



bhm cpa group, inc.
CERTIFIED PUBLIC ACCOUNTANTS

GRANVILLE PUBLIC LIBRARY
LICKING COUNTY

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

OHIO AUDITOR OF STATE
KEITH FABER



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Columbus, Ohio 43215
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Board of Trustees
Granville Public Library
217 East Broadway Blvd.
Granville, Ohio 43023

We have reviewed the *Independent Auditor's Report* of the Granville Public Library, Licking County, prepared by BHM CPA Group, Inc., for the audit period January 1, 2021 through December 31, 2022. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Granville Public Library is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads 'Keith Faber'.

Keith Faber
Auditor of State
Columbus, Ohio

July 12, 2023

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Granville Public Library
Licking County, Ohio
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For the Years Ended December 31, 2022 and 2021

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INDEPENDENT AUDITOR'S REPORT

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

To the Board of Trustees:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of the Granville Public Library, Licking County, Ohio (the Library), which comprises the cash balances, receipts and disbursements for each governmental fund type as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental fund type as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

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* section of our report, the accompanying financial statements 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, 2022 and 2021, or the changes in financial position thereof for the years then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Library, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As described in Note 2 of the financial statements, the financial statements are prepared by the Library on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Emphasis of Matter

As discussed in Note 10 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Library. We did not modify our opinion regarding this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Library's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Library's internal control. Accordingly, no such opinion is expressed.

- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Library's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 21, 2023, 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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Library's 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.

BHM CPA Group

BHM CPA Group, Inc.
Piketon, Ohio
June 21, 2023

**GRANVILLE PUBLIC LIBRARY
LICKING COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2022**

	<u>Governmental Fund Types</u>				<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Permanent</u>	
Cash Receipts:					
Property and Other Local Taxes	\$ 400,041	\$ -	\$ -	\$ -	\$ 400,041
Public Library	868,786	-	-	-	868,786
Intergovernmental	50,982	-	-	-	50,982
Patron Fines and Fees	5,872	-	-	-	5,872
Contributions, Gifts and Donations	47,291	-	-	-	47,291
Earnings on Investments	17,688	43,125	-	18,977	79,790
Miscellaneous	1,834	-	-	-	1,834
	<u>1,392,494</u>	<u>43,125</u>	<u>-</u>	<u>18,977</u>	<u>1,454,596</u>
Total Cash Receipts					
	1,392,494	43,125	-	18,977	1,454,596
Cash Disbursements:					
Current:					
Library Services	-	167,817	-	73,844	241,661
Public Services and Programs	1,264,119	-	-	-	1,264,119
	<u>1,264,119</u>	<u>167,817</u>	<u>-</u>	<u>73,844</u>	<u>1,505,780</u>
Total Cash Disbursements					
	1,264,119	167,817	-	73,844	1,505,780
Excess of Receipts Over/ (Under) Disbursements	128,375	(124,692)	-	(54,867)	(51,184)
Fund Cash Balances, January 1	2,022,898	1,054,435	50,000	329,626	3,456,959
Fund Cash Balances, December 31	<u>\$ 2,151,273</u>	<u>\$ 929,743</u>	<u>\$ 50,000</u>	<u>\$ 274,759</u>	<u>\$ 3,405,775</u>

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

**GRANVILLE PUBLIC LIBRARY
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022**

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Granville Public Library, Licking County, (the Library) as a body corporate and politic. The Board appoints a nine-member Board of Trustees to govern the Library. The Library provides the community with various educational and literary resources.

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Library’s financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types which is organized on a fund type basis.

Fund Accounting

The Library uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Library are presented below:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Library for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Library had the following significant Special Revenue Funds:

Gift Fund The gift fund accounts for contributions and donations restricted for specified purpose.

Board Decision Fund The board decision fund accounts for public money that the Board wants to Invest for long term purposes.

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

**GRANVILLE PUBLIC LIBRARY
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022**

Building and Repair Fund The building and repair fund accounts for capital outlay expenditures related to facilities and repair of facilities.

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

Charles G. and Kathryn Marie Sellers Endowment Fund The library endowment fund received a Bequest of \$100,000. Income is used as directed by the Board.

Basis of Accounting

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 (C). 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 (C) permit.

Budgetary Process

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

A summary of 2022 budgetary activity appears in Note 3.

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.

The Licking County Foundation is an investment pool, which allows entities within the County to pool their funds for investment purposes. Investments in the Licking County Foundation are valued at the share price, which is the price the investment could be sold for on December 31, 2022.

**GRANVILLE PUBLIC LIBRARY
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022**

Capital Assets

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

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.

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:

Nonspendable The Library classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes, nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Library and the nonspendable portion of the corpus in permanent funds.

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.

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

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 9.

**GRANVILLE PUBLIC LIBRARY
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022**

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2022 follows:

2022 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,993,472	\$1,392,492	(\$600,980)
Special Revenue	0	43,125	43,125
Capital	0	0	0
Permanent	0	18,977	18,977
Total	\$1,993,472	\$1,454,594	(\$538,878)

2022 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,023,248	\$1,264,119	\$759,129
Special Revenue	168,818	168,817	1
Capital	0	0	0
Permanent	76,807	73,844	2,963
Total	\$2,268,873	\$1,505,780	\$763,093

Note 4 – Deposits and Investments

To improve cash management, cash received by the Library is pooled. Monies for all fund are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Library's deposit and investment accounts are as follows:

**GRANVILLE PUBLIC LIBRARY
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022**

	2022
<i>Cash Management Pool:</i>	
Demand deposits	\$2,506,620
Total deposits	2,506,620
Licking County Foundation	899,155
Total investments	899,155
<i>Total carrying amount of deposits and investments held in the Pool (ties to FS)</i>	<u>\$3,405,775</u>

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation; [or] collateralized by securities specifically pledged by the financial institution to the Library; or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Investments

Investments in Licking County Foundation are not evidenced by securities that exist in physical or book-entry form. The financial institution maintains records identifying the Library as owner of these securities.

Note 5 – Grants in Aid and Taxes

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 using the statutory allocation method. Estimated entitlement figures were issued to County Auditors. The actual current year entitlements were computed in December of the current year. The difference between the estimate and actual will be adjusted evenly in the PLF distributions made from January-June of the subsequent year.

Property Taxes

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 non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Other Governments’ Grants In Aid. 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.

**GRANVILLE PUBLIC LIBRARY
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022**

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

Note 6 – Risk Management

Workers’ Compensation

Workers’ Compensation coverage is provided by the State of Ohio. The Library pays the State Workers’ Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs

Commercial Insurance

The Library has obtained commercial insurance for the following risks:

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

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Library 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 health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Library contributed an amount equaling 14 percent of participants’ gross salaries. The Library has paid all contributions required through December 31, 2022.

<i>Retirement Rates</i>	<i>Year</i>	<i>Member Rate</i>	<i>Employer Rate</i>
<i>OPERS – Local</i>	<i>2012 – 2021</i>	<i>10%</i>	<i>14%</i>

Note 8 – Postemployment Benefits

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, which includes multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for members in the traditional

**GRANVILLE PUBLIC LIBRARY
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022**

pension plan and combined plan was 0 percent during calendar year 2022. The portion of employer contributions allocated to health care for members in the member-directed plan was 4.0 percent during calendar year 2022.

Note 9– Fund Balances

Included in fund balance are amounts the Library cannot spend, including the balance of unclaimed monies, which cannot be spent for five years and the unexpendable corpus of the permanent funds. At year end the balances of these amounts were as follows:

Fund Balances	Permanent	Total
Nonspendable:		
Corpus	100,600	100,600
Total	\$100,600	\$100,600

The fund balance of special revenue funds is either restricted or committed. The fund balance of capital projects funds are restricted, committed, or assigned. The fund balance of permanent funds that is not part of the nonspendable corpus is either restricted or committed.

Note 10 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio’s state of emergency ended in June, 2021 while the national state of emergency continues. During 2022, the Library did not receive COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Library. The impact on the Library’s future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated. The Library’s investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined.

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**GRANVILLE PUBLIC LIBRARY
LICKING COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2021**

	<u>Governmental Fund Types</u>				<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Permanent</u>	
Cash Receipts:					
Property and Other Local Taxes	\$ 416,525	\$ -	\$ -	\$ -	\$ 416,525
Public Library	803,102	-	-	-	803,102
Intergovernmental	54,493	-	-	-	54,493
Patron Fines and Fees	2,532	-	-	-	2,532
Contributions, Gifts and Donations	35,975	-	-	-	35,975
Earnings on Investments	1,069	115,305	-	49,342	165,716
Miscellaneous	28,294	-	-	-	28,294
	<u>1,341,990</u>	<u>115,305</u>	<u>-</u>	<u>49,342</u>	<u>1,506,637</u>
Cash Disbursements:					
Current:					
Library Services	-	49,711	-	2,283	51,994
Public Services and Programs	1,111,074	-	-	-	1,111,074
	<u>1,111,074</u>	<u>49,711</u>	<u>-</u>	<u>2,283</u>	<u>1,163,068</u>
Excess of Receipts Over/ (Under) Disbursements	230,916	65,594	-	47,059	343,569
Fund Cash Balances, January 1 <i>as restated in Note 11</i>	1,791,982	988,841	50,000	282,567	3,113,390
Fund Cash Balances, December 31	<u>\$ 2,022,898</u>	<u>\$ 1,054,435</u>	<u>\$ 50,000</u>	<u>\$ 329,626</u>	<u>\$ 3,456,959</u>

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

**GRANVILLE PUBLIC LIBRARY
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021**

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Granville Public Library, Licking County, (the Library) as a body corporate and politic. The Board appoints a nine-member Board of Trustees to govern the Library. The Library provides the community with various educational and literary resources.

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Library’s financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types which is organized on a fund type basis.

Fund Accounting

The Library uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Library are presented below:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Library for any purpose provided it is expended or transferred according to the general laws of Ohio.

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Board Decision Fund The board decision fund accounts for public money that the Board wants to Invest for long term purposes.

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

**GRANVILLE PUBLIC LIBRARY
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021**

Building and Repair Fund The building and repair fund accounts for capital outlay expenditures related to facilities and repair of facilities.

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

Charles G. and Kathryn Marie Sellers Endowment Fund The library endowment fund received a Bequest of \$100,000. Income is used as directed by the Board.

Basis of Accounting

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 (C). 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 (C) permit.

Budgetary Process

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

A summary of 2021 budgetary activity appears in Note 3.

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.

The Licking County Foundation is an investment pool, which allows entities within the County to pool their funds for investment purposes. Investments in the Licking County Foundation are valued at the share price, which is the price the investment could be sold for on December 31, 2021.

**GRANVILLE PUBLIC LIBRARY
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021**

Capital Assets

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

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.

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:

Nonspendable The Library classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes, nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Library and the nonspendable portion of the corpus in permanent funds.

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.

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

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 9.

**GRANVILLE PUBLIC LIBRARY
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021**

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2021 follows:

2021 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,331,920	\$1,341,990	\$10,070
Special Revenue	0	115,305	115,305
Capital	0	0	0
Permanent	0	49,342	49,342
Total	\$1,331,920	\$1,506,637	\$174,717

2021 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,319,129	\$1,111,074	\$208,055
Special Revenue	49,711	49,711	0
Capital	0	0	0
Permanent	5,000	2,283	2,717
Total	\$1,373,840	\$1,163,068	\$210,772

Note 4 – Deposits and Investments

To improve cash management, cash received by the Library is pooled. Monies for all fund are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Library’s deposit and investment accounts are as follows:

**GRANVILLE PUBLIC LIBRARY
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021**

	2021
<i>Cash Management Pool:</i>	
Demand deposits	\$2,378,246
Total deposits	2,378,246
Licking County Foundation	1,078,713
Total investments	1,078,713
<i>Total carrying amount of deposits and investments held in the Pool (ties to FS)</i>	\$3,456,959

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation; [or] collateralized by securities specifically pledged by the financial institution to the Library; or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Investments

Investments in Licking County Foundation are not evidenced by securities that exist in physical or book-entry form. The financial institution maintains records identifying the Library as owner of these securities.

Note 5 – Grants in Aid and Taxes

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 using the statutory allocation method. Estimated entitlement figures were issued to County Auditors. The actual current year entitlements were computed in December of the current year. The difference between the estimate and actual will be adjusted evenly in the PLF distributions made from January-June of the subsequent year.

Property Taxes

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 non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Other Governments’ Grants In Aid. Payments are due to the County by December 31. If the property

**GRANVILLE PUBLIC LIBRARY
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021**

owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

Note 6 – Risk Management

Workers’ Compensation

Workers’ Compensation coverage is provided by the State of Ohio. The Library pays the State Workers’ Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs

Commercial Insurance

The Library has obtained commercial insurance for the following risks:

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

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Library 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 health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Library contributed an amount equaling 14 percent of participants’ gross salaries. The Library has paid all contributions required through December 31, 2021.

<i>Retirement Rates</i>	<i>Year</i>	<i>Member Rate</i>	<i>Employer Rate</i>
<i>OPERS – Local</i>	<i>2012 – 2021</i>	<i>10%</i>	<i>14%</i>

Note 8 – Postemployment Benefits

**GRANVILLE PUBLIC LIBRARY
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021**

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, which includes multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for members in the traditional pension plan and combined plan was 0 percent during calendar year 2021. The portion of employer contributions allocated to health care for members in the member-directed plan was 4.0 percent during calendar year 2021.

Note 9– Fund Balances

Included in fund balance are amounts the Library cannot spend, including the balance of unclaimed monies, which cannot be spent for five years and the unexpendable corpus of the permanent funds. At year end the balances of these amounts were as follows:

Fund Balances	Permanent	Total
Nonspendable:		
Corpus	100,600	100,600
Total	\$100,600	\$100,600

The fund balance of special revenue funds is either restricted or committed. The fund balance of capital projects funds are restricted, committed, or assigned. The fund balance of permanent funds that is not part of the nonspendable corpus is either restricted or committed.

Note 10 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio’s state of emergency ended in June, 2021 while the national state of emergency continues. During 2021, the Library received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Library. The impact on the Library’s future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated. The Library’s investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined.

**GRANVILLE PUBLIC LIBRARY
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021**

Note 11 – Restatement of Beginning Cash Fund Balances

A restatement of beginning cash fund balances as of January 1, 2021 was due to a receipt that was not entered from the prior period. The unentered receipt had the following effect on cash fund balances at January 1, 2021:

<u>Cash Fund Balances</u>	<u>General</u>
January 1, 2021 - As Previously Stated	\$ 1,771,437
Adjustments	20,545
January 1, 2021 - Restated	<u>\$ 1,791,982</u>



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

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

To the Board of Trustees:

We have audited, in accordance the with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the cash balances, receipts, and disbursements for each governmental fund type as of and for the years ended December 31, 2022 and 2021 and the related notes to the financial statements of the Granville Public Library, Licking County, (the Library) and have issued our report thereon dated June 21, 2023, wherein we noted the Library followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit. We also noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Library.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Library's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Library's internal control. Accordingly, we do not express an opinion on the effectiveness of the Library's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Library's financial statements will not be prevented, or detected and corrected, on a timely basis. 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 deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Library's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Library's internal control or on compliance. This report is an integral part of an audit performed in accordance with *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 "BHM CPA Group". The letters are cursive and somewhat stylized.

BHM CPA Group, Inc.
Piketon, Ohio
June 21, 2023

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OHIO AUDITOR OF STATE KEITH FABER



GRANVILLE PUBLIC LIBRARY

LICKING COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



Certified for Release 7/25/2023

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov