



Dave Yost • Auditor of State



**GREENE COUNTY PUBLIC LIBRARY  
GREENE COUNTY  
DECEMBER 31, 2015 AND 2014**

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Greene County Public Library  
Greene County  
76 East Market Street  
P.O. Box 520  
Xenia, Ohio 45385

To the Board of Trustees:

### ***Report on the Financial Statements***

We have audited the accompanying modified cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Greene County Public Library, Greene County, Ohio (the Library), as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with the modified cash accounting basis Note 2 describes. This responsibility includes determining that the modified cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Library's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Library's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

**Opinion**

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 Greene County Public Library, Greene County, Ohio, as of December 31, 2015 and 2014, and the respective changes in modified cash financial position and the budgetary comparison for the General fund thereof for the years then ended in accordance with the accounting basis described in Note 2.

**Accounting Basis**

We draw attention to Note 2 of the financial statements, which describes the accounting basis. The financial statements are prepared on the modified cash basis of accounting, which differs from generally accepted accounting principles. 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 April 5, 2017, 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.

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**Dave Yost**  
Auditor of State  
Columbus, Ohio

April 5, 2017

**Greene County Public Library**  
**Greene County**  
*Statement of Net Position - Modified Cash Basis*  
*December 31, 2015*

	Governmental Activities
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$ 648,466
Investments	4,386,730
<i>Total Assets</i>	<b>\$ 5,035,196</b>
 <b>Net Position</b>	
Restricted for:	
Special Revenue	\$ 33,752
Capital Projects	2,358,755
Permanent Fund Purpose	
Expendable	59,698
Nonexpendable	28,817
Unrestricted	2,554,174
<i>Total Net Position</i>	<b>\$ 5,035,196</b>

See accompanying notes to the basic financial statements

**Greene County Public Library, Greene County**

*Statement of Activities - Modified Cash Basis*

*For the Year Ended December 31, 2015*

	Cash Disbursements	Program Cash Receipts		Net (Disbursements) Receipts and Changes in Net Assets
		Charges for Services and Sales	Capital Grants and Contributions	Governmental Activities
<b>Governmental Activities</b>				
Library Services:				
Public Service and Programs	\$ 3,885,730	\$ 171,419	\$ 2,493	\$ (3,711,818)
Collection Development and Processing	700,907			(700,907)
Library Materials	1,642,783			(1,642,783)
Support Services:				
Facilities Operation and Maintenance	817,501			(817,501)
Information Services	488,022			(488,022)
Business Administration	1,502,053			(1,502,053)
Capital Outlay	625,511			(625,511)
<i>Total Governmental Activities</i>	<u>\$ 9,662,507</u>	<u>\$ 171,419</u>	<u>\$ 2,493</u>	<u>\$ (9,488,595)</u>

**General Receipts**

Intergovernmental	4,961,939
Property and Other Local Taxes	3,125,914
Interest	34,606
Miscellaneous	93,789

*Total General Receipts* 8,216,248

Change in Net Position (1,272,347)

*Net Position Beginning of Year* 6,307,543

*Net Position End of Year* \$5,035,196

See accompanying notes to the basic financial statements



**Greene County Public Library**  
**Greene County**  
*Statement of Modified Cash Basis Assets and Fund Balances*  
*Governmental Funds*  
*December 31, 2015*

	<u>General</u>	<u>Building &amp; Repair Fund</u>	<u>Technology Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>					
Equity in Pooled Cash and Cash Equivalents	\$ 328,977	\$ 191,573	\$ 112,170	\$ 15,746	\$ 648,466
Investments	2,225,195	1,296,115	758,896	106,524	4,386,730
<i>Total Assets</i>	<u>\$ 2,554,172</u>	<u>\$ 1,487,688</u>	<u>\$ 871,066</u>	<u>\$ 122,270</u>	<u>\$ 5,035,196</u>
<b>Fund Balances</b>					
Nonspendable				28,817	28,817
Restricted				93,453	93,453
Committed	118,019		9,083		127,102
Assigned	1,954,339	1,487,688	861,983		4,304,010
Unassigned (Deficit)	481,814				481,814
<i>Total Fund Balances</i>	<u>\$ 2,554,172</u>	<u>\$ 1,487,688</u>	<u>\$ 871,066</u>	<u>\$ 122,270</u>	<u>\$ 5,035,196</u>

See accompanying notes to the basic financial statements

**Greene County Public Library**  
**Greene County**  
*Statement of Cash Receipts, Disbursements and Changes in Modified Cash Basis Fund Balances*  
*Governmental Funds*  
*For the Year Ended December 31, 2015*

	General	Building & Repair Fund	Technology Fund	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>					
Property and Other Local Taxes	\$ 3,125,914				\$ 3,125,914
Intergovernmental	4,961,939				4,961,939
Patron Fines and Fees	171,419				171,419
Contributions, Gifts and Donations	701			\$ 1,792	2,493
Earnings on Investments	34,489			117	34,606
Refunds and reimbursements	93,789				93,789
<i>Total Receipts</i>	<u>8,388,251</u>			<u>1,909</u>	<u>8,390,160</u>
<b>Disbursements</b>					
Current:					
Library Services:					
Public Service and Programs	3,885,730				3,885,730
Collection Development and Processing	700,906				700,906
Library Materials	1,640,053			2,730	1,642,783
Support Services:					
Facilities Operation and Maintenance	817,501				817,501
Information Services	488,022				488,022
Business Administration	1,502,054				1,502,054
Capital Outlay	57,003	\$ 423,302	\$ 145,206		625,511
<i>Total Disbursements</i>	<u>9,091,269</u>	<u>423,302</u>	<u>145,206</u>	<u>2,730</u>	<u>9,662,507</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(703,018)</u>	<u>(423,302)</u>	<u>(145,206)</u>	<u>(821)</u>	<u>(1,272,347)</u>
<b>Other Financing Sources (Uses)</b>					
Transfers In			100,000		100,000
Transfers Out	(100,000)				(100,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(100,000)</u>		<u>100,000</u>		
<i>Net Change in Fund Balances</i>	(803,018)	(423,302)	(45,206)	(821)	(1,272,347)
<i>Fund Balances Beginning of Year</i>	<u>3,357,190</u>	<u>1,910,990</u>	<u>916,272</u>	<u>123,091</u>	<u>6,307,543</u>
<i>Fund Balances End of Year</i>	<u>\$ 2,554,172</u>	<u>\$ 1,487,688</u>	<u>\$ 871,066</u>	<u>\$ 122,270</u>	<u>\$ 5,035,196</u>

See accompanying notes to the basic financial statements

**Greene County Public Library**  
**Greene County**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual -Budget Basis*  
*General Fund*  
*For the Year Ended December 31, 2015*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Property and Other Local Taxes	\$ 3,014,352	\$ 3,014,352	\$ 3,125,914	\$ 111,562
Intergovernmental	4,658,347	4,658,347	4,961,939	303,592
Patron Fines and Fees	179,000	179,000	171,420	(7,580)
Contributions, Gifts and Donations			701	701
Earnings on Investments	60,000	60,000	34,490	(25,510)
Refunds and reimbursements	80,000	80,000	93,788	13,788
<i>Total receipts</i>	<u>7,991,699</u>	<u>7,991,699</u>	<u>8,388,252</u>	<u>396,553</u>
<b>Disbursements</b>				
Current:				
Library Services:				
Public Service and Programs	3,990,158	4,248,965	4,081,446	167,519
Collection Development and Processing	799,737	835,382	736,210	99,172
Library Materials	1,992,324	2,013,140	1,722,642	290,498
Support Services:				
Facilities Operation and Maintenance	876,155	890,621	858,677	31,944
Information Services	591,580	608,189	512,603	95,586
Business Administration	1,688,732	1,817,950	1,543,442	274,508
Contingency	115,510	116,717		116,717
Capital Outlay	102,522	117,753	58,824	58,929
<i>Total Disbursements</i>	<u>10,156,718</u>	<u>10,648,717</u>	<u>9,513,844</u>	<u>1,134,873</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(2,165,019)</u>	<u>(2,657,018)</u>	<u>(1,125,592)</u>	<u>1,531,426</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	957,318	1,336,602	1,336,602	
Transfers Out	(100,000)	(100,000)	(100,000)	
<i>Total Other Financing Sources (Uses)</i>	<u>857,318</u>	<u>1,236,602</u>	<u>1,236,602</u>	
<i>Net Change in Fund Balance</i>	(1,307,701)	(1,420,416)	111,010	1,531,426
<i>Fund Balance Beginning of Year</i>	1,420,416	1,420,416	1,420,416	
Prior Year Encumbrances Appropriated	331,726	331,726	331,726	
<i>Fund Balance End of Year</i>	<u>\$ 444,441</u>	<u>\$ 331,726</u>	<u>\$ 1,863,152</u>	<u>\$ 1,531,426</u>

See accompanying notes to the basic financial statements

**Greene County Public Library**  
**Greene County**  
*Statement of Net Position - Modified Cash Basis*  
*December 31, 2014*

	Governmental Activities
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$ 2,042,911
Investments	4,264,632
<i>Total Assets</i>	<b>\$ 6,307,543</b>
 <b>Net Position</b>	
Restricted for:	
Special Revenue	\$ 34,110
Capital Projects	2,827,262
Permanent Fund Purpose	
Expendable	60,162
Nonexpendable	28,817
Unrestricted	3,357,192
<i>Total Net Position</i>	<b>\$ 6,307,543</b>

See accompanying notes to the basic financial statements

**Greene County Public Library, Greene County**

*Statement of Activities - Modified Cash Basis*

*For the Year Ended December 31, 2014*

	Cash Disbursements	Program Cash Receipts		Net (Disbursements) Receipts and Changes in Net Assets
		Charges for Services and Sales	Capital Grants and Contributions	Governmental Activities
<b>Governmental Activities</b>				
Library Services:				
Public Service and Programs	\$ 3,703,608	\$ 175,546	\$ 2,186	\$ (3,525,876)
Collection Development and Processing	685,424			(685,424)
Library Materials	1,351,311			(1,351,311)
Support Services:				
Facilities Operation and Maintenance	629,985			(629,985)
Information Services	352,369			(352,369)
Business Administration	1,626,026			(1,626,026)
Capital Outlay	349,654			(349,654)
<i>Total Governmental Activities</i>	<u>\$ 8,698,377</u>	<u>\$ 175,546</u>	<u>\$ 2,186</u>	<u>\$ (8,520,645)</u>

**General Receipts**

Intergovernmental	4,509,898
Property and Other Local Taxes	3,103,539
Interest	34,993
Miscellaneous	73,053

*Total General Receipts* 7,721,483

Change in Net Position (799,162)

*Net Position Beginning of Year* 7,106,705

*Net Position End of Year* \$6,307,543

See accompanying notes to the basic financial statements

**Greene County Public Library**  
**Greene County**  
*Statement of Modified Cash Basis Assets and Fund Balances*  
*Governmental Funds*  
*December 31, 2014*

	<u>General</u>	<u>Building &amp; Repair Fund</u>	<u>Technology Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>					
Equity in Pooled Cash and Cash Equivalents	\$ 1,744,697		\$ 180,612	\$ 117,602	\$ 2,042,911
Investments	1,612,493	\$ 1,910,990	735,660	5,489	4,264,632
<i>Total Assets</i>	<u>\$ 3,357,190</u>	<u>\$ 1,910,990</u>	<u>\$ 916,272</u>	<u>\$ 123,091</u>	<u>\$ 6,307,543</u>
<b>Fund Balances</b>					
Nonspendable				28,817	28,817
Restricted				94,274	94,274
Committed	150,644		35,730		186,374
Assigned	1,786,132	1,910,990	880,542		4,577,664
Unassigned (Deficit)	1,420,414				1,420,414
<i>Total Fund Balances</i>	<u>\$ 3,357,190</u>	<u>\$ 1,910,990</u>	<u>\$ 916,272</u>	<u>\$ 123,091</u>	<u>\$ 6,307,543</u>

See accompanying notes to the basic financial statements

**Greene County Public Library  
Greene County**

*Statement of Cash Receipts, Disbursements and Changes in Modified Cash Basis Fund Balances  
Governmental Funds  
For the Year Ended December 31, 2014*

	General	Building & Repair Fund	Technology Fund	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>					
Property and Other Local Taxes	\$ 3,103,539				\$ 3,103,539
Intergovernmental	4,509,898				4,509,898
Patron Fines and Fees	175,546				175,546
Contributions, Gifts and Donations	581			\$ 1,605	2,186
Earnings on Investments	34,957			36	34,993
Refunds and reimbursements	73,053				73,053
<i>Total Receipts</i>	<u>7,897,574</u>			<u>1,641</u>	<u>7,899,215</u>
<b>Disbursements</b>					
Current:					
Library Services:					
Public Service and Programs	3,703,608				3,703,608
Collection Development and Processing	685,424				685,424
Library Materials	1,349,891			1,420	1,351,311
Support Services:					
Facilities Operation and Maintenance	629,985				629,985
Information Services	352,369				352,369
Business Administration	1,626,026				1,626,026
Capital Outlay	119,630	\$ 75,986	\$ 151,444	2,594	349,654
<i>Total Disbursements</i>	<u>8,466,933</u>	<u>75,986</u>	<u>151,444</u>	<u>4,014</u>	<u>8,698,377</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(569,359)</u>	<u>(75,986)</u>	<u>(151,444)</u>	<u>(2,373)</u>	<u>(799,162)</u>
<b>Other Financing Sources (Uses)</b>					
Transfers In			100,000		100,000
Transfers Out	(100,000)				(100,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(100,000)</u>		<u>100,000</u>		
<i>Net Change in Fund Balances</i>	(669,359)	(75,986)	(51,444)	(2,373)	(799,162)
<i>Fund Balances Beginning of Year</i>	<u>4,026,549</u>	<u>1,986,976</u>	<u>967,716</u>	<u>125,464</u>	<u>7,106,705</u>
<i>Fund Balances End of Year</i>	<u>\$ 3,357,190</u>	<u>\$ 1,910,990</u>	<u>\$ 916,272</u>	<u>\$ 123,091</u>	<u>\$ 6,307,543</u>

See accompanying notes to the basic financial statements

**Greene County Public Library**  
**Greene County**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual -Budget Basis*  
*General Fund*  
*For the Year Ended December 31, 2014*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Property and Other Local Taxes	\$ 2,875,247	\$ 2,875,247	\$ 3,103,539	\$ 228,292
Intergovernmental	4,651,005	4,651,005	4,509,898	(141,107)
Patron Fines and Fees	179,970	179,970	175,547	(4,423)
Contributions, Gifts and Donations	2,500		581	581
Earnings on Investments	70,000	70,000	34,957	(35,043)
Refunds and reimbursements	56,000	56,000	73,053	17,053
<i>Total receipts</i>	7,834,722	7,832,222	7,897,575	65,353
<b>Disbursements</b>				
Current:				
Library Services:				
Public Service and Programs	3,666,367	3,777,636	3,709,787	67,849
Collection Development and Processing	667,442	693,740	691,092	2,648
Library Materials	1,757,620	1,810,009	1,583,282	226,727
Support Services:				
Facilities Operation and Maintenance	652,623	679,711	656,475	23,236
Information Services	400,832	407,913	359,733	48,180
Business Administration	1,910,761	2,028,335	1,622,311	406,024
Contingency	91,790	81,198		81,198
Capital Outlay	480,369	211,230	144,568	66,662
<i>Total Disbursements</i>	9,627,804	9,689,772	8,767,248	922,524
<i>Excess of Receipts Over (Under) Disbursements</i>	(1,793,082)	(1,857,550)	(869,673)	987,877
<b>Other Financing Sources (Uses)</b>				
Transfers In	700,075	887,637	887,637	
Transfers Out	(100,000)	(100,000)	(100,000)	
<i>Total Other Financing Sources (Uses)</i>	600,075	787,637	787,637	
<i>Net Change in Fund Balance</i>	(1,193,007)	(1,069,913)	(82,036)	987,877
<i>Fund Balance Beginning of Year</i>	1,125,912	1,125,912	1,125,912	
Prior Year Encumbrances Appropriated	376,540	376,540	376,540	
<i>Fund Balance End of Year</i>	\$ 309,445	\$ 432,539	\$ 1,420,416	\$ 987,877

See accompanying notes to the basic financial statements



**Greene County Public Library**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2015 and 2014*

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## **1. DESCRIPTION OF THE REPORTING ENTITY**

The Greene County Public Library (the Library) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of Ohio. The Library is directed by a seven-member Board of Trustees appointed by the Greene County Commissioners and the Greene County Common Pleas Court. The Library provides the community with various educational, recreational, and literary resources.

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

### **A. Primary Government**

A primary government is comprised of all organizations and operations included to assure that the basic financial statements are not misleading. The primary government of the Library consists of all funds, departments, boards and agencies that are not legally separate from the Library.

Component units are legally separate organizations for which the Library is financially accountable. Component units may also include organizations that are fiscally dependent upon the Library in that the Library approves their budget, the issuance of their debt or the levying of their taxes. The Library has no component units.

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

These financial statements and notes are presented on a *modified* cash basis of accounting. The Library recognizes receipts when received in cash rather than when earned and recognizes disbursements when paid rather than when the liability is incurred. The 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 Government Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the modified cash basis of accounting.

Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved). Differences between disbursements reported in the fund and government wide financial statements versus budgetary expenditures are due to encumbrances outstanding at the beginning and end of the fiscal year.

### **A. Basis of Presentation**

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

#### **1. Government-wide Financial Statements**

The statement of net position and the statement of activities display information about the Library as a whole. The statement of net position presents the financial condition of the governmental activities of the Library at year end. The statement of activities presents a comparison between direct disbursements and program receipts for each program or function of the Library's governmental activities. Direct disbursements are those that are specifically associated with a service, program or department, and therefore, clearly identifiable to a particular function.

**Greene County Public Library**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2015 and 2014*  
*(continued)*

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Program receipts are charges paid by the recipient of the goods or services offered by the function, grants, and contributions that are restricted to meeting the operational or capital requirements of a particular function and interest earned on grants and contributions that is required to be used to support a particular function. Receipts which are not classified as program receipts are presented as general receipts of the Library. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing or draws from the general receipts of the Library.

**2. 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 fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

**B. Fund Accounting**

The Library uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. The Library only uses governmental fund types.

**1. Governmental Funds**

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets 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 is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

**Building and Repair Fund** - The building and repair fund is used to account for receipts that are restricted for the acquisition, construction or repair of major capital projects.

**Technology Fund**- This fund is used to account for the receipts that are restricted for the acquisition, construction or repair of computer and their peripherals.

The other governmental funds of the Library account for resources whose use is restricted to a particular purpose. Included in the other governmental funds are Special Revenue Funds whose revenue is used only for the purpose of that fund. Also included in other governmental funds are Permanent Funds. These Permanent Funds are made up of non-expendable trust funds that are restricted as to the use of revenue and the preservation of the principle.

**Greene County Public Library**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2015 and 2014*  
*(continued)*

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**C. Basis of Accounting**

The Library's financial statements are prepared using 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. 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.

**D. Budgetary Process**

All funds, other than agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, appropriations resolution, and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Library may appropriate. The appropriation resolution is the Library's authorization to spend resources and set annual limits on expenditures plus encumbrances at a level of control selected by the Library. The legal level of control has been established by the Library at the function level. The Fiscal Officer maintains the budgetary information at the fund and object level and has the authority to allocate appropriations at the object level without resolution by the Board of Library Trustees.

For control purposes, the Library estimates cash receipts for the year. These estimated receipts, together with the unencumbered carry-overbalances 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 amount of estimated resources at the time of 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 fiscal 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 Library during the fiscal year.

**E. Cash and Cash Equivalents**

To improve cash management, cash received by the Library is pooled and invested. Individual fund integrity is maintained through the Library records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

**Greene County Public Library**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2015 and 2014*  
*(continued)*

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

During fiscal years 2014 and 2015, the Library invested in nonnegotiable certificates of deposit, U.S. Agency Securities, U.S. Treasury Notes, Municipal Bonds, Money Market Investment and Mutual fund, and STAR Ohio. The nonnegotiable certificates of deposit, U.S. Agency Securities, U.S. Treasury Notes, and Municipal Bonds are reported at cost. Money Market Investment and Mutual Funds are reported at the cost value of the portfolio as of December 31, 2014 and 2015.

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.

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, 2014 and 2015.

Interest earnings are allocated to Library funds according to State statutes. Interest receipts credited to the General Fund during fiscal years 2014 and 2015 were to \$34,957 and \$34,489 respectively.

**F. Restricted Assets**

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

**G. 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.

**H. 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.

**I. 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 7 and 8, the employer contributions include portions for pension benefits and for postretirement health care benefits.

**Greene County Public Library**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2015 and 2014*  
*(continued)*

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**J. 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 modified cash basis of accounting.

**K. Long-Term Obligations**

The Library's *modified* cash basis financial statements do not report liabilities for long-term obligations. 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 "capital outlay expenditure" is reported at inception. Lease payments are reported when paid.

**L. Net Position**

Net position is reported as restricted when there are limitations imposed on its use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes includes resources restricted for both expendable and nonexpendable trust funds.

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

**M. 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:

***Non-spendable*** The non-spendable 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 inter-fund 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.

**Greene County Public Library**  
*Notes to the Basic Financial Statements*  
For the Year Ended December 31, 2015 and 2014  
(continued)

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**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.

**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.

**3. 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 – Budgetary Basis presented for the general fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. Adjustments necessary to convert the results of operations at the end of the year on the budget basis to the cash basis are as follows:

	2015	2014
	General	General
Cash Basis	(\$803,018)	(\$669,359)
Funds Budgeted Elsewhere	1,370,242	919,049
Encumbrances	(456,214)	(331,726)
Budget Basis	\$111,010	(\$82,036)

**4. GRANTS-IN-AID**

The primary source of revenue for Ohio Public libraries is the Public Library Fund (PLF). The PLF in 2012 was 1.97% of the State of Ohio gross tax revenue. In 2014 the funding formula changed. Total PLF distribution from January through June was based on the 1.97% of the State of Ohio gross tax revenue. In the biennium budget passed in June, the funding formula changed. The PLF would be a set amount comprising the actual revenues from July through December 2012 plus the estimated amounts received January through June 2014 less 7% to pay for Ohio Public Libraries Information Network (OPLIN) and the Library for the Blind. The PLF is allocated to each county based on the county’s prior year PLF revenues and its population. The County Budget Commission allocates these funds to the Library based on its needs such as for construction of new library buildings, improvements, operations, maintenance or other expenses. The Budget Commission cannot reduce its allocation of these funds to the Library based on any additional revenues the Library receives.

**Greene County Public Library**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2015 and 2014*  
*(continued)*

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**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.

The Library's investment policy permits the purchase of any security specifically authorized by the Ohio Revised Code 135.14, as amended and includes the following:

1. United States Treasury bills, notes, bonds, 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. Stripped principal or interest obligations of such eligible obligations are strictly prohibited.
2. Bonds, notes, debentures, or any other obligations or securities 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 or instrumentality securities must be direct issuances of the federal agency or instrumentality.
3. STAR Ohio is eligible as long as the fund maintains the highest letter rating provided by at least one nationally recognized standard rating service as outlined in ORC 135.45.
4. Bonds and other obligations of this state.
5. Interim deposits (such as Certificates of Deposit) in the eligible institutions applying for interim moneys as provided in ORC 135.08.
6. No-load money market mutual funds consisting exclusively of obligations described in sections IV A or B of this policy and expressly excluding derivatives in accordance with ORC 135.14.
7. Written repurchase agreements (repos) with any eligible public depository mentioned in ORC 135.03, or with any dealer who is a member of the NASD. The market value of the securities subject held as collateral for an overnight repo (including sweep accounts) or term repo must exceed the principal by at least 2%, and the securities must be marked to market daily. Term

**Greene County Public Library**  
*Notes to the Basic Financial Statements*  
For the Year Ended December 31, 2015 and 2014  
(continued)

**5. DEPOSITS AND INVESTMENTS (Continued)**

repurchase agreements may not exceed 30 days. Any repurchase agreement with an eligible securities dealer must be transacted on a delivery versus payment basis. All securities purchased pursuant to a repurchase agreement must be delivered into the custody of the treasurer or an agent designated by the treasurer. Such institution or dealer must agree in writing to unconditionally repurchase any of the securities used for any repo transaction. Reverse repurchase agreements are strictly prohibited.

**A. Deposits**

Deposits include amount held in demand accounts and savings accounts. At December 31, 2015, the carrying amount of the Library's deposits was \$537,870 which includes \$850 of change funds and petty cash. At December 31, 2014, the carrying amount of the Library's deposits was \$1,048,826 which includes \$850 of change funds and petty cash. At the year end, the above balances were 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. Custodial credit risk is the risk that in the event of bank failure, the Library's deposits may not be returned. Protection of the Library's deposits is provided by the federal deposit insurance corporation as well as qualified securities pledged by the institution holding the assets. By Ohio law, Financial institutions must collateralize all public deposits. The face value of the pooled collateral must equal at least 105 percent of public funds on deposit with that specific institution. Collateral is held by trustees including the Federal Reserve Bank and designated third party trustees of the financial institution.

Of the bank balance at December 31, 2015, \$250,000 was covered by federal depository insurance, and \$287,020 was part of pooled collateral. Of the bank balance at December 31, 2014, \$250,000 was covered by federal depository insurance, and \$805,545 was part of pooled collateral.

**B. Investments**

Investments are reported at cost. As of December 31, 2015, the Library had the following investments:

Investment Schedule  
December 31, 2015

	Book Value	Percent of Total Portfolio	Credit Rating	Weighted Average Maturity#
Federal National Mortgage Association (FNMA)	1,400,000	31.13%	Aaa	1.85 years
Federal Home Loan Mortgage Corporation (FHLMC)	500,000	11.12%	Aaa	4.83 years
Federal Farm Credit Bank	1,000,000	22.24%	Aaa	1.28 years
Cerificates of Deposit	1,486,000	33.04%	FDIC	0.65 years
Money Market Mutual Fund - Government Obligations	730	0.02%	Aaa	-
Outside Investment Pools - STAR Ohio	110,596	2.46%	AAA	0.14 years
Total Investments	\$ 4,497,326	100.00%		

Portfolio Weighted Average Maturity

2.15



**Greene County Public Library**  
*Notes to the Basic Financial Statements*  
For the Year Ended December 31, 2015 and 2014  
(continued)

**5. DEPOSITS AND INVESTMENTS (Continued)**

Investments are reported at cost. As of December 31, 2014, the Library had the following investments:

Investment Schedule  
December 31, 2014

	Book Value	Percent of Total Portfolio	Credit Rating	Weighted Average Maturity#
Federal Home Bank Loan (FHLB)	595,000	11.33%	Aaa	3.39 years
Federal National Mortgage Association (FNMA)	1,000,000	19.04%	Aaa	3.13
Federal Home Loan Mortgage Corporation (FHLMC)	1,005,247	19.14%	Aaa	2.16
Federal Farm Credit Bank	1,000,000	19.04%	Aaa	2.21 years
Municipal Bonds	406,816	7.75%	Aa2	0.84 years
Certificates of Deposit	250,000	4.76%	FDIC	0.35 years
Money Market Mutual Fund - Government Obligations	883,928	16.83%	Aaa	-
Outside Investment Pools - STAR Ohio	110,157	2.10%	AAA	0.14
Total Investments	<u>\$ 5,251,148</u>	<u>100.00%</u>		

Portfolio Weighted Average Maturity

1.91

Interest Rate Risk: The Library Investment Policy and state statute requires that investments mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Library. State statute limits investment in commercial paper to a maximum maturity of 180 days from the date of purchase. Repurchase agreements are limited to 30 days and the market value of the securities must exceed the principal value of the agreement by at least 2% and be marked to market daily.

Credit Risk: The Federal Home Loan Bank Notes, Federal Home Loan Mortgage Corporation Notes, Federal National Mortgage Association Notes, and the Federal Farm Credit Bank Notes carry a rating of AAA by Standard and Poor's and AAA by Fitch Ratings. Ohio law requires that STAR Ohio maintain the highest rating provided by at least on nationally recognized standard rating service and that the money market mutual fund be rated in the highest category at the time of purchase by at least on nationally recognized standard rating service. Standard and Poor's rating for STAR Ohio is AAA. Investments in commercial paper are limited to notes rated at the time of purchase to the highest classification established by two nationally recognized standard rating services.

Custodial Credit Risk: For an investment, custodial 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 Federal Home Loan Bank Notes, Federal Home Loan Mortgage Corporation Notes, Federal National Mortgage Association Notes, and the Federal Farm Credit Bank Notes are exposed to custodial credit risk in that they are uninsured, unregistered, and held by the counterparty's trust department or agent but not in the Library's name. In order to mitigate this risk, the Library purchases its investment only through an approved broker/dealer or institution. Payment for investments is made only upon delivery of the securities representing the investments to the qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

**Greene County Public Library**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2015 and 2014*  
*(continued)*

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**5. DEPOSITS AND INVESTMENTS (Continued)**

Concentration of credit risk: The Library's investment policy provides for diversification to avoid undue concentration in securities of one type from one financial institution. This restriction does not apply to obligations guaranteed by the U. S. Government. The Library places no limit on the amount it may invest in any one issuer, however, state statute limits investments in commercial paper and bankers acceptances to 25% of the interim monies available for investment at one time.

**6. RISK MANAGEMENT**

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

- Comprehensive property and general liability
- Vehicles
- Crime, including employee dishonesty and theft, disappearance and destruction
- Inland marine

**7. DEFINED BENEFIT PENSION PLANS**

***Plan Description – Ohio Public Employees Retirement System (OPERS)***

Plan Description - Library employees participate 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 and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. Library employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS' traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information):

**Greene County Public Library**  
*Notes to the Basic Financial Statements*  
For the Year Ended December 31, 2015 and 2014  
(continued)

**7. DEFINED BENEFIT PENSION PLANS (continued)**

<b>Group A</b> Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	<b>Group B</b> 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	<b>Group C</b> Members not in other Groups and members hired on or after January 7, 2013
<b>State and Local</b>	<b>State and Local</b>	<b>State and Local</b>
<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
<b>Public Safety</b>	<b>Public Safety</b>	<b>Public Safety</b>
<b>Age and Service Requirements:</b> Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	<b>Age and Service Requirements:</b> Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	<b>Age and Service Requirements:</b> Age 52 with 25 years of service credit or Age 56 with 15 years of service credit
<b>Law Enforcement</b>	<b>Law Enforcement</b>	<b>Law Enforcement</b>
<b>Age and Service Requirements:</b> Age 52 with 15 years of service credit	<b>Age and Service Requirements:</b> Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	<b>Age and Service Requirements:</b> Age 48 with 25 years of service credit or Age 56 with 15 years of service credit
<b>Public Safety and Law Enforcement</b>	<b>Public Safety and Law Enforcement</b>	<b>Public Safety and Law Enforcement</b>
<b>Formula:</b> 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	<b>Formula:</b> 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	<b>Formula:</b> 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25

Final average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

**Greene County Public Library**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2015 and 2014*  
*(continued)*

**7. DEFINED BENEFIT PENSION PLANS (continued)**

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	State and Local
<b>2015 Statutory Maximum Contribution Rates</b>	
Employer	14.0 %
Employee	10.0 %
 <b>2015 Actual Contribution Rates</b>	
Employer:	
Pension	12.0 %
Post-employment Health Care Benefits	2.0
 Total Employer	 14.0 %
 Employee	 10.0 %

\* This rate is determined by OPERS' Board and has no maximum rate established by ORC.

\*\* This rate is also determined by OPERS' Board, but is limited by ORC to not more than 2 percent greater than the Public Safety rate.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Library's contractually required contribution was \$593,634 and \$573,861 for years 2015 and 2014.

**8. POST-EMPLOYMENT BENEFITS**

**Ohio Public Employees Retirement System**

The Ohio Public Employees Retirement System (OPERS) provides post-retirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with three separate pension plans.

1. The Traditional Pension Plan is a cost sharing, multiple-employer defined benefit pension plan.
2. 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% per year). Under this plan, members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings.
3. 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.

**Greene County Public Library**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2015 and 2014*  
*(continued)*

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**8. POST-EMPLOYMENT BENEFITS (continued)**

Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by OPERS is considered an Other Post-employment

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 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 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 administrated 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 members. In 2015 and 2014, state and local employers contributed at a rate of 14.0 percent of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units.

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 2 percent from during the calendar year 2015 and 2014, as recommended by the OPERS Actuary.

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.

**9. INTERFUND TRANSFERS**

In 2014 and 2015, the General Fund transferred \$100,000 to the Technology Fund to replenish funds for technology advances. All technology equipment, including computers, is purchased from the Technology Fund.

In 2014 and 2015, the Budget Stabilization Fund transferred \$887,637 and \$1,336,602 respectively to the General Fund to cover operating expenses.

**Greene County Public Library**  
*Notes to the Basic Financial Statements*  
For the Year Ended December 31, 2015 and 2014  
(continued)

**10. PROPERTY TAXES**

Real property taxes become a lien on January 1 preceding the October 1 date for which the taxing authority of the subdivision to whose jurisdiction the Library is subject adopts rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Other Governments' Grants in Aid. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal 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.

**11. FUND BALANCES**

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Library is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

2014 Fund Balances	General	Building & Repair Fund	Technology Fund	Other Governmental Funds	Total Governmental Funds
<b>Nonspendable</b>					
Principal in Trust Funds				\$28,817	\$28,817
<i>Total Nonspendable</i>	0	0	0	28,817	28,817
<b>Restricted for</b>					
Library Materials				94,274	94,274
<i>Total Restricted</i>	0	0	0	94,274	94,274
<b>Committed to</b>					
Retirement Payout	150,644				150,644
Board Reserved Funds			35,730		35,730
<i>Total Committed</i>	150,644	0	35,730	0	186,374
<b>Assigned to</b>					
Board Assignment		1,910,990	880,542		2,791,532
Encumbrances	331,726				331,726
Subsequent Year Appropriations	1,454,406				1,454,406
<i>Total Assigned</i>	1,786,132	1,910,990	880,542	0	4,577,664
<b>Unassigned (Deficit)</b>	1,420,414				1,420,414
<i>Total Fund Balances</i>	<u>\$3,357,190</u>	<u>\$1,910,990</u>	<u>\$916,272</u>	<u>\$123,091</u>	<u>\$6,307,543</u>

**Greene County Public Library**  
*Notes to the Basic Financial Statements*  
For the Year Ended December 31, 2015 and 2014  
(continued)

**11. FUND BALANCES (continued)**

2015 Fund Balances	General	Building & Repair Fund	Technology Fund	Other Governmental Funds	Total Governmental Funds
<b>Nonspendable</b>					
Principal in Trust Funds				\$28,817	\$28,817
<i>Total Nonspendable</i>	0	0	0	28,817	28,817
<b>Restricted for</b>					
Library Materials				93,453	93,453
<i>Total Restricted</i>	0	0	0	93,453	93,453
<b>Committed to</b>					
Retirement Payout	118,019				118,019
Board Reserved Funds			9,083		9,083
<i>Total Committed</i>	118,019	0	9,083	0	127,102
<b>Assigned to</b>					
Board Assignment		1,487,688	861,983		2,349,671
Encumbrances	456,214				456,214
Subsequent Year Appropriations	1,498,125				1,498,125
<i>Total Assigned</i>	1,954,339	1,487,688	861,983	0	4,304,010
<b>Unassigned (Deficit)</b>					
	481,814				481,814
<i>Total Fund Balances</i>	<u>\$2,554,172</u>	<u>\$1,487,688</u>	<u>\$871,066</u>	<u>\$122,270</u>	<u>\$5,035,196</u>

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# Dave Yost • Auditor of State

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

Greene County Public Library  
Greene County  
76 East Market Street  
P.O. Box 520  
Xenia, Ohio 45385

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 modified cash basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Greene County Public Library, Greene County, (the Library) as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements, and have issued our report thereon dated April 5, 2017, wherein we noted the Library uses a special purpose framework other than generally accepted accounting principles.

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

As part of our financial statement audit, we considered the Library's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Library's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Library's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider Finding Number 2015-001 to be a material weakness.

***Compliance and Other Matters***

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

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Library's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Library's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

**Dave Yost**  
Auditor of State  
Columbus, Ohio

April 5, 2017

**GREENE COUNTY PUBLIC LIBRARY  
GREENE COUNTY**

**SCHEDULE OF FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2015-001**

**Material Weakness – Financial Statement Misstatements**

The Library prepared its annual financial statements following a modified cash basis of accounting, which is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America. The financial statements contained errors that were determined to be material misstatements, suggesting that the Library's current internal control over financial reporting does not operate as intended or is not suitably designed to detect, prevent, and correct misstatements before they occur.

The following misstatements were noted in the Library's financial statements and were adjusted in the accompanying financial statements, unless stated otherwise:

- The Library's definition of cash and cash equivalents includes investments with an original maturity of three months or less. Investments with a longer maturity should be included on the financial statements as investments. The Library held \$992,000 of investments as of December 31, 2015 that were reported as cash and cash equivalents despite having an original maturity in excess of three months, overstating cash and understating investments for governmental activities on the government-wide statements. On the fund financial statements, cash was overstated and investments were understated by \$319,152 in the General Fund; \$434,143 in the Building and Repair Fund; and \$254,213 in the Technology Fund; and investments were overstated and cash was understated by \$15,508 in Other Governmental Funds.
- Homestead and Rollback receipts from the State of Ohio are properly classified as intergovernmental receipts and not property taxes, as they represent a payment from the State of Ohio on behalf of property tax payers instead of a payment of property taxes. During 2014 and 2015, the Library correctly reported these receipts on the fund level Statement of Revenues, Expenditures, and Changes in Modified Cash Basis Fund Balances but reported them incorrectly on the Statement of Activities - Modified Cash Basis, resulting in property taxes being overstated and intergovernmental receipts being understated by \$404,470 and \$402,395, respectively.
- On the Statement of Revenues, Expenditures, and Changes in Modified Cash Basis for 2014 and 2015, the beginning fund balances were misstated due to errors combining funds that are segregated in the accounting system but presented together for financial statement reporting purposes. This error resulted in beginning fund balance in 2014 being overstated in the General Fund and understated in Other Governmental Funds by \$7,445, as well as beginning fund balance in 2015 being understated in the General Fund and overstated in Other Governmental Funds by \$1,446,961. Additionally, in 2015, the financial statements incorrectly reported transfers in in the General Fund and transfers out in the Other Governmental Funds in the amount of \$1,336,602. These transfers were eliminated when the funds were combined for financial statement reporting purposes.
- During 2014, transfers from the Budget Stabilization Fund to the General Fund were presented on the financial statements even though the two funds are presented in the General Fund on the face of the financial statements and should have been eliminated, resulting in an overstatement of transfers in and transfers out of \$887,637.

**FINDING NUMBER 2015-001  
(Continued)**

- The 2014 budgetary statements for the General Fund did not match the Library's approved appropriations and estimated resources. This resulted in original receipts and appropriations being overstated by \$58,501 and \$861,094, respectively. The final receipts and appropriations were also overstated by \$55,999 and \$560,593. Original and final budgeted receipts were not adjusted on the accompanying financial statements.
- The 2015 budgetary statements for the General fund also did not match the Library's original and final approved appropriations, resulting in overstatements of \$497,256 and \$405,845, respectively. The actual expenditures were also incorrectly stated, as they did not include outstanding encumbrances as expenditures, resulting in an understatement of actual expenditures in the amount of \$422,574. Finally, the beginning unencumbered fund balance was overstated by \$158,087.
- As discussed in **Governmental Accounting Standards Board (GASB) Statement No. 54 par. 16 (GASB codification 1800.176)**, see **Auditor of State Bulletin 2011-004** for further discussion, when the appropriation measure is adopted for the subsequent year, and those appropriations exceed estimated receipts, the excess is to be assigned as it uses existing fund balance at year-end. This would be applicable only to the General Fund as it is the only fund with a positive unassigned fund balance. The Library failed to properly classify the amount by which appropriations exceeded estimated receipts for the subsequent fiscal year in the amounts of \$33,991 and \$1,498,125 for 2014 and 2015, respectively. The financial statements were not adjusted for the 2014 difference. These amounts should have been classified as assigned fund balance rather than unassigned fund balance in the General Fund.
- As discussed in **GASB Statement No. 54 par. 13 (GASB codification 1800.173)**, see **Auditor of State Bulletin 2011-004**, for further discussion, in governmental funds other than the general fund, assigned fund balance is the default classification which represents the remaining amount that is not restricted or committed. The assigned fund balance definition addresses the government's intent. Intent should be expressed by (a) the governing body itself or (b) a body (a budget or finance committee, for example) or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes. In 2015, the Library's Building and Repair Fund is a capital projects fund that is neither restricted nor committed had \$396,810 of its fund balance classified as committed fund balance instead of assigned fund balance. Additionally, the Library's Technology Fund is a capital projects fund that is neither restricted nor committed had \$35,730 and \$9,083 in 2014 and 2015, respectively, classified as committed fund balance instead of assigned fund balance. The financial statements were not adjusted for these amounts in the Technology Fund.

The Library should develop and implement policies and procedures to provide for the integrity of the financial records. Additionally, the amounts reported in the financial statements and the notes to the financial statements should be supported by the appropriate documentation. Failure to do so could result in material misstatements going unnoticed.

**Official's Response:**

We did not receive a response from Library officials to this finding.

**GREENE COUNTY PUBLIC LIBRARY  
GREENE COUNTY**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2015 AND 2014**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2013-001	Material Weakness – Financial Statement Misstatements	Not Corrected – Repeated – as Finding Number 2015-001	The Library will attempt to make these corrections in the future.

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# Dave Yost • Auditor of State

**GREENE COUNTY PUBLIC LIBRARY**

**GREENE 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  
MAY 4, 2017**