



# Balestra, Harr & Scherer, CPAs, Inc.

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Accounting, Auditing and Consulting Services for Federal, State and Local Governments

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CHILLICOTHE AND ROSS COUNTY PUBLIC LIBRARY  
ROSS COUNTY

REGULAR AUDIT

For the Year Ended December 31, 2011  
Fiscal Year Audited Under GAGAS: 2011





# Dave Yost • Auditor of State

Board of Trustees  
Chillicothe and Ross County Public Library  
140 South Paint Street  
Chillicothe, Ohio 45601

We have reviewed the *Independent Accountant's Report* of the Chillicothe and Ross County Public Library, Ross County, prepared by Balestra, Harr & Scherer, CPAs, Inc., for the audit period January 1, 2011 through December 31, 2011. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

June 8, 2012

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Chillicothe and Ross County Public Library  
Ross County  
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## Independent Accountant's Report

Chillicothe and Ross County Public Library  
Ross County  
140 South Paint Street  
Chillicothe, Ohio 45601

To the Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Chillicothe and Ross County Public Library, Ross County, (the Library) as of and for the year ended December 31, 2011, 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.

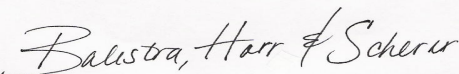
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Chillicothe and Ross County Public Library, Ross County,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

Members of the Board of Trustees  
Chillicothe and Ross County Public Library  
Independent Accountant's Report  
Page 2

In accordance with *Government Auditing Standards*, we have also issued our report dated March 23, 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 related 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 the Management's Discussion & Analysis, and we express no opinion or any other assurance on it.

As described in Note 3 to the financial statements, the Library has implemented Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.



Balestra, Harr & Scherer, CPAs, Inc.  
March 23, 2012



Chillicothe and Ross County Public Library  
Management's Discussion and Analysis  
For the Year Ended December 31, 2011  
Unaudited

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This discussion and analysis of the Chillicothe & Ross County Public Library's financial performance provides an overall review of the Library's financial activities for the year ended December 31, 2011, 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 governmental activities increased \$802,717 or 142% from the prior year.

The Library's general receipts are primarily state income taxes from the Public Library Fund and levy proceeds from property taxes. These funds represent 62.4% and 33.0% respectively of the total cash received for governmental activities during the year. Public Library Fund receipts for 2011 were \$132,644 more than what was received in 2010. The library continues to receive 1.97% of total state tax revenue.

In May of 2010, Ross County voters approved a 1 mil, 5 year levy for the library. This resulted in proceeds of \$1,156,292 for 2011.

**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.

Chillicothe and Ross County Public Library  
Management's Discussion and Analysis  
For the Year Ended December 31, 2011  
Unaudited

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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, 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 and the extent of the Library's debt obligations.

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

Governmental activities. Most of the Library's basic services are reported here, including library services and capital outlay. State income taxes and levy proceeds finance most of these activities.

**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 considered governmental.

Chillicothe and Ross County Public Library  
Management's Discussion and Analysis  
For the Year Ended December 31, 2011  
Unaudited

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Governmental Funds – 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 non-major 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 the Frankfort Branch Renovation Project Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements. We describe this relationship in reconciliations presented with the governmental fund financial statements.

**The Library as a Whole**

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

(Table 1)  
**Net Assets**

	Governmental Activities	
	2011	2010
<b>Assets</b>		
Cash and Cash Equivalents	\$ 1,347,590	\$ 544,873
Investments	20,500	20,500
Total Assets	\$ 1,368,090	\$ 565,373
<b>Net Assets</b>		
Restricted for:		
Capital Projects	\$ 672,225	\$ 130,874
Permanent Fund	21,804	22,651
Other Purposes	-	4,669
Unrestricted	674,061	407,179
Total Net Assets	\$ 1,368,090	\$ 565,373

As mentioned previously, net assets of governmental activities increased \$802,717 or 142% during 2011.

Chillicothe and Ross County Public Library  
Management's Discussion and Analysis  
For the Year Ended December 31, 2011  
Unaudited

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Table 2 reflects the changes in net assets in 2011 as compared to 2010.

(Table 2)  
**Changes in Net Assets**

	Governmental Activities 2011	Governmental Activities 2010
	<u>2011</u>	<u>2010</u>
Receipts:		
Program Receipts:		
Charges for Services and Sales	\$ 52,682	\$ 46,657
Operating Grants and Contributions	6,454	10,082
Total Program Receipts	<u>59,136</u>	<u>56,739</u>
General Receipts:		
Unrestricted Gifts	81,552	7,750
Library & Local Govt. Support, Not Restr. to Specific Programs	2,184,196	2,051,552
Property Taxes	1,156,292	-
Sale of Capital Assets	10	-
Interest	6,131	3,205
Miscellaneous	12,936	22,420
Total General Receipts	<u>3,441,117</u>	<u>2,084,927</u>
Total Receipts	<u>3,500,253</u>	<u>2,141,666</u>
Disbursements:		
Library Services	2,580,204	2,005,920
Capital Outlay	117,332	153,696
Total Disbursements	<u>2,697,536</u>	<u>2,159,616</u>
Increase (Decrease) in Net Assets	802,717	(17,950)
Net Assets, January 1	<u>565,373</u>	<u>583,323</u>
Net Assets, December 31	<u>\$ 1,368,090</u>	<u>\$ 565,373</u>

Program receipts represent only 1.7% of total receipts and are primarily comprised of patron fines and late fees, charges for copies and prints and restricted contributions for specific library programs such as our annual summer reading program.

General receipts represent 98.3% of the Government's total receipts, and of this amount, over 62.4% are from the Public Library Fund and 33% are from levy proceeds. Other receipts are very insignificant and somewhat unpredictable revenue sources.

Chillicothe and Ross County Public Library  
 Management's Discussion and Analysis  
 For the Year Ended December 31, 2011  
 Unaudited

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**Governmental Activities**

If you look at the Statement of Activities on page 10, you will see that the first column lists the major services provided by the Government. The next column identifies the costs of providing these services. The major program disbursement for governmental activities is Library Services, which accounts for 95.6% of all governmental disbursements while Capital Outlay accounts for 4.4% of all governmental disbursements. 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 Receipt (Disbursement) 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 local taxpayers. These net 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)				
<b>Governmental Activities</b>				
	Total Cost	Net Cost	Total Cost	Net Cost
	Of Services	of Services	Of Services	of Services
	2011	2011	2010	2010
Library Services	\$2,580,204	\$2,521,068	\$2,005,920	\$ 1,949,181
Capital Outlay	117,332	117,332	153,696	153,696
<b>Total Expenses</b>	<b>\$2,697,536</b>	<b>\$2,638,400</b>	<b>\$2,159,616</b>	<b>\$ 2,102,877</b>

**The Library's Funds**

Total library funds had receipts of \$4,083,553 and disbursements of \$3,280,836.

General Fund receipts were greater than disbursements by \$266,882.

Chillicothe and Ross County Public Library  
Management's Discussion and Analysis  
For the Year Ended December 31, 2011  
Unaudited

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**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, the Library amended its General Fund budget to reflect changing circumstances. Final budgeted receipts exceeded original budgeted receipts mainly due to an increase in the estimate of the Public Library Fund receipts. The difference between final budgeted receipts and actual receipts was not significant.

Final disbursements were budgeted at \$3,896,196 while actual disbursements were \$3,271,162. The Library kept spending below budgeted amounts as demonstrated by the reported variances. This reduction in spending resulted in an increase in the General Fund balance of \$266,882 for 2011.

**Capital Assets and Debt Administration**

**Capital Assets**

The Library keeps track of its capital assets in an Excel spreadsheet format.

**Debt**

The Library has no outstanding debt.

**Current Issues**

With the passage of the library's 1 mill, 5 year operating levy in May 2010, the Library has taken steps to secure its financial future. Our Northside Branch Library reopened to the public on January 17, 2011 and we were able to restore the hours cut to our 5 county branch libraries.

**Contacting the Library's Financial Management**

This financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the 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 Nanette L. Clary, Fiscal Officer, Chillicothe & Ross County Public Library, PO Box 185, 140 S. Paint Street, Chillicothe, OH 45601.

**CHILLICOTHE AND ROSS COUNTY PUBLIC LIBRARY  
ROSS COUNTY**

**STATEMENT OF NET ASSETS  
MODIFIED CASH BASIS  
DECEMBER 31, 2011**

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	<u><b>Governmental Activities</b></u>
<b>Assets:</b>	
Equity in Pooled Cash and Cash Equivalents	\$ 1,347,590
Investments	<u>20,500</u>
Total Assets	<u><u>\$ 1,368,090</u></u>
<b>Net Assets:</b>	
Restricted for:	
Capital Projects	\$ 672,225
Permanent Fund	21,804
Unrestricted	<u>674,061</u>
Total Net Assets	<u><u>\$ 1,368,090</u></u>

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





**CHILLICOTHE AND ROSS COUNTY PUBLIC LIBRARY  
ROSS COUNTY**

**STATEMENT OF MODIFIED CASH BASIS ASSETS AND FUND BALANCES  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2011**

	<u>General Fund</u>	<u>Frankfort Renovation Project</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$ 674,061	\$ 542,350	\$ 131,179	\$ 1,347,590
Investments	-	-	20,500	20,500
Total Assets	<u>\$ 674,061</u>	<u>\$ 542,350</u>	<u>\$ 151,679</u>	<u>\$ 1,368,090</u>
<b>Fund Balances</b>				
Nonspendable	\$ -	\$ -	\$ 20,500	\$ 20,500
Restricted	-	-	1,304	1,304
Committed	13,333	443,298	-	456,631
Assigned	-	99,052	129,875	228,927
Unassigned	<u>660,728</u>	<u>-</u>	<u>-</u>	<u>660,728</u>
Total Fund Balances	<u>\$ 674,061</u>	<u>\$ 542,350</u>	<u>\$ 151,679</u>	<u>\$ 1,368,090</u>

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

**CHILLICOTHE AND ROSS COUNTY PUBLIC LIBRARY  
ROSS COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN MODIFIED CASH BASIS  
FUND BALANCES - GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2011**

	<u>General Fund</u>	<u>Frankfort Renovation Project</u>	<u>Other Governmental Funds</u>	<u>Total</u>
<b>Receipts</b>				
Library and Local Government Support	\$ 2,151,180	\$ -	\$ -	\$ 2,151,180
Property Taxes	1,156,292	-	-	1,156,292
Intergovernmental	33,016	-	-	33,016
Patron Fines and Fees	51,475	-	-	51,475
Contributions, Gifts and Donations	88,005	-	-	88,005
Earnings on Investments	3,791	-	2,340	6,131
Miscellaneous	14,144	-	-	14,144
Total Receipts	<u>3,497,903</u>	<u>-</u>	<u>2,340</u>	<u>3,500,243</u>
<b>Disbursements</b>				
Current				
Library Services	2,539,318	36,700	4,186	2,580,204
Capital Outlay	113,082	4,250	-	117,332
Total Disbursements	<u>2,652,400</u>	<u>40,950</u>	<u>4,186</u>	<u>2,697,536</u>
Excess of Receipts Over (Under) Disbursements	<u>845,503</u>	<u>(40,950)</u>	<u>(1,846)</u>	<u>802,707</u>
<b>Other Financing Sources (Uses)</b>				
Proceeds from the Sale of Assets	10	-	-	10
Operating Transfers In	-	81,054	-	81,054
Advances In	-	502,246	-	502,246
Operating Transfers Out	(76,385)	-	(4,669)	(81,054)
Advances Out	(502,246)	-	-	(502,246)
Total Other Financing Sources (Uses)	<u>(578,621)</u>	<u>583,300</u>	<u>(4,669)</u>	<u>10</u>
Net Change in Fund Balances	266,882	542,350	(6,515)	802,717
Fund Balances Beginning of Year	<u>407,179</u>	<u>-</u>	<u>158,194</u>	<u>565,373</u>
Fund Balances End of Year	<u>\$ 674,061</u>	<u>\$ 542,350</u>	<u>\$ 151,679</u>	<u>\$ 1,368,090</u>

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

**CHILLICOTHE AND ROSS COUNTY PUBLIC LIBRARY  
ROSS COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2011**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Receipts</b>				
Library and Local Government Support	\$ 2,280,527	\$ 2,151,180	\$ 2,151,180	\$ -
Property Taxes	1,140,774	1,156,274	1,156,292	18
Intergovernmental	36,550	33,550	33,016	(534)
Patron Fines and Fees	46,000	48,700	51,475	2,775
Contributions, Gifts and Donations	150,000	87,383	88,005	622
Earnings on Investments	500	2,200	3,791	1,591
Miscellaneous	9,550	11,450	14,144	2,694
Total Receipts	<u>3,663,901</u>	<u>3,490,737</u>	<u>3,497,903</u>	<u>7,166</u>
<b>Disbursements</b>				
Current				
Library Services	2,802,789	2,851,489	2,572,686	278,803
Capital Outlay	143,993	150,993	119,845	31,148
Total Disbursements	<u>2,946,782</u>	<u>3,002,482</u>	<u>2,692,531</u>	<u>309,951</u>
Excess of Receipts Over (Under) Disbursements	<u>717,119</u>	<u>488,255</u>	<u>805,372</u>	<u>317,117</u>
<b>Other Financing Sources (Uses)</b>				
Proceeds from Sale of Assets	-	-	10	10
Operating Transfers Out	(1,002,578)	(324,668)	(76,385)	248,283
Advances Out	-	(502,246)	(502,246)	-
Other Financing Uses	(120,000)	(66,800)	-	66,800
Total Other Financing Sources (Uses)	<u>(1,122,578)</u>	<u>(893,714)</u>	<u>(578,621)</u>	<u>315,093</u>
Net Change in Fund Balances	(405,459)	(405,459)	226,751	632,210
Unencumbered Cash Balance Beginning of Year	369,935	369,935	369,935	-
Prior Year Encumbrances Appropriated	37,244	37,244	37,244	-
Fund Balances End of Year	<u>\$ 1,720</u>	<u>\$ 1,720</u>	<u>\$ 633,930</u>	<u>\$ 632,210</u>

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

## **Chillicothe and Ross County Public Library**

*Notes to the Basic Financial Statements*

*For the Year Ended December 31, 2011*

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

The Chillicothe & Ross County Public Library was organized under the laws of the State of Ohio. The Library has its own Board of Trustees made up of seven members, four who are appointed by the Ross County Commissioners and three whom are appointed by the Ross County Common Pleas Judge. 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 that of the Fiscal Officer.

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

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. The Library is also financially accountable for any organizations for which the Library approves the budget, the issuance of debt or the levying of taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Library, are accessible to the Library and are significant in amount to the Library. The Library has no component units.

The Friends of the Chillicothe & Ross County Public Library 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. The resources the Library receives from the Friends of the Library is not significant in amount to the Library. 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 Note 2.C, the financial statements of the Chillicothe & Ross County Public 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. The most significant of the Library's accounting policies are described below.

## **Chillicothe and Ross County Public Library**

*Notes to the Basic Financial Statements*

*For the Year Ended December 31, 2011*

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### **Note 2 - Summary of Significant Accounting Policies (Continued)**

#### **A. 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.

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

The statement of net assets and the statement of activities display information about the Library as a whole. These distinguish between those activities of the Library that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of net assets presents the cash balance of the governmental and business-type activities of the Library at year end. The statement of activities compares disbursements with program receipts for each of the Library's governmental and business-type 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. 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 or business-type activity is self-financing on a modified cash basis or draws from the Library's general receipts.

##### **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 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.

#### **B. 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.

## Chillicothe and Ross County Public Library

*Notes to the Basic Financial Statements*

*For the Year Ended December 31, 2011*

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### **Note 2 - Summary of Significant Accounting Policies (Continued)**

#### Governmental Funds

Governmental funds are financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange 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 all financial resources except those required to be accounted for 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.

Frankfort Renovation Project – The Frankfort Renovation Project fund was created to account for disbursements made to complete the Frankfort Branch Renovation and Addition which will be financed by a Federal loan from the U.S. Department of Agriculture.

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

#### C. Basis of Accounting

The Library's financial statements are prepared using the modified cash basis of accounting. Except for modifications described in Note 2.E, 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 expenses and liabilities) are not recorded in these financial statements.

#### D. Budgetary Process

All funds are legally required to be appropriated. The appropriations resolution is the Trustees' 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 and character or major category of the object code 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.

## Chillicothe and Ross County Public Library

*Notes to the Basic Financial Statements*

*For the Year Ended December 31, 2011*

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### **Note 2 - Summary of Significant Accounting Policies (Continued)**

#### **D. Budgetary Process (Continued)**

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.

#### **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'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 received in the Permanent Fund 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 (contra revenue), respectively.

During 2011 investments were limited to money market funds, STAR Ohio, nonnegotiable certificates of deposit and shares of common stock that were left to the Library as a restricted donation. Except for the money market funds and STAR Ohio these investments are recorded at cost, except for common stock, which is valued at its market value as of the date donated..

The Library's money market fund investments are recorded at amounts reported by Huntington National Bank and Citizens National Bank as of December 31, 2011.

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.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest receipts credited to the General fund during 2011 amounted to \$3,791.

#### **F. 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.

## Chillicothe and Ross County Public Library

*Notes to the Basic Financial Statements*

*For the Year Ended December 31, 2011*

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### **Note 2 - Summary of Significant Accounting Policies (Continued)**

#### **G. 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.

#### **H. 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 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.



## Chillicothe and Ross County Public Library

*Notes to the Basic Financial Statements*

*For the Year Ended December 31, 2011*

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### **Note 2 - Summary of Significant Accounting Policies (Continued)**

#### **I. 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.

#### **J. 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 10 and 11 the employer contributions include portions for pension benefits and for postretirement health care benefits.

#### **K. 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.

#### **L. 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.

The Library had the following inter-fund transactions in 2011:

\$76,385 from the General Fund to the Frankfort Renovation Project

\$4,669 from the closed Howard Young Trust Fund to the Frankfort Renovation Project

### **Note 3 – Change in Accounting Principal**

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 a clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement established 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 had no effect on fund balances of the major and nonmajor funds as previously reported.

## **Chillicothe and Ross County Public Library**

*Notes to the Basic Financial Statements*

*For the Year Ended December 31, 2011*

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### **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 – Budgetary 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 are treated as disbursements (budgetary basis) rather than as restricted, committed or assigned fund balance (modified cash basis) and outstanding year end advances are treated as an other financing source or use (budgetary basis) rather than as an inter-fund receivable or payable (modified cash basis). The encumbrances outstanding at year end (budgetary basis) amounted to \$40,131 for the general fund. The outstanding advances at year end amounted to \$502,246 for the general fund.

### **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;
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;

## Chillicothe and Ross County Public Library

Notes to the Basic Financial Statements

For the Year Ended December 31, 2011

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### Note 5 – Deposits and Investments (Continued)

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) 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.

At year end, the Library had \$240 in (petty cash and drawer change) undeposited cash on hand which is included as part of "Equity in Pooled Cash and Cash Equivalents".

#### A. Deposits

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.

#### B. Investments

As of December 31, 2011, the Library had the following investments:

	<u>Carrying Value</u>	<u>Maturity</u>
STAR OH	\$62,660	N/A
Culp Fund Common Stock (Penn. Power & Light Company, Fair Market Value - \$47,072 12/31/11)	10,500	N/A
Schlegel Fund CD (Huntington National Bank)	10,000	12/18/2012
Money Market (Huntington National Bank)	637,787	N/A
Money Market (Citizens National Bank)	241,080	N/A
Certificate of Deposit (Wesbanco Bank)	<u>401,305</u>	2/28/2012
Total Investments	\$1,363,332	

**Chillicothe and Ross County Public Library**

*Notes to the Basic Financial Statements*

*For the Year Ended December 31, 2011*

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**Note 5 – Deposits and Investments (Continued)**

STAR Ohio carries a rating of AAAM by Standard and Poor's. The money market funds at Huntington National Bank and Citizens National Bank are depository accounts that are collateralized. 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 and that the money market fund be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service.

**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% of appraised market value. 2011 real property taxes are collected in and intended to finance 2012.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31<sup>st</sup>; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20<sup>th</sup>. 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% 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.

**Note 7 – Interfund Receivables/Payables**

Interfund balances at December 31, 2011 consisted of the following individual fund receivables and payables

Due to General Fund from:

Frankfort Renovation Project Fund \$502,246

The balance due to the General Fund includes loans made to provide for the Frankfort Branch Renovation Project until the loan from the U.S. Department of Agriculture is obtained at the completion of the project. This amount is expected to be repaid within one year.

## Chillicothe and Ross County Public Library

Notes to the Basic Financial Statements

For the Year Ended December 31, 2011

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### **Note 8 - 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 Cincinnati Insurance Company (Weisenberger Insurance Service) and The Ohio Plan (Rinehart, Walters & Danner) for various types of insurance coverage as follows:

<u>Company</u>	<u>Type of Coverage</u>	<u>Coverage</u>
The Ohio Plan	Blanket Building & Commercial Property	\$5,757,241
The Ohio Plan	General Liability	\$4,000,000
The Ohio Plan	Vehicle	\$2,000,000
The Ohio Plan	Inland Marine	\$322,619
The Ohio Plan	Library Officials	\$4,000,000
Cincinnati Insurance Company	Clerk/Deputy Bonds	\$25,000/ea.
The Ohio Plan	Blanket Empl. Bond	\$5,000

Settled claims have not exceeded 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.

The Library provides health, life, dental and vision insurance to eligible employees through a private carrier.

### **Note 9 – Grants-In-Aid and Tax Receipts**

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

### **Note 10 - 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 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 that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member-directed plan.

## Chillicothe and Ross County Public Library

*Notes to the Basic Financial Statements*

*For the Year Ended December 31, 2011*

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### **Note 10 - Defined Benefit Pension Plan (Continued)**

OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the traditional 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 that may be obtained by 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. For the year ended December 31, 2010, members in state and local classifications contributed 10 percent of covered payroll.

The Library's contribution rate for 2011 was 14 percent of covered payroll. For 2011, a portion of the Library's contribution equal to 4 percent of covered payroll was allocated to fund the postemployment healthcare plan. Employer contribution rates are actuarially determined. State statute sets a maximum contribution rate for the Library of 14 percent.

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 \$126,763, \$97,226, and \$104,726 respectively. The full amount has been contributed for 2010 and 2009. 91.97% has been contributed for 2011.

### **Note 11 - Postemployment Benefits**

Plan Description – Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional 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.

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, 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 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 E. Town Street, Columbus, OH 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 funding of post-retirement health care.

## Chillicothe and Ross County Public Library

*Notes to the Basic Financial Statements*

*For the Year Ended December 31, 2011*

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### **Note 11 - Postemployment Benefits (Continued)**

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2011, 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.

The Library's contributions allocated to fund postemployment healthcare benefits for the years ended December 31, 2011, 2010, and 2009 were \$50,705, \$48,427, and \$75,724 respectively; 100 percent has been contributed for 2010 and 2009. 91.97% has been contributed for 2011.

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.

### **Note 12 – 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:

<b>Fund Balances</b>	<b>General</b>	<b>Frankfort Renovation Project</b>	<b>Nonmajor Governmental Funds</b>	<b>Total</b>
<b>Non-spendable for:</b>				
Culp Fund Principal	\$0	\$0	\$10,500	\$10,500
Schlegel Fund Principal	0	0	10,000	10,000
Total Non-spendable	0	0	20,500	20,500
<b>Restricted for:</b>				
Culp Fund Materials	0	0	1,177	1,177
Schlegel Fund Materials	0	0	127	127
Total Restricted	0	0	1,304	1,304

**Chillicothe and Ross County Public Library**

*Notes to the Basic Financial Statements*

*For the Year Ended December 31, 2011*

**Note 12 – Fund Balances (Continued)**

<b>Committed for:</b>				
SEO Contract	7,159	0	0	7,159
Materials Recovery	1,175	0	0	1,175
Director Search	2,449	0	0	2,449
Building Cleaning	2,550	0	0	2,550
Frankfort Renovation Project	0	425,132	0	425,132
Architectural & Engineering Fees	0	18,166	0	18,166
Total Committed	13,333	443,298	0	456,631
<b>Assigned for:</b>				
Renovation	0	99,052	0	99,052
Building Fund Purposes	0	0	129,875	129,875
Total Assigned	0	99,052	129,875	228,927
<b>Unassigned</b>	660,728	0	0	660,728
<b>Total Fund Balances 12/31/2011</b>	<b>\$674,061</b>	<b>\$542,350</b>	<b>\$151,679</b>	<b>\$1,368,090</b>

**Note 13 – Interfund Transfers**

The general fund transferred \$76,385 and the Howard Young Trust Fund transferred \$4,669 to the Frankfort Renovation Project fund for the purpose of renovating the Frankfort Branch Library.

**Note 14 – Construction Commitments**

A contract in the amount of \$425,132 was entered into with Portco, Inc. for the purpose of renovating the Howard Young, Frankfort Branch Library.

**Note 15 – Debt**

The Library has no outstanding debt.





## Balestra, Harr & Scherer, CPAs, Inc.

Accounting, Auditing and Consulting Services for Federal, State and Local Governments

[www.bhscpas.com](http://www.bhscpas.com)

### **Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by *Government Auditing Standards***

Chillicothe and Ross County Public Library  
Ross County  
140 South Paint Street  
Chillicothe, Ohio 45601

To the Board of Trustees:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Chillicothe and Ross County Public Library, Ross County, (the Library), as of and for the year ended December 31, 2011, which collectively comprise the Library's basic financial statements and have issued our report thereon dated March 23, 2012, wherein we noted the Library uses a comprehensive accounting basis other than Generally Accepted Accounting Principles and the Library implemented GASB 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 opinions 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.

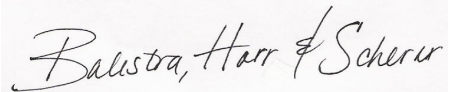
*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. *A material weakness* is a deficiency, or combination of internal control deficiencies 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 intend this report solely for the information and use of management, the Board of Trustees, and others within the Library. We intend it for no one other than these specified parties.

A handwritten signature in cursive script that reads "Balestra, Harr & Scherer". The signature is written in black ink on a light-colored background.

Balestra, Harr & Scherer, CPAs, Inc.  
March 23, 2012



# Dave Yost • Auditor of State

CHILLICOTHE AND ROSS COUNTY PUBLIC LIBRARY

ROSS 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  
JUNE 21, 2012