



Dave Yost • Auditor of State

ALEXANDRIA PUBLIC LIBRARY
LICKING COUNTY

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Alexandria Public Library
Licking County
P.O. Box 67
10 Maple Drive
Alexandria, Ohio, 43001

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of Alexandria Public Library, Licking County, Ohio (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 opinions.

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 cash balances of Alexandria Public Library, Licking County, Ohio as of December 31, 2014 and 2013, and its 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 September 8, 2015, 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.



Dave Yost
Auditor of State
Columbus, Ohio

September 8, 2015

**ALEXANDRIA PUBLIC LIBRARY
LICKING COUNTY**

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

	General	Capital Projects	Totals (Memorandum Only)
Cash Receipts			
Public Library	\$ 241,358	\$ -	\$ 241,358
Patron Fines and Fees	4,153	-	4,153
Contributions, Gifts and Donations	80	-	80
Earnings on Investments	418	-	418
Miscellaneous	7,000	-	7,000
<i>Total Cash Receipts</i>	<u>253,009</u>	<u>-</u>	<u>253,009</u>
Cash Disbursements			
Current:			
Library Services	286,064	-	286,064
Capital Outlay	-	48,184	48,184
<i>Total Cash Disbursements</i>	<u>286,064</u>	<u>48,184</u>	<u>334,248</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(33,055)</u>	<u>(48,184)</u>	<u>(81,239)</u>
Other Financing Receipts (Disbursements)			
Sale of Capital Assets	141	-	141
Transfers In	-	5,522	5,522
Transfers Out	(5,522)	-	(5,522)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(5,381)</u>	<u>5,522</u>	<u>141</u>
<i>Net Change in Fund Cash Balances</i>	<u>(38,436)</u>	<u>(42,662)</u>	<u>(81,098)</u>
<i>Fund Cash Balances, January 1</i>	<u>475,997</u>	<u>73,153</u>	<u>549,150</u>
Fund Cash Balances, December 31			
Assigned	61,433	30,491	91,924
Unassigned (Deficit)	376,128	-	376,128
<i>Fund Cash Balances, December 31</i>	<u>\$ 437,561</u>	<u>\$ 30,491</u>	<u>\$ 468,052</u>

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

**ALEXANDRIA PUBLIC LIBRARY
LICKING COUNTY**

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

	General	Capital Projects	Totals (Memorandum Only)
Cash Receipts			
Public Library	\$ 246,054	\$ -	\$ 246,054
Patron Fines and Fees	5,665	-	5,665
Contributions, Gifts and Donations	182	-	182
Earnings on Investments	136	-	136
Miscellaneous	1,779	-	1,779
<i>Total Cash Receipts</i>	<u>253,816</u>	<u>-</u>	<u>253,816</u>
Cash Disbursements			
Current:			
Library Services	283,142	-	283,142
Capital Outlay	-	16,211	16,211
<i>Total Cash Disbursements</i>	<u>283,142</u>	<u>16,211</u>	<u>299,353</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(29,326)</u>	<u>(16,211)</u>	<u>(45,537)</u>
Other Financing Receipts			
Sale of Capital Assets	578	-	578
<i>Total Other Financing Receipts (Disbursements)</i>	<u>578</u>	<u>-</u>	<u>578</u>
<i>Net Change in Fund Cash Balances</i>	(28,748)	(16,211)	(44,959)
<i>Fund Cash Balances, January 1</i>	<u>504,745</u>	<u>89,364</u>	<u>594,109</u>
Fund Cash Balances, December 31			
Assigned	52,441	73,153	125,594
Unassigned (Deficit)	423,556	-	423,556
<i>Fund Cash Balances, December 31</i>	<u>\$ 475,997</u>	<u>\$ 73,153</u>	<u>\$ 549,150</u>

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

**ALEXANDRIA 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 Alexandria Public Library, Licking County, Ohio (the Library) as a body corporate and politic. Northridge Local School District appoints a seven-member Board of Trustees to govern the Library. The Library provides the community with various educational and literary resources.

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

B. 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.

Money market mutual funds (including STAR Ohio) are recorded at share values the mutual funds report.

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.

ALEXANDRIA PUBLIC LIBRARY
LICKING COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)

1. **Summary of Significant Accounting Policies (Continued)**

D. Fund Accounting (Continued)

4. Capital Projects Fund

This fund accounts for and reports 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:

Capital Improvements Fund – This fund is used for capital improvements and acquisitions.

E. 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 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.

**ALEXANDRIA PUBLIC LIBRARY
LICKING COUNTY**

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

1. Summary of Significant Accounting Policies (Continued)

F. Fund Balance (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 Deposits and Investments

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	\$453,045	\$280,168
STAR Ohio	15,007	268,982
Total deposits and investments	\$468,052	\$549,150

Deposits: Deposits are insured by the Federal Depository Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Library.

Investments: Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

**ALEXANDRIA PUBLIC LIBRARY
LICKING COUNTY**

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

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	\$251,113	\$253,150	\$2,037
Capital Projects	0	5,522	5,522
Total	\$251,113	\$258,672	\$7,559

2014 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$303,554	\$291,586	\$11,968
Capital Projects	51,000	48,184	2,816
Total	\$354,554	\$339,770	\$14,784

2013 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$256,318	\$254,394	(\$1,924)
Capital Projects	0	0	0
Total	\$256,318	\$254,394	(\$1,924)

2013 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$307,685	\$283,142	\$24,543
Capital Projects	36,000	16,211	19,789
Total	\$343,685	\$299,353	\$44,332

4. Grants-In-Aid

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.

**ALEXANDRIA PUBLIC LIBRARY
LICKING COUNTY**

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

4. Grants-In-Aid (Continued)

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 Systems

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.

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

Alexandria Public Library
Licking County
P.O. Box 67
10 Maple Drive
Alexandria, Ohio, 43001

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 Alexandria Public Library, Licking County, Ohio (the Library) as of and for the years ended December 31, 2014 and 2013 and the related notes to the financial statements, which collectively comprise the Library's basic financial statements and have issued our report thereon dated September 8, 2015 wherein we noted the 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 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 opinions 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 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.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping initial "D".

Dave Yost
Auditor of State
Columbus, Ohio

September 8, 2015



Dave Yost • Auditor of State

ALEXANDRIA 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
NOVEMBER 5, 2015**