten signature in cursive script that reads "Mary Taylor".

**Mary Taylor, CPA**  
Auditor of State

June 28, 2007

Bellaire Public Library  
Belmont County  
Management's Discussion and Analysis  
For the Years Ended December 31, 2006 and 2005  
Unaudited

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This discussion and analysis of the Bellaire Public Library's financial performance provides an overall review of the Library's financial activities for the years ended December 31, 2006 and 2005, within the limitations of the Library's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Library's financial performance.

### **Highlights**

Key highlights for 2006 are as follows:

Net assets of governmental activities increased \$32,727, or 3 percent. The fund most affected by the increase was the General Fund.

The Library's general receipts are primarily intergovernmental revenues. General receipts represent respectively \$562,018 and 96 percent of the total receipts received for governmental activities during the year.

Key highlights for 2005 are as follows:

Net assets of governmental activities decreased \$18,404, or 1.7 percent. The fund most affected by the decrease was the General Fund.

The Library's general receipts are primarily intergovernmental revenues. General receipts represent respectively \$537,659 and 96 percent of the total receipts 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 cash basis of accounting.

#### **Report Components**

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

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

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

#### **Basis of Accounting**

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

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

**Reporting the Government as a Whole**

The statement of net assets and the statement of activities reflect how the Library did financially during 2006 and 2005, within the limitations of cash basis accounting. The statement of net assets presents the cash balances of the governmental activities of the Library at year end. The statement of activities compares cash disbursements with program receipts for each governmental program activity. 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 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 Library's property tax base, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property taxes.

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

Governmental activities. The Library's basic services are reported here. Library and Local Government Support Funding (Intergovernmental) finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

**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 only major governmental fund is the General Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.



Bellaire Public Library  
 Belmont County  
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**The Government as a Whole**

Table 1 provides a summary of the Library's net assets for 2006 compared to 2005 on a cash basis:

(Table 1)  
**Net Assets**

	Governmental Activities		
	2006	2005	2004
<b>Assets</b>			
Cash and Cash Equivalents	\$ 1,076,488	\$ 1,043,761	\$1,062,165
Total Assets	\$ 1,076,488	\$ 1,043,761	\$1,062,165
<b>Net Assets</b>			
Restricted for:			
Other Purposes	\$ 31,950	\$ 30,793	\$ 35,488
Unrestricted	1,044,538	1,012,968	1,026,677
Total Net Assets	\$ 1,076,488	\$ 1,043,761	\$1,062,165

As mentioned previously, net assets of governmental activities increased \$32,727 during 2006. Net assets of governmental activities decreased \$18,404 during 2005.

Table 2 reflects the changes in net assets on a cash basis in 2006 and 2005 for governmental activities.

Bellaire Public Library  
Belmont County  
Management's Discussion and Analysis  
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(Table 2)  
**Changes in Net Assets**

	Governmental Activities	
	2006	2005
Receipts:		
Program Receipts:		
Charges for Services and Sales	\$ 17,891	\$ 16,961
Operating Grants and Contributions	3,312	3,000
Total Program Receipts	21,203	19,961
General Receipts:		
Unrestricted Gifts and Contributions	2,956	3,911
Grants and Entitlements Not Restricted to Specific Programs	513,655	513,655
Interest	42,732	20,075
Miscellaneous	2,675	18
Total General Receipts	562,018	537,659
Total Receipts	583,221	557,620
Disbursements:		
Library Services	547,721	565,301
Capital Outlay	2,773	10,723
Total Disbursements	550,494	576,024
Increase (Decrease) in Net Assets	32,727	(18,404)
Net Assets, January 1	1,043,761	1,062,165
Net Assets, December 31	\$ 1,076,488	\$ 1,043,761

In 2006 and 2005, program receipts represent 4 percent and 4 percent, respectively and are primarily comprised of patrons fines and fees.

In 2006, general receipts represent 96 percent of the Library's total receipts, and of the total general receipts, over 91 percent are grants and entitlements not restricted to specific programs. Interest makes up the majority of the balance of the Library's general receipts (8 percent).

In 2005, general receipts represent 96 percent of the Library's total receipts, and of the total general receipts, over 96 percent are grants and entitlements not restricted to specific programs. Interest makes up the majority of the balance of the Library's general receipts (4 percent).

Disbursements for Library Services represent the overhead costs of running the Library. These include, but are not limited to, salaries, fringe benefit payments, supplies, and utilities.

**Governmental Activities**

If you look at the Statement of Activities on pages 10 and 15, 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 are for Library Services, which account for 99 and 98 percent of all governmental disbursements, respectively for 2006 and 2005.

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**Governmental Activities**

The next two columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received 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. This "net cost" amount represents the cost of the service which ends up being paid from money provided by state and local monies. 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 of Services 2006	Net Cost of Services 2006	Total Cost of Services 2005	Net Cost of Services 2005
Library Services	\$547,721	\$526,518	\$565,301	\$545,340
Capital Outlay	2,773	2,773	10,723	10,723
Total Expenses	\$550,494	\$529,291	\$576,024	\$556,063

The dependence upon grants and entitlement receipts is apparent as over 96 percent of governmental activities are supported through these general receipts in 2006 and over 97 percent of governmental activities are supported through these general receipts in 2005.

**The Government's Funds**

For 2006 the General Fund had receipts of \$567,505 and disbursements of \$535,935, resulting in a positive net change in fund balance.

For 2005 the General Fund had receipts of \$543,054 and disbursements of \$556,763, resulting in a negative net change in fund balance.

**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.

During 2006 and 2005, actual receipts were slightly above final budgeted receipts in the General Fund due to conservative budgeting.

During 2006 and 2005 actual disbursements in the General Fund were less than the budgeted amounts. Although disbursements were less than appropriations, actual disbursements were greater than actual receipts in 2006 and 2005, resulting in deficit spending for each year.

**Current Issues**

The challenge for all Governments is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. We rely heavily on state entitlement monies to support library services. We have refrained from spending whenever possible.

Bellaire Public Library  
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**Contacting the Government's Financial Management**

This financial report is designed to provide our citizens, taxpayers, and 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 Pamela J. Niles, Clerk-Treasurer, Bellaire Public Library, 330 32<sup>nd</sup> Street, Bellaire, Ohio 43906.

**BELLAIRE PUBLIC LIBRARY  
BELMONT COUNTY**

**STATEMENT OF NET ASSETS - CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Governmental Activities</u>
<b>Assets:</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$ 1,076,488</u>
<i>Total Assets</i>	<u><u>\$ 1,076,488</u></u>
<b>Net Assets:</b>	
Restricted for:	
Other Purposes	\$ 31,950
Unrestricted	<u>1,044,538</u>
<i>Total Net Assets</i>	<u><u>\$ 1,076,488</u></u>

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

BELLAIRE PUBLIC LIBRARY  
BELMONT COUNTY

STATEMENT OF ACTIVITIES - CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2006

	Program Cash Receipts			Net (Disbursements)
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Receipts and Changes in Net Assets
<b>Governmental Activities:</b>				
Library Services	\$ 547,721	\$ 17,891	\$ 3,312	\$ (526,518)
Capital Outlay	2,773	-		(2,773)
<i>Total Governmental Activities</i>	<u>\$ 550,494</u>	<u>\$ 17,891</u>	<u>\$ 3,312</u>	<u>(529,291)</u>
				Unrestricted Gifts and Contributions 2,956
				Grants not Restricted to Specific Programs 513,655
				Interest 42,732
				Miscellaneous 2,675
				<u>Total General Receipts 562,018</u>
				<i>Change in Net Assets 32,727</i>
				Net Assets Beginning of Year 1,043,761
				<b><u>Net Assets End of Year \$ 1,076,488</u></b>

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

**BELLAIRE PUBLIC LIBRARY  
BELMONT COUNTY**

**STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<b>General</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Assets:</b>			
Equity in Pooled Cash and Cash Equivalents	\$ 1,044,539	\$ 31,949	\$ 1,076,488
<i>Total Assets</i>	<u>\$ 1,044,539</u>	<u>\$ 31,949</u>	<u>\$ 1,076,488</u>
<b>Fund Balances:</b>			
Reserved:			
Reserved for Encumbrances	\$ 39,299	567	\$ 39,866
Unreserved:			
Undesignated (Deficit), Reported in:			
General Fund	1,005,240		1,005,240
Special Revenue Funds		31,382	31,382
<i>Total Fund Balances</i>	<u>\$ 1,044,539</u>	<u>\$ 31,949</u>	<u>\$ 1,076,488</u>

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

**BELLAIRE PUBLIC LIBRARY  
BELMONT COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES  
IN CASH BASIS FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<b>General</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Cash Receipts:</b>			
Intergovernmental	\$ 513,655	\$	\$ 513,655
Patron Fines and Fees	10,160		10,160
Gifts, Donations and Contributions		2,956	2,956
Interest	41,015	1,717	42,732
Miscellaneous	2,675	11,043	13,718
<i>Total Cash Receipts</i>	567,505	15,716	583,221
<b>Cash Disbursements:</b>			
Current:			
Library Services	533,175	14,547	547,722
Capital Outlay	2,760	12	2,772
<i>Total Cash Disbursements</i>	535,935	14,559	550,494
<i>Excess of Cash Receipts Over (Under) Cash Disbursements</i>	31,570	1,157	32,727
<i>Net Change in Fund Balances</i>	31,570	1,157	32,727
Fund Balances Beginning of Year	1,012,968	30,793	1,043,761
<b><i>Fund Balances End of Year</i></b>	<b>\$ 1,044,538</b>	<b>\$ 31,950</b>	<b>\$ 1,076,488</b>

*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 - BUDGET AND ACTUAL - BUDGET BASIS  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Budgeted Amounts</u>			Variance with Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Positive (Negative)
<b>Receipts:</b>				
Intergovernmental	\$ 487,973	\$ 487,973	\$ 513,655	\$ 25,682
Patron Fines and Fees	10,500	10,500	10,160	(340)
Interest	15,000	15,000	41,015	26,015
Miscellaneous	200	200	2,675	2,475
<i>Total Receipts</i>	<u>513,673</u>	<u>513,673</u>	<u>567,505</u>	<u>53,832</u>
<b>Disbursements:</b>				
Current:				
Library Services	862,609	862,609	572,473	290,136
Capital Outlay	104,000	104,000	2,760	101,240
<i>Total Disbursements</i>	<u>966,609</u>	<u>966,609</u>	<u>575,233</u>	<u>391,376</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(452,936)	(452,936)	(7,728)	445,208
<b>Other Financing Sources (Uses)</b>				
Other Financing Uses	(15,000)	(15,000)		15,000
<i>Total Other Financing Sources (Uses)</i>	<u>(15,000)</u>	<u>(15,000)</u>	<u>0</u>	<u>15,000</u>
<i>Net Change in Fund Balance</i>	(467,936)	(467,936)	(7,728)	460,208
Fund Balance Beginning of Year	979,588	979,588	979,588	0
Prior Year Encumbrances Appropriated	33,379	33,379	33,379	0
<b>Fund Balance End of Year</b>	<u><b>\$ 545,031</b></u>	<u><b>\$ 545,031</b></u>	<u><b>\$ 1,005,239</b></u>	<u><b>\$ 460,208</b></u>

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

**BELLAIRE PUBLIC LIBRARY  
BELMONT COUNTY**

**STATEMENT OF NET ASSETS - CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Governmental Activities</u>
<b>Assets:</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$ 1,043,761</u>
<i>Total Assets</i>	<u><u>\$ 1,043,761</u></u>
<b>Net Assets:</b>	
Restricted for:	
Other Purposes	\$ 30,793
Unrestricted	<u>1,012,968</u>
<i>Total Net Assets</i>	<u><u>\$ 1,043,761</u></u>

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

BELLAIRE PUBLIC LIBRARY  
BELMONT COUNTY

STATEMENT OF ACTIVITIES - CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2005

	Program Cash Receipts			Net (Disbursements)
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Receipts and Changes in Net Assets
<b>Governmental Activities:</b>				
Library Services	\$ 565,301	\$ 16,961	\$ 3,000	\$ (545,340)
Capital Outlay	10,723			(10,723)
<i>Total Governmental Activities</i>	<u>\$ 576,024</u>	<u>\$ 16,961</u>	<u>\$ 3,000</u>	<u>(556,063)</u>
		<b>General Receipts:</b>		
		Unrestricted Gifts and Contributions		3,911
		Grants not Restricted to Specific Programs		513,655
		Interest		20,075
		Miscellaneous		18
		<i>Total General Receipts</i>		<u>537,659</u>
		<i>Change in Net Assets</i>		(18,404)
		Net Assets Beginning of Year		<u>1,062,165</u>
		<b>Net Assets End of Year</b>		<b><u>\$ 1,043,761</u></b>

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

**BELLAIRE PUBLIC LIBRARY  
BELMONT COUNTY**

**STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<b>General</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Assets:</b>			
Equity in Pooled Cash and Cash Equivalents	\$ 1,012,968	\$ 30,793	\$ 1,043,761
<i>Total Assets</i>	<u>\$ 1,012,968</u>	<u>\$ 30,793</u>	<u>\$ 1,043,761</u>
<b>Fund Balances:</b>			
Reserved:			
Reserved for Encumbrances	\$ 33,379	382	\$ 33,761
Unreserved:			
Undesignated (Deficit), Reported in:			
General Fund	979,588		979,588
Special Revenue Funds		30,412	30,412
<i>Total Fund Balances</i>	<u>\$ 1,012,967</u>	<u>\$ 30,794</u>	<u>\$ 1,043,761</u>

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

**BELLAIRE PUBLIC LIBRARY  
BELMONT COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES  
IN CASH BASIS FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<b>General</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Cash Receipts:</b>			
Intergovernmental	\$ 513,655	\$	\$ 513,655
Patron Fines and Fees	9,942		9,942
Gifts, Donations and Contributions		3,911	3,911
Interest	19,439	636	20,075
Miscellaneous	18	10,019	10,037
<i>Total Cash Receipts</i>	543,054	14,566	557,620
<b>Cash Disbursements:</b>			
Current:			
Library Services	546,040	19,261	565,301
Capital Outlay	10,723		10,723
<i>Total Cash Disbursements</i>	556,763	19,261	576,024
<i>Excess of Cash Receipts Over (Under) Cash Disbursements</i>	(13,709)	(4,695)	(18,404)
<i>Net Change in Fund Balances</i>	(13,709)	(4,695)	(18,404)
Fund Balances Beginning of Year	1,026,677	35,488	1,062,165
<b>Fund Balances End of Year</b>	<b>\$ 1,012,968</b>	<b>\$ 30,793</b>	<b>\$ 1,043,761</b>

*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 - BUDGET AND ACTUAL - BUDGET BASIS  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Receipts:</b>				
Intergovernmental	\$ 479,193	\$ 479,193	\$ 513,655	\$ 34,462
Patron Fines and Fees	10,000	10,000	9,942	(58)
Interest	15,000	15,000	19,439	4,439
Miscellaneous	200	200	18	(182)
<i>Total Receipts</i>	<u>504,393</u>	<u>504,393</u>	<u>543,054</u>	<u>38,661</u>
<b>Disbursements:</b>				
Current:				
Library Services	874,386	868,258	579,420	288,838
Capital Outlay	107,905	107,905	10,723	97,182
<i>Total Disbursements</i>	<u>982,291</u>	<u>976,163</u>	<u>590,143</u>	<u>386,020</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(477,898)	(471,770)	(47,089)	424,681
<b>Other Financing Sources (Uses):</b>				
Other Financing Uses	(15,500)	(15,500)		15,500
<i>Total Other Financing Sources (Uses)</i>	<u>(15,500)</u>	<u>(15,500)</u>	<u>0</u>	<u>15,500</u>
<i>Net Change in Fund Balance</i>	(493,398)	(487,270)	(47,089)	440,181
Fund Balance Beginning of Year	1,009,634	1,009,634	1,009,634	0
<i>Prior Year Encumbrances Appropriated</i>	<u>17,043</u>	<u>17,043</u>	<u>17,043</u>	<u>0</u>
<b>Fund Balance End of Year</b>	<b><u>\$ 533,279</u></b>	<b><u>\$ 539,407</u></b>	<b><u>\$ 979,588</u></b>	<b><u>\$ 440,181</u></b>

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

**Bellaire Public Library**  
*Notes to the Basic Financial Statements*  
*For the Years Ended December 31, 2006 and 2005*

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**Note 1 – Reporting 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 Ohio 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 Clerk-Treasurer.

The reporting entity is comprised of the primary government and other organizations that were included to ensure that the financial statements are not misleading.

The Library is fiscally independent of the Board of Education, although the Board of Education serves in a ministerial capacity as the taxing authority for the Library. The determination to request approval of a tax levy, the role and purpose(s) of the levy, are discretionary decisions made solely by the Board of Library Trustees. Once those decisions are made, the Board of Education must put the levy on the ballot. There is no potential for the Library to provide a financial benefit to or impose a financial burden on the Board of Education.

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 is involved with the Southeastern Ohio Library Organization Regional Library System (SOLO) which is defined as a jointly governed organization. Additional information regarding SOLO is presented in Note 10.

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

**Bellaire Public Library**  
*Notes to the Basic Financial Statements*  
*For the Years Ended December 31, 2006 and 2005*

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**Note 2 – Summary of Significant Accounting Policies** (Continued)

**A. Basis of Presentation**

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

**Government-wide Financial Statements**

The statement of net assets and the statement of activities display information about the Library as a whole. These statements include the financial activities of the primary government. The statements distinguish between those activities of the Library that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The Library has no business-type activities.

The statement of net assets presents the cash 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 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 governmental.

**Governmental Funds**

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

**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.

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



**Bellaire Public Library**  
*Notes to the Basic Financial Statements*  
*For the Years Ended December 31, 2006 and 2005*

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**Note 2 – Summary of Significant Accounting Policies** (Continued)

C. Basis of Accounting

The Library's financial statements are prepared using the cash basis of accounting. 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 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, (except agency 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 fund and character or major category of the object code level for all funds. Budgetary modifications at the legal level of control may only be made by resolution of the Board of Library Trustees.

For control purposes, the Library estimates 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 Clerk Treasurer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts of estimated resources at the time final appropriations were enacted by the Trustees.

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

E. Cash and Cash Equivalents

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

During 2006, the Library maintained a checking account, high balance savings account, and nonnegotiable certificates of deposit.

Interest receipts credited to the General Fund during 2006 and 2005 amounted to \$41,015 and \$19,439, respectively.

F. Restricted Assets

Cash and cash equivalents 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 law through constitutional provisions or enabling legislation. Restricted assets represent amounts received to purchase items in memory or honor of others.

**Bellaire Public Library**  
*Notes to the Basic Financial Statements*  
*For the Years Ended December 31, 2006 and 2005*

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**Note 2 – Summary of Significant Accounting Policies** (Continued)

**G. Accumulated Leave**

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

**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. 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 8 and 9, the employer contributions include portions for pension benefits and for postretirement health care benefits.

**Note 3 – Change in Basis of Accounting and Restatement of Fund Equity**

In the prior audit, the Library reported fund financial statements by fund type using the regulatory basis of accounting as prescribed by the State Auditor's Office. For this audit the Library has implemented the cash basis of accounting described in note 2A. The fund financial statements now present each major fund in a separate column with nonmajor funds aggregated and presented in a single column, rather than a column for each fund type.

**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 – Budgetary Basis presented for the general fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis). The encumbrances outstanding at December 31, 2006 (budgetary basis) amounted to \$39,299 for the General Fund. The encumbrances outstanding at December 31, 2005 (budgetary basis) amounted to \$33,379 for the General Fund.

**Note 5 – Deposits and Investments**

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

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

**Bellaire Public Library**  
*Notes to the Basic Financial Statements*  
*For the Years Ended December 31, 2006 and 2005*

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**Note 5 - Deposits and Investments** (Continued)

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 held by the Library can be deposited or invested in the following securities:

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

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

At December 31, 2006 and 2005, the Library had \$155 in undeposited cash on hand which is included as part of "Equity in Pooled Cash and Cash Equivalents" on the financial statements.

Deposits

Custodial credit risk 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, 2006, \$990,468 of the Library's bank balance of \$1,090,468 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Library's name. At December 31, 2005, \$964,395 of the Library's bank balance of \$1,064,395 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Library's name.

**Bellaire Public Library**  
*Notes to the Basic Financial Statements*  
For the Years Ended December 31, 2006 and 2005

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**Note 5 - Deposits and Investments** (Continued)

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.

**Note 6 – Grants-In-Aid**

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

**Note 7 - Risk Management**

The Library is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2006, the Library contracted with several companies for various types of insurance coverage as follows:

Company	Type of Coverage	Amount of Coverage
State Farm Fire and Casualty Company	Commercial Personal Property	\$ 266,900
France & Associates, Inc.	Commercial Liability Legal Liability	\$1,000,000 \$3,000,000

During 2005, the Library contracted with several companies for various types of insurance coverage as follows:

Company	Type of Coverage	Amount of Coverage
State Farm Fire and Casualty Company	Commercial Personal Property	\$ 255,800
France & Associates, Inc.	Commercial Liability Legal Liability	\$1,000,000 \$3,000,000

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

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

**Bellaire Public Library**  
*Notes to the Basic Financial Statements*  
*For the Years Ended December 31, 2006 and 2005*

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**Note 8 - 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) 222-6705 or (800) 222-7377.

For the year ended December 31, 2006, the members of all three plans were required to contribute 9.00 percent of their annual covered salaries. The Library's contribution rate for pension benefits for 2006 was 13.70 percent. The Ohio Revised Code provides statutory authority for member and employer contributions.

For the year ended December 31, 2005, the members of all three plans were required to contribute 8.50 percent of their annual covered salaries. The Library's contribution rate for pension benefits for 2005 was 13.55 percent. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Library's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2006 and 2005 were \$33,897.88 and \$31,897, respectively. The full amount has been contributed for 2006 and 2005.

**Note 9 - Postemployment Benefits**

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in *GASB Statement No. 12*. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2006 local government employer contribution rate was 13.70 percent of covered payroll; 4.50 percent of covered payroll was the portion that was used to fund health care. The 2005 local government employer contribution rate was 13.55 percent of covered payroll; 4 percent of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2005, include a rate of return on investments of 6.5 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.30 percent based on additional annual pay increases. Health care premiums were assumed to increase 0.50 and 6.00 percent annually for the next nine years and 4.00 percent annually after nine years.

**Bellaire Public Library**  
*Notes to the Basic Financial Statements*  
*For the Years Ended December 31, 2006 and 2005*

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**Note 9 - Postemployment Benefits** (Continued)

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually, not to exceed a 12 percent corridor.

The number of active contributing participants in the traditional and combined plans was 369,214. The number of active contributing participants for both plans used in the December 31, 2005, actuarial valuation was 358,804. Actual employer contributions which were used to fund postemployment benefits were \$2,418 in 2006 and \$2,014 in 2005. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2005, (the latest information available) were \$11.1 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$31.3 billion and \$20.2 billion, respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. To improve the solvency of the Health Care Fund, OPERS created a separate investment pool for health care assets. Member and employer contribution rates increased as of January 1, 2006, and January 1, 2007, which will allow additional funds to be allocated to the health care plan.

**Note 10 – Jointly Governed Organizations**

The Southeastern Ohio Library Organization Regional Library System, (SOLO), is a regional library system created and jointly governed according to the provisions of Ohio Rev. Code Sections 3375.90 through 3375.93. SOLO is composed of fourteen legally-separate libraries within Southeast Ohio: Bellaire Public Library, Barnesville Hutton Memorial 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 Library. SOLO 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. SOLO provides annual training workshops for member library employees, technical training and assistance, a central graphics center, and coordinates the delivery of intra-library book loans. The Bellaire Public Library's control over budgeting and financing of SOLO is limited to its voting authority and its representation on SOLO's Board of Trustees. SOLO was in existence through June 30, 2006.

The Library pays an annual fee to SOLO Regional Library, a jointly governed organization, of which the Library is a member. The Library paid \$30 to the SOLO Regional Library during the period January 1, 2006 through December 31, 2006. The Library paid \$3,750 to the SOLO Regional Library during the period January 1, 2005 through December 31, 2005.



# Mary Taylor, CPA

Auditor of State

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

Bellaire Public Library  
Belmont County  
330 32<sup>nd</sup> Street  
Bellaire, Ohio 43906

To the Board of Trustees:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Bellaire Public Library, Belmont County, Ohio (the Library), as of and for the years ended December 31, 2006 and 2005, which collectively comprise the Library's basic financial statements and have issued our report thereon dated June 28, 2007, wherein we noted the Library uses a comprehensive accounting basis other than accounting principles generally accepted in the United States of America. We also noted the Library uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Library. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control Over Financial Reporting

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

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

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

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

We noted a certain internal control matter that we reported to the Library's management in a separate letter dated June 28, 2007.

#### **Compliance and Other Matters**

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

We did note a certain noncompliance or other matter not requiring inclusion in this report that we reported to the Library's management in a separate letter dated June 28, 2007.

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



**Mary Taylor, CPA**  
Auditor of State

June 28, 2007





**Mary Taylor, CPA**  
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  
AUGUST 28, 2007**