



OHIO AUDITOR OF STATE  
**KEITH FABER**





**BELMONT COUNTY DISTRICT LIBRARY  
BELMONT COUNTY  
DECEMBER 31, 2019 AND 2018**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Auditor's Report .....	1
Prepared by Management:	
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2019 .....	3
Notes to the Financial Statements for the Year Ended December 31, 2019 .....	5
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2018 .....	11
Notes to the Financial Statements for the Year Ended December 31, 2018.....	13
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	19
Schedule of Findings.....	21

**This page intentionally left blank.**



53 Johnson Road  
The Plains, Ohio 45780-1231  
(740) 594-3300 or (800) 441-1389  
SoutheastRegion@ohioauditor.gov

## INDEPENDENT AUDITOR'S REPORT

Belmont County District Library  
Belmont County  
20 South 5th Street  
Martins Ferry, Ohio 43935

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 Belmont County District Library, Belmont County, Ohio (the Library), as of and for the years ended December 31, 2019 and 2018.

### ***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 such 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 2 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, 2019 and 2018, and the respective changes in financial position 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 cash balances, receipts and disbursements by fund type, and related notes of the Belmont County District Library, Belmont County as of December 31, 2019 and 2018, 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 2.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated April 6, 2020, 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.



Keith Faber  
Auditor of State  
Columbus, Ohio

April 6, 2020

**BELMONT COUNTY DISTRICT LIBRARY**

**BELMONT COUNTY**

*Combined Statement of Receipts, Disbursements  
and Changes in Fund Balances (Regulatory Cash Basis) □  
All Governmental Fund Types  
For the Year Ended December 31, 2019*

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$908,915	\$0	\$0	\$908,915
Public Library	1,039,027	0	0	1,039,027
Intergovernmental	21,080	1,428	0	22,508
Patron Fines and Fees	21,570	0	0	21,570
Contributions, Gifts and Donations	27,987	3,746	4,275	36,008
Earnings on Investments	195	2,619	665	3,479
Miscellaneous	8,914	0	0	8,914
<i>Total Cash Receipts</i>	<u>2,027,688</u>	<u>7,793</u>	<u>4,940</u>	<u>2,040,421</u>
<b>Cash Disbursements</b>				
Current:				
Library Services	1,465,726	5,520	0	1,471,246
Capital Outlay	20,217	0	0	20,217
<i>Total Cash Disbursements</i>	<u>1,485,943</u>	<u>5,520</u>	<u>0</u>	<u>1,491,463</u>
<i>Excess of Cash Receipts Over Cash Disbursements</i>	<u>541,745</u>	<u>2,273</u>	<u>4,940</u>	<u>548,958</u>
<b>Other Financing Receipts (Disbursements)</b>				
Transfers In	0	0	30,805	30,805
Transfers Out	(30,805)	0	0	(30,805)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(30,805)</u>	<u>0</u>	<u>30,805</u>	<u>0</u>
<i>Net Change in Fund Cash Balances</i>	510,940	2,273	35,745	548,958
<i>Fund Cash Balances, January 1</i>	<u>1,159,046</u>	<u>224,239</u>	<u>67,571</u>	<u>1,450,856</u>
<b>Fund Cash Balances, December 31</b>				
Restricted	0	217,005	0	217,005
Committed	0	9,507	103,316	112,823
Assigned	26,323	0	0	26,323
Unassigned (Deficit)	1,643,663	0	0	1,643,663
<i>Fund Cash Balances, December 31</i>	<u>\$1,669,986</u>	<u>\$226,512</u>	<u>\$103,316</u>	<u>\$1,999,814</u>

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

**This page intentionally left blank.**



**Belmont County District Library**  
*Belmont County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

---

**Note 1 - Reporting Entity**

The Belmont County District Library (the Library), Belmont County, was originally organized as the Martins Ferry Public Library, a school district public library, in the 1930's under the laws of the State of Ohio. The Library was approved as a county district library by the State Library of Ohio on July 25, 2013. The Library has its own Board of Trustees of seven members, of which, four are appointed by the Belmont County Commissioners and three are appointed by the Belmont County Court of Common Pleas. Appointments are for seven-year terms and members serve without compensation. The Library provides the community with various educational and literary resources. Under Ohio statues, 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 3375.39 of the Ohio Revised Code with the administration of the day to day operations of the Library being the responsibility of the Director and financial accountability being solely that of the Fiscal Officer.

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

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

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

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

**Note 2 - Summary of Significant Accounting Policies**

***Basis of Presentation***

The Library's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types which are organized on a fund type basis.

***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 funds of the Library are presented below:

**Belmont County District Library**  
*Belmont County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

---

**General Fund** The general fund accounts for and reports all financial resources not accounted for and reported 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.

**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:

**James Wright Fund** This fund accounts for a previous donation that provides for programming functions at the Library.

**Ohio Historical Records Grant Fund** The Library received a grant from the State Library Board in the sum of \$1,428 to purchase equipment to be used for scanning and preserving historical documents and artifacts.

**Grant Art Conservation Fund** The Library received a grant in 2018 from the State Library Board in the amount of \$4,999 to preserve two works of art that the Library has housed for several years, and to purchase archival supplies to help conserve materials that reside at the Library.

**Capital Project Funds** These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Library had the following significant Capital Projects Fund:

**Powhatan Point Building Fund** – This money was received as a restricted donation from the Veterans of Foreign War. The only restriction placed on the donation was to be used to set up this fund for the Powhatan Point Public Library and building improvements.

***Basis of Accounting***

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 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).

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

***Budgetary Process***

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

A summary of 2019 budgetary activity appears in Note 4.

**Belmont County District Library**  
*Belmont County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

---

***Capital Assets***

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

***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.

***Fund Balance***

Fund balance is divided into five 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:

***Nonspendable*** The Library classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

***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.

***Committed*** The Board of Trustees can *commit* amounts via formal action (resolution). The Library must adhere to these commitments unless the Board amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

***Assigned*** Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by the Library Board or a Library official delegated that authority by resolution, or by State Statute.

***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.

**Note 3 – Compliance**

Contrary to Ohio Admin. Code § 117-8-02, budgetary expenditures exceeded appropriation authority in the James Wright, Grant Art Conservation, and the Ohio Historical Records Grant Funds by \$1,300, \$2,792, and \$1,428, respectively.

**Belmont County District Library**  
*Belmont County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

**Note 4 - Budgetary Activity**

Budgetary activity for the year ending December 31, 2019 follows:

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,788,636	\$2,027,688	\$239,052
Special Revenue	140	7,793	7,653
Capital Projects	0	35,745	35,745
Total	\$1,788,776	\$2,071,226	\$282,450

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,652,373	\$1,533,553	\$118,820
Special Revenue	0	5,520	(5,520)
Total	\$1,652,373	\$1,539,073	\$113,300

**Note 5 – Deposits**

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

	2019
Total Demand Deposits	\$1,999,814

***Deposits***

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

**Note 6 – Grants in Aid and Taxes**

***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 using the statutory allocation method. Estimated entitlement figures were issued to County Auditors. The actual current year entitlements were computed in December of the current year. The difference between the estimate and actual will be adjusted evenly in the PLF distributions made from January-June of the subsequent year.

**Belmont County District Library**  
*Belmont County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

---

***Property Taxes***

Real property taxes become a lien on January 1 preceding the October 1 date for which the taxing authority of the subdivision to whose jurisdiction the Library is subject adopts rates. The State Department of Taxation, Division of Tax Equalization, adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

**Note 7 - Risk Management**

Workers' Compensation coverage is provided by the State of Ohio. 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 (if material).

**Commercial Insurance**

The Library has obtained commercial insurance for the following risks:

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

**Note 8 - Defined Benefit Pension Plans**

***Ohio Public Employees 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 include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. 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, 2019.

**Note 9 - Postemployment Benefits**

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, which includes multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for members in the traditional pension plan and combined plan was 0 percent during calendar year 2019. The portion of employer contributions allocated to health care for members in the member-directed plan was 4.0 percent during calendar year 2019.

**Belmont County District Library**  
*Belmont County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

---

**Note 10 – Contingent Liabilities**

Amounts grantor agencies pay to the Library are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

**BELMONT COUNTY DISTRICT LIBRARY**

**BELMONT COUNTY**

*Combined Statement of Receipts, Disbursements  
and Changes in Fund Balances (Regulatory Cash Basis) □  
All Governmental Fund Types  
For the Year Ended December 31, 2018*

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$762,139	\$0	\$0	\$762,139
Public Library	997,402	0	0	997,402
Intergovernmental	22,981	10,809	0	33,790
Patron Fines and Fees	24,778	0	0	24,778
Contributions, Gifts and Donations	21,591	0	3,000	24,591
Earnings on Investments	150	21	310	481
Miscellaneous	4,737	0	0	4,737
<i>Total Cash Receipts</i>	<u>1,833,778</u>	<u>10,830</u>	<u>3,310</u>	<u>1,847,918</u>
<b>Cash Disbursements</b>				
Current:				
Library Services	1,418,784	10,655	0	1,429,439
Capital Outlay	12,786	0	0	12,786
<i>Total Cash Disbursements</i>	<u>1,431,570</u>	<u>10,655</u>	<u>0</u>	<u>1,442,225</u>
<i>Excess of Cash Receipts Over Cash Disbursements</i>	<u>402,208</u>	<u>175</u>	<u>3,310</u>	<u>405,693</u>
<b>Other Financing Receipts (Disbursements)</b>				
Transfers In	0	0	750	750
Transfers Out	(750)	0	0	(750)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(750)</u>	<u>0</u>	<u>750</u>	<u>0</u>
<i>Net Change in Fund Cash Balances</i>	401,458	175	4,060	405,693
<i>Fund Cash Balances, January 1</i>	<u>757,588</u>	<u>224,064</u>	<u>63,511</u>	<u>1,045,163</u>
<b>Fund Cash Balances, December 31</b>				
Restricted	0	213,468	0	213,468
Committed	0	10,771	67,571	78,342
Assigned	26,323	0	0	26,323
Unassigned (Deficit)	1,132,723	0	0	1,132,723
<i>Fund Cash Balances, December 31</i>	<u>\$1,159,046</u>	<u>\$224,239</u>	<u>\$67,571</u>	<u>\$1,450,856</u>

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

**This page intentionally left blank.**



**Belmont County District Library, Ohio**  
*Belmont County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

---

**Note 1 - Reporting Entity**

The Belmont County District Library (the Library), Belmont County, was originally organized as the Martins Ferry Public Library, a school district public library, in the 1930's under the laws of the State of Ohio. The Library was approved as a county district library by the State Library of Ohio on July 25, 2013. The Library has its own Board of Trustees of seven members, of which, four are appointed by the Belmont County Commissioners and three are appointed by the Belmont County Court of Common Pleas. Appointments are for seven-year terms and members serve without compensation. The Library provides the community with various educational and literary resources. 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 3375.39 of the Ohio Revised Code with the administration of the day to day operations of the Library being the responsibility of the Director and financial accountability being solely that of the Fiscal Officer.

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

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

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

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

**Note 2 - Summary of Significant Accounting Policies**

***Basis of Presentation***

The Library's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types which are organized on a fund type basis.

***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 funds of the Library are presented below:

**Belmont County District Library, Ohio**  
*Belmont County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

---

**General Fund** The general fund accounts for and reports all financial resources not accounted for and reported 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.

**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:

**James Wright Fund** This fund accounts for a previous donation that provides for programming functions at the Library.

**Grant Technology Fund** The Library received a grant from the State Library Board in the sum of \$4,910 to be used for supplies and materials in revamping the computer based class offerings to be more responsive to patron needs.

**Grant Art Conservation Fund** The Library received a grant from the State Library Board in the amount of \$4,999 to preserve two works of art that the Library has housed for several years, and to purchase archival supplies to help conserve materials that reside at the Library.

**Capital Project Funds** These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Library had the following significant Capital Projects Fund:

**Powhatan Point Building Fund** – This money was received as a restricted donation from the Veterans of Foreign War. The only restriction placed on the donation was to be used to set up this fund for the Powhatan Point Public Library and building improvements.

***Basis of Accounting***

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 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).

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

***Budgetary Process***

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

A summary of 2018 budgetary activity appears in Note 4.

**Belmont County District Library, Ohio**  
*Belmont County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

---

***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.

The Library values certificates of deposits at cost.

***Capital Assets***

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

***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.

***Fund Balance***

Fund balance is divided into five 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:

***Nonspendable*** The Library classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

***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.

***Committed*** The Board of Trustees can *commit* amounts via formal action (resolution). The Library must adhere to these commitments unless the Board amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

***Assigned*** Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by the Library Board or a Library official delegated that authority by resolution, or by State Statute.

***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.

**Belmont County District Library, Ohio**

*Belmont County*

*Notes to the Financial Statements*

*For the Year Ended December 31, 2018*

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.

**Note 3 – Compliance**

Contrary to Ohio Admin. Code § 117-8-02, budgetary expenditures exceeded appropriation authority in the Grant Art Conservation Fund by \$2,207.

**Note 4 - Budgetary Activity**

Budgetary activity for the year ending December 31, 2018 follows:

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,356,140	\$1,833,778	(\$522,362)
Special Revenue	6,550	10,830	4,280
Capital Projects	90	4,060	3,970
Total	<u>\$2,362,780</u>	<u>\$1,848,668</u>	<u>(\$514,112)</u>

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,656,986	\$1,458,642	\$198,344
Special Revenue	10,810	10,655	155
Total	<u>\$1,667,796</u>	<u>\$1,469,297</u>	<u>\$198,499</u>

**Note 5 – 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:

	2018
Demand Deposits	\$1,258,074
Certificates of Deposit	192,782
Total Deposits	<u>\$1,450,856</u>

**Deposits**

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

**Belmont County District Library, Ohio**  
*Belmont County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

---

**Note 6 – Grants in Aid and Taxes**

***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 using the statutory allocation method. Estimated entitlement figures were issued to County Auditors. The actual current year entitlements were computed in December of the current year. The difference between the estimate and actual will be adjusted evenly in the PLF distributions made from January-June of the subsequent year.

***Property Taxes***

Real property taxes become a lien on January 1 preceding the October 1 date for which the taxing authority of the subdivision to whose jurisdiction the Library is subject adopts rates. The State Department of Taxation, Division of Tax Equalization, adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

**Note 7 - Risk Management**

Workers' Compensation coverage is provided by the State of Ohio. 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 (if material).

**Commercial Insurance**

The Library has obtained commercial insurance for the following risks:

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

**Note 8 - Defined Benefit Pension Plans**

***Ohio Public Employees 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 include postretirement healthcare and survivor and disability benefits.

**Belmont County District Library, Ohio**  
*Belmont County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

---

The Ohio Revised Code also prescribes contribution rates. 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, 2018.

**Note 9 - Postemployment Benefits**

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, which includes multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for members in the traditional pension plan and combined plan was 0 percent during calendar year 2018. The portion of employer contributions allocated to health care for members in the member-directed plan was 4.0 percent during calendar year 2018.

**Note 10 – Contingent Liabilities**

Amounts grantor agencies pay to the Library are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

# OHIO AUDITOR OF STATE KEITH FABER



53 Johnson Road  
The Plains, Ohio 45780-1231  
(740) 594-3300 or (800) 441-1389  
SoutheastRegion@ohioauditor.gov

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

Belmont County District Library  
Belmont County  
20 South 5th Street  
Martins Ferry, Ohio 43935

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts and disbursements by fund type of the Belmont County District Library, Belmont County, Ohio (the Library), as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements and have issued our report thereon dated April 6, 2020, wherein we noted the Library followed financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative 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 opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Library's internal control. Accordingly, we have not opined on it.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of findings we identified certain deficiencies in internal control over financial reporting, that we consider material weaknesses and a significant deficiency.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Library's financial statements. We consider Findings 2019-001 and 2019-004 described in the accompanying Schedule of Findings to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of internal control deficiencies less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2019-003 described in the accompanying Schedule of Findings 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 instances of noncompliance or other matters we must report under *Government Auditing Standards*, which are described in the accompanying Schedule of Findings as items 2019-001 and 2019-002.

***Library's Response to Findings***

The Library's responses to the Findings identified in our audit are described in the accompanying Schedule of Findings. We did not subject the Library's responses to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

***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 report is not suitable for any other purpose.



Keith Faber  
Auditor of State  
Columbus, Ohio

April 6, 2020



**BELMONT COUNTY DISTRICT LIBRARY  
BELMONT COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2019 AND 2018**

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

**FINDING NUMBER 2019-001**

**Noncompliance and Material Weakness**

**Ohio Rev. Code § 3375.391** states the board of library trustees of any free public library district may adopt a resolution requiring the treasurer of the district to credit the earnings made on the investment of the principal of the moneys specified in the resolution to the fund from which the earnings arose or any other fund of the district as the board specifies in its resolution.

In 2019, the Library inappropriately recorded \$687 of the Wetzel Special Revenue Fund's certificate of deposit earnings on investments in the General Fund. This interest should have been recorded in the Wetzel Special Revenue Fund.

On April 27, 1999, the Library Board passed a motion authorizing the Clerk/Treasurer to allocate interest from all funds directly to the fund which has generated such interest, which includes the Wetzel Special Revenue Fund.

Audit adjustments, with which management agrees, are reflected in the financial statements and in the accounting records correcting the misstatement.

The lack of controls over the posting of financial transactions decreases the reliability of financial data at year-end and can result in undetected errors and irregularities.

The Library should implement controls to help ensure interest income is allocated to the correct fund which has generated such interest.

**Officials' Response:** The Library has taken steps to prevent this in the future.

**FINDING NUMBER 2019-002**

**Noncompliance**

**Ohio Admin. Code § 117-8-02** states that the library's legislative body shall adopt appropriation measures. These measures establish the legal level of control. The legal level of control is the level (e.g., fund, program or function, department, object level) at which spending in excess of budgeted amounts would be a violation of law. This is established by the level at which the legislative body appropriates.

At December 31, 2019, we noted the following funds where spending was in excess of budgeted amounts:

Fund	Approved Appropriations	Total Expenditures	Variance
James Wright Special Revenue Fund	\$0	\$1,300	(\$1,300)
Grant Art Conservation Special Revenue Fund	0	2,792	(2,792)
Ohio Historical Records Special Revenue Fund	0	1,428	(1,428)

**BELMONT COUNTY DISTRICT LIBRARY  
BELMONT COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2019 AND 2018  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
--

**FINDING NUMBER 2019-002 (Continued)**

**Noncompliance - Ohio Admin. Code § 117-8-02 (Continued)**

At December 31, 2018, we noted the following fund where spending was in excess of budgeted amounts:

Fund	Approved Appropriations	Total Expenditures	Variance
Grant Art Conservation Special Revenue Fund	\$0	\$2,207	(\$2,207)

Not monitoring budgetary expenditures and appropriations to determine budgetary expenditures do not exceed approved appropriations could lead to deficit spending.

The Library should implement procedures to verify budgetary expenditures do not exceed the approved appropriations for each fund.

**Officials' Response:** The Library has taken steps to prevent this in the future.

**FINDING NUMBER 2019-003**

**Significant Deficiency**

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; 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 as discussed in AU-C Section 210 paragraphs .A14 & .A16.

Governmental Accounting Standards Board (GASB) Statement No. 54 ¶ 13 states, in part, that amounts in governmental funds other than the general fund, assigned fund balance is the default classification which represents the remaining amount that is not restricted or committed. The assigned fund balance definition addresses the government's intent. Intent should be expressed by (a) the governing body itself or (b) a body (a budget or finance committee, for example) or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes. Also, GASB 54 ¶ 17 states, in part, that unassigned fund balance is the residual classification for the General Fund, which represents the balance that has not been assigned to other funds and has not been restricted, committed, or assigned to specific purposes within the General Fund.

Issuing a purchase order assigns the amount of the purchase order for a specific purpose; therefore, the outstanding encumbrance amount is included as assigned fund balance, unless the purchase order relates to restricted or committed resources. Our testing of fund balances found that \$166,143 in 2018 was improperly classified as Assigned and should have been classified as Unassigned within the General Fund. This reclassification was agreed by Library management and is reflected in the accompanying financial statements.

**BELMONT COUNTY DISTRICT LIBRARY  
BELMONT COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2019 AND 2018  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
--

**FINDING NUMBER 2019-003 (Continued)**

**Significant Deficiency (Continued)**

In addition to the reclassification noted above, we also identified an additional misstatement of \$9,518 in 2019 that was improperly classified as Assigned and should have been classified as Unassigned in the General Fund. This reclassification was not reflected in the accompanying financial statements.

The Library did not have an internal control process in place to ensure proper fund balance classification, which resulted in a material financial statement misstatement.

The Library should review GASB 54 and Auditor of State Bulletin 2011-04 to ensure they are making the proper fund balance classifications.

**Officials' Response:** The Library has taken steps to prevent this in the future.

**FINDING NUMBER 2019-004**

**Material Weakness**

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; 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 as discussed in AU-C Section 210 paragraphs .A14 & .A16

Sound accounting practices require accurately posting estimated receipts and appropriations to the ledgers to provide information for budget versus actual comparison and to allow the Board to make informed decisions regarding budgetary matters.

The Appropriation resolution and subsequent amendments establish the legal spending authority of the Library and the appropriation ledger provides the process by which the Library controls spending, it is therefore necessary the amounts appropriated by the Board are precisely stated and accurately posted to the appropriation ledger.

The original certificate and amendments establish the amounts available for expenditures for the Library and the receipts ledger provides the process by which the Library controls what is available, it is therefore necessary the amounts estimated by the County Budget Commission are posted accurately to the receipts ledger.

As of December 31, 2019, the Library's accounting system did not agree to the final Amended Certificate of Estimated Resources or the Board approved appropriation measures. The following tables details these variances:

**BELMONT COUNTY DISTRICT LIBRARY  
BELMONT COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2019 AND 2018  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
--

**FINDING NUMBER 2019-004 (Continued)**

**Material Weakness (Continued)**

Fund	Amended Certificate of Estimated Resources	Amount posted to the Library's accounting system	Variance
General	\$1,788,636	\$1,798,800	(\$10,164)
Ohio Historical Records Grant Special Revenue Fund	0	1,428	(1,428)
Bethesda Building Capital Projects Fund	0	705	(705)

Fund	Approved Appropriations	Amount posted to the Library's accounting system	Variance
General	\$1,626,000	\$1,636,805	(\$10,805)
James Wright Special Revenue Fund	0	1,300	(1,300)
Grant Art Conservation Special Revenue Fund	0	2,792	(2,792)
Ohio Historical Records Grant Special Revenue Fund	0	1,428	(1,428)

As of December 31, 2018, the Library's accounting system did not agree to the final Amended Certificate of Estimated Resources or the Board approved appropriation measures. The following tables details these variances:

Fund	Amended Certificate of Estimated Resources	Amount posted to the Library's accounting system	Variance
General	\$2,356,140	\$1,656,140	\$700,000
Grant Art Conservation Special Revenue Fund	0	4,999	(4,999)
Powhatan Point Building Capital Projects Fund	0	750	(750)

Fund	Approved Appropriations	Amount posted to the Library's accounting system	Variance
Grant Art Conservation Special Revenue Fund	\$0	\$4,999	(\$4,999)

The Library did not have procedures in place to accurately post authorized budgetary measures to the accounting system. The appropriations approved by Board were not properly posted to the accounting system. Additionally, the Amended Certificate of Estimated Resources was not properly posted to the accounting system.

**BELMONT COUNTY DISTRICT LIBRARY  
BELMONT COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2019 AND 2018  
(Continued)**

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

**FINDING NUMBER 2019-004 (Continued)**

**Material Weakness (Continued)**

Failure to accurately post the appropriations and estimated resources to the ledgers could result in overspending and negative cash balances. In addition, this could lead to inaccurate reporting of the budgetary information in the financial statements.

To effectively control the budgetary cycle and to maintain accountability over receipts and expenditures, the Library should post to the ledgers, on a timely basis, estimated resources as certified by the budget commission and appropriations approved by the Board. The Library should then monitor budget versus actual reports to help ensure amended certificates of resources and appropriations have been properly posted to the ledgers.

**Officials' Response:** The Library has taken steps to prevent this in the future.

**This page intentionally left blank.**

# OHIO AUDITOR OF STATE KEITH FABER



**BELMONT COUNTY DISTRICT LIBRARY**

**BELMONT COUNTY**

## **CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
MAY 5, 2020**