

Granville Public Library

Licking County, Ohio

Regular Audit

For the Years Ended December 31, 2008 and 2007

BALESTRA, HARR & SCHERER, CPAs, INC.

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Mary Taylor, CPA

Auditor of State

Board of Trustees
Granville Public Library
217 East Broadway Boulevard
Granville, Ohio 43023

We have reviewed the *Independent Auditor's Report* of the Granville Public Library, Licking County, prepared by Balestra, Harr & Scherer, CPAs, Inc., for the audit period January 1, 2007 through December 31, 2008. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Auditor's Report* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Auditor's Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Granville Public Library is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

August 21, 2009

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Granville Public Library
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Member American Institute of Certified Public Accountants

Ohio Society of Certified Public Accountants

Independent Auditor's Report

Granville Public Library
Licking County, Ohio
217 East Broadway Blvd.
Granville, Ohio 43023

We have audited the accompanying financial statements of the Granville Public Library, Licking County, Ohio, (the Library) as of and for the years ended December 31, 2008 and 2007. These financial statements are the responsibility of the Library's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in 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. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Library has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

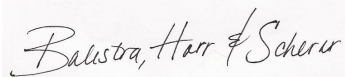
Instead of the combined funds the accompanying financial statements present, GAAP requires presenting entity wide statements and also present the Library's larger (i.e. major) funds separately. While the Library does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Library has elected not follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2008 and 2007, do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Library as of December 31, 2008 and 2007, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Library, as of the December 31, 2008 and 2007, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Library has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2009, 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.



Balestra, Harr & Scherer, CPAs, Inc.
June 30, 2009

Granville Public Library
Combined Statement of Cash Receipts, Cash Disbursements, And Changes in Fund Cash Balances
All Governmental Fund Types
For the Year Ended December 31, 2008

	Governmental Fund Types				Total (Memorandum Only)
	General	Special Revenue	Capital Projects	Permanent	
Cash Receipts:					
Other Government Grants-In-Aid	\$ 740,980	\$ -	\$ -	\$ -	\$ 740,980
Patron Fines and Fees	38,498	-	-	-	38,498
Earnings on Investments	56,231	-	17,622	-	73,853
Contributions, Gifts and Donations	35,664	-	-	-	35,664
Total Cash Receipts	<u>871,373</u>	<u>-</u>	<u>17,622</u>	<u>-</u>	<u>888,995</u>
Cash Disbursements:					
Current:					
Salaries and Benefits	592,808	-	-	-	592,808
Purchased and Contracted Services	136,680	-	-	-	136,680
Library Materials and Information	108,839	-	-	-	108,839
Other Objects	13,317	-	-	-	13,317
Capital Outlay	4,771	-	827,097	-	831,868
Total Cash Disbursements	<u>856,415</u>	<u>-</u>	<u>827,097</u>	<u>-</u>	<u>1,683,512</u>
Total Receipts Over/(Under) Disbursements	14,958	-	(809,475)	-	(794,517)
Other Financing Receipts:					
Proceeds from Bonds	-	-	-	-	-
Transfers In	745,000	44,336	-	300,000	1,089,336
Transfers Out	(44,336)	-	(1,045,000)	-	(1,089,336)
Total Other Financing Receipts	<u>700,664</u>	<u>44,336</u>	<u>(1,045,000)</u>	<u>300,000</u>	<u>-</u>
Excess of Cash Receipts Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	715,622	44,336	(1,854,475)	300,000	(794,517)
Fund Cash Balances, January 1	<u>685,455</u>	<u>115,000</u>	<u>1,876,207</u>	<u>180,000</u>	<u>2,856,662</u>
Fund Cash Balances, December 31	<u>\$ 1,401,077</u>	<u>\$ 159,336</u>	<u>\$ 21,732</u>	<u>\$ 480,000</u>	<u>\$ 2,062,145</u>

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

Granville Public Library
Combined Statement of Cash Receipts, Cash Disbursements, And Changes in Fund Cash Balances
All Governmental Fund Types
For the Year Ended December 31, 2007

	Governmental Fund Types				Total (Memorandum Only)
	General	Special Revenue	Capital Projects	Permanent	
Cash Receipts:					
Other Government Grants-In-Aid	\$ 753,135	\$ -	\$ -	\$ -	\$ 753,135
Patron Fines and Fees	30,641	-	-	-	30,641
Earnings on Investments	75,966	-	119,970	-	195,936
Contributions, Gifts and Donations	8,672	-	-	-	8,672
Total Cash Receipts	<u>868,414</u>	<u>-</u>	<u>119,970</u>	<u>-</u>	<u>988,384</u>
Cash Disbursements:					
Current:					
Salaries and Benefits	548,035	-	-	-	548,035
Purchased and Contracted Services	105,735	-	-	-	105,735
Library Materials and Information	81,156	-	-	-	81,156
Other Objects	11,107	-	-	-	11,107
Capital Outlay	-	-	2,134,914	-	2,134,914
Total Cash Disbursements	<u>746,033</u>	<u>-</u>	<u>2,134,914</u>	<u>-</u>	<u>2,880,947</u>
Total Receipts Over/(Under) Disbursements	122,381	-	(2,014,944)	-	(1,892,563)
Fund Cash Balances, January 1	<u>563,074</u>	<u>115,000</u>	<u>3,891,151</u>	<u>180,000</u>	<u>4,749,225</u>
Fund Cash Balances, December 31	<u>\$ 685,455</u>	<u>\$ 115,000</u>	<u>\$ 1,876,207</u>	<u>\$ 180,000</u>	<u>\$ 2,856,662</u>

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

1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Granville Public Library, Licking County, Ohio, (the Library) as a body corporate and politic. The Library is directed by a seven-member Board of Trustees to govern the Library. The Library provides the community with various educational and literary resources.

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

B. Basis of Accounting

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

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

C. Cash and Investments

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

The Library values certificates of deposit at cost.

D. Fund Accounting

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

1. General Fund

The General Fund accounts for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Fund

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

Sinnett House – This fund received rental fees from the Granville Senior Citizens Association for use of the Sinnett House.

1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Fund

Mary Pabst Wilkin Expendable Trust Fund – This fund received a bequest for \$15,000 in 1997 for the purchase of books.

Elizabeth Jenkins Expendable Trust Fund – This fund received a bequest of \$100,000 in 2000 for procuring audio and musical cassettes useful to homebound persons and large print books for the visually impaired.

3. Capital Projects Fund

These funds account for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The Library had the following significant Capital Projects Funds:

Building and Repair Fund – This fund is used for capital outlay expenditures related to facilities and repairs to facilities.

Capital Projects Fund – This fund received proceeds from a bond issuance to fund a renovation project and is used to account for capital outlay related to this project.

4. Permanent Funds (Trust Funds)

These funds are used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs.

The Charles G. and Kathryn Marie Sellers Endowment Fund – This fund received a bequest of \$100,000. The income is used as directed by the Board.

E. 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 2008 and 2007 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

G. Accumulated Leave

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

Granville Public Library
Notes to the Financial Statements
For the Years Ended December 31, 2008 and 2007

2 – EQUITY IN POOLED CASH AND INVESTMENTS

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

	2008	2007
Demand deposits	\$422,145	\$716,662
Certificates of deposit	1,640,000	2,140,000
Total deposits	\$2,062,145	\$2,856,662

Deposits: Demand deposits and certificates of deposit are either (1) insured by the Federal Depository Insurance Corporation or (2) collateralized by the financial institution’s public entity deposit pool.

3 – BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2008 and 2007 follows:

2008 Budgeted vs. Actual Budgetary Basis Expenditures

	Appropriation Authority	Budgetary Expenditures	Variance
General	\$953,476	\$900,751	\$52,725
Capital Projects	2,176,207	1,872,097	304,110
Total	\$3,129,683	\$2,772,848	\$356,835

2007 Budgeted vs. Actual Budgetary Basis Expenditures

	Appropriation Authority	Budgetary Expenditures	Variance
General	\$866,014	\$746,033	\$119,981
Capital Projects	3,146,151	2,134,914	1,011,237
Total	\$4,012,165	\$2,880,947	\$1,131,218

4 – 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, operations, 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.

5 – BOND LEVY AND LIBRARY EXPANSION

In November 2004, the electorate of Granville Exempted Village School District approved a bond issue for Library Expansion.

On December 21, 2004 the Granville School District issued \$4,950,000 in Notes in anticipation of \$5,157,000 in General Obligation Library Improvement Bonds to be issued in 2005. The Library received an additional \$225,000 in 2005 after the issuance of these bonds by the School District. The School District is fully responsible for making principal and interest payments on the bonded debt.

Proceeds from the sale of the Notes and Bonds are contributed to the Library’s Capital Projects Fund, which operates as the Project Fund from which the moneys for project expenses are withdrawn. The proceeds, including interest earnings, can only be expended for the purposes expressed by the purpose clause of the Bond Resolution. The Library Expansion project started in 2005 and concluded in 2007.

6 – RETIREMENT SYSTEM

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

The Ohio Revised Code also prescribes contribution rates. The Library's OPERS members contributed 10.0 percent and 9.5 percent of their gross salaries for the years ended December 31, 2008 and 2007, respectively. The Library contributed amounts equal to 14.00 percent and 13.85 percent of participants' gross salaries for the years ended December 31, 2008 and 2007, respectively. The Library has paid all contributions required through December 31, 2008.

7 – RISK MANAGEMENT

The Library has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Errors and omissions

Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years. The Library has not incurred significant reductions in insurance coverage from the prior year by category or risk.

The Library also provides health and life insurance coverage to full-time employees through a private carrier.

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Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Granville Public Library
Licking County, Ohio
217 East Broadway Blvd.
Granville, Ohio 43023

We have audited the accompanying financial statements of the Granville Public Library, Licking County, Ohio (the Library), as of and for the years ended December 31, 2008 and 2007, and have issued our report thereon dated June 30, 2009, wherein we noted the Library follows the accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. 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 opinion 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 to be material weaknesses, as defined above.

Granville Public Library

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Page 2

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



Balestra, Harr & Scherer, CPAs, Inc.

June 30, 2009

**GRANVILLE PUBLIC LIBRARY
LICKING COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED DECEMBER 31 2008 and 2007**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2006-1	A material weakness was issued for monitoring of financial activity	Yes	



Mary Taylor, CPA
Auditor of State

GRANVILLE PUBLIC LIBRARY

LICKING 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
SEPTEMBER 3, 2009**