

**GREENVILLE PUBLIC LIBRARY
DARKE COUNTY, OHIO**

**FINANCIAL STATEMENTS
(AUDITED)**

**FOR THE YEARS ENDED
DECEMBER 31, 2014 AND 2013**

SUSAN HALLEY, 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, 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 Greenville Public Library is responsible for compliance with these laws and regulations.

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Dave Yost
Auditor of State

June 22, 2015

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**GREENVILLE PUBLIC LIBRARY
DARKE COUNTY, OHIO**

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Julian & Grube, Inc.

Serving Ohio Local Governments

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Independent Auditor's Report

Greenville Public Library
Darke County
520 Sycamore Street
Greenville, Ohio 45331

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of the Greenville Public Library, Darke County, Ohio, 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 Greenville Public 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 Greenville Public 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 2 of the financial statements, the Greenville Public 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 Greenville Public 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 Greenville Public 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 the Greenville Public Library, Darke 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 2.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 22, 2015, 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. 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 Greenville Public Library's internal control over financial reporting and compliance.



Julian & Grube, Inc.
May 22, 2015

**GREENVILLE PUBLIC LIBRARY
DARKE COUNTY, OHIO**

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>		Total (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property and Other Local Taxes	\$ 364,864	\$ -	\$ 364,864
Public Library	654,174	-	654,174
Intergovernmental	53,685	-	53,685
Patron Fines and Fees	14,519	-	14,519
Contributions, Gifts, and Donations	29,824	-	29,824
Earnings on Investment	162	-	162
Miscellaneous	858	-	858
Total Cash Receipts	<u>1,118,086</u>	<u>-</u>	<u>1,118,086</u>
Cash Disbursements			
Current:			
Library Services	975,628	-	975,628
Debt service:			
Principal Retirement	136,054	-	136,054
Interest & Fiscal Charges	21,946	-	21,946
Total Cash Disbursements	<u>1,133,628</u>	<u>-</u>	<u>1,133,628</u>
Net Change in Fund Cash Balances	(15,542)	-	(15,542)
Fund Cash Balances, January 1, 2014	<u>296,523</u>	<u>1,040</u>	<u>297,563</u>
Fund Cash Balances, December 31			
Restricted	-	1,040	1,040
Assigned	280,981	-	280,981
Fund Cash Balances, December 31, 2014	<u>\$ 280,981</u>	<u>\$ 1,040</u>	<u>\$ 282,021</u>

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

**GREENVILLE PUBLIC LIBRARY
DARKE COUNTY, OHIO**

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

	Governmental Fund Types			Total (Memorandum Only)
	General	Special Revenue	Capital Projects	
Cash Receipts:				
Property and Other Local Taxes	\$ 360,827	\$ -	\$ -	\$ 360,827
Public Library	668,581	-	-	668,581
Intergovernmental	53,317	-	-	53,317
Patron Fines and Fees	14,549	-	-	14,549
Contributions, Gifts, and Donations	16,326	-	-	16,326
Earnings on Investment	283	-	25	308
Miscellaneous	1,873	-	-	1,873
Total Cash Receipts	<u>1,115,756</u>	<u>-</u>	<u>25</u>	<u>1,115,781</u>
Cash Disbursements				
Current:				
Library Services	892,739	-	-	892,739
Debt service:				
Principal Retirement	276,873	-	-	276,873
Interest & Fiscal Charges	31,127	-	-	31,127
Total Cash Disbursements	<u>1,200,739</u>	<u>-</u>	<u>-</u>	<u>1,200,739</u>
Excess of Receipts Over/(Under) Disbursements	<u>(84,983)</u>	<u>-</u>	<u>25</u>	<u>(84,958)</u>
Other Financing Receipts (Disbursements)				
Operating transfers in	197,321	-	-	197,321
Operating transfers out	-	-	(197,321)	(197,321)
Total Other Financing Receipts (Disbursements)	<u>197,321</u>	<u>-</u>	<u>(197,321)</u>	<u>-</u>
Net Change in Fund Cash Balances	112,338	-	(197,296)	(84,958)
Fund Cash Balances, January 1, 2013	<u>184,185</u>	<u>1,040</u>	<u>197,296</u>	<u>382,521</u>
Fund Cash Balances, December 31				
Restricted	-	1,040	-	1,040
Assigned	296,523	-	-	296,523
Fund Cash Balances, December 31, 2013	<u>\$ 296,523</u>	<u>\$ 1,040</u>	<u>\$ -</u>	<u>\$ 297,563</u>

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

**GREENVILLE PUBLIC LIBRARY
DARKE COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

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. 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.

B. 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.

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

**GREENVILLE PUBLIC LIBRARY
DARKE COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

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

Special Revenue Fund Type

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 Special Revenue funds:

Finnarn Fund - This fund received 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 2014 and 2013.

Capital Project Fund Type

These funds are used to account for and report financial resources that are restricted, committed or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Library had the following Capital Project fund:

Building and Repair Fund - The Library utilizes this fund to accumulate funds for the construction and repair of facilities and retirement of notes related to the facilities. There was no activity in 2014.

D. BUDGETARY PROCESS

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

A summary of 2014 and 2013 budgetary activity appears in Note 4.

E. 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.

**GREENVILLE PUBLIC LIBRARY
DARKE COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

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

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.

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.

F. 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.

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.

**GREENVILLE PUBLIC LIBRARY
DARKE COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

NOTE 3 - EQUITY IN POOLED DEPOSITS AND INVESTMENTS

The Library maintains a deposit and investments pool of all funds used. 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	\$ 282,021	\$ 297,563

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

NOTE 4 - BUDGETARY ACTIVITY

Budgetary activity for the year ending December 31, 2014 follows:

2014 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 1,068,649	\$ 1,118,086	\$ 49,437
Special Revenue	-	-	-
Total	\$ 1,068,649	\$ 1,118,086	\$ 49,437

2014 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 1,361,884	\$ 1,133,628	\$ 228,256
Special Revenue	1,040	-	1,040
Total	\$ 1,362,924	\$ 1,133,628	\$ 229,296

**GREENVILLE PUBLIC LIBRARY
DARKE COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

NOTE 4 - BUDGETARY ACTIVITY - (Continued)

Budgetary activity for the year ending December 31, 2013 follows:

2013 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 1,060,860	\$ 1,313,077	\$ 252,217
Special Revenue	-	-	-
Capital Projects	-	25	25
Total	\$ 1,060,860	\$ 1,313,102	\$ 252,242

2013 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 1,245,046	\$ 1,200,739	\$ 44,307
Special Revenue	1,040	-	1,040
Capital Projects	197,299	197,321	(22)
Total	\$ 1,443,385	\$ 1,398,060	\$ 45,325

NOTE 5 - 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.

**GREENVILLE PUBLIC LIBRARY
DARKE COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

NOTE 5 - GRANTS-IN-AID AND TAX RECEIPTS - (Continued)

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

Public utilities are also taxed on personal and real property located within the taxing district.

Property owners assess tangible personal property tax. These owners must file a list of tangible property to the County by each April 30.

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

NOTE 6 - DEBT

At December 31, 2014 and 2013, debt obligations consisted of the following issuance:

<u>Description</u>	<u>Balance at 12/31/14</u>	<u>Balance at 12/31/13</u>
2012 Farmers National Bank Library Renovation Project loan (refinance), due in monthly installments of \$8,879 originally through 2023, bearing an interest rate of 4.01%. Payments are made out of the general fund.	<u>\$ 457,625</u>	<u>\$ 593,679</u>

Transactions for the years ended December 31, 2014 and 2013 are summarized as follows:

	<u>01/01/14</u>	<u>Proceeds</u>	<u>Payments</u>	<u>12/31/14</u>
Library Renovation Loan (2012)	<u>\$ 593,679</u>	<u>\$ -</u>	<u>\$ (136,054)</u>	<u>\$ 457,625</u>
	<u>01/01/13</u>	<u>Proceeds</u>	<u>Payments</u>	<u>12/31/13</u>
Library Renovation Loan (2012)	<u>\$ 870,552</u>	<u>\$ -</u>	<u>\$ (276,873)</u>	<u>\$ 593,679</u>

**GREENVILLE PUBLIC LIBRARY
DARKE COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

NOTE 6 - DEBT - (Continued)

Principal and interest requirements to retire outstanding debt obligations at December 31, 2014 are as follows:

Year Ending	Library Renovation Loan		
December 31,	Principal	Interest	Total
2015	\$ 89,950	\$ 16,593	\$ 106,543
2016	93,468	13,075	106,543
2017	97,325	9,218	106,543
2018	101,300	5,243	106,543
2019	75,582	1,224	76,806
Total	\$ 457,625	\$ 45,353	\$ 502,978

NOTE 7 - RETIREMENT SYSTEM

Retirement Rates	Year	Member Rate	Employer Rate
PERS - Local	2014 - 2013	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.

NOTE 8 - RISK MANAGEMENT

Commercial Insurance

The Library has obtained commercial insurance for the following risks:

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

**GREENVILLE PUBLIC LIBRARY
DARKE COUNTY, OHIO**

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

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.



Julian & Grube, Inc.

Serving Ohio Local Governments

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

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

Greenville Public Library
Darke County
520 Sycamore Street
Greenville, Ohio 45331

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Greenville Public Library, Darke County, Ohio 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 May 22, 2015, wherein we noted the Greenville Public Library followed financial reporting provisions 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 Greenville Public 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 Greenville Public Library's internal control. Accordingly, we have not opined on it.

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Greenville Public 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. We consider finding 2014-001 described in the accompanying schedule of findings and responses to be a material weakness.

Board of Trustees
Greenville Public Library

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, 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 and compliance testing and our testing results, and does not opine on the effectiveness of the Greenville Public Library's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Greenville Public Library's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Julian & Grube, Inc.".

Julian & Grube, Inc.
May 22, 2015

**GREENVILLE PUBLIC LIBRARY
DARKE COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2014 AND 2013**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS	
Finding Number	2014-001

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:

- i.* The Library did not record the real estate tax receipts at gross. Rather, the Library recorded the net amount received per the settlement statements. In order to properly record the full amount received, the Library should "gross up" receipts for the full amount levied and collected and simultaneously record amounts as expended for the auditor and treasurer fees. Further, homestead and rollback was recorded in tax receipts instead of intergovernmental receipts. The following adjustments were made to the audited financial statements:

2014

General fund: Decrease tax receipts \$53,685, increase intergovernmental receipts \$53,685, increase library services disbursements \$9,063, increase tax receipts \$9,063.

2013

General fund: Decrease tax receipts \$53,317, increase intergovernmental receipts \$53,317, increase library services disbursements \$4,241, increase tax receipts \$4,241.

- ii.* The Library did not record its principal debt payment separately from interest disbursements. The following adjustments were made to the audited financial statements:

2014

General fund: Decrease principal retirement disbursements \$21,946, increase interest and fiscal charges disbursements \$21,946.

2013

General fund: Decrease principal retirement disbursements \$31,127, increase interest and fiscal charges disbursements \$31,127.

**GREENVILLE PUBLIC LIBRARY
DARKE COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2014 AND 2013**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)	
Finding Number	2014-001 - (Continued)

iii. The Library recorded various disbursements as contingencies disbursements instead of the proper disbursement classification. The following adjustments were made to the audited financial statements for the year ended December 31, 2013:

General fund: Decrease contingencies disbursements \$13,244, increase principal retirement disbursements \$3,000 and increase library services disbursements \$10,244.

iv. The Library recorded various receipts to an agency fund instead, these transactions should have been recorded as a reduction of expenditure or as a miscellaneous receipt to the general fund. The following adjustments were made to the audited financial statements:

2014

Agency fund: Decrease miscellaneous operating cash receipts \$2,258, decrease miscellaneous non-operating receipts \$33.

General fund: Increase miscellaneous receipts \$85, decrease library services disbursements \$2,206.

2013

Agency fund: Decrease miscellaneous operating cash receipts \$3,011.

General fund: Decrease library services disbursements \$3,011.

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

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

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 and Board of Trustees should review postings each month and again at the end of the fiscal year to verify 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.

**GREENVILLE PUBLIC LIBRARY
DARKE COUNTY, OHIO**

**STATUS OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2014 AND 2013**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2012-GPL-001	<u>Material Weakness - Financial Reporting</u> - Misstatements in the financial statements for the years under audit were not initially identified by the Library's internal controls.	No	Repeated as finding 2014-001



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 2, 2015**