



bhm cpa group, inc.
CERTIFIED PUBLIC ACCOUNTANTS

THE LIBRARY OF WAGNALLS MEMORIAL FOUNDATION
FAIRFIELD COUNTY

REGULAR AUDIT

For the Years Ended December 31, 2016 and 2015
Fiscal Years Audited Under GAGAS: 2016 and 2015



Dave Yost • Auditor of State

Members of the Board
Library of Wagnall's Memorial
150 E Columbus St
Lithopolis, OH 43136

We have reviewed the *Independent Auditor's Report* of the Library of Wagnall's Memorial, Fairfield County, prepared by BHM CPA Group, Inc., for the audit period January 1, 2015 through December 31, 2016. 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 Library of Wagnall's Memorial 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 10, 2017

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The Library of Wagnalls Memorial Foundation
Fairfield County, Ohio
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For the Fiscal Years Ended 2016 and 2015

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Independent Auditor's Report

Library of Wagnall's Memorial
Fairfield County
150 East Columbus Street
Lithopolis, Ohio 43136

To the Board of Directors:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balance, receipts, and disbursements by fund type and related notes of the Library of Wagnall's Memorial, Fairfield County, (the Library), as of and for the years ended December 31, 2016 and 2015.

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, to satisfy 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, 2016 and 2015, 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 the Library of Wagnall's Memorial, Franklin County, as of December 31, 2016 and 2015, 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 30, 2017, on our consideration of the Library's internal control over financial reporting and on 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 Standard* in considering the Library's internal control over financial reporting and compliance.



BHM CPA Group, Inc.
Columbus, Ohio
May 30, 2017

**THE LIBRARY OF WAGNALLS MEMORIAL FOUNDATION
FAIRFIELD COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2016 and 2015**

	2016	2015
Cash Receipts:		
Public Library	\$ 307,968	\$ 307,572
Patron Fines and Fees	9,271	18,222
Contributions, Gifts and Donations	1,662	10,664
Earnings on Investments	326	354
Miscellaneous	1,490	181
Total Cash Receipts	320,717	336,993
Cash Disbursements:		
Current:		
Library Services		
Public Services and Programs	98,371	122,733
Collection Development and Processing	87,129	88,372
Support Services		
Facilities Operation and Maintenance	79,624	65,262
Information Services	2,389	5,002
Business Administration	47,866	44,720
Debt Service:		
Principal Retirement	-	17,265
Total Cash Disbursements	315,379	343,354
Excess of Receipts Over/ (Under) Disbursements	5,338	(6,361)
Other Financing Receipts/ (Disbursements):		
Other Financing Sources	16,026	-
Total Other Financing Receipts/ (Disbursements)	16,026	-
Net Change in Fund Cash Balances	21,364	(6,361)
Fund Cash Balances, January 1	47,554	53,915
Fund Cash Balances, December 31		
Nonspendable	-	-
Assigned	608	2,580
Unassigned	68,310	44,974
Fund Cash Balances, December 31	\$ 68,918	\$ 47,554

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

The Library of Wagnalls Memorial Foundation
Fairfield County
Notes to the Financial Statements
For the Year Ended December 31, 2016 and 2015

1. Summary of Significant Accounting Policies

A. Description of the Entity

The Wagnalls Memorial Foundation is a not-for-profit organization with a self-appointing board. The Wagnalls Memorial Foundation operates several philanthropic activities in Lithopolis, OH including a library.

The accompanying financial statement presents only the cash transactions and balances of the Wagnalls Memorial Library and does not include the cash transactions or balances of the Foundation.

The Foundation's management believes this financial statement presents all activities related to the Library.

B. Accounting Basis

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.

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Deposits and Investments

The Foundation values certificates of deposit at cost. Money market funds are recorded at share values.

D. Fund Accounting

The Foundation records all activity in one fund.

E. Budgetary Process

Although not required by the Ohio Revised Code or by the Foundation By-Laws, the Foundation budgets for its fund annually. The Board annually approves estimated resources, appropriation measures and subsequent amendments.

Appropriations lapse at year end. Budgetary expenditures may not exceed appropriations at the fund and function level of control without prior approval of the Board.

A summary of 2016 and 2015 budgetary activity appears in Note 3.

F. Property, Plant, and Equipment

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

The Library of Wagnalls Memorial Foundation
Fairfield County
Notes to the Financial Statements
For the Year Ended December 31, 2016 and 2015

1. Summary of Significant Accounting Policies (Continued)

G. 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. Deposits and Investments

The Library maintains a deposit and investments pool that all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at December 31, 2016 and 2015 was as follows:

	2016	2015
Demand Deposits	\$ 42,230	\$ 21,153
Certificated of Deposit	<u>26,505</u>	<u>26,226</u>
Total Deposits	<u>68,735</u>	<u>47,379</u>
Cash on Hand/In Transit	<u>183</u>	<u>175</u>
Total Deposits and Investments	<u>\$ 68,918</u>	<u>\$ 47,554</u>

Deposits: Deposits are insured by the Federal Depository Insurance Corporation.

3. Budgetary Activity

Budgetary activity for the year ending December 31, 2016 and 2015 follows:

2016 Budgeted vs. Actual Receipts			
	Budgeted		
Fund Type	Receipts	Actual Receipts	Variance
General	\$ 310,430	\$ 336,743	\$ 26,313
Total	<u>\$ 310,430</u>	<u>\$ 336,743</u>	<u>\$ 26,313</u>

2016 Budgeted vs. Actual Budgetary Basis Expenditures			
	Appropriation	Budgetary	
Fund Type	Authority	Expenditures	Variance
General	\$ 332,201	\$ 315,379	\$ 16,822
Total	<u>\$ 332,201</u>	<u>\$ 315,379</u>	<u>\$ 16,822</u>

The Library of Wagnalls Memorial Foundation
Fairfield County
Notes to the Financial Statements
For the Year Ended December 31, 2016 and 2015

3. Budgetary Activity (Continued)

2015 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 315,968	\$ 336,993	\$ 21,025
Total	\$ 315,968	\$ 336,993	\$ 21,025

2015 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 315,803	\$ 343,354	\$ (27,551)
Total	\$ 315,803	\$ 343,354	\$ (27,551)

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. The County Budget Commission bases the amount for distribution on the needs of such library for the construction of new library buildings, parts of buildings, improvements, operation, maintenance, or other expenses. The County Budget Commission cannot reduce its allocation of these funds to the Library based on any additional revenues the Library receives.

5. Retirement Systems

Law covers all employees under Social Security and Medicare with contributions from both the employee and employer (the Foundation). Employees are eligible for a tax-sheltered savings plan under a 403(b) plan. The Foundation has authorized monthly payroll deductions for those employees eligible and desiring to participate in the Plan. Deferred Compensation allows an employee to reduce taxable income while setting aside savings for retirement. These funds are invested in a number of financial instruments at the direction of the employee. The Foundation provides a match of 2.25% based upon monthly gross wages.

Eligible employees may also elect to have the cost of dental insurance deducted from their payroll. Eligible part-time employees pay half of the premium and full-time employees are covered at no additional cost.

The Foundation provides life insurance for those employees who are eligible. Eligibility is based upon the number of weekly hours worked.

The Library of Wagnalls Memorial Foundation
Fairfield County
Notes to the Financial Statements
For the Year Ended December 31, 2016 and 2015

6. Risk Management

Commercial Insurance

The Library has obtained commercial insurance for the following risks:

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

7. Leases

The Library leases computers and copiers under noncancelable leases. The Library disbursed \$5,284 to pay lease costs for the year ended December 31, 2016.



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

Library of Wagnall's Memorial
Fairfield County
150 East Columbus Street
Lithopolis, Ohio 43136

To the Board of Directors:

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 the cash balances, receipts, and disbursements by fund type the Library of Wagnall's Memorial, Fairfield County, (the Library) as of and for the years ended December 31, 2016 and 2015 and the related notes to the financial statements, and have issued our report thereon dated May 30, 2017, wherein we noted the Library followed financial reporting provisions that Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 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 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. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

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*.

Purpose of this Report

This report only describes the scope of our internal control testing 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.

BHM CPA Group

BHM CPA Group, Inc.
Columbus, Ohio
May 30, 2017



Dave Yost • Auditor of State

LIBRARY OF WAGNALLS MEMORIAL FOUNDATION

FAIRFIELD 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 20, 2017