

**GREENVILLE PUBLIC LIBRARY
DARKE COUNTY, OHIO**

**FINANCIAL STATEMENTS
(AUDITED)**

**FOR THE YEARS ENDED
DECEMBER 31, 2010 AND 2009**

DIANA WAGNER, FISCAL OFFICER



Dave Yost • Auditor of State

Board of Trustees
Greenville Public Library
520 Sycamore Street
Greenville, Ohio 45331

We have reviewed the *Independent Auditor's Report* of the Greenville Public Library, Darke County, prepared by Julian & Grube, Inc., for the audit period January 1, 2009 through December 31, 2010. 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 Greenville Public Library is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

July 14, 2011

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**GREENVILLE PUBLIC LIBRARY
DARKE COUNTY, OHIO**

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Julian & Grube, Inc.
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Independent Auditor's Report

Board of Trustees
Greenville Public Library
520 Sycamore Street
Greenville, Ohio 45331

To the Board of Trustees:

We have audited the accompanying financial statements of the Greenville Public Library, Darke County, Ohio, as of and for the years ended December 31, 2010 and 2009. These financial statements are the responsibility of the Greenville Public 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 that our audit provides a reasonable basis for our opinion.

As described more fully in Note 2, the Greenville Public Library 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 combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting Greenville Public Library's larger (i.e. major) funds separately. While the Greenville Public 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 the Greenville Public Library to reformat their statements. The Greenville Public Library has elected not to 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 pursuant to its non-GAAP basis is in the second following paragraph.

Independent Auditor's Report
Greenville Public Library
Page Two

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, 2010 and 2009 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Greenville Public Library, Darke County, Ohio, as of December 31, 2010 and 2009, 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 cash fund balances of the Greenville Public Library, Darke County, Ohio, as of December 31, 2010 and 2009 and its combined cash receipts and cash disbursements for the years then ended on the accounting basis Note 2 describes.

The Greenville Public 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 24, 2011, on our consideration of the Greenville Public 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.



Julian & Grube, Inc.
June 24, 2011

**GREENVILLE PUBLIC LIBRARY
DARKE COUNTY, OHIO**

COMBINED STATEMENT OF CASH FUND BALANCES
ALL FUND TYPES
DECEMBER 31, 2010 AND 2009

<u>Cash and Cash Equivalents</u>	<u>2010</u>	<u>2009</u>
Cash and Cash Equivalents	\$ 304,618	\$ 262,096
Total Cash and Cash Equivalents	<u>\$ 304,618</u>	<u>\$ 262,096</u>
 <u>Fund Balances</u>		
<u>Governmental Fund Types:</u>		
General Fund	\$ 55,477	\$ 120,665
Special Revenue Funds	97,093	97,093
Capital Projects Fund	<u>152,048</u>	<u>44,338</u>
Total Governmental Fund Types	<u>304,618</u>	<u>262,096</u>
Total Fund Balances	<u>\$ 304,618</u>	<u>\$ 262,096</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**GREENVILLE PUBLIC LIBRARY
DARKE COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN CASH FUND BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2010

	Governmental Fund Types			Total (Memorandum Only)
	General	Special Revenue	Capital Projects	
Cash receipts:				
Government Grants-In-Aid	\$ 724,753	\$ -	\$ -	\$ 724,753
Patrons Fines and Fees	14,967	-	-	14,967
Contributions, Gifts, and Donations	5,092	-	107,710	112,802
Earnings on Investment	1,113	-	-	1,113
Miscellaneous	8,826	-	-	8,826
Total cash receipts	754,751	-	107,710	862,461
Cash disbursements:				
Current:				
Salaries and Benefits	437,752	-	-	437,752
Purchased and Contracted Services	98,945	-	-	98,945
Library Materials and Supplies	54,821	-	-	54,821
Supplies	25,192	-	-	25,192
Other	3,585	-	-	3,585
Capital outlay	92,443	-	-	92,443
Debt service:				
Principal Retirement	-	-	45,185	45,185
Interest & Fiscal Charges	-	-	62,166	62,166
Total cash disbursements	712,738	-	107,351	820,089
Total cash receipts over/(under) cash disbursements	42,013	-	359	42,372
Other financing receipts/(disbursements):				
Operating transfers in	-	-	107,351	107,351
Operating transfers out	(107,351)	-	-	(107,351)
Other sources	150	-	-	150
Total other financing receipts/(disbursements)	(107,201)	-	107,351	150
Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing disbursements	(65,188)	-	107,710	42,522
Cash fund balances, January 1, 2010	120,665	97,093	44,338	262,096
Cash fund balances, December 31, 2010	\$ 55,477	\$ 97,093	\$ 152,048	\$ 304,618

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**GREENVILLE PUBLIC LIBRARY
DARKE COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN CASH FUND BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2009

	Governmental Fund Types			Total (Memorandum Only)
	General	Special Revenue	Capital Projects	
Cash receipts:				
Government Grants-In-Aid	\$ 771,442	\$ -	\$ -	\$ 771,442
Patrons Fines and Fees	17,672	-	-	17,672
Contributions, Gifts, and Donations	-	-	234,297	234,297
Earnings on Investment	1,734	-	-	1,734
Miscellaneous	5,430	-	-	5,430
Total cash receipts	<u>796,278</u>	<u>-</u>	<u>234,297</u>	<u>1,030,575</u>
Cash disbursements:				
Current:				
Salaries and Benefits	522,562	-	-	522,562
Purchased and Contracted Services	86,686	-	-	86,686
Library Materials and Supplies	70,994	-	-	70,994
Supplies	25,984	-	-	25,984
Other	3,453	-	-	3,453
Capital outlay	25,778	-	-	25,778
Debt service:				
Principal Retirement	-	-	137,879	137,879
Interest & Fiscal Charges	-	-	69,472	69,472
Total cash disbursements	<u>735,457</u>	<u>-</u>	<u>207,351</u>	<u>942,808</u>
Total cash receipts over/(under) cash disbursements	<u>60,821</u>	<u>-</u>	<u>26,946</u>	<u>87,767</u>
Other financing receipts/(disbursements):				
Other uses	(3,694)	-	-	(3,694)
Total other financing receipts/(disbursements)	<u>(3,694)</u>	<u>-</u>	<u>-</u>	<u>(3,694)</u>
Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing disbursements	57,127	-	26,946	84,073
Cash fund balances, January 1, 2009	<u>63,538</u>	<u>97,093</u>	<u>17,392</u>	<u>178,023</u>
Cash fund balances, December 31, 2009	<u>\$ 120,665</u>	<u>\$ 97,093</u>	<u>\$ 44,338</u>	<u>\$ 262,096</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**GREENVILLE PUBLIC LIBRARY
DARKE COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENT
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

NOTE 1 - DESCRIPTION OF THE ENTITY

Greenville Public Library, Darke County, (the "Library") is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Library is a school district library. The Library is directed by a seven-member Board of Trustees appointed by the Greenville City School Board of Education. The Library provides the community with general services regarding books, periodicals, videos, and other various educational and literary resources.

Friends of the Greenville Library is a non-profit group that is also associated with the Library. Since the tax exempt status of this organization is based on their support of the Library, information regarding the relationship has been disclosed in Note 9.

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

A. BASIS OF PRESENTATION

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Library 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 Auditor of State prescribes or permits.

B. BASIS OF PRESENTATION - 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:

General Fund

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

**GREENVILLE PUBLIC LIBRARY
DARKE COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENT
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Special Revenue Fund Type

These funds are used to account for proceeds of specific revenue sources that are legally restricted to expenditure for specific purposes. The Library had the following Special Revenue Funds:

Finnarn Fund - This fund receives monies from donations from the Finnarn Family, which are to be used for quality type books dealing with horses or agriculture and both principal and earnings can be expended. There was no activity in 2010 and 2009.

McCabe Fund - This fund received monies from a donation by the McCabe Family, which are kept in trust to be used for any appropriate Library expense. Principal and earnings can be expended. There was no activity in 2010 and 2009.

Capital Project Fund Type

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

Building and Repair Fund - The Library utilizes this fund to accumulate funds for the future construction and repair of facilities.

C. CASH AND CASH EQUIVALENTS AND INVESTMENTS

For reporting purposes, the Library considers "Cash and Cash Equivalents" to be cash on hand, demand deposits, and all investments held by the Library with a maturity date less than or equal to three months from the date of purchase.

D. BUDGETARY PROCESS

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

A summary of 2010 and 2009 budgetary activity appears in Note 4.

**GREENVILLE PUBLIC LIBRARY
DARKE COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENT
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

E. PROPERTY, PLANT AND EQUIPMENT

Capital assets are not capitalized in any of the Library's funds. Instead, capital acquisition and construction costs are reflected as disbursements in the fund in the year expended. The costs of normal maintenance and repairs are also expended, along with improvements. Depreciation is not recorded by the Library.

F. 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.

G. TOTAL COLUMNS ON THE FINANCIAL STATEMENTS

Total columns on the financial statements are captioned "Total (Memorandum Only)" to indicate that they are presented only to facilitate financial analysis. Interfund-type eliminations have not been made in the aggregation of this data.

NOTE 3 - CASH AND CASH EQUIVALENTS

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

	<u>2010</u>	<u>2009</u>
Demand deposits	\$304,485	\$261,963
Cash on hand	<u>133</u>	<u>133</u>
Total deposits	<u>\$304,618</u>	<u>\$262,096</u>

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation or (2) collateralized by the financial institution's public entity deposit pool.

**GREENVILLE PUBLIC LIBRARY
DARKE COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENT
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

NOTE 4 - BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2010 and 2009 follows:

2010 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 766,581	\$ 754,901	\$ (11,680)
Special Revenue	3,040	-	(3,040)
Capital Projects	<u>170,173</u>	<u>215,061</u>	<u>44,888</u>
Total	<u>\$ 939,794</u>	<u>\$ 969,962</u>	<u>\$ 30,168</u>

2010 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 766,581	\$ 820,089	\$ 53,508
Special Revenue	3,040	-	(3,040)
Capital Projects	<u>170,173</u>	<u>107,351</u>	<u>(62,822)</u>
Total	<u>\$ 939,794</u>	<u>\$ 927,440</u>	<u>\$ (12,354)</u>

2009 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 976,336	\$ 796,278	\$ (180,058)
Special Revenue	4,040	-	(4,040)
Capital Projects	<u>145,345</u>	<u>234,297</u>	<u>88,952</u>
Total	<u>\$ 1,125,721</u>	<u>\$ 1,030,575</u>	<u>\$ (95,146)</u>

2009 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 976,336	\$ 739,151	\$ (237,185)
Special Revenue	4,040	-	(4,040)
Capital Projects	<u>145,345</u>	<u>207,351</u>	<u>62,006</u>
Total	<u>\$ 1,125,721</u>	<u>\$ 946,502</u>	<u>\$ (179,219)</u>

**GREENVILLE PUBLIC LIBRARY
DARKE COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENT
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

NOTE 5 - INTERGOVERNMENTAL FUNDING

The primary source of revenue for Ohio public libraries is the State Library and Local Government Support Fund. The Library and Local Government Support Fund is allocated to each county based on the county's prior intangibles tax of Library and Local Government Support Fund revenues, in addition to county 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 6 - DEBT OBLIGATIONS

At December 31, 2010 and 2009, debt obligations consisted of the following issuance:

<u>Description</u>	<u>Balance at 12/31/10</u>	<u>Balance at 12/31/09</u>
2008 Greenville National Bank Library Renovation Project loan, due in monthly installments of \$8,946 through 2028, bearing an interest rate of 5.5%.	<u>\$ 1,090,085</u>	<u>\$ 1,135,270</u>
Total	<u>\$ 1,090,085</u>	<u>\$ 1,135,270</u>

Transactions for the years-ended December 31, 2010 and 2009 are summarized as follows:

	<u>Balance at 01/01/10</u>	<u>Proceeds</u>	<u>Retirements</u>	<u>Balance at 12/31/10</u>
Library Renovation Loan (2008)	<u>\$ 1,135,270</u>	<u>\$ -</u>	<u>\$ (45,185)</u>	<u>\$ 1,090,085</u>
	<u>Balance at 01/01/09</u>	<u>Proceeds</u>	<u>Retirements</u>	<u>Balance at 12/31/09</u>
Library Renovation Loan (2008)	<u>\$ 1,273,149</u>	<u>\$ -</u>	<u>\$ (137,879)</u>	<u>\$ 1,135,270</u>

**GREENVILLE PUBLIC LIBRARY
DARKE COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENT
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

NOTE 6 - DEBT OBLIGATIONS - (Continued)

Principal and interest requirements to retire outstanding debt obligations at December 31, 2010 are as follows:

Year Ending December 31,	Library Renovation Loan		
	Principal	Interest	Total
2011	\$ 42,358	\$ 64,993	\$ 107,351
2012	44,567	62,784	107,351
2013	47,262	60,089	107,351
2014	49,928	57,423	107,351
2015	52,744	54,607	107,351
2016 - 2020	311,550	225,203	536,753
2021 - 2025	410,139	126,614	536,753
2026 - 2028	<u>131,537</u>	<u>27,894</u>	<u>159,431</u>
Total	<u>\$ 1,090,085</u>	<u>\$ 679,607</u>	<u>\$ 1,769,692</u>

NOTE 7 - RETIREMENT SYSTEM

The Library's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost sharing, multiple-employer plan. This plan provides retirement benefits, including post-retirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For both 2010 and 2009, members of OPERS participants contributed 10% of their wages, respectively. For both 2010 and 2009, the District contributed an amount equal to 14% of their wages to OPERS. The Library has paid all contributions required through December 31, 2010 and 2009.

**GREENVILLE PUBLIC LIBRARY
DARKE COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENT
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

NOTE 8 - 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. The Library contracted with Randall Insurance Agency Inc. through the Midwestern Indemnity Company to provide property and casualty coverage with following coverage amounts:

<u>Type of Coverage</u>	<u>Amount of Coverage</u>
General Liability	\$1,000,000
Automobile Liability	1,000,000
Uninsured Motorist	1,000,000
Excess/Umbrella Liability	1,000,000
Workers' Compensation and Employers' Liability	1,000,000
Building	7,000,000
Property	1,800,000
Employee Dishonesty	15,000

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.

NOTE 9 - FRIENDS OF THE GREENVILLE LIBRARY

Friends of the Greenville Library is a non-profit group that exists and operates toward the betterment of the Greenville Public Library. The organization is legally separate and is not fiscally dependent on the Library. Contributions and membership dues are used to purchase items for the Library and to support programs for children and young adults.

NOTE 10 - CONTINGENT LIABILITIES

The Library is not currently involved in litigation.

NOTE 11 - NONCOMPLIANCE

The Library did not timely and properly amend appropriations and total expenditures exceeded appropriations in noncompliance with Ohio Revised Code Sections 5705.40 and 5705.41(B).



Julian & Grube, Inc.

Serving Ohio Local Governments

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

Independent Accountants' 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*

Board of Trustees
Greenville Public Library
520 Sycamore Street
Greenville, Ohio 45331

To the Board of Trustees:

We have audited the financial statements of the Greenville Public Library, Darke County, Ohio, as of and for the years ended December 31, 2010 and 2009, and have issued our report thereon dated June 24, 2011, wherein we noted the Greenville Public Library followed accounting practices the Auditor of State prescribes or permits 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 Greenville Public Library's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Greenville Public Library's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Greenville Public Library's internal control over financial reporting.

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

Board of Trustees
Greenville Public Library

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 deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider finding 2010-GPL-001 described in the accompanying schedule of findings and responses to be a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the Greenville Public 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 two instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings and responses as items 2010-GLP-002 and 2010-GPL-003.

The Greenville Public Library's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit the Greenville Public Library's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the Board and management of the Greenville Public Library and is not intended to be and should not be used by anyone other than these specified parties.



Julian & Grube, Inc.
June 24, 2011

**GREENVILLE PUBLIC LIBRARY
DARKE COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2010 AND 2009**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS	
Finding Number	2010-GPL-001

Material Weakness - Financial Reporting

Sound financial reporting is the responsibility of the Library Board of Trustees and the Fiscal Officer. It is essential that strong internal controls are in place and properly working efficiently and effectively.

We identified misstatements in the financial statements for the years under audit that were not initially identified by the Library’s internal controls. A description of the audit adjustments follows:

Library Fund Balances - The Fiscal Officer reported large adjusting factors on the monthly bank reconciliations. The Library’s UAN fund balances at December 31, 2010 and 2009 were overstated by \$900,125. Although aware of the misstatements, the Fiscal Officer did not make adjustments to the Library’s financial statements and filed the Library’s Annual Reports with the overstated fund balances.

Loan Payments - The annual loan payment amount for the Library Renovation Loan was originally transferred to and paid from the General Fund rather than the Capital Projects Fund for December 31, 2010 and 2009. An adjustment in the amount of \$107,351 was recorded to properly present the payment amount from the Capital Projects Fund for both audit years. Additionally, the total payment amount was recorded as interest and fiscal charges, and an adjustment was made to record the appropriate principal and interest amounts for December 31, 2010 and 2009. Furthermore, the Library received a donation in 2010 made to the principal of the loan that was not recorded in the Library’s records.

Expendable Trust Funds - Expendable trust funds, which were reclassified as special revenue funds during the prior audit, were still reported as expendable trusts on the Library’s 2010 and 2009 annual reports.

Payroll Account/Fundraising Account - The Library’s payroll account is not included on the accounting records or annual report. An adjustment was made to properly record payroll activity for December 31, 2010 and 2009. The fundraising account activity is recorded in the Library’s financial statements, however the bank account balances are not.

The audited financial statements and the Library’s records reflect these adjustments.

The presentation of materially correct financial statements and related footnotes is the responsibility of management.

**GREENVILLE PUBLIC LIBRARY
DARKE COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2010 AND 2009**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS	
Finding Number	2010-GPL-001 - (Continued)

We recommend that the Library implement control procedures that enable management to identify, prevent, detect and correct potential misstatements in the financials and footnotes. Furthermore, the Fiscal Officer should review postings each month and again at the end of the fiscal year to verify that all amounts are classified and posted properly for correct presentation.

Client Response: The Library will attempt to present more materially correct financial statements in the future.

Finding Number	2010-GPL-002
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Ohio Revised Code Section 5705.40, in part, requires that any appropriation measure may be amended or supplemented if the entity complies with the same laws used in making the original appropriation. However, no appropriation may be reduced below an amount sufficient to cover all un-liquidated and outstanding contracts or obligations against them. The Library had total expenditures exceeding total appropriations at the year ended December 31, 2010.

By not timely and properly modifying the Library's appropriations, the Library is not adequately monitoring its expenditures versus appropriations. This may result in appropriating monies in excess of estimated resources, and having expenditures exceed appropriations, and possibly, fund deficits.

We recommend that the Library comply with the Ohio Revised Code and Auditor of State Bulletin 97-010 by keeping more accurate appropriations records and amending the appropriations throughout the year and prior to year end. In addition, the Library should monitor its budgetary process on a regular basis.

Client Response: The Library will continue to monitor the budget and amend appropriations as necessary.

**GREENVILLE PUBLIC LIBRARY
DARKE COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2010 AND 2009**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS	
Finding Number	2010-GPL-003

Ohio Revised Code Section 5705.41(B) prohibits a subdivision or taxing unit from expending money unless it has been appropriated.

At December 31, 2010, the Library had disbursements in excess of appropriations in the following fund:

Fund Type	Appropriations	Disbursements	Excess
General	\$ 766,581	\$ 820,089	\$ 53,508

At December 31, 2009, the Library had disbursements in excess of appropriations in the following fund:

Fund Type	Appropriations	Disbursements	Excess
Capital Projects	\$ 145,345	\$ 207,351	\$ 62,006

This is due to not appropriating for loan payments made from the Capital Projects fund.

With disbursements exceeding appropriations, the Library is spending monies that have not been lawfully appropriated by the Board of Directors. This may result in unnecessary spending or overspending which may result in a negative fund balance.

We recommend that the Library comply with the Ohio Revised Code and the Auditor of State Bulletin 97-010 by monitoring their expenditures so they do not exceed lawful appropriations and amending the budget prior to year end. This may be achieved by monitoring the budget more closely on a continual basis.

Client Response: The Library will ensure amendments are completed and sent immediately to the county auditor and posted timely.

**GREENVILLE PUBLIC LIBRARY
DARKE COUNTY, OHIO**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2010 AND 2009**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2008-001	<u>Significant Deficiency/Material Weakness: Financial Reporting</u> - The Library had receipts and disbursements and corrections of adjusting factors on bank reconciliations that were posted incorrectly that required various adjusting entries.	No	Repeated as finding 2010-GLP-001
2008-002	Ohio Revised Code Section 5705.41(B): The Library had instances where budgetary expenditures exceeded the amounts appropriated at the legal level of control.	No	Repeated as finding 2010-GLP-003

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Dave Yost • Auditor of State

GREENVILLE PUBLIC LIBRARY

DARKE 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
JULY 28, 2011