



Dave Yost • Auditor of State



**WASHINGTON COUNTY PUBLIC LIBRARY  
WASHINGTON COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Washington County Public Library  
Washington County  
615 Fifth Street  
Marietta, Ohio 45750

To the Board of Library Trustees:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Washington County Public Library, Washington County, Ohio (the Library), as of and for the years ended December 31, 2011 and 2010, which collectively comprise the Library's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Library's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

As discussed in Note 2, the accompanying financial statements and notes follow the modified cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Washington County Public Library, Washington County, Ohio, as of December 31, 2011 and 2010, and the respective changes in modified cash financial position, thereof and the budgetary comparison for the General Fund thereof for the years then ended in conformity with the accounting basis Note 2 describes.

As described in Note 3, during 2011 the Library adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 15, 2012, on our consideration of the Library's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

We conducted our audit to opine on the Library's financial statements taken as a whole. Management's Discussion & Analysis includes tables of net assets, changes in net assets and governmental activities. These tables provide additional information, but are not part of the basic financial statements. However these tables are management's responsibility, and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. These tables were subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. Other than the aforementioned procedures applied to the tables, we applied no procedures to any other information in Management's Discussion & Analysis, and we express no opinion or any other assurance on it.



**Dave Yost**  
Auditor of State

August 15, 2012

Washington County Public Library  
Management's Discussion and Analysis  
For the Years Ended December 31, 2011 and 2010  
Unaudited

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This discussion and analysis of the Washington County Public Library's (the Library) financial performance provides an overall review of the Library's financial activities for the years ended December 31, 2011 and 2010, within the limitations of the Library's modified cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Library's financial performance.

**Highlights**

Key highlights for 2011 are as follows:

Net assets of the Library's activities increased \$1,216,422 or 52.5 percent.

The Library's general receipts are primarily from the Public Library Fund (PLF) and property taxes.

The PLF is 2.22 percent of the state's general revenue effective January 1, 2008 and is currently 1.97 percent of the state's general revenue. These receipts represent respectively \$1,886,863 and 61.4 percent of the total cash received for governmental activities during the year.

Property tax revenues represent, respectively, \$951,514 and 31.0 percent of the total cash received for governmental activities during the year.

Key highlights for 2010 are as follows:

Net assets of the Library's activities increased \$233,307 or 11.2 percent.

The Library's general receipts are primarily from the Public Library Fund (PLF) which is 2.22 percent of the state's general revenue effective January 1, 2008 and is currently 1.97 percent of the state's general revenue. These receipts represent respectively \$1,800,351 and 95.5 percent of the total cash received for governmental activities during the year.

**Using the Basic Financial Statements**

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Library's modified cash basis of accounting.

**Report Components**

The statement of net assets and the statement of activities provide information about the cash activities of the Library as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Library as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Washington County Public Library  
Management's Discussion and Analysis  
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**Basis of Accounting**

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Library has elected to present its financial statements on a modified cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Library's modified cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the modified cash basis of accounting.

**Reporting the Library as a Whole**

The statement of net assets and the statement of activities reflect how the Library did financially during 2011 and 2010, within the limitations of modified cash basis accounting. The statement of net assets presents the cash balances and investments of the governmental activities of the Library at year end. The statement of activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Library's general receipts.

These statements report the Library's cash position and the changes in cash position. Keeping in mind the limitations of the modified cash basis of accounting, you can think of these changes as one way to measure the Library's financial health. Over time, increases or decreases in the Library's cash position is one indicator of whether the Library's financial health is improving or deteriorating. When evaluating the Library's financial condition, you should also consider other nonfinancial factors as well, such as the condition of the Library's capital assets, the extent of the Library's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the PLF.

In the statement of net assets and the statement of activities, the Library has one type of activity:

Governmental activities. All of the Library's basic services are reported here, including library services, support services, and capital outlay. The PLF finances most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

**Reporting the Library's Most Significant Funds**

Fund financial statements provide detailed information about the Library's major funds – not the Library as a whole. The Library establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Library are all in the governmental category.



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Governmental Funds – all of the Library's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Library's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Library's programs. The Library's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Library's major governmental funds are the General Fund and Capital Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

**The Library as a Whole**

Table 1 provides a summary of the Library's net assets for 2011 compared to 2010 and 2010 compared to 2009 on a modified cash basis:

(Table 1)

**Net Assets**

	Governmental Activities		
	2011	2010	2009
<b>Assets</b>			
Cash and Cash Equivalents	\$2,493,661	\$1,377,767	\$1,145,478
Investments	1,042,020	941,492	940,474
Total Assets	\$3,535,681	\$2,319,259	\$2,085,952
<b>Net Assets</b>			
Restricted for:			
Capital Outlay	\$1,560,422	\$1,599,231	\$1,618,381
Other Purposes	23,947	6,233	36,063
Unrestricted	1,951,312	713,795	431,508
Total Net Assets	\$3,535,681	\$2,319,259	\$2,085,952

As mentioned previously, net assets of governmental activities increased \$1,216,422 or 52.5 percent during 2011. Property tax revenue contributed to the increase in cash balances.

Net assets of governmental activities increased \$233,307 or 11.2 percent. Decreased expenses contributed to the increase in cash balances.

Table 2 reflects the changes in net assets on a modified cash basis in 2011, 2010, and 2009 for governmental activities:

Washington County Public Library  
Management's Discussion and Analysis  
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(Table 2)  
**Changes in Net Assets**

	Governmental Activities 2011	Governmental Activities 2010	Governmental Activities 2009
Receipts:			
Program Receipts:			
Charges for Services and Sales	\$72,944	\$72,396	\$74,423
Operating Grants and Contributions	5,968		35,522
Capital Grants and Contributions	21,900		
Total Program Receipts	<u>100,812</u>	<u>72,396</u>	<u>109,945</u>
General Receipts:			
Property Taxes levied for General Purposes	951,514		
Intergovernmental	2,013,486	1,800,351	1,916,331
Restricted Gifts and Contributions		8,449	3,702
Earnings on Investments	3,067	2,736	4,408
Miscellaneous	4,117	1,203	3,526
Other Financing Sources		57	35
Total General Receipts	<u>2,972,184</u>	<u>1,812,796</u>	<u>1,928,002</u>
Total Receipts	<u>3,072,996</u>	<u>1,885,192</u>	<u>2,037,947</u>
Disbursements:			
Public Service and Programs	342,905	288,195	309,641
Payroll & Benefits	1,155,391	1,093,562	1,273,094
Library Materials and Information	247,861	203,260	192,601
Capital Outlay	110,417	66,868	4,857
Total Disbursements	<u>1,856,574</u>	<u>1,651,885</u>	<u>1,780,193</u>
Change in Net Assets	1,216,422	233,307	257,754
Net Assets, January 1	<u>2,319,259</u>	<u>2,085,952</u>	<u>1,828,198</u>
Net Assets, December 31	<u><u>\$3,535,681</u></u>	<u><u>\$2,319,259</u></u>	<u><u>\$2,085,952</u></u>

Program receipts represent only 3.2 percent of total receipts in 2011 and 3.8 percent in 2010 and are primarily comprised of fines, copier, fax and lost material fees.

General receipts represent 96.8 percent of the Library's total receipts in 2011, and of this amount, 67.8 percent are public library funds and 32.0 percent are property taxes. Interest and miscellaneous receipts make up 0.2 percent of the Library's general receipts.

General receipts represent 96.2 percent of the Library's total receipts in 2010, and of the amount, 99.3 percent are Public Library Funds. Interest, restricted gifts and donations, and miscellaneous receipts make up 0.7 percent of the Library's general receipts.

Washington County Public Library  
 Management's Discussion and Analysis  
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**Governmental Activities**

If you look at the Statement of Activities on page 10 for 2011 and page 15 for 2010, you will see that the first column lists the major services provided by the Library. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for payroll and benefits and public service and programs, which account for 62.2 percent and 18.5 percent of all governmental disbursements, respectively for 2011. In 2010, payroll and benefits accounted for 66.2 percent and public service and programs accounted for 17.5 percent.

The next two columns of the Statement entitled Program Cash Receipts identify amounts paid by people who are directly charged for the service and grants received by the Library that must be used to provide a specific service. The Net Receipts (Disbursements) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by the local taxpayers. These costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)

**Governmental Activities**

	Total Cost of Services 2011	Net Cost of Services 2011	Total Cost of Services 2010	Net Cost of Services 2010
Public Service and Programs	\$342,905	\$267,461	\$288,195	\$215,799
Payroll and Benefits	\$1,155,391	\$1,155,391	\$1,093,562	\$1,093,562
Library Materials and Information	247,861	244,393	203,260	203,260
Capital Outlay	110,417	88,517	66,868	66,868
Total Expenses	<u>\$1,856,574</u>	<u>\$1,755,762</u>	<u>\$1,651,885</u>	<u>\$1,579,489</u>

**The Library's Funds**

Total governmental funds had receipts of \$3,072,977 and disbursements of \$1,856,574 in 2011. The greatest change within governmental funds occurred within the General Fund. The fund balance of the General Fund increased \$1,254,417 due to the first-year collection of property tax revenue.

Total governmental funds had receipts of \$1,885,135 and disbursements of \$1,651,885 in 2010. The greatest change within governmental funds occurred within the General Fund. The fund balance of the General Fund increased \$282,287 due to reduced expenses.

**General Fund Budgeting Highlights**

The Library's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During 2011 and 2010, the Library amended its General Fund budget several times to reflect changing circumstances.

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Final disbursements for 2011 were budgeted at \$1,929,651 while actual disbursements were \$1,802,214. The Library kept spending under budgeted amounts.

Final disbursements for 2010 were budgeted at \$1,786,802 while actual disbursements were \$1,642,021. The Library kept spending under budgeted amounts.

**Capital Assets and Debt Administration**

**Capital Assets**

Industrial Appraisal Company completed an appraisal on October 23, 2007 and report dated December 31, 2007 of the fixtures, furniture and equipment of the Washington County Public Library by location. The purpose of this study is to establish an independent, professional opinion of the insurable value of the property appraised and to provide proof of loss documentation should the need arise.

**Debt**

At December 31, 2011 and 2010, the Library had no outstanding debt.

**Contacting the Library's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Washington County Public Library's finances and to reflect the Library's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Sandra A. Starr, Fiscal Officer, Washington County Public Library, 615 Fifth, Marietta, Ohio 45750.

**Washington County Public Library**  
*Statement of Net Assets - Modified Cash Basis*  
*December 31, 2011*

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	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$2,493,661
Investments	<u>1,042,020</u>
<i>Total Assets</i>	<u><u>\$3,535,681</u></u>
<b>Net Assets</b>	
Restricted for:	
Capital Projects	\$1,560,422
Other Purposes	23,947
Unrestricted	<u>1,951,312</u>
<i>Total Net Assets</i>	<u><u>\$3,535,681</u></u>

See accompanying notes to the basic financial statements



**Washington County Public Library**  
*Statement of Assets and Fund Balances- Modified Cash Basis*  
*Governmental Funds*  
*December 31, 2011*

	General	Capital Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$1,968,212	\$518,402	\$7,047	\$2,493,661
Investments		1,042,020		1,042,020
<i>Total Assets</i>	<u>\$1,968,212</u>	<u>\$1,560,422</u>	<u>\$7,047</u>	<u>\$3,535,681</u>
<b>Fund Balances</b>				
Restricted	\$16,900		\$7,047	\$23,947
Assigned	8,035	\$1,560,422		1,568,457
Unassigned (Deficit)	1,943,277			1,943,277
<i>Total Fund Balances</i>	<u>\$1,968,212</u>	<u>\$1,560,422</u>	<u>\$7,047</u>	<u>\$3,535,681</u>

See accompanying notes to the basic financial statements

**Washington County Public Library**  
*Statement of Receipts, Disbursements and Changes in Fund Balances - Modified Cash Basis*  
*Governmental Funds*  
*For the Year Ended December 31, 2011*

	General	Capital Fund	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>				
Property and Other Local Taxes	\$951,514			\$951,514
Intergovernmental	2,013,486		\$16,900	2,030,386
Patron Fines and Fees	72,944			72,944
Contributions, Gifts and Donations	3,468	\$5,000	2,500	10,968
Earnings on Investments	3,067			3,067
Miscellaneous	4,098			4,098
<i>Total Receipts</i>	<u>3,048,577</u>	<u>5,000</u>	<u>19,400</u>	<u>3,072,977</u>
<b>Disbursements</b>				
Current:				
Public Services and Programs	342,677		228	342,905
Library Materials and Information	245,617		2,244	247,861
Payroll and Benefits	1,155,391			1,155,391
Capital Outlay	50,494	43,809	16,114	110,417
<i>Total Disbursements</i>	<u>1,794,179</u>	<u>43,809</u>	<u>18,586</u>	<u>1,856,574</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>1,254,398</u>	<u>(38,809)</u>	<u>814</u>	<u>1,216,403</u>
<b>Other Financing Sources (Uses)</b>				
Other Financing Sources	19			19
<i>Total Other Financing Sources (Uses)</i>	<u>19</u>	<u>0</u>	<u>0</u>	<u>19</u>
<i>Net Change in Fund Balances</i>	1,254,417	(38,809)	814	1,216,422
<i>Fund Balances Beginning of Year</i>	<u>713,795</u>	<u>1,599,231</u>	<u>6,233</u>	<u>2,319,259</u>
<i>Fund Balances End of Year</i>	<u>\$1,968,212</u>	<u>\$1,560,422</u>	<u>\$7,047</u>	<u>\$3,535,681</u>

See accompanying notes to the basic financial statements



**Washington County Public Library**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual - Budget Basis*  
*General Fund*  
*For the Year Ended December 31, 2011*

	Budgeted Amounts		Actual	(Optional)
	Original	Final		Variance with Final Budget Positive (Negative)
<b>Receipts</b>				
Property and Other Local Taxes	\$850,430	\$1,063,040	\$951,514	(\$111,526)
Intergovernmental	1,620,315	1,885,315	2,013,486	128,171
Patron Fines and Fees	79,700	79,700	72,944	(6,756)
Contributions, Gifts and Donations	4,375	4,375	3,468	(907)
Earnings on Investments	3,000	3,000	3,067	67
Miscellaneous	1,450	1,450	4,098	2,648
<i>Total Receipts</i>	<u>2,559,270</u>	<u>3,036,880</u>	<u>3,048,577</u>	<u>11,697</u>
<b>Disbursements</b>				
Current:				
Public Services and Programs	378,446	448,465	347,477	100,988
Payroll and Benefits	1,141,400	1,157,400	1,155,391	2,009
Library Materials and Information	257,180	257,090	248,122	8,968
Capital Outlay	61,315	66,696	51,224	15,472
<i>Total Disbursements</i>	<u>1,838,341</u>	<u>1,929,651</u>	<u>1,802,214</u>	<u>127,437</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>720,929</u>	<u>1,107,229</u>	<u>1,246,363</u>	<u>139,134</u>
<b>Other Financing Sources (Uses)</b>				
Other Financing Sources	50	50	19	(31)
<i>Total Other Financing Sources (Uses)</i>	<u>50</u>	<u>50</u>	<u>19</u>	<u>(31)</u>
<i>Net Change in Fund Balance</i>	720,979	1,107,279	1,246,382	139,103
<i>Unencumbered Fund Balance Beginning of Year</i>	674,679	674,679	674,679	0
Prior Year Encumbrances Appropriated	39,116	39,116	39,116	0
<i>Unencumbered Fund Balance End of Year</i>	<u>\$1,434,774</u>	<u>\$1,821,074</u>	<u>\$1,960,177</u>	<u>\$139,103</u>

See accompanying notes to the basic financial statements

**Washington County Public Library**  
**Washington County**  
*Statement of Net Assets - Modified Cash Basis*  
*December 31, 2010*

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	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$1,377,767
Investments	<u>941,492</u>
<i>Total Assets</i>	<u><u>\$2,319,259</u></u>
<b>Net Assets</b>	
Restricted for:	
Capital Projects	\$1,599,231
Other Purposes	6,233
Unrestricted	<u>713,795</u>
<i>Total Net Assets</i>	<u><u>\$2,319,259</u></u>

See accompanying notes to the basic financial statements

**Washington County Public Library**  
**Washington County**  
*Statement of Activities - Modified Cash Basis*  
*For the Year Ended December 31, 2010*

	Cash Disbursements	Program Cash Receipts  Charges for Services and Sales	Net (Disbursements) Receipts and Changes in Net Assets  Governmental Activities
<b>Governmental Activities</b>			
Current:			
Public Service and Programs	\$288,195	\$72,396	(\$215,799)
Library Materials and Information	203,260		(203,260)
Payroll and Benefits	1,093,562		(1,093,562)
Capital Outlay	66,868		(66,868)
<i>Total Governmental Activities</i>	<u>\$1,651,885</u>	<u>\$72,396</u>	<u>(1,579,489)</u>
<b>General Receipts</b>			
Restricted Gifts and Contributions			8,449
Grants and Entitlements not Restricted to Specific Programs			1,800,351
Interest			2,736
Miscellaneous			1,203
Other Financing Sources			57
<i>Total General Receipts</i>			<u>1,812,796</u>
Change in Net Assets			233,307
<i>Net Assets Beginning of Year</i>			<u>2,085,952</u>
<i>Net Assets End of Year</i>			<u>\$2,319,259</u>

See accompanying notes to the basic financial statements

**Washington County Public Library**  
**Washington County**  
*Statement of Cash Basis Assets and Fund Balances - Modified Cash Basis*  
*Governmental Funds*  
*December 31, 2010*

	General	Capital Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$713,795	\$657,739	\$6,233	\$1,377,767
Investments		941,492		941,492
<i>Total Assets</i>	<u>\$713,795</u>	<u>\$1,599,231</u>	<u>\$6,233</u>	<u>\$2,319,259</u>
<b>Fund Balances</b>				
Reserved:				
Reserved for Encumbrances	\$39,116	\$1,930		\$41,046
Unreserved:				
Undesignated (Deficit), Reported in:				
General Fund	674,679			674,679
Special Revenue Funds			\$6,233	6,233
Capital Projects Funds		1,597,301		1,597,301
<i>Total Fund Balances</i>	<u>\$713,795</u>	<u>\$1,599,231</u>	<u>\$6,233</u>	<u>\$2,319,259</u>

See accompanying notes to the basic financial statements

**Washington County Public Library**  
**Washington County**  
*Statement of Receipts, Disbursements and Changes in Fund Balances - Modified Cash Basis*  
*Governmental Funds*  
*For the Year Ended December 31, 2010*

	General	Capital Fund	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>				
Intergovernmental	\$1,800,351			\$1,800,351
Patron Fines and Fees	72,396			72,396
Contributions, Gifts and Donations	8,449			8,449
Earnings on Investments	2,736			2,736
Miscellaneous	1,203			1,203
<i>Total Receipts</i>	<u>1,885,135</u>	<u>\$0</u>	<u>\$0</u>	<u>1,885,135</u>
<b>Disbursements</b>				
Current:				
Public Service and Programs	288,195			288,195
Payroll and Benefits	1,093,562			1,093,562
Library Materials and Information	200,730		2,530	203,260
Capital Outlay	20,418	19,150	27,300	66,868
<i>Total Disbursements</i>	<u>1,602,905</u>	<u>19,150</u>	<u>29,830</u>	<u>1,651,885</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>282,230</u>	<u>(19,150)</u>	<u>(29,830)</u>	<u>233,250</u>
<b>Other Financing Sources (Uses)</b>				
Other Financing Sources	57			57
<i>Total Other Financing Sources (Uses)</i>	<u>57</u>	<u>0</u>	<u>0</u>	<u>57</u>
<i>Net Change in Fund Balances</i>	282,287	(19,150)	(29,830)	233,307
<i>Fund Balances Beginning of Year</i>	<u>431,508</u>	<u>1,618,381</u>	<u>36,063</u>	<u>2,085,952</u>
<i>Fund Balances End of Year</i>	<u>\$713,795</u>	<u>\$1,599,231</u>	<u>\$6,233</u>	<u>\$2,319,259</u>

See accompanying notes to the basic financial statements

**Washington County Public Library**  
**Washington County**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual - Budget Basis*  
*General Fund*  
*For the Year Ended December 31, 2010*

	<u>Budgeted Amounts</u>			(Optional) Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Receipts</b>				
Intergovernmental	\$1,725,203	\$1,725,203	\$1,800,351	\$75,148
Patron Fines and Fees	77,500	77,500	72,396	(5,104)
Contributions, Gifts and Donations	4,375	4,375	8,449	4,074
Earnings on Investments	5,000	5,000	2,736	(2,264)
Miscellaneous	1,450	1,450	1,203	(247)
<i>Total receipts</i>	<u>1,813,528</u>	<u>1,813,528</u>	<u>1,885,135</u>	<u>71,607</u>
<b>Disbursements</b>				
Current:				
Public Service and Programs	384,065	364,459	302,230	62,229
Payroll and Benefits	1,141,625	1,141,625	1,093,562	48,063
Library Materials and Information	235,184	239,723	225,811	13,912
Capital Outlay	38,000	40,995	20,418	20,577
<i>Total Disbursements</i>	<u>1,798,874</u>	<u>1,786,802</u>	<u>1,642,021</u>	<u>144,781</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>14,654</u>	<u>26,726</u>	<u>243,114</u>	<u>216,388</u>
<b>Other Financing Sources (Uses)</b>				
Other Financing Sources	50	50	57	7
<i>Total Other Financing Sources (Uses)</i>	<u>50</u>	<u>50</u>	<u>57</u>	<u>7</u>
<i>Net Change in Fund Balance</i>	14,704	26,776	243,171	216,395
<i>Fund Balance Beginning of Year</i>	408,784	408,784	408,784	0
Prior Year Encumbrances Appropriated	22,724	22,724	22,724	0
<i>Fund Balance End of Year</i>	<u>\$446,212</u>	<u>\$458,284</u>	<u>\$674,679</u>	<u>\$216,395</u>

See accompanying notes to the basic financial statements

**Washington County Public Library**  
*Notes to the Basic Financial Statements*  
*For the Years Ended December 31, 2011 - 2010*

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**Note 1 – Description of the Library and Reporting Entity**

The Washington County Public Library (the Library) was organized as a county public library under the laws of the State of Ohio. The Library has its own Board of Trustees of seven members, of which three are appointed by the Washington County Court of Common Pleas, and four are appointed by the Washington County Commissioners. Appointments are for seven-year terms and members serve without compensation. Under Ohio statutes, the Library is a body politic and corporate capable of suing and being sued, contracting, acquiring, holding, possessing and disposing of real property, and of exercising such other powers and privileges conferred upon it by law. The Library also determines and operates under its own budget. Control and management of the Library is governed by sections 3375.33 to 3375.39 of the Ohio Revised Code with the administration of the day-to-day operations of the Library being the responsibility of the Director and financial accountability being solely that of the Fiscal Officer.

The library is fiscally independent of the County Commissioners, although the County Commissioners serve in a ministerial capacity as the taxing authority for the Library. The determination to request approval of a tax levy, the role and purpose(s) of the levy, are discretionary decisions made solely by the Board of Library Trustees. Once those decisions are made, the County Commissioners must put the levy on the ballot. There is no potential for the Library to provide a financial benefit to or impose a financial burden on the County Commissioners.

Under the provision of Statement No. 14 of the Governmental Accounting Standards Board, “The Financial Reporting Entity,” the Library is considered to be a related organization of Washington County.

Component units are legally separate organizations for which the Library is financially accountable. The Library is financially accountable for an organization if the Library appoints a voting majority of the organization's governing board and (1) the Library is able to significantly influence the programs or services performed or provided by the organization; or (2) the Library is legally entitled to or can otherwise access the organization's resources; the Library is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Library is obligated for the debt of the organization. Component units may also include organizations for which the Library authorizes the issuance of debt or the levying of taxes or determines the budget if there is also the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the Library. The Library has no component units.

The Washington County Public Library Foundation, Inc. is a not-for-profit member of the Marietta Community Foundation, Inc. with a self-appointing board. The Washington County Public Library Board of Trustees served as the WCPL Foundation Board until May 20, 2011. The market value of the investments held by the Foundation was \$13,029 as of December 31, 2011 and \$12,852 as of December 31, 2010. The market value is not considered significant to the basic financial statements of the Library. Therefore, this organization has been excluded from the reporting entity of the Library.

The Friends of the Washington County Public Library, Inc. is a not-for-profit organization with a self-appointing board. The Library is not financially accountable for the organization, nor does the Library approve the budget or the issuance of debt of the organization. Therefore, this organization has been excluded from the reporting entity of the Library.

The Friends of the Barlow Library, Inc. is a not-for-profit organization with a self-appointing board. The Library is not financially accountable for the organization, nor does the Library approve the budget or the issuance of debt of the organization. Therefore, this organization has been excluded from the reporting entity of the Library.

**Washington County Public Library**  
*Notes to the Basic Financial Statements*  
*For the Years Ended December 31, 2011 - 2010*

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The Friends of the Beverly Library, Inc. is a not-for-profit organization with a self-appointing board. The Library is not financially accountable for the organization, nor does the Library approve the budget or the issuance of debt of the organization. Therefore, this organization has been excluded from the reporting entity of the Library.

The Friends of the Belpre Library, Inc. is a not-for-profit organization with a self-appointing board. The Library is not financially accountable for the organization, nor does the Library approve the budget or the issuance of debt of the organization. Therefore, this organization has been excluded from the reporting entity of the Library.

The New Matamoras Library Association is a not-for-profit organization with a self-appointing board. The Library is not financially accountable for the organization, nor does the Library approve the budget or the issuance of debt of the organization. Therefore, this organization has been excluded from the reporting entity of the Library.

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**

As discussed further in the Basis of Accounting section of this note, the financial statements of the Library have been prepared on a modified cash basis of accounting. This modified cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the modified cash basis of accounting. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the modified cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements. The most significant of the Library's accounting policies are described below.

***Basis of Presentation***

The Library's basic financial statements consist of government-wide statements, including a statement of net assets and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

***Government-wide Financial Statements*** The statement of net assets and the statement of activities display information about the Library as a whole. These statements include the financial activities of the primary government. Governmental activities generally are financed through taxes, intergovernmental receipts and other nonexchange transactions.

The statement of net assets presents the cash and investment balances of the governmental activities of the Library at year end. The statement of activities compares disbursements with program receipts for each of the Library's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Library is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program, and receipts of interest earned on grants that are required to be used to support a particular program.



**Washington County Public Library**  
*Notes to the Basic Financial Statements*  
*For the Years Ended December 31, 2011 - 2010*

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General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a modified cash basis or draws from the Library's general receipts.

***Fund Financial Statements*** During the year, the Library segregates transactions related to certain Library functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Library at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

***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 Library's funds are all classified as governmental.

***Governmental Funds*** Governmental funds are financed primarily from taxes, intergovernmental receipts (e.g., grants), and other non-exchange transactions. Monies are assigned to the various governmental funds according to the purposes for which they may or must be used. The following are the Library's major governmental funds:

***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.

***Capital Fund*** The capital fund accounts for and reports resources set aside by the Board of Library Trustees specifically for major capital and technology improvements.

The other governmental funds of the Library account for grants and other resources whose use is restricted to a particular purpose.

***Basis of Accounting***

The Library's financial statements are prepared using the modified cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Library's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Library are described in the appropriate section in this note.

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued liabilities and the related expenses) are not recorded in these financial statements.

**Washington County Public Library**  
*Notes to the Basic Financial Statements*  
*For the Years Ended December 31, 2011 - 2010*

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***Budgetary Process***

All funds are legally required to be appropriated. The appropriations resolution is the Trustee's authorization to spend resources and sets limits on cash disbursements plus encumbrances at the level of control selected by the Trustees. The legal level of control has been established at the fund level for all funds. Budgetary modifications at the legal level of control may only be made by resolution of the Board of Library Trustees.

For control purposes, the Library estimates cash receipts for the year. These estimated receipts, together with the unencumbered carry-over balances from the prior year, set a limit on the amount the Trustees may appropriate. The estimated receipts may be revised during the year if projected increases or decreases in receipts are identified by the Fiscal Officer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts of estimated resources at the time final appropriations were enacted by the Trustees.

The appropriations resolution is subject to amendment throughout the year with the restriction that appropriations should not exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Trustees during the year.

***Cash and Cash Equivalents***

Library records identify the purchase of specific investments by specific funds. To improve cash management, cash received by the Library is pooled and invested. Individual fund integrity is maintained through the Library's records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

Investments with original maturities of three months or less at the time they are purchased and investments of the cash management pool are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts, respectively.

During 2011 and 2010, investments were limited to STAR Ohio and nonnegotiable certificate of deposit. The nonnegotiable certificate of deposit is recorded at cost.

STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31, 2011 and 2010.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest receipt credited to the General Fund was \$3,067 during 2011 and \$2,736 during 2010.

**Washington County Public Library**  
*Notes to the Basic Financial Statements*  
*For the Years Ended December 31, 2011 - 2010*

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***Restricted Assets***

Cash, cash equivalents, and investments are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation.

***Inventory and Prepaid Items***

The Library reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

***Capital Assets***

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

***Fund Balance***

Fund balance is divided into five classifications based primarily on the extent to which the Library is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

***Nonspendable*** The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

***Restricted*** Fund balance is reported as 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 committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (resolution) of Library Trustees. Those committed amounts cannot be used for any other purpose unless the Library Trustees remove or change the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

***Assigned*** Amounts in the assigned fund balance classification are intended to be used by the Library for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by the Library Trustees or a Library official delegated that authority by resolution, or by State Statute.

**Washington County Public Library**  
*Notes to the Basic Financial Statements*  
*For the Years Ended December 31, 2011 - 2010*

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***Unassigned*** Unassigned fund balance is the residual classification for the general fund and includes amounts not contained 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.

***Accumulated Leave***

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Library's cash basis of accounting.

***Employer Contributions to Cost-Sharing Pension Plans***

The Library recognizes the disbursement for their employer contributions to cost-sharing pension plans when they are paid. As described in Notes 8 and 9, the employer contributions include portions for pension benefits and for postretirement health care benefits.

***Long-Term Obligations***

The Library's modified cash basis financial statements do not report liabilities for long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure are reported at inception. Lease payments are reported when paid. There were no long-term obligation as of December 31, 2011 or 2010.

***Net Assets***

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

The Library's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

***Interfund Transactions***

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

**Washington County Public Library**  
*Notes to the Basic Financial Statements*  
*For the Years Ended December 31, 2011 - 2010*

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**Note 3 – Change in Accounting Principle**

For 2011, the Library implemented Governmental Accounting Standard Board (GASB) Statement No. 54, “Fund Balance Reporting and Governmental Fund Type Definitions”. GASB Statement No. 54 enhances the usefulness of fund balance information by providing clear fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The implementation of GASB Statement No. 54 did not have an effect on the fund balances of the major governmental funds and all other governmental funds as previously reported.

**Note 4 – Budgetary Basis of Accounting**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis presented for the General Fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The differences between the budgetary basis and the modified cash basis is outstanding year end encumbrances which are treated as disbursements (budgetary basis) rather than as restricted, committed or assigned fund balance (modified cash basis). The encumbrances outstanding at year end (budgetary basis) amounted to \$8,035 for the General Fund in 2011 and \$39,116 for the General Fund in 2010.

**Note 5 – Deposits and Investments**

Monies held by the Library are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Library treasury. Active monies must be maintained either as cash in the Library treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Board has identified as not required for use within the current five-year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the Library can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;

**Washington County Public Library**  
*Notes to the Basic Financial Statements*  
*For the Years Ended December 31, 2011 - 2010*

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2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Library, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Fiscal Officer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

At 2011 and 2010 year end, the Library had \$874 in undeposited cash on hand which is included as part of "Equity in Pooled Cash and Cash Equivalents" on the financial statements.

***Deposits***

Custodial credit risk for deposits is the risk that in the event of bank failure, the Library will not be able to recover deposits or collateral securities that are in the possession of an outside party. At December 31, 2011 \$2,274,451 of the Library's bank balance of \$2,625,379 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Library's name. At December 31, 2010 \$1,161,696 of the Library's bank balance of \$1,413,118 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Library's name.

**Washington County Public Library**  
*Notes to the Basic Financial Statements*  
*For the Years Ended December 31, 2011 - 2010*

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The Library has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Library or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

***Investments***

As of December 31 the Library had the following investment:

	<u>Fair Value</u>	<u>Maturity</u>
<u>2011:</u>		
STAR Ohio	\$942,021	Average 35 Days
<u>2010:</u>		
STAR Ohio	\$941,492	Average 35 Days

***Interest Rate Risk*** Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The Library's investment policy addresses interest rate risk by requiring the Library's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments, thereby avoiding that need to sell security on the open market prior to maturity, and by investing operating funds primarily in short-term investments.

***Credit Risk*** STAR Ohio carries a rating of AAAM by Standard and Poor's. The Library has no investment policy dealing with investment credit risk beyond the requirements in state statutes. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service.

***Custodial Credit Risk*** For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Library will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Library has no investment policy dealing with investment custodial risk beyond the requirements in ORC 135.14(M)(2) which states, "Payment for investments shall be made only upon the delivery of securities representing such investments to the treasurer, investing authority, or qualified trustee. If the securities transferred are not represented by a certificate, payment shall be made only upon receipt of confirmation of transfer from the custodian by the treasurer, governing board, or qualified trustee".

**Note 6 – Property Taxes**

Property taxes include amounts levied against all real and public utility property located in the Library. Property tax revenue received during 2011 for real and public utility property taxes represents collections of 2010 taxes.

2011 real property taxes are levied after October 1, 2011, on the assessed value as of January 1, 2011, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2011 real property taxes are collected in and intended to finance 2012.

**Washington County Public Library**  
*Notes to the Basic Financial Statements*  
For the Years Ended December 31, 2011 - 2010

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2011 public utility property taxes which became a lien December 31, 2010, are levied after October 1, 2011, and are collected in 2011 with real property taxes.

The full tax rate for all Library operations for the year ended December 31, 2011, was \$1.00 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2011 property tax receipts were based are as follows:

Real Property	\$934,549
Public Utility Personal Property	132,919
<b>Total</b>	<b>\$1,067,468</b>

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the Library. The County Auditor periodically remits to the Library its portion of the taxes collected.

**Note 7 – Risk Management**

The Library is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2011, the Library contracted with several companies for various types of insurance coverage as follows:

Company	Type of Coverage	Coverage
Westfield Insurance	Commercial Property	\$7,785,816
	Commercial Umbrella Liability	\$1,000,000
	General Liability, in aggregate	\$2,000,000
	General Liability, per occurrence	\$1,000,000
	Fleet Insurance, single limit	\$500,000
	Fleet Insurance, uninsured	\$500,000
	Chubb Group of Insurance Companies	Directors Liability
Ohio Casualty Fiscal Officer		\$20,000
Hartford Deputy Fiscal Officer		\$10,000
Ohio Casualty Employee Dishonesty		\$25,000

Settled claims have not exceeded this coverage in any of the last three years and there was no significant reduction in coverage from the prior year.

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. The System administers and pays all claims.



**Washington County Public Library**  
*Notes to the Basic Financial Statements*  
*For the Years Ended December 31, 2011 - 2010*

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**Note 8 – Defined Benefit Pension Plan**

Plan Description – The Library participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to, but less than, the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/investments/cafr.shtml>, writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

Funding policy – The Ohio Revised Code provides statutory authority for member and employer contributions and currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for local employer units. Member contribution rates, as set forth in the Ohio Revised Code, are not to exceed 10 percent of covered payroll for members in local divisions. For the years ended December 31, 2011 and 2010, members in local divisions contributed 10 percent of covered payroll. For 2011 and 2010, member and employer contribution rates were consistent across all three plans.

The Library's 2011 and 2010 contribution rate was 14 percent. The portion of employer contributions used to fund pension benefits is net of post-employment health care benefits. The portion of employer contribution allocated to health care for members in the Traditional Plan was 4.00 percent for 2011 and 5.5 percent from January 1 through February 28, 2010, and 5 percent from March 1 through December 31, 2010 for 2010. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05 percent for 2011 and 4.73 percent from January 1 through February 28, 2010, and 4.23 percent from March 1 through December 31, 2010 for 2010. Employer contribution rates are actuarially determined.

The Library's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2011, 2010, and 2009 were \$123,237, \$114,530, and \$132,770 respectively, with the full amount being contributed for 2011, 2010 and 2009.

**Note 9 – Postemployment Benefits**

Plan Description – Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan – a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan – a defined contribution plan; and the Combined Plan – a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

**Washington County Public Library**  
*Notes to the Basic Financial Statements*  
*For the Years Ended December 31, 2011 - 2010*

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OPERS maintains a cost-sharing multiple-employer defined benefit post-employment health care plan for qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage. The plan includes a medical plan, a prescription drug program and Medicare Part B premium reimbursement.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have ten or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised Code permits, but does not mandate, OPERS to provide health care benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report which may be obtained by visiting <https://www.opers.org/investments/cafr.shtml>, writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614)222-5601 or 800-222-7377.

Funding Policy – The post-employment health care plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). The Ohio Revised Code provides the statutory authority requiring public employers to fund post-retirement health care through contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2011 and 2010, state and local employers contributed at a rate of 14.0 percent of covered payroll. This is the maximum employer contribution rate permitted by the Ohio Revised Code.

Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 4.0 percent for 2011 and 5.5 percent from January 1 through February 28, 2010, and 5 percent from March 1 through December 31, 2010 for 2010. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05 percent for 2011 and 4.73 percent from January 1 through February 28, 2010, and 4.23 percent from March 1 through December 31, 2010 for 2010.

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the post-employment health care plan.



# Dave Yost • Auditor of State

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

Washington County Public Library  
Washington County  
615 Fifth Street  
Marietta, Ohio 45750

To the Board of Library Trustees:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Washington County Public Library, Washington County, (the Library) as of and for the years ended December 31, 2011 and 2010, which collectively comprise the Library's basic financial statements and have issued our report thereon dated August 15, 2012, wherein we noted the Library adopted Governmental Accounting Standards Board Statement No. 54. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Library's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Library's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Library's internal control over financial reporting.

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 more than a reasonable possibility that a material misstatement of the Library's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

### **Compliance and Other Matters**

As part of reasonably assuring whether the Library's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note a certain matter not requiring inclusion in this report that we reported to the Library's management in a separate letter dated August 15, 2012.

We intend this report solely for the information and use of management, the Board of Library Trustees and others within the Library. We intend it for no one other than these specified parties.

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

**Dave Yost**  
Auditor of State

August 15, 2012



# Dave Yost • Auditor of State

WASHINGTON COUNTY PUBLIC LIBRARY

WASHINGTON COUNTY

## CLERK'S CERTIFICATION

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

*Susan Babbitt*

CLERK OF THE BUREAU

CERTIFIED  
SEPTEMBER 4, 2012