

**GREENVILLE PUBLIC LIBRARY  
DARKE COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

**OHIO AUDITOR OF STATE  
KEITH FABER**





**GREENVILLE PUBLIC LIBRARY  
DARKE COUNTY  
DECEMBER 31, 2020 AND 2019**

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# OHIO AUDITOR OF STATE KEITH FABER



One First National Plaza  
130 West Second Street, Suite 2040  
Dayton, Ohio 45402-1502  
(937) 285-6677 or (800) 443-9274  
WestRegion@ohioauditor.gov

## 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 of the cash balances, receipts and disbursements for each governmental fund type as of and for the years ended December 31, 2020 and 2019, and related notes of the Greenville Public Library, Darke County, Ohio (the Library).

### ***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 such 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 2 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 *Additional Opinion Qualification and Unmodified Opinion on Regulatory Basis of Accounting* paragraphs 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, 2020 and 2019, and the respective changes in financial position thereof for the years then ended.

***Basis for Additional Opinion Qualification***

Earnings on investments are reported at \$9,022 and \$1,689 for the years ended December 31, 2020 and 2019, respectively, which is 100 percent of permanent fund receipts for the year ended December 31, 2020, and 23 percent of permanent fund receipts for the year ended December 31, 2019. We were unable to obtain sufficient appropriate audit evidence supporting the amounts recorded as earnings on investments in the permanent fund for the years ended December 31, 2020 and 2019. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

***Additional Opinion Qualification***

In our opinion, except for the possible effects of the matter described in the *Basis for Additional Opinion Qualification* paragraph, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for the permanent fund as of and for the years ended December 31, 2020 and 2019, and related notes of the Library, 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.

***Unmodified Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for the general fund as of and for the years ended December 31, 2020 and 2019, and related notes of the Library, 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.

***Emphasis of Matter***

As discussed in Note 13 to the 2020 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.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated August 16, 2021, 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.



Keith Faber  
Auditor of State  
Columbus, Ohio

August 16, 2021

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**Greenville Public Library  
Darke County  
Combined Statement of Receipts, Disbursements,  
and Changes in Fund Balances (Cash Basis)  
All Governmental Fund Types  
For the Year Ended December 31, 2020**

	General	Permanent	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$447,267		\$447,267
Public Library	774,039		774,039
Intergovernmental	25,000		25,000
Patron Fines and Fees	1,615		1,615
Contributions, Gifts and Donations	17,294		17,294
Earnings on Investments	63	\$ 9,022	9,085
Miscellaneous	5,543		5,543
<i>Total Cash Receipts</i>	<u>1,270,821</u>	<u>9,022</u>	<u>1,279,843</u>
<b>Cash Disbursements</b>			
Current:			
Library Services:			
Public Services and Programs	1,144,617		1,144,617
Debt Service:			
Principal Retirement	100,000		100,000
Interest and Fiscal Charges	1,187		1,187
<i>Total Cash Disbursements</i>	<u>1,245,804</u>	<u>0</u>	<u>1,245,804</u>
<i>Excess of Receipts Over Disbursements</i>	<u>25,017</u>	<u>9,022</u>	<u>34,039</u>
<b>Other Financing Receipts</b>			
Other Debt Proceeds	100,000		100,000
<i>Total Other Financing Receipts</i>	<u>100,000</u>	<u>0</u>	<u>100,000</u>
<i>Net Change in Fund Cash Balances</i>	125,017	9,022	134,039
<i>Fund Cash Balances, January 1</i>	<u>35,217</u>	<u>35,366</u>	<u>70,583</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$160,234</u></u>	<u><u>\$44,388</u></u>	<u><u>\$204,622</u></u>

See accompanying notes to the financial statements

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**GREENVILLE PUBLIC LIBRARY  
DARKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**NOTE 1 – DESCRIPTION OF THE ENTITY**

Greenville Public Library, Darke County, Ohio (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 District 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 Public Library are 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 10.

The Library's management believes these financial statements presents 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 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.

**B. DEPOSITS**

The Library only had depository bank accounts at December 31, 2020.

**C. 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.

**GREENVILLE PUBLIC LIBRARY  
DARKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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 Library's programs (for the benefit of the Library or its citizenry). The Library had the following significant permanent fund:

Endowment Fund

The Library utilizes this fund to accumulate funds held in perpetuity with a portion of annual earnings used for the purpose of maintaining and upgrading the physical property of the Library.

D. BUDGETARY PROCESS

The Board of Trustees 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 2020 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 government-fund resources. The classifications are as follows:

**1. Non-spendable**

The Library classifies assets as non-spendable 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.

**GREENVILLE PUBLIC LIBRARY  
DARKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**4. Assigned**

Assigned fund balances are intended for the 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 the Library Trustees or a Library official delegated – an authority delegated 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 the purpose 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 classification 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 liability for unpaid leave.

**NOTE 3 – EQUITY IN POOLED DEPOSITS**

To improve cash management, cash received by the Library is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. At December 31, 2020, the Library had only demand deposits held in the pool totaling \$204,622.

*Deposits:* Deposits are insured by the Federal Deposit Insurance Corporation.

**GREENVILLE PUBLIC LIBRARY  
DARKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**NOTE 4 – BUDGETARY ACTIVITY**

Budgetary activity for the year ending December 31, 2020 follows:

<b>FUND TYPE</b>	<b>BUDGETED RECEIPTS</b>	<b>ACTUAL RECEIPTS</b>	<b>VARIANCE</b>
General Fund	\$1,359,759	\$1,370,821	\$11,062
Permanent Fund	\$14,000	\$9,022	(\$4,978)
<b>Total</b>	<b>\$1,373,759</b>	<b>\$1,379,843</b>	<b>\$6,084</b>

<b>FUND TYPE</b>	<b>BUDGETED APPROPRIATION</b>	<b>ACTUAL EXPENDITURES</b>	<b>VARIANCE</b>
General Fund	\$1,438,530	\$1,251,088	\$187,442
Permanent Fund	\$45,331	\$0	\$45,331
<b>Total</b>	<b>\$1,483,861</b>	<b>\$1,251,088</b>	<b>\$232,773</b>

**NOTE 5 – GRANTS-IN-AID AND TAX RECEIPTS**

Grants-in-Aid

The primary source of revenue for the 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 the 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 to June of the subsequent year.

Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which 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 also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as property taxes. 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 is due June 20.

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

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

**GREENVILLE PUBLIC LIBRARY  
DARKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**NOTE 6 – DEBT**

Debt activity for the Library during the year-ended December 31, 2020 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
General Fund Short-Term Loan	\$0	\$100,000	\$100,000	\$0

The Library entered into a short-term loan agreement with Farmers State Bank for a loan of \$100,000 in January 2020. The loan maturity date was April 2020 and the loan carried an interest rate of 4.5%. During the year, the Library repaid the loan in full.

**NOTE 7 – DEFINED BENEFIT PENSION PLAN**

The Library’s employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost sharing, multi-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 2020 OPERS members contributed 10% of their gross salaries and the Library contributed an amount equaling 14% of participant’s gross salaries. The Library has paid all contributions required through December 31, 2020.

**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 pension plan and combined plan was 0 percent during calendar year 2020. The portion of employer contributions allocated to health care for members in the member-directed plan was 4.0 percent during calendar year 2020.

**NOTE 9 – RISK MANAGEMENT**

**Commercial Insurance**

The Library has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicle
- Errors and omissions

**GREENVILLE PUBLIC LIBRARY  
DARKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**NOTE 10 – FRIENDS OF THE GREENVILLE PUBLIC LIBRARY**

Friends of the Greenville Public Library is a non-profit group that exists and operates towards the betterment of the Greenville Public Library. The organization is legally separated 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 11 – CONTINGENT LIABILITIES**

The Library is not currently involved in litigation.

Amounts grantor agencies pay to the Library are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

**NOTE 12 – FUND BALANCES**

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

<u>Fund Balances</u>	<u>General</u>	<u>Permanent</u>	<u>Total</u>
Outstanding Encumbrances	5,284	0	5,284
Total	\$5,284	\$0	\$5,284

The fund balance of the permanent fund is either restricted or committed. In the general fund, outstanding encumbrances are considered assigned.

**NOTE 13 – 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. The financial impact of COVID-19 and the continuing emergency measures may 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.



**Greenville Public Library  
Darke County  
Combined Statement of Receipts, Disbursements,  
and Changes in Fund Balances (Cash Basis)  
All Governmental Fund Types  
For the Year Ended December 31, 2019**

	General	Permanent	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$432,444		\$432,444
Public Library	775,930		775,930
Patron Fines and Fees	7,543		7,543
Contributions, Gifts and Donations	10,506	\$ 5,677	16,183
Earnings on Investments	46	1,689	1,735
Miscellaneous	10,596		10,596
<i>Total Cash Receipts</i>	<u>1,237,065</u>	<u>7,366</u>	<u>1,244,431</u>
<b>Cash Disbursements</b>			
Current:			
Library Services:			
Public Services and Programs	<u>1,347,072</u>		<u>1,347,072</u>
<i>Total Cash Disbursements</i>	<u>1,347,072</u>	<u>0</u>	<u>1,347,072</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(110,007)</u>	<u>7,366</u>	<u>(102,641)</u>
<i>Fund Cash Balances, January 1</i>	<u>144,999</u>	<u>28,000</u>	<u>172,999</u>
<b>Fund Cash Balances, December 31</b>			
Restricted		35,366	35,366
Assigned	<u>34,992</u>		<u>34,992</u>
<i>Fund Cash Balances, December 31</i>	<u>\$34,992</u>	<u>\$35,366</u>	<u>\$70,358</u>

See accompanying notes to the financial statements

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**GREENVILLE PUBLIC LIBRARY  
DARKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**NOTE 1 – DESCRIPTION OF THE ENTITY**

Greenville Public Library, Darke County, Ohio (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 District 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 Public Library are 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 10.

The Library's management believes these financial statements presents 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 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.

**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.

The Library values common stock at cost. Money market mutual funds are recorded as share values the mutual fund reports.

**C. 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.

**GREENVILLE PUBLIC LIBRARY  
DARKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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 Library's programs (for the benefit of the Library or its citizenry). The Library had the following significant permanent fund:

Endowment Fund

The Library utilizes this fund to accumulate funds held in perpetuity with a portion of annual earnings used for the purpose of maintaining and upgrading the physical property of the Library.

**D. BUDGETARY PROCESS**

The Board of Trustees 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 2019 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 government-fund resources. The classifications are as follows:

**1. Non-spendable**

The Library classifies assets as non-spendable 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.

**GREENVILLE PUBLIC LIBRARY  
DARKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)**

**4. Assigned**

Assigned fund balances are intended for the 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 the Library Trustees or a Library official delegated – an authority delegated 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 the purpose 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 classification 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 liability for unpaid leave.

**NOTE 3 – EQUITY IN POOLED DEPOSITS AND INVESTMENTS**

To improve cash management, cash received by the Library is pooled. Monies for all funds 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:

**GREENVILLE PUBLIC LIBRARY  
DARKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**NOTE 3 – EQUITY IN POOLED DEPOSITS AND INVESTMENTS (Continued)**

	2019
<b>Cash Management Pool:</b>	
Demand deposits	\$40,157
Total deposits	40,157
Money Market Mutual Funds	13,602
Equity Securities (at cost)	16,599
Total investments	30,201
Total carrying amount of deposits and investments held in the Pool	\$70,358

At December 31, 2019, the Library held \$16,599 in equity securities. Equity securities are not eligible investments for the Library under Ohio law.

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

Investments: A financial institution's trust department holds the Library's equity securities in book-entry form in the Library's name.

**NOTE 4 – BUDGETARY ACTIVITY**

Budgetary activity for the year ending December 31, 2019 follows:

FUND TYPE	BUDGETED RECEIPTS	ACTUAL RECEIPTS	VARIANCE
General Fund	\$1,295,054	\$1,237,065	(\$57,989)
Permanent Fund	\$10,000	\$7,366	(\$2,634)
<b>Total</b>	<b>\$1,305,054</b>	<b>\$1,244,431</b>	<b>(\$60,623)</b>

FUND TYPE	BUDGETED APPROPRIATION	ACTUAL EXPENDITURES	VARIANCE
General Fund	\$1,431,800	\$1,347,072	\$84,728
Permanent Fund	\$38,000	\$0	\$38,000
<b>Total</b>	<b>\$1,469,800</b>	<b>\$1,347,072</b>	<b>\$122,728</b>

**NOTE 5 – GRANTS-IN-AID AND TAX RECEIPTS**

Grants-in-Aid

The primary source of revenue for the 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 the County Auditors. The actual current year entitlements were computed in December of the current year. The difference between the estimate and the actual will be adjusted evenly in the PLF distributions made from January to June of the subsequent year.

**GREENVILLE PUBLIC LIBRARY  
DARKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

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

Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which 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 reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as property taxes. 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 is due June 20.

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

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, 2019 The Library had no debt obligations.

**NOTE 7 – DEFINED BENEFIT PENSION PLAN**

The Library's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost sharing, multi-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 2019 OPERS members contributed 10% of their gross salaries and the Library contributed an amount equaling 14% of participant's gross salaries. The Library has paid all contributions required through December 31, 2019.

**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 pension plan and combined plan was 0 percent during calendar year 2019. The portion of employer contributions allocated to health care for members in the member-directed plan was 4.0 percent during calendar year 2019.

**GREENVILLE PUBLIC LIBRARY  
DARKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**NOTE 9 – RISK MANAGEMENT**

**Commercial Insurance**

The Library has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicle
- Errors and omissions

**NOTE 10 – FRIENDS OF THE GREENVILLE PUBLIC LIBRARY**

Friends of the Greenville Public Library is a non-profit group that exists and operates towards 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 11 – CONTINGENT LIABILITIES**

The Library is not currently involved in litigation.



# OHIO AUDITOR OF STATE KEITH FABER



One First National Plaza  
130 West Second Street, Suite 2040  
Dayton, Ohio 45402-1502  
(937) 285-6677 or (800) 443-9274  
WestRegion@ohioauditor.gov

## 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 cash balances, receipts, and disbursements for each governmental fund type of the Greenville Public Library, Darke County, (the Library) as of and for the years ended December 31, 2020 and 2019, and the related notes to the financial statements, and have issued our report thereon dated August 16, 2021 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. We also noted the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Library. In addition, we qualified our opinion due to the lack of sufficient appropriate audit evidence supporting the amounts recorded as earnings on investments in the permanent fund.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Library's internal control over financial reporting (internal control) as a basis for designing 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 Government'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. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings that we consider material weaknesses. We consider findings 2020-001 and 2020-002 to be material weaknesses.

***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 financial statements. 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 an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as finding 2020-001.

***Library's Response to Findings***

The Library's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not subject the Library's responses to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

***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 report is not suitable for any other purpose.



Keith Faber  
Auditor of State  
Columbus, Ohio

August 16, 2021

**GREENVILLE PUBLIC LIBRARY  
DARKE COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2020 AND 2019**

**1. FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

**FINDING NUMBER 2020-001**

**Noncompliance and Material Weakness**

**Ohio Rev. Code § 135.14** details allowable investments for public subdivisions. Due to lack of knowledge regarding allowable investments, the Library invested in Vanguard stock funds that are not allowable according to Ohio Rev. Code § 135.14.

**Ohio Rev. Code § 135.22(B)** provides, in part, that a treasurer, which includes any person whose duties include making investment decisions with respect to the investment or deposit of interim moneys (O.R.C. 135.22(A)(1)), "annually shall complete the continuing education programs described in this section, unless the treasurer annually provides a notice of exemption described in division (E) of this section." The Library Fiscal Officer did not attend the required additional training for the investments that were maintained and was not eligible to file an exemption.

**Ohio Rev. Code § 135.14(O)(1)** states that "Except as otherwise provided in divisions (O)(2) and (3) of this section, no treasurer or governing board shall make an investment or deposit under this section, unless there is on file with the auditor of state a written investment policy approved by the treasurer or governing board. The policy shall require that all entities conducting investment business with the treasurer or governing board shall sign the investment policy of that subdivision. All brokers, dealers, and financial institutions, described in division (M)(1) of this section, initiating transactions with the treasurer or governing board by giving advice or making investment recommendations shall sign the treasurer's or governing board's investment policy thereby acknowledging their agreement to abide by the policy's contents. All brokers, dealers, and financial institutions, described in division (M)(1) of this section, executing transactions initiated by the treasurer or governing board, having read the policy's contents, shall sign the investment policy thereby acknowledging their comprehension and receipt." The Library did not have an approved investment policy.

The above matters led to errors in the amount recorded by the Library as earnings on investments for 2019 and 2020 in the permanent fund. The errors are material for 2019 and 2020 and the Library's financial statements were not adjusted for these errors. Therefore, the financial statement opinion related to 2019 and 2020 earnings on investments in the permanent fund has been qualified.

The Library closed the investment account in October 2020 and these investments did not exist from that date through December 31, 2020.

Failure to adopt an investment policy, attend required investment training, and maintain only legal investments could lead to future illegal investments, loss of cash balances, and potential financial statement implications.

The Library should implement procedures to invest only in allowable investments, adopt an investment policy, and attend the required investment training if necessary.

**Officials' Response:** The Endowment Fund was in an investment account that was proving difficult to track the constantly fluctuation balances. The investment account also had complicated and often times unclear fees associated with the management of the account. In 2020 we have closed that investment account and transferred the Endowment money to an Interest-Bearing Savings Account where the interest and balance is consistent and clearer to record.

## FINDING NUMBER 2020-002

### Material Weakness – Financial Statement Errors

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; 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 as discussed in AU-C Section 210 paragraphs .A14 & .A16

The Library had the following financial statement errors that were adjusted on the 2019 financial statements:

- The Library recorded a donation receipt incorrectly as earnings on investments, resulting in an overstatement of earnings on investments and an understatement of contributions, gifts, and donations in the amount of \$755 in the permanent fund.
- The Library made a fund balance adjustment related to a prior year transaction in the amount of \$5,000 in the general fund; however, the actual transaction was originally related to the permanent fund. Therefore, fund balance for the general fund was understated by \$5,000 and fund balance for the permanent fund was overstated by the same amount. This error was also carried forward through 2020. This error has been corrected in the Library's accounting system.
- Governmental Accounting Standards Board (GASB) Statement 54, paragraph 16 (GASB Codification 1800.176) states, in part, that an appropriation of existing fund balance to eliminate a projected budgetary deficit in the subsequent year's budget in an amount no greater than the projected excess of expected expenditures over expected revenues satisfies the criteria to be classified as an assignment of fund balance. The Library failed to properly classify the amount by which appropriations exceeded estimated receipts for the subsequent year in the amount of \$34,992 on the 2019 financial statements. This amount should have been classified as assigned fund balance rather than unassigned fund balance in the general fund.

The Library had the following financial statement errors that were adjusted on the 2020 financial statements:

- The Library incorrectly recorded two Dayton Power & Light Rebate receipts totaling \$1,200 to a custodial fund, which resulted in an overstatement of custodial fund revenue and fund balance and an understatement of general fund miscellaneous receipts and fund balance. This error has been corrected in the Library's accounting system.
- The Library did not properly record a short-term loan repayment resulting in an overstatement of interest and fiscal charges and an understatement of principal retirement in the amount of \$100,000 in the general fund.

The above errors occurred when posting transactions to the accounting system and in creating the annual financial statements. Failure to properly record and report financial activity could lead to material financial statement errors and misleading financial statement information.

The Library should establish and implement policies and procedures to verify that all financial activity is recorded correctly and properly reported.

**Officials' Response:** I have taken note of these incorrect recordings and will record them correctly in the future, according to proper accounting policies and procedures.

## 2. OTHER – FINDING FOR RECOVERY

In addition, we identified the following other issue related to a Finding for Recovery. This issue did not impact our GAGAS report.

### FINDING NUMBER 2020-003

#### Finding for Recovery – Repaid Under Audit

The Library made numerous purchases on multiple Library-issued credit cards throughout the audit period. However, due to late payments of the monthly credit card statements, the Library was assessed and paid late fees and finance charges in 31 instances in 2019 and 15 instances in 2020. Also, the Library remitted its monthly Ohio Public Employees Retirement System (OPERS) withholdings late in three instances during 2020. As a result, the Library was assessed and paid additional penalties and interest to OPERS.

**State ex rel. McClure v. Hagerman 155 Ohio St. 320 (1951)** provides that expenditures made by a governmental unit should serve a public purpose. Typically the determination of "proper public purpose" rests with the governmental entity, unless such determination is arbitrary or unreasonable. Further, **Auditor of State Bulletin 2003-005** states, in part, that governmental entities may not make expenditures of public monies unless they are for a valid public purpose and the Auditor of State's Office will only question expenditures where the legislative determination of proper public purpose is manifestly arbitrary and incorrect.

During 2020 and 2019, the Library paid \$688 in late fees and finance charges related to the Library's multiple credit cards and \$287 in penalties and interest charges related to OPERS remittances. Late fees/penalties and related finance charges are unnecessary expenditures which do not serve a proper public purpose. The late fees and finance charges related to the credit cards were a result of the numerous credit card accounts and lack of controls over the credit card payment process. The penalty and interest charges related to OPERS remittances were a result of lack of controls related to the timely remittance of withholdings.

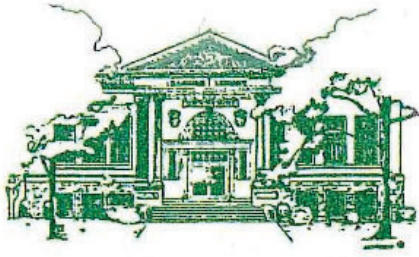
In accordance with the foregoing facts and pursuant to **Ohio Rev. Code § 117.28**, a finding repaid under audit for public monies illegally expended is hereby issued against Jesse Berry, Fiscal Officer, in the amount of \$975, and in favor of the Library's general fund.

Repayment was made via check on July 14, 2021, in the amount of \$975. This amount was deposited and recorded to the Library's general fund on July 14, 2021.

The Library should establish procedures to verify that all credit card payments and OPERS withholding remittances are made in a timely manner to avoid late fees/penalties and related finance charges. If necessary, the Library should consider limiting the number of credit card accounts and the number of purchases that are made with credit cards.

**Officials' Response:** During 2019 and 2020 we were only paying select bills due to a budgetary cash flow problem we were experiencing. This was resulting in some bills being paid late and consequently incurring late fees. This was known and approved by the Director and the Library Board. Once we corrected our budgetary cash flow crisis we went back to paying all bills and financial obligations in a timely manner. I was not aware that this strategy, that left us subject to late fees and penalties, was not an approved practice by the state. I have paid the Findings for Recovery and taken note of this policy.

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**Greenville Public Library**  
 520 Sycamore St. • Greenville, OH 45331

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
 DECEMBER 31, 2020 AND 2019**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2018-001	Noncompliance – Investments – ORC 135.14 and 135.22	No Longer Warranting Further Action	Repeated as finding 2020-001; however, investment account closed in October 2020.
2018-002	Material Weakness – Bank Reconciliations	No Longer Warranting Further Action	Repeated in management letter; however, investment account that led to bank reconciliation variances was closed in October 2020.
2018-003	Material Weakness – Financial Statement Errors	Not Corrected	Material financial statement errors were identified for the current audit period. Therefore, repeated as finding 2020-002.
2018-004	Material Weakness – Service Organization Monitoring	No Longer Warranting Further Action	Related investment account was closed in October 2020.

# OHIO AUDITOR OF STATE KEITH FABER



**GREENVILLE PUBLIC LIBRARY**

**DARKE 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 9/2/2021**

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](http://www.ohioauditor.gov)