



**Auditor of State
Betty Montgomery**

GRANVILLE LIBRARY
LICKING COUNTY

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**Auditor of State
Betty Montgomery**

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

To the Board of Trustees:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your Library to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

A handwritten signature in black ink that reads "Betty Montgomery".

Betty Montgomery
Auditor of State

August 19, 2005

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Trustees:

We have audited the accompanying financial statements of Granville Public Library, Licking County, Ohio, (the Library) as of and for the years ended December 31, 2004 and 2003. These financial statements are the responsibility of the Library's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Library has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Revisions to GAAP would require the Library to reformat its financial statement presentation and make other changes effective for the year ended December 31, 2004. Instead of the combined funds the accompanying financial statements present for 2004 (and 2003), the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2004. While the Library does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Library has elected not to reformat its statements. Since this Library does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

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In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the year ended December 31, 2004 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Library as of December 31 2004, or its changes in financial position for the year then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Granville Public Library, Licking County, Ohio, as of December 31, 2004 and 2003, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Library to include Management's Discussion and Analysis for the year ended December 31, 2004. The Library has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 19, 2005, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



Betty Montgomery
Auditor of State

August 19, 2005

**GRANVILLE PUBLIC LIBRARY
LICKING COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2004**

	Governmental Fund Types			Fiduciary Fund Types		Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Expendable Trust	Non-Expendable Trust	
Cash Receipts:						
Other Government Grants-In-Aid	\$749,013	\$0	\$0	\$0	\$0	\$749,013
Patron Fines and Fees	22,200	0	0	0	0	22,200
Earnings on Investments	32,489	0	0	0	3,000	35,489
Contributions, Gifts and Donations	4,340	0	0	0	0	4,340
Miscellaneous Receipts	3,000	1,400	0	0	0	4,400
Total Cash Receipts	811,042	1,400	0	0	3,000	815,442
Cash Disbursements:						
Current:						
Salaries and Benefits	516,699	0	0	0	0	516,699
Purchased and Contracted Services	119,488	2,881	0	0	0	122,369
Other Objects	126,580	0	0	0	3,000	129,580
Capital Outlay	8,198	0	60,138	0	0	68,336
Total Cash Disbursements	770,965	2,881	60,138	0	3,000	836,984
Total Cash Receipts Over/(Under) Cash Disbursements	40,077	(1,481)	(60,138)	0	0	(21,542)
Other Financing Receipts/(Disbursements):						
Proceeds of Notes	0	0	4,957,155	0	0	4,957,155
Transfers-In	0	0	70,000	0	0	70,000
Transfers-Out	(70,000)	0	0	0	0	(70,000)
Total Other Financing Receipts/(Disbursements)	(70,000)	0	5,027,155	0	0	4,957,155
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(29,923)	(1,481)	4,967,017	0	0	4,935,613
Fund Cash Balances, January 1	426,332	9,108	745,129	115,000	106,000	1,401,569
Fund Cash Balances, December 31	\$396,409	\$7,627	\$5,712,146	\$115,000	\$106,000	\$6,337,182

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

**GRANVILLE PUBLIC LIBRARY
LICKING COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2003**

	Governmental Fund Types			Fiduciary Fund Types		Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Expendable Trust	Non-Expendable Trust	
Cash Receipts:						
Other Government Grants-In-Aid	\$744,358	\$0	\$0	\$0	\$0	\$744,358
Patron Fines and Fees	22,294	0	0	0	0	22,294
Earnings on Investments	31,469	0	0	0	3,000	34,469
Contributions, Gifts and Donations	17,567	0	0	0	0	17,567
Miscellaneous Receipts	3,000	4,200	0	0	0	7,200
Total Cash Receipts	818,688	4,200	0	0	3,000	825,888
Cash Disbursements:						
Current:						
Salaries and Benefits	503,924	0	0	0	0	503,924
Purchased and Contracted Services	125,906	3,347	0	0	0	129,253
Other Objects	135,292	0	0	0	3,000	138,292
Total Cash Disbursements	765,122	3,347	0	0	3,000	771,469
Total Cash Receipts Over/(Under) Cash Disbursements	53,566	853	0	0	0	54,419
Fund Cash Balances, January 1	372,766	8,255	745,129	115,000	106,000	1,347,150
Fund Cash Balances, December 31	\$426,332	\$9,108	\$745,129	\$115,000	\$106,000	\$1,401,569

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, 2004 AND 2003**

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, Ohio, (the Library) as a body corporate and politic. The Library is directed by a seven-member Board of Trustees. 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. Basis of Accounting

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

The Library's accounting basis includes investments as assets. Accordingly, the Library does not record investment purchases as disbursements or investment sales as receipts. The Library records gains or losses at the time of sale as receipts or disbursements, respectively.

The Library values certificates of deposit at cost. The Library also holds common stock that was donated to the Library. In the financial statements, the stock is reported at the market value at the time of donation. In Note 2, the market value of the stock is disclosed at December 31, 2004 and December 31, 2003.

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 all financial resources except those required to be accounted for in another fund.

2. Special Revenue Fund

This fund accounts for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Library had the following significant Special Revenue Fund:

Sinnett House – This fund received rental fees from the Granville Senior Citizens Association for use of the Sinnett House.

**GRANVILLE PUBLIC LIBRARY
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

3. Capital Projects Fund

This fund's accounts for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The Library had the following significant Capital Projects Fund:

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

4. Fiduciary Funds (Trust Funds)

Trust funds account for resources restricted by legally binding trust agreements. If the agreement requires the Library to maintain the corpus of the trust, the Library classifies the activity as a nonexpendable trust fund. The Library classifies other trust funds as expendable. The Library had the following significant Fiduciary Funds:

Mary Pabst Wilkin Expendable Trust Fund – This fund received a bequest for \$15,000 in 1997 for the purchase of books.

Elizabeth Jenkins Expendable Trust Fund – This fund received a bequest of \$100,000 in 2000 for procuring audio and musical cassettes useful to homebound persons and large print books for the visually impaired.

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

E. Budgetary Process

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

A summary of 2004 and 2003 budgetary activity appears in Note 3.

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.

**GRANVILLE PUBLIC LIBRARY
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	2004	2003
Demand deposits	\$214,027	\$235,569
Certificates of deposit	6,117,155	1,160,000
Total deposits	6,331,182	1,395,569
Donated Stock	6,000	6,000
Total deposits and investments	\$6,337,182	\$1,401,569

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

Investments: The donated common stock is held with the Library's financial institution. The financial institution maintains records identifying the Library as owner of these securities. The Library reported the stock at the market price at the time of donation. The current market price of the stock at December 31, 2004 and December 31, 2003 was \$109,962 and \$88,601, respectively.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2004 and December 31, 2003 follows:

2004 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$855,350	\$840,965	\$14,385
Special Revenue	9,106	2,881	6,225
Capital Projects	50,129	60,138	(10,009)
Non-Expendable Trust	3,000	3,000	-
Total	\$917,585	\$906,983	\$10,602

2003 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 832,087	\$ 765,122	\$66,965
Special Revenue	7,805	3,347	4,458
Capital Projects	129	-	129
Non-Expendable Trust	3,000	3,000	-
Total	\$ 843,021	\$ 771,469	\$71,552

**GRANVILLE PUBLIC LIBRARY
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

4. GRANTS-IN-AID

The primary source of revenue for Ohio public libraries is the State Library and Local Government Support Fund (LLGSF). The State allocates LLGSF to each county based on the county's prior intangibles tax of LLGSF revenues, and its population. The County Budget Commission allocates these funds to the Library based on its needs such as for the construction of new library buildings, improvements, operation, maintenance, or other expenses. The Budget Commission cannot reduce its allocation of these funds to the Library based on of any additional revenues the Library receives.

5. BOND LEVY AND LIBRARY EXPANSION

In November 2004, the electorate of Granville Exempted Village School District approved a bond issue for Library Expansion.

On, December 21, 2004 the Granville School District issued \$4,950,000 Notes in anticipation of \$5,175,000 in General Obligation Library Improvement Bonds to be issued in 2005. The School District is fully responsible for making principle and interest payments on the bonded debt.

Proceeds from the sale of the Notes are contributed to the Library's Building Fund, which operates as the Project Fund from which the moneys for project expenses are withdrawn. The proceeds, including interest earnings, can only be expended for the purposed expressed by the purpose clause of the Bond Resolution. The start of the Library Expansion is set for 2005.

6. RETIREMENT SYSTEM

The Ohio Public Employees Retirement System (OPERS) is a state operated, cost-sharing, multiple employer public employee retirement system. The Ohio Revised Code prescribes retirement benefits for vested employees who are eligible to retire based upon years of service. OPERS also provides survivor and disability benefits to vested employees as the Ohio Revised Code prescribes.

The Ohio Revised Code also prescribes contribution rates. The Library's OPERS members contributed 8.5 percent of their gross salaries. The Library contributed an amount equal to 13.55 percent of participants' gross salaries. The Library has paid all contributions required through December 31, 2004.

7. RISK MANAGEMENT

Commercial Insurance

The Granville Public Library has obtained commercial insurance for the following risks:

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

The Library also provides health, dental, and life insurance coverage to full-time and eligible part-time employees through a private carrier.



**Auditor of State
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' 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 the financial statements of the Granville Public Library, Licking County, Ohio, (the Library) as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated August 19, 2005, wherein we noted the Library follows the accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Library's internal control over financial reporting to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the Library's management dated August 19, 2005, we reported an other matter involving internal control over financial reporting we did not deem a reportable condition.

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, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*. In a separate letter to the Library's management dated August 19, 2005, we reported other matters related to noncompliance we deemed immaterial.

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We intend this report solely for the information and use of management and the Board of Trustees. It is not intended for anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

August 19, 2005



**Auditor of State
Betty Montgomery**

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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
NOVEMBER 22, 2005**