



Balestra, Harr & Scherer, CPAs, Inc.

Accounting, Auditing and Consulting Services for Federal, State and Local Governments

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GRANVILLE PUBLIC LIBRARY
LICKING COUNTY

REGULAR AUDIT

For the Years Ended December 31, 2014 and 2013
Fiscal Years Audited Under GAGAS: 2014 and 2013



Dave Yost • Auditor of State

Board of Trustees
Granville Public Library
217 East Broadway
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, 2013 through December 31, 2014. 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.

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.

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

Dave Yost
Auditor of State

April 12, 2016

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Granville Public Library
Licking County, Ohio
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For the Fiscal Years Ended December 31, 2014 and 2013

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Independent Auditor's Report

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

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 Granville Public Library, Licking County, (the Library) as of and for the years ended December 31, 2014 and 2013.

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 Section 117.38 and Ohio Administrative Code Section 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 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 opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statements, the Library prepared these financial statements using 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), 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 Section 117.38 and Ohio Administrative Code Section 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, 2014 and 2013, or 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 combined cash balances of Granville Public Library, Licking County as of December 31, 2014 and 2013, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

Emphasis of Matter

As discussed in Note 8 to the financial statements, during 2013, the Library adopted new accounting guidance in Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 19, 2016, 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.

Balestra, Harr & Scherer, CPAs

Balestra, Harr & Scherer, CPAs, Inc.
Worthington, Ohio
February 19, 2016

**GRANVILLE PUBLIC LIBRARY
LICKING COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Permanent</u>	
Cash Receipts:					
Public Library	\$ 579,259	\$ -	\$ -	\$ -	\$ 579,259
Intergovernmental	427,929	-	-	-	427,929
Patron Fines and Fees	21,338	-	-	-	21,338
Contributions, Gifts and Donations	21,015	-	-	-	21,015
Earnings on Investments	2,115	25,997	-	15,628	43,740
	<u>1,051,656</u>	<u>25,997</u>	<u>-</u>	<u>15,628</u>	<u>1,093,281</u>
Total Cash Receipts					
	<u>1,051,656</u>	<u>25,997</u>	<u>-</u>	<u>15,628</u>	<u>1,093,281</u>
Cash Disbursements:					
Current:					
Library Services	476,656	-	-	-	476,656
Employee Fringe Benefits	113,009	-	-	-	113,009
Purchased and Contractual Services	240,106	-	-	-	240,106
Library Materials and Information	124,058	-	-	-	124,058
Supplies	20,114	-	-	-	20,114
Other	2,528	-	-	-	2,528
Transportation	47,518	-	-	-	47,518
Investment Service Charges	-	1,920	-	3,225	5,145
	<u>-</u>	<u>1,920</u>	<u>-</u>	<u>3,225</u>	<u>5,145</u>
Total Cash Disbursements	<u>1,023,989</u>	<u>1,920</u>	<u>-</u>	<u>3,225</u>	<u>1,029,134</u>
Excess of Receipts Over/ (Under) Disbursements	27,667	24,077	-	12,403	64,147
Other Financing Receipts/ (Disbursements):					
Transfers In	-	3,485	-	-	3,485
Transfers Out	(3,485)	-	-	-	(3,485)
	<u>(3,485)</u>	<u>3,485</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Receipts/ (Disbursements)	<u>(3,485)</u>	<u>3,485</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Cash Balances	24,182	27,562	-	12,403	64,147
Fund Cash Balances, January 1	1,368,141	710,212	50,000	161,968	2,290,321
	<u>1,368,141</u>	<u>710,212</u>	<u>50,000</u>	<u>161,968</u>	<u>2,290,321</u>
Fund Cash Balances, December 31					
Nonspendable	-	-	-	100,000	100,000
Restricted	-	432,426	50,000	74,371	556,797
Committed	-	305,348	-	-	305,348
Unassigned	1,392,323	-	-	-	1,392,323
	<u>1,392,323</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,392,323</u>
Fund Cash Balances, December 31	<u>\$ 1,392,323</u>	<u>\$ 737,774</u>	<u>\$ 50,000</u>	<u>\$ 174,371</u>	<u>\$ 2,354,468</u>

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

**GRANVILLE PUBLIC LIBRARY
LICKING COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Permanent</u>	
Cash Receipts:					
Public Library	\$ 590,528	\$ -	\$ -	\$ -	\$ 590,528
Intergovernmental	415,942	-	-	-	415,942
Patron Fines and Fees	24,558	-	-	-	24,558
Contributions, Gifts and Donations	23,640	470	-	-	24,110
Earnings on Investments	1,830	64,200	-	26,981	93,011
	<u>1,056,498</u>	<u>64,670</u>	<u>-</u>	<u>26,981</u>	<u>1,148,149</u>
Total Cash Receipts					
	<u>1,056,498</u>	<u>64,670</u>	<u>-</u>	<u>26,981</u>	<u>1,148,149</u>
Cash Disbursements:					
Current:					
Library Services	452,028	-	-	-	452,028
Employee Fringe Benefits	112,033	-	-	-	112,033
Purchased and Contractual Services	209,086	-	-	-	209,086
Library Materials and Information	116,970	-	-	-	116,970
Supplies	24,298	-	-	-	24,298
Other	2,404	-	-	-	2,404
Transportation	119,297	-	-	-	119,297
Investment Service Charges	-	1,717	-	2,886	4,603
	<u>-</u>	<u>1,717</u>	<u>-</u>	<u>2,886</u>	<u>4,603</u>
Total Cash Disbursements	<u>1,036,116</u>	<u>1,717</u>	<u>-</u>	<u>2,886</u>	<u>1,040,719</u>
Excess of Receipts Over/ (Under) Disbursements	20,382	62,953	-	24,095	107,430
Other Financing Receipts/ (Disbursements):					
Transfers In	-	5,482	-	-	5,482
Transfers Out	(5,482)	-	-	-	(5,482)
	<u>(5,482)</u>	<u>5,482</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Receipts/ (Disbursements)	<u>(5,482)</u>	<u>5,482</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Cash Balances	14,900	68,435	-	24,095	107,430
Fund Cash Balances, January 1	<u>1,353,241</u>	<u>641,777</u>	<u>50,000</u>	<u>137,873</u>	<u>2,182,891</u>
Fund Cash Balances, December 31					
Nonspendable	-	-	-	100,000	100,000
Restricted	-	405,378	50,000	61,968	517,346
Committed	-	304,834	-	-	304,834
Unassigned	1,368,141	-	-	-	1,368,141
	<u>1,368,141</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,368,141</u>
Fund Cash Balances, December 31	<u>\$ 1,368,141</u>	<u>\$ 710,212</u>	<u>\$ 50,000</u>	<u>\$ 161,968</u>	<u>\$ 2,290,321</u>

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

**GRANVILLE PUBLIC LIBRARY
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013**

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, (the Library) as a body corporate and politic. The Board appoints a nine-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. Accounting Basis

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.

C. 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. Certificates of deposits are valued at cost. The Licking County Foundation is an investment pool, which allows entities within the County to pool their funds for investment purposes. Investments in the Licking County Foundation are valued at the share price, which is the price the investment could be sold for on December 31, 2014 and 2013.

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 and reports all financial resources not accounted for and reported in another fund.

2. 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:

Gift Fund - This fund receives contributions and donations restricted for specified purposes.

Board Decision Fund - This fund is used to handle public money that the Board wants to invest for long term purposes.

**GRANVILLE PUBLIC LIBRARY
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Capital Projects 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 Project Fund:

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

4. Permanent Funds

These funds account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs (for the benefit of the government or its citizenry). The Library had the following significant Permanent Fund:

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

E. Budgetary Process

The Board must annually approve appropriation measures and subsequent amendments. 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 2014 and 2013 budgetary activity appears in Note 3.

F. 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:

1. Nonspendable

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

2. 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.

3. Committed

Trustees can *commit* amounts via formal action (resolution). The Library must adhere to these commitments unless the Trustees amend 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.

**GRANVILLE PUBLIC LIBRARY
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4. 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 Library Trustees or a Library official delegated that authority by resolution, or by State Statute.

5. 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.

G. Property, Plant, and Equipment

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

H. 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.

2. EQUITY IN POOLED CASH

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:

	2014	2013
Demand deposits	\$ 379,009	\$ 356,619
Certificates of deposit	1,368,662	1,366,356
Total deposits	1,747,671	1,722,975
Licking County Foundation	606,797	567,346
Total investments	606,797	567,346
Total deposits and investments	\$ 2,354,468	\$ 2,290,321

Deposits: Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by securities specifically pledged by the financial institution's public entity deposit pool.

Investments: Investments in Licking County Foundation are not evidenced by securities that exist in physical or book-entry form.

**GRANVILLE PUBLIC LIBRARY
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2014 and 2013 follows:

2014 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 1,777,699	\$ 1,051,656	\$ (726,043)
Special Revenue	-	29,482	29,482
Permanent	-	15,628	15,628
Total	<u>\$ 1,777,699</u>	<u>\$ 1,096,766</u>	<u>\$ (680,933)</u>

2014 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 1,062,900	\$ 1,027,474	\$ 35,426
Special Revenue	19,600	1,920	17,680
Permanent	-	3,225	(3,225)
Total	<u>\$ 1,082,500</u>	<u>\$ 1,032,619</u>	<u>\$ 49,881</u>

2013 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 1,814,685	\$ 1,056,498	\$ (758,187)
Special Revenue	-	70,152	70,152
Permanent	-	26,981	26,981
Total	<u>\$ 1,814,685</u>	<u>\$ 1,153,631</u>	<u>\$ (661,054)</u>

2013 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 1,141,400	\$ 1,041,598	\$ 99,802
Special Revenue	16,800	1,717	15,083
Permanent	-	2,886	(2,886)
Total	<u>\$ 1,158,200</u>	<u>\$ 1,046,201</u>	<u>\$ 111,999</u>

**GRANVILLE PUBLIC LIBRARY
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013**

4. GRANTS-IN-AID AND TAX RECEIPTS

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. This method of distribution is called the "percentage of revenue" method. This method was not used for August 2011 through June 2013. During that 23 month period PLF received a designated percentage of the dollar amounts received by the fund during the corresponding month of the fiscal year 2011 "base-year" period. Effective July 2013 the statutory allocation method reverted to the "percentage of revenue" method for PLF distribution. The fund received an amount equal to a specified percentage of the amount of GRF tax revenue received during the previous month. Beginning with the July 2013 distribution the "statutory allocation method" was implemented. The calendar year 2013 entitlements were used in the computation as the basis of each county's allocation percentage. Those percentages were used through December 2013. In December 2013 the actual calendar year entitlement was computed. Any difference was adjusted evenly to the PLF distributions from January-June 2014. In calendar year 2014 the statutory entitlement computation method continued. Estimated entitlement figures were issued to County Auditors in July 2013, December 2013 and June 2014. The actual 2014 entitlements will be computed in December 2014. The difference between the estimate and actual will be adjusted evenly in the PLF distributions made from January-June 2015.

5. RETIREMENT SYSTEM

Retirement Rates	Years	Member Rate	Employer Rate
PERS – Local	2013 - 2014	10%	14%

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. For 2014 and 2013, 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, 2014.

6. RISK MANAGEMENT

Commercial Insurance

The Library has obtained commercial insurance for the following risks:

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

**GRANVILLE PUBLIC LIBRARY
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013**

7. FUND BALANCES

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Library is bound to observe constraints imposed upon the use of the resources in the governmental funds. The constraints placed on the fund balance for the governmental funds are presented below:

December 31, 2014

Fund Balances	General Fund	Special Revenue	Capital Projects	Permanent	Total
<i>Nonspendable</i>					
Endowment	\$ -	\$ -	\$ -	\$ 100,000	\$ 100,000
<i>Total Nonspendable</i>	-	-	-	100,000	100,000
<i>Restricted for</i>					
Spendable from Endowment	-	-	-	74,371	74,371
Gift	-	432,426	-	-	432,426
Capital Projects	-	-	50,000	-	50,000
<i>Total Restricted</i>	-	432,426	50,000	74,371	556,797
<i>Committed to</i>					
Board Decision	-	305,348	-	-	305,348
<i>Total Committed</i>	-	305,348	-	-	305,348
<i>Unassigned</i>	1,392,323	-	-	-	1,392,323
<i>Total Fund Balances</i>	<u>\$ 1,392,323</u>	<u>\$ 737,774</u>	<u>\$ 50,000</u>	<u>\$ 174,371</u>	<u>\$ 2,354,468</u>

December 31, 2013

Fund Balances	General Fund	Special Revenue	Capital Projects	Permanent	Total
<i>Nonspendable</i>					
Endowment	\$ -	\$ -	\$ -	\$ 100,000	\$ 100,000
<i>Total Nonspendable</i>	-	-	-	100,000	100,000
<i>Restricted for</i>					
Spendable from Endowment	-	-	-	61,968	61,968
Gift	-	405,378	-	-	405,378
Capital Projects	-	-	50,000	-	50,000
<i>Total Restricted</i>	-	405,378	50,000	61,968	517,346
<i>Committed to</i>					
Board Decision	-	304,834	-	-	304,834
<i>Total Committed</i>	-	304,834	-	-	304,834
<i>Unassigned</i>	1,368,141	-	-	-	1,368,141
<i>Total Fund Balances</i>	<u>\$ 1,368,141</u>	<u>\$ 710,212</u>	<u>\$ 50,000</u>	<u>\$ 161,968</u>	<u>\$ 2,290,321</u>

8. CHANGE IN ACCOUNTING PRINCIPLE

During 2013, the Library implemented Governmental Accounting Standards Board (GASB) Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." GASB Statement No. 54 enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a governmental is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The implementation of GASB Statement No. 54 had no effect on the fund balance of the Library's funds.



Balestra, Harr & Scherer, CPAs, Inc.

Accounting, Auditing and Consulting Services for Federal, State and Local Governments

www.bhscpas.com

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by *Government Auditing Standards*

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

To the Board of Trustees:

We have audited, in accordance with the auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of Granville Public Library, Licking County, (the Library) as of and for the years ended December 31, 2014 and 2013 and the related notes to the financial statements, and have issued our report thereon dated February 19, 2016, wherein we noted the Library followed financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), described in Note 1. We also noted the Library adopted new accounting guidance in Governmental Accounting Standards Board Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

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 opinion 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.

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 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. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2014-001 to be a material weakness.

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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Entity's Response to Findings

The Library's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the Library's response and, accordingly, we express no opinion on it

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 communication is not suitable for any other purpose.

Balestra, Harr & Scherer, CPAs

Balestra, Harr & Scherer, CPAs, Inc.

Worthington, Ohio

February 19, 2016

**Granville Public Library
Licking County
Schedule of Findings
December 31, 2014 and 2013**

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

FINDING NUMBER	2014-001
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MATERIAL WEAKNESS

The Fiscal Officer did not prepare accurate monthly reconciliations of bank balances to book balances. The bank reconciliation did not correctly detail the Library's bank balance throughout 2013 and 2014. Furthermore, adjustments to the amount of outstanding checks as of December 31, 2014 were required. The lack of proper reconciliations among the bank statements, cashbook and ledgers could result in numerous errors.

The Library did not properly clarify their investment intents and fund balance allocations in any formal policies and procedures. The Library also did not have a formal accounting system which properly allocated funds as required. This resulted in issues in properly allocating and reporting fund balances in accordance with GASB Statement No. 54.

We recommend the Fiscal Officer prepare detailed bank reconciliations that include all bank account balances being reconciled to total fund balances. Copies of bank reconciliations should be presented to the Board of Trustees for the Trustee's review and use in managing the Library. Other reconciling items should be traced down and identified accurately.

We also recommend that the Library develop policies and clarify the investment intent for all funds in formal policies and procedures and then report such information accordingly. We recommend that the Library consider implementing an accounting system which will enable them to properly record activity by fund and properly allocate fund balances.

Management's Response – The Library has addressed all of the above issues by hiring a consultant to assist in the bank reconciliations, by hiring a new fiscal officer in August of 2015, by passing resolutions establishing fund balance policies and clarifying investment intent and by converting their accounting system to the Uniform Accounting Network (UAN) as of the beginning of 2016.



Dave Yost • 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
APRIL 26, 2016**