



Dave Yost • Auditor of State



**GREENE COUNTY PUBLIC LIBRARY  
GREENE COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

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 the accompanying 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, 2011 and 2010, which collectively comprise the Library's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Library's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2012, on our consideration of the Library's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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



**Dave Yost**  
Auditor of State

October 31, 2012

**GREENE COUNTY PUBLIC LIBRARY  
GREENE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010  
UNAUDITED**

This discussion and analysis of the Greene County Public Library's financial performance provides an overall review of the Greene County Public Library's financial activities for the year ended December 31, 2011 and 2010, within the limitations of the Board's cash basis accounting. The intent of this discussion and analysis is to look at the Library's financial performance as a whole. Readers should also review the basic financial statements and notes to enhance their understanding of the Government's financial performance.

**Financial Highlights**

Key financial highlights for 2011 are as follows:

- Net assets of governmental activities decreased \$ 74,392, or .8 percent.
- General receipts accounted for \$7,975,518 or 98 percent of all receipts. Program receipts in the form of charges for services or capital grants and contributions accounted for \$192,607 or 2 percent of total receipts.
- The Library had \$8,242,517 in disbursements relating to governmental activities. Only \$192,607 of these disbursements was offset by program specific charges for services or operating grants and contributions.

Key financial highlights for 2010 are as follows:

- Net assets of governmental activities decreased \$230,908 or 2.5 percent.
- General receipts accounted for \$7,668,869 or 98 percent of all receipts. Program receipts in the form of charges for services accounted for \$191,570 or 2 percent of total receipts.
- The Library had \$8,091,347 in disbursements relating to governmental activities. Only \$191,570 of these disbursements was offset by program specific charges for services.

**Using this Annual Financial Report**

This annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand the Greene County Public Library's financial position. The statements then proceed to provide an increasingly detailed look at specific financial activities and conditions on a cash basis of accounting.

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 Library-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

The Statement of Net Assets-Modified Cash Basis and the Statement of Activities-Modified Cash Basis, provide information about the activities of the Library as a whole, presenting both an aggregate view of the Board's finances and a longer-term view of those finances. Governmental financial statements provide the next level of detail. These statements tell how services were financed in the short-term as well as what remains for future spending.

**GREENE COUNTY PUBLIC LIBRARY  
GREENE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010  
UNAUDITED  
(Continued)**

Governmental financial statements report the Library's most significant funds individually and the Library's non-major funds in a single column. The Library's major funds are the General Fund, the Budget Stabilization Fund, Building & Repair Fund, and the Technology Fund.

**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 cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Library's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the 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 cash basis of accounting.

**Reporting the Library as a Whole**

***Statement of Net Assets-Modified Cash Basis and Statement of Activities-Modified Cash Basis***

The Statement of Net Assets-Modified Cash Basis and the Statement of Activities-Modified Cash Basis reflect how the Library did financially during 2011 and 2010. These two statements report the Library's net assets and changes in those assets. The change in net assets is important because it tells the reader whether the financial position of the Library as a whole has increased or decreased from the prior year. Over time, these increases and/or decreases are an indicator of whether the financial position is improving or deteriorating. Causes for these changes may be the result of many factors, some financial, some not. These factors must be considered when assessing the overall health of the Library.

In the Statement of Net Assets-Modified Cash Basis and the Statement of Activities-Modified Cash Basis, the Library presents a single type of activity, governmental activities. All of the Library's programs and services are reported here, including general public services, purchases and contracted services, library materials and information, and capital outlay. These services are funded by intergovernmental receipts (60 percent), property taxes (38 percent) and other income (2 percent), approximately.

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

**Fund Financial Statements**

The analysis of the Library's major funds begins on page 13. Fund financial statements provide detailed information about the Library's major funds. The Library uses several funds to account for its financial transactions. However, these fund financial statements focus on the Library's most significant funds. The Library's major governmental funds are the General Fund, the Budget Stabilization Fund, Building and Repair Fund, and the Technology Fund.

**Governmental Funds**

The Library's activities are reported in the governmental financial statements, which focus on how the money flows into and out of the funds as well as balances available for spending in future periods. The funds are reported on a cash basis of accounting. The governmental financial statements provide a short-term view of the Library's general government operations and the basic services being provided. Government financial statements help the user to determine whether there are more or fewer financial resources that can be spent in the near future to finance library programs.



**GREENE COUNTY PUBLIC LIBRARY  
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**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010  
UNAUDITED  
(Continued)**

**The Library as a Whole**

Recall that the Statement of Net Assets provides the perspective for the Library as a whole. Table 1 provides a summary of the Library's net assets for 2011 compared to 2010 and 2010 compared to 2009

	<b>Governmental Activities</b>		
	<b>2011</b>	<b>2010</b>	<b>2009</b>
<b>Assets:</b>			
Equity in Pooled Cash and Cash Equivalents	\$ 617,359	\$ 661,895	\$ 959,337
Investments	8,297,939	8,327,795	8,261,261
Total Assets	<u>8,915,298</u>	<u>8,989,690</u>	<u>9,220,598</u>
<b>Net Assets:</b>			
<b>Restricted for:</b>			
Special Revenue	52,527	50,488	183,789
Capital Projects	3,788,104	4,112,406	4,278,957
<b>Permanent Fund Purpose:</b>			
Expendable	20,422	19,183	19,131
Non-expendable	28,817	28,817	28,817
Unrestricted	5,025,428	4,778,796	4,709,904
Total Net Assets	<u>\$8,915,298</u>	<u>\$8,989,690</u>	<u>\$9,220,598</u>

In 2011, total assets decrease \$74,392 or approximately .8 percent over 2010. This decrease can be attributed to the rise in personnel costs and professional service fees. Despite an increase in revenues of \$307,686 or 4 percent, expenditures also increased by \$151,170 or 2 percent. The revenue increase combined with the expense increase was not sufficient to cover the 2010 revenue decrease, thus resulting in the decrease to net assets.

In 2010, total assets decreased \$230,908, or approximately 2.5 percent over 2009. This decrease was due to a sluggish economy and a decrease in state funding. Both revenues and expenditures decreased from 2009, \$331,270 or 4 percent and \$746,807 or 8 percent, respectively. Despite expenses decreasing 4 percent more than the fall in revenues, expenditures still increased and combined with the fall in revenue, caused the decrease to total assets.

Table 2 shows the changes in net assets for the years ended December 31, 2011 and December 31, 2010.

**Table 2  
Changes in Net Assets**

	<b>Governmental Activities</b>		
	<b>2011</b>	<b>2010</b>	<b>2009</b>
<b>Receipts:</b>			
<b>Program Cash Receipts:</b>			
Charges for Services	\$ 188,396	\$191,570	\$ 190,824
Operating Grants and Contributions	4,211		
Total Program Cash Receipts	<u>192,607</u>	<u>191,570</u>	<u>190,824</u>

**GREENE COUNTY PUBLIC LIBRARY  
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**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010  
UNAUDITED  
(Continued)**

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

	<b>Governmental Activities</b>		
	<b>2011</b>	<b>2010</b>	<b>2009</b>
<b>General Receipts:</b>			
Intergovernmental	4,824,810	4,543,509	4,784,129
Property and Other Local Taxes	2,949,333	2,979,759	2,914,446
Interest	94,197	83,143	255,028
Miscellaneous Receipts	107,178	62,458	47,282
Total General Receipts	<u>7,975,518</u>	<u>7,668,869</u>	<u>8,000,885</u>
Total Receipts	<u>8,168,125</u>	<u>7,860,439</u>	<u>8,191,709</u>
<b>Disbursements:</b>			
<b>Library Services:</b>			
Public Service and Programs	3,489,081	3,394,092	3,782,269
Collection Development and Processing	697,658	664,208	701,181
Library Materials	1,296,643	1,417,322	1,343,917
<b>Support Services:</b>			
Facilities Operation and Maintenance	633,119	771,037	617,522
Information Services	395,180	375,769	387,114
Business Administration	1,413,670	1,257,897	1,482,892
Contingency			13,200
Capital Outlay	317,166	211,022	510,060
Total Disbursements	<u>8,242,517</u>	<u>8,091,347</u>	<u>8,838,155</u>
Change in Net Assets	<u>(\$ 74,392)</u>	<u>(\$ 230,908)</u>	<u>(\$ 646,446)</u>

During the fiscal year 2011, disbursements increased \$151,170 or 2 percent over the previous year. This increase was due to increased staff costs and general inflation. The increase in capital outlay is due to the continuing remodel project for all library branches. With these increases in expenses, the library had a decrease in net assets of \$74,392 or 0.8 percent. The decrease in the change in net assets is a result of stable state funding and the corresponding budgeting to that revenue amount. The revenue increase of \$307,686 or 4 percent is attributed to more accurate projections of state provided public library funds.

During the fiscal year 2010, disbursements decreased \$746,808 or 8 percent over the 2009. The decrease is due to reductions in business administration and capital expenditures. Business administration costs decreased \$224,995 or 15 percent while the capital expenditures fell \$299,038 or 59 percent. Revenues decreased \$331,270 or 4 percent due the state funding decrease and decrease in interest earned.

In 2011, general receipts represented 98 percent of the Library's overall receipts. In 2010, the general receipts represented 98 percent of the Library's overall receipts. The intergovernmental receipts made up 59 percent of all general receipts in 2011 and 58 percent of general receipts in 2010. These monies are provided by the State and any reduction in this funding source could have a substantial impact on the services provided by the Library. The property and other local taxes (levy monies) represented 37 percent of all general receipts in 2011 and 39 percent of general receipts in 2010.

**GREENE COUNTY PUBLIC LIBRARY  
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**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010  
UNAUDITED  
(Continued)**

The Statement of Activities – Modified Cash Basis shows the cost of program services and the charges for services, operating grants and contributions offsetting those services. Table 3 shows the total of the services and the net cost of services. The net cost of services identifies the cost of those services supported by unrestricted government monies collected from taxes, fines and fees, and interest on investments.

**Table 3  
Governmental Activities**

	<b>Total Cost Of Services 2011</b>	<b>Net Cost Of Services 2011</b>
<b>Public Services:</b>		
General Public Services	\$3,489,081	\$3,296,474
Collection Development and Processing	697,658	697,658
Library materials and information	1,296,643	1,296,643
<b>Support Services:</b>		
Facilities Operation and Maintenance	633,119	633,119
Information Services	395,180	395,180
Business Administration	1,413,670	1,413,670
Capital Outlay	317,166	317,166
<b>Total Disbursements</b>	<b>\$8,242,517</b>	<b>\$8,049,910</b>

**Table 3  
Governmental Activities**

	<b>Total Cost Of Services 2010</b>	<b>Net Cost Of Services 2010</b>
<b>Public Services:</b>		
General Public Services	\$3,394,092	\$3,202,522
Collection Development and Processing	664,208	664,208
Library materials and information	1,417,322	1,417,322
<b>Support Services:</b>		
Facilities Operation and Maintenance	771,037	771,037
Information Services	375,769	375,769
Business Administration	1,257,897	1,257,897
Capital Outlay	211,022	211,022
<b>Total Disbursements</b>	<b>\$8,091,347</b>	<b>\$7,899,777</b>

Over 98 percent of the total cost of Library operations is derived from the Library and Local Government Support Fund, real estate tax collections, and interest from investments. Patron fines and fees, refunds and reimbursements, contributions, gifts and donations make up the other 2 percent.

**GREENE COUNTY PUBLIC LIBRARY  
GREENE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010  
UNAUDITED  
(Continued)**

**The Library's Funds**

The Library's governmental fund financial statements are accounted for using the cash basis of accounting. The Library's major governmental funds for 2010 were the General Fund, the Budget Stabilization, the Building & Repair Fund and the Technology Fund. In 2011 the major governmental funds were the General Fund, the Budget Stabilization Fund, the Building and Repair Fund, and the Technology Fund. A review of these funds for 2011 reflects an increase in fund balance for the General Fund of \$246,632, a decrease to the Building and Repair Fund of \$99,920 and a decrease to the Technology Fund \$224,383. The increase in the General Fund balance is due to the improving economy. The receipts from the Public Library Fund were \$939,170 higher than budget. The decreases in the Building and Repair Fund and the Technology funds occurred because transfers from the General Fund did not occur. Therefore, both the Building and Repair Fund and the Technology Fund had no source of revenue. The decreases in the fund balances are the expenditures for 2011.

A review of these funds for 2010 reflects a decrease in the fund balance of the General Fund of \$56,559. There was a decrease in the Building & Repair Fund balance of \$12,615. The Technology Fund balance decrease by \$164,883. The decreases in the Building and Repair Fund and the Technology funds occurred because transfers from the General Fund did not occur. Therefore, both the Building and Repair Fund and the Technology Fund had no source of revenue.

**General Fund Budgeting Highlights**

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

During the course of both 2011 and 2010, the Library amended both its appropriations and estimated receipts. The budgetary statement reflects both the original and final amounts appropriated.

The Library's funding through the Public Library Fund (PLF) accounted for 59 percent of revenue in 2011 and 58 percent in 2010. The revenue variance for 2011 was \$721,858 and in 2010 the variance was \$122,687. The revenue variance in 2011 is attributed to higher receipts in the PLF. In 2010, the variance was due to the higher PLF collections that budgeted. The total expenditure variances for the general fund for 2011 and 2010 were \$634,633 and \$765,898 respectively.

**Economic Factors**

Funding from the State of Ohio for the Public Library Fund decreased in 2010 and increased in 2011. Funding in 2011 was \$281,301 or 6percent more than in 2010. In 2010 the amount of revenue from the PLF was \$240,620 less than in 2009 or a 5 percent drop. The fall in PLF funds in 2010 were due to the general economic condition resulting in falling revenues at the state level. In July of 2011, the biennium budget provided for an amount of funding frozen at \$409,506. This amount is based on revenue from July through December of 2010 and January through June 2011.

In 2011; the Library continued to collect on a 5 year, 1 mil, operating levy which will provide revenue of approximately \$3,000,000 per year until 2014. Due to both the uncertainty of state funding and the increase in the cost of operation, the Library felt it prudent to continue other areas of revenue so that service to the Greene County community would be at the level that the community has grown accustomed and to the level they deserve.

**GREENE COUNTY PUBLIC LIBRARY  
GREENE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010  
UNAUDITED  
(Continued)**

**Contacting the Library's Financial Management**

This financial report is designed to provide a general overview of the Library's finances and to show the Library's accountability for the money it receives to all those interested in the Library's financial well-being. Questions concerning any of the information provided in this report or requests for additional information should be directed to Meldon D. Brindley, Clerk-Treasurer, Greene County Public Library, 76 E. Market Street, Xenia, OH 45385.

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**GREENE COUNTY PUBLIC LIBRARY  
GREENE COUNTY**

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

	<u><b>Governmental Activities</b></u>
<b>Assets:</b>	
Equity in Pooled Cash and Cash Equivalents	\$617,359
Investments	8,297,939
Total Assets	<u><u>8,915,298</u></u>
<b>Net Assets:</b>	
<b>Restricted for:</b>	
Special Revenue	52,527
Capital Projects	3,788,104
Permanent Fund Purpose:	
Expendable	20,422
Non-expendable	28,817
Unrestricted	5,025,428
Total Net Assets	<u><u>\$8,915,298</u></u>

*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, 2011**

	<b>Program Cash Receipts</b>			<b>Net (Disbursements) Receipts and Changes in Net Assets</b>
	<b>Cash Disbursements</b>	<b>Charges for Services and Sales</b>	<b>Capital Grants and Contributions</b>	<b>Governmental Activities</b>
<b>Governmental Activities</b>				
<b>Library Services:</b>				
Public Service and Programs	\$3,489,081	\$188,396	\$4,211	(\$3,296,474)
Collection Development and Processing	697,658			(697,658)
Library Materials	1,296,643			(1,296,643)
<b>Support Services:</b>				
Facilities Operation and Maintenance	633,119			(633,119)
Information Services	395,180			(395,180)
Business Administration	1,413,670			(1,413,670)
Capital Outlay	317,166			(317,166)
Total Governmental Activities	<b>\$8,242,517</b>	<b>\$188,396</b>	<b>\$4,211</b>	<b>(8,049,910)</b>
		<b>General Receipts:</b>		
		Intergovernmental		4,824,810
		Property and Other Local Taxes		2,949,333
		Interest		94,197
		Miscellaneous		107,178
		Total General Receipts		<b>7,975,518</b>
		Change in Net Assets		(74,392)
		Net Assets Beginning of Year		<b>8,989,690</b>
		Net Assets End of Year		<b>\$8,915,298</b>

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, 2011

	General	Budget Stabilization	Building & Repair Fund	Technology Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets:</b>						
Equity in Pooled Cash and Cash Equivalents	\$617,359					\$617,359
Investments	1,190,745	\$3,224,842	\$2,433,670	\$1,354,434	\$94,248	8,297,939
Total Assets	<u>1,808,104</u>	<u>3,224,842</u>	<u>2,433,670</u>	<u>1,354,434</u>	<u>94,248</u>	<u>8,915,298</u>
<b>Fund Balances:</b>						
Non-spendable					28,817	28,817
Restricted					65,431	65,431
Committed	128,874	3,224,842	16,105	50,659		3,420,480
Assigned	265,263		2,417,565	1,303,775		3,986,603
Unassigned (Deficit)	1,413,967					1,413,967
Total Fund Balances	<u>\$1,808,104</u>	<u>\$3,224,842</u>	<u>\$2,433,670</u>	<u>\$1,354,434</u>	<u>\$94,248</u>	<u>\$8,915,298</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, 2011**

	<u>General</u>	<u>Budget Stabilization Fund</u>	<u>Building &amp; Repair Fund</u>	<u>Technology Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Receipts:</b>						
Property and Other Local Taxes	\$2,949,333					\$2,949,333
Intergovernmental	4,824,810					4,824,810
Patron Fines and Fees	188,396					188,396
Contributions, Gifts and Donations	662				\$2,964	3,626
Earnings on Investments	94,156				41	94,197
Refunds and reimbursements	103,547					103,547
Grants	3,000				1,211	4,211
Miscellaneous	6					6
Total Receipts	<u>8,163,910</u>				<u>4,216</u>	<u>8,168,126</u>
<b>Disbursements:</b>						
<b>Current:</b>						
<b>Library Services:</b>						
Public Service and Programs	3,489,081					3,489,081
Collection Development and Processing	697,658					697,658
Library Materials	1,296,643					1,296,643
<b>Support Services:</b>						
Facilities Operation and Maintenance	633,119					633,119
Information Services	360,177			\$35,003		395,180
Business Administration	1,413,670					1,413,670
Contingency						
Capital Outlay	26,930		\$99,920	189,380	937	317,167
Total Disbursements	<u>7,917,278</u>		<u>99,920</u>	<u>224,383</u>	<u>937</u>	<u>8,242,518</u>
Net Change in Fund Balances	246,632		(99,920)	(224,383)	3,279	(74,392)
Fund Balances Beginning of Year	<u>1,561,472</u>	<u>\$3,224,842</u>	<u>2,533,590</u>	<u>1,578,817</u>	<u>90,969</u>	<u>8,989,690</u>
Fund Balances End of Year	<u>\$1,808,104</u>	<u>\$3,224,842</u>	<u>\$2,433,670</u>	<u>\$1,354,434</u>	<u>\$94,248</u>	<u>\$8,915,298</u>

See accompanying notes to the basic financial statements.

**GREENE COUNTY PUBLIC LIBRARY  
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**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>			(Optional) Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Receipts:</b>				
Property and Other Local Taxes	\$3,261,000	\$3,261,000	\$2,949,333	(\$311,667)
Intergovernmental	3,597,735	3,885,640	4,824,810	939,170
Patron Fines and Fees	190,000	190,269	188,396	(1,873)
Contributions, Gifts and Donations		5,142	662	(4,480)
Earnings on Investments	100,000	100,000	94,156	(5,844)
Refunds and reimbursements			103,547	103,547
Grants			3,000	3,000
Miscellaneous			6	6
<b>Total receipts</b>	<u>7,148,735</u>	<u>7,442,051</u>	<u>8,163,910</u>	<u>721,859</u>
<b>Disbursements:</b>				
<b>Current:</b>				
<b>Library Services:</b>				
Public Service and Programs	3,628,210	3,683,986	3,495,922	188,064
Collection Development and Processing	713,312	719,297	698,158	21,139
Library Materials	1,410,624	1,450,766	1,512,309	(61,543)
<b>Support Services:</b>				
Facilities Operation and Maintenance	688,549	703,066	640,856	62,210
Information Services	395,471	401,115	360,177	40,938
Business Administration	1,422,964	1,565,071	1,411,037	154,034
Contingency	107,321	226,462		226,462
Capital Outlay	29,283	44,633	41,304	3,329
<b>Total Disbursements</b>	<u>8,395,734</u>	<u>8,794,396</u>	<u>8,159,763</u>	<u>634,633</u>
Excess of Receipts Over (Under) Disbursements	<u>(1,246,999)</u>	<u>(1,352,345)</u>	<u>4,147</u>	<u>1,356,492</u>
<b>Other Financing Sources (Uses):</b>				
Transfers Out		(34,960)	(34,960)	
<b>Total Other Financing Sources (Uses)</b>		<u>(34,960)</u>	<u>(34,960)</u>	
Net Change in Fund Balance	(1,246,999)	(1,387,305)	(30,813)	1,356,492
Fund Balance Beginning of Year	1,186,710	1,186,710	1,186,710	
Prior Year Encumbrances Appropriated	258,070	258,070	258,070	
<b>Fund Balance End of Year</b>	<u>\$197,781</u>	<u>\$57,475</u>	<u>\$1,413,967</u>	<u>\$1,356,492</u>

See accompanying notes to the basic financial statements.

**GREENE COUNTY PUBLIC LIBRARY  
GREENE COUNTY**

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

	<u>Budgeted Amounts</u>			<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Fund Balance Beginning of Year	\$3,224,842	\$3,224,842	\$3,224,842	
Prior Year Encumbrances Appropriated	_____	_____	_____	_____
Fund Balance End of Year	<u>\$3,224,842</u>	<u>\$3,224,842</u>	<u>\$3,224,842</u>	<u>\$0</u>

*See accompanying notes to the basic financial statements.*

**GREENE COUNTY PUBLIC LIBRARY  
GREENE COUNTY**

**STATEMENT OF NET ASSETS - MODIFIED CASH BASIS  
DECEMBER 31, 2010**

	<b>Governmental Activities</b>
<b>Assets:</b>	
Equity in Pooled Cash and Cash Equivalents	\$618,607
Investments	8,327,795
Total Assets	8,946,402
 <b>Net Assets:</b>	
<b>Restricted for:</b>	
Special Revenue	50,488
<b>Capital Projects</b>	4,112,406
<b>Permanent Fund Purpose:</b>	
Expendable	19,183
Non-expendable	28,817
Unrestricted	4,778,796
Total Net Assets	\$8,989,690

*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, 2010**

	<u>Program Cash Receipts</u>	<u>Net (Disbursements) Receipts and Changes in Net Assets</u>
<u>Cash Disbursements</u>	<u>Charges for Services and Sales</u>	<u>Governmental Activities</u>
<b>Governmental Activities:</b>		
<b>Library Services:</b>		
Public Service and Programs	\$3,394,092	\$191,570
Collection Development and Processing	664,208	(\$3,202,522)
Library Materials	1,417,322	(664,208)
		(1,417,322)
<b>Support Services:</b>		
Facilities Operation and Maintenance	771,037	(771,037)
Information Services	375,769	(375,769)
Business Administration	1,257,897	(1,257,897)
Capital Outlay	211,022	(211,022)
<b>Total Governmental Activities</b>	<u><u>\$8,091,347</u></u>	<u><u>\$191,570</u></u>
	<b>General Receipts:</b>	
		4,543,509
		2,979,759
		83,143
		62,458
		<u>7,668,869</u>
		Change in Net Assets (230,908)
		<u>9,220,598</u>
		<u><u>\$8,989,690</u></u>

*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, 2010**

	<u>General</u>	<u>Budget Stabilization</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	\$564,614		\$18,419	\$10,076	\$68,786	\$661,895
Investments	996,858	\$3,224,842	2,515,171	1,568,741	22,183	8,327,795
Total Assets	<u>1,561,472</u>	<u>3,224,842</u>	<u>2,533,590</u>	<u>1,578,817</u>	<u>90,969</u>	<u>8,989,690</u>
<b>Fund Balances:</b>						
Non-spendable					28,817	28,817
Restricted					62,139	62,139
Committed	109,171	3,224,842	18,419	10,076	13	3,362,521
Assigned	265,591		2,515,171	1,568,741		4,349,503
Unassigned (Deficit)	1,186,710					1,186,710
Total Fund Balances	<u>\$1,561,472</u>	<u>\$3,224,842</u>	<u>\$2,533,590</u>	<u>\$1,578,817</u>	<u>\$90,969</u>	<u>\$8,989,690</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, 2010**

	<u>General</u>	<u>Budget Stabilization Fund</u>	<u>Building &amp; Repair Fund</u>	<u>Technology Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Receipts:</b>						
Property and Other Local Taxes	\$2,979,759					\$2,979,759
Intergovernmental	4,543,509					4,543,509
Patron Fines and Fees	191,570					191,570
Contributions, Gifts and Donations	5,194				\$3,176	8,370
Earnings on Investments	83,065				78	83,143
Refunds and reimbursements	54,086					54,086
Miscellaneous	2					2
Total Receipts	<u>7,857,185</u>				<u>3,254</u>	<u>7,860,439</u>
<b>Disbursements:</b>						
<b>Current:</b>						
<b>Library Services:</b>						
Public Service and Programs	3,394,092					3,394,092
Collection Development and Processing	664,208					664,208
Library Materials	1,417,322					1,417,322
<b>Support Services:</b>						
Facilities Operation and Maintenance	771,037					771,037
Information Services	338,561			\$37,208		375,769
Business Administration	1,232,067					1,232,067
Contingency	25,832					25,832
Capital Outlay	70,625		\$12,615	127,675	106	211,021
Total Disbursements	<u>7,913,744</u>		<u>12,615</u>	<u>164,883</u>	<u>106</u>	<u>8,091,348</u>
Net Change in Fund Balances	(56,559)		(12,615)	(164,883)	3,148	(230,909)
Fund Balances Beginning of Year - Restated	<u>1,618,031</u>	<u>\$3,224,842</u>	<u>2,546,205</u>	<u>1,743,700</u>	<u>87,821</u>	<u>9,220,599</u>
Fund Balances End of Year	<u>\$1,561,472</u>	<u>\$3,224,842</u>	<u>\$2,533,590</u>	<u>\$1,578,817</u>	<u>\$90,969</u>	<u>\$8,989,690</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, 2010**

	<u>Budgeted Amounts</u>			(Optional) Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>(Negative)</u>
<b>Receipts:</b>				
Property and Other Local Taxes	\$3,315,000	\$3,315,000	\$2,979,759	(\$335,241)
Intergovernmental	3,157,481	3,979,998	4,543,509	563,511
Patron Fines and Fees	188,000	188,000	191,570	3,570
Contributions, Gifts and Donations	1,500	1,500	5,194	3,694
Earnings on Investments	250,000	250,000	83,065	(166,935)
Refunds and reimbursements			54,086	54,086
Miscellaneous			2	2
Total receipts	<u>6,911,981</u>	<u>7,734,498</u>	<u>7,857,185</u>	<u>122,687</u>
<b>Disbursements</b>				
<b>Current:</b>				
<b>Library Services:</b>				
Public Service and Programs	3,610,827	3,577,036	3,394,184	182,852
Collection Development and Processing	681,860	692,533	666,041	26,492
Library Materials	1,496,208	1,703,006	1,582,137	120,869
<b>Support Services:</b>				
Facilities Operation and Maintenance	819,960	860,649	779,900	80,749
Information Services	369,636	369,299	339,581	29,718
Business Administration	1,314,169	1,344,284	1,220,681	123,603
Contingency	100,038	232,035	75,832	156,203
Capital Outlay	114,446	131,645	86,233	45,412
Total Disbursements	<u>8,507,144</u>	<u>8,910,487</u>	<u>8,144,589</u>	<u>765,898</u>
Excess of Receipts Over (Under) Disbursements	<u>(1,595,163)</u>	<u>(1,175,989)</u>	<u>(287,404)</u>	<u>888,585</u>
<b>Other Financing Sources (Uses):</b>				
Transfers In	155,000	240,000		(240,000)
Transfers Out	<u>(100,000)</u>	<u>(535,229)</u>		<u>535,229</u>
Total Other Financing Sources (Uses)	<u>55,000</u>	<u>(295,229)</u>		<u>295,229</u>
Net Change in Fund Balance	(1,540,163)	(1,471,218)	(287,404)	1,183,814
Fund Balance Beginning of Year	1,032,604	1,032,604	1,032,604	
Prior Year Encumbrances Appropriated	<u>441,510</u>	<u>441,510</u>	<u>441,510</u>	
Fund Balance End of Year	<u>(\$66,049)</u>	<u>\$2,896</u>	<u>\$1,186,710</u>	<u>\$1,183,814</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  
BUDGET STABILIZATION FUND  
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>Budgeted Amounts</u>			<b>(Optional) Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Fund Balance Beginning of Year	\$3,224,842	\$3,224,842	\$3,224,842	
Prior Year Encumbrances Appropriated	_____	_____	_____	_____
Fund Balance End of Year	<u>\$3,224,842</u>	<u>\$3,224,842</u>	<u>\$3,224,842</u>	<u>\$0</u>

*See accompanying notes to the basic financial statements.*

**GREENE COUNTY PUBLIC LIBRARY  
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010  
(Continued)**

**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.

**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 assets 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 assets and the statement of activities display information about the Library as a whole.

The statement of net assets 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  
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010  
(Continued)**

**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.

**Budget Stabilization Fund** – This fund is used to account for the amount of monies needed for the operation of the Library for approximately four months.

**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  
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010  
(Continued)**

**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 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 and certain liabilities and their related expenses are not recorded in these financial statements. If the Library utilized the basis of accounting recognized as generally accepted accounting principles, the fund financial statements for the governmental funds would use the modified accrual basis of accounting.

**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  
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010  
(Continued)**

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

During fiscal years 2011 and 2010, the Library invested in nonnegotiable certificates of deposit, U.S. Agency Securities, U.S. Treasury Notes, Money Market Mutual Funds and STAR Ohio. The nonnegotiable certificates of deposit, U.S. Agency Securities, and U.S. Treasury Notes are reported at cost. Money Market Mutual Funds are reported at the cost value of the portfolio as of December 31, 2011 and 2010.

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

Interest earnings are allocated to Library funds according to State statutes. Interest receipts credited to the General Fund during fiscal years 2011 and 2010 were to \$94,156 and \$83,065 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 either imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation. Restricted assets represent \$72,949 of the Library's total fund balance. The amount restricted by donors of the Trust Funds equal \$20,422 and Special Revenue restrictions account for \$52,527.

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

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

**H. 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.

**I. 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. Net assets restricted for other purposes include 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 assets are available.

**GREENE COUNTY PUBLIC LIBRARY  
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010  
(Continued)**

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

**J. 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 interfund loans.

**Restricted** - Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions

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

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

**Un-assigned** - Un-assigned 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. CHANGES IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF NET ASSETS**

The Greene County Public Library adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

The Library reclassified certain funds as required by the revised fund classification guidance in Governmental Accounting Standard Board (GASB) Statement No. 54. Implementing GASB Statement No. 54 had the following effect on fund balances previously reported:

**GREENE COUNTY PUBLIC LIBRARY  
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010  
(Continued)**

**3. CHANGES IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF NET ASSETS (Continued)**

	<u>Fund Balance at December 31, 2009</u>	<u>GASB 54 Change in Fund Structure</u>	<u>Adjusted Fund Balance at January 1, 2010</u>
General	\$1,474,115	\$143,916	\$1,618,031
Other Governmental Funds	\$ 231,737	(\$143,916)	\$ 87,821

**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, the Budget Stabilization fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget.

The adjustments necessary to convert the results of operations for the fiscal year on the budget basis to the cash basis for the general fund is as follows:

<u>Net Change in General Fund Balance</u>	
	<u>2011 General Fund</u>
Budget basis	(\$ 30,813)
Funds budgeted elsewhere **	(15,257)
<b>General Fund transfer to Post-Employment:</b>	
Post-Employment Benefit Fund	34,960
Adjustment for encumbrances	257,742
Cash basis	<u>\$246,632</u>
<u>Net Change in General Fund Balance</u>	
	<u>2010 General Fund</u>
Budget basis	(\$287,404)
Funds budgeted elsewhere **	(27,225)
Adjustment for encumbrances	258,071
Cash basis	<u>(\$ 56,558)</u>

\*\* As part of Governmental Accounting Standards Board Statement No. 54, "Fund Balance Reporting", certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a cash basis – this includes the Post Employment Benefit Fund.

**5. GRANTS-IN-AID**

The primary source of intergovernmental receipts for Ohio Public libraries is the Public Library Fund (PLF) revenues. The PLF in 2010 was 1.97% of the State of Ohio gross tax revenue. In 2011 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 2010 plus the estimated amounts received January through June 2011 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  
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010  
(Continued)**

**6. 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 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.

**GREENE COUNTY PUBLIC LIBRARY  
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010  
(Continued)**

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

**A. Deposits**

Deposits include amount held in demand accounts and savings accounts. At December 31, 2011, the book balance was \$394,761, in addition to \$850 of change funds and petty cash. Deposits include amount held in demand accounts and savings accounts. At December 31, 2010, the book balance was \$499,627, in addition to \$850 of change funds and petty cash.

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. At December 31, 2011 and 2010, the entire bank balance of deposits were covered by federal depository insurance - \$860,351 and \$848,931; respectively.

**B. Investments**

Investments are reported at cost. As of December 31, 2011, the Library had the following investments:

	<b>Book Value</b>	<b>Percent of Total Portfolio</b>	<b>Credit Rating</b>	<b>Weighted Average Maturity#</b>
Federal Home Bank Loan (FHLB)	\$ 767,301	9.01%	AAA	1.10 years
Federal Home Loan Mortgage Corporation (FHLMC)	2,292,502	26.91%	AAA	1.69 years
Federal National Mortgage Association (FNMA)	2,545,955	29.88%	AAA	1.47 years
Federal Farm Credit Bank	145,890	1.71%	AAA	0.45 years
Money Market Mutal Fund - Municipal Bonds	796,291	9.35%	AAA	0.45 years
Certificates of Deposit	1,750,000	20.54%	n/a	1.73 years
Money Market Mutual Fund - Government Obligations	147,745	1.73%	Aaa	n/a
Outside Investment Pools - STAR Ohio	74,003	0.87%	AAA	n/a
Total Investments	<u>\$8,519,687</u>	<u>100.00%</u>		

Investments are reported at cost. As of December 31, 2010, the Library had the following investments:

**GREENE COUNTY PUBLIC LIBRARY  
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010  
(Continued)**

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

	<b>Book Value</b>	<b>Percent of Total Portfolio</b>	<b>Credit Rating</b>	<b>Weighted Average Maturity#</b>
Federal Home Bank Loan (FHLB)	\$4,817,609	56.75%	AAA	1.66 years
Federal Home Loan Mortgage Corporation (FHLMC)	415,826	4.90%	AAA	0.56 years
Federal National Mortgage Association (FNMA)	1,364,982	16.08%	AAA	0.78 years
Federal Farm Credit Bank	1,148,839	13.53%	AAA	.24 years
U. S. Treasury Securities	80,540	0.95%	AAA	0.79 years
Certificates of Deposit	500,000	5.89%	n/a	0.68 years
Money Market Mutual Fund - Government Obligations	87,957	1.04%	Aaa	n/a
Outside Investment Pools - STAR Ohio	73,460	0.87%	AAA	n/a
Total Investments	<u>\$8,489,213</u>	<u>100.00%</u>		

Portfolio Weighted Average Maturity 0.95

**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.

**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.

**GREENE COUNTY PUBLIC LIBRARY  
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010  
(Continued)**

**7. 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

**8. DEFINED BENEFIT PENSION PLANS**

The Library participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the member-directed plan, members accumulate retirement assets equal to the value of 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 pension plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member-directed plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional pension and combined plans. Members of the member-directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 E. Town St., Columbus, OH 43215-4642 or by calling (614) 222-6701 or 800-222-7377.

For the years ended December 31, 2011 and 2010, members were required to contribute 10 percent of their annual covered salaries. The Library's contribution rate for pension benefits for 2011 and 2010 was 14 percent. The Ohio Revised Code provides statutory authority for member and employer contributions.

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 \$549,591, \$541,708, and \$605,062 respectively, of which 100% was made.

**9. 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: The Traditional Pension Plan-a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan-a defined contribution plan; and the Combined Plan-a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan

**GREENE COUNTY PUBLIC LIBRARY  
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010  
(Continued)**

**9. 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 Benefit (OPEB) as described in GASB *Statement No. 12*. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of post-retirement health care based on authority granted by State statute. The plan includes a medical plan, prescription drug program and Medicare Part B premium reimbursement. The 2011 and 2010 government employer contribution rate was 14.00 percent of covered payroll. The portion of employer contributions used to fund health care for members of the traditional plan for 2011 was 4.0% and for 2010 was 5.5% from January 1 through February 28, 2010 and 5.0% from March 1 through December 31, 2010. The portion of employer contributions used to fund health care for members in the Combined Plan was 6.05% for 2011 and for 2010 was 4.73% from January 1 through February 28, 2010 and 4.23% from March 1 through December 31, 2010.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2009, include a rate of return on investments of 6.50 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase between .50 and 4.00 for the next seven years and 4.00 percent annually after eight years.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually.

Actual employer contributions for 2011 and 2010 which were used to fund post-employment benefits were \$196,477 and \$157,018 respectively. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2009, (the latest information available) were \$10.9 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$31.5 billion and \$20.6 billion, respectively. The Library has paid all contributions required through December 31, 2010 and 2009 and 96% of the 2011 requirements were a paid as of December 31, 2011.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care costs. In addition to the HCPP, OPERS has taken additional action to improve the solvency of the Health Care Fund in 2005 by creating a separate investment pool for health care assets. As an additional component of the HCPP, member and employer contribution rates increased as of January 1, 2006, which will allow additional funds to be allocated to the health care plan.

**10. FUND BALANCES**

Fund balance is classified as non-spendable, 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:

**GREENE COUNTY PUBLIC LIBRARY  
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010  
(Continued)**

**10. FUND BALANCES (Continued)**

<b>2011 Fund Balances</b>	<b>General</b>	<b>Budget Stabilization</b>	<b>Building &amp; Repair</b>	<b>Technology</b>	<b>Other Governmental Funds</b>	<b>Total</b>
<b>Non-spendable:</b>						
Principle in Trust Funds					\$28,817	\$ 28,817
Total Non-spendable					28,817	28,817
<b>Restricted for:</b>						
Library Materials					65,431	65,431
Total Restricted					65,431	65,431
<b>Committed to:</b>						
Building improvement			\$ 16,105			16,105
Technology upgrades				\$ 50,659		50,659
Budget Stabilization		\$3,224,842				3,224,842
Retirement Accrual Payout	\$128,874					128,874
Total Committed	128,874	3,224,842	16,105	50,659		3,420,480
<b>Assigned to:</b>						
Encumbered funds	257,743					257,743
Board assignment	7,520		2,417,565			2,425,085
Board assignment				1,303,775		1,303,775
Total Assigned	265,263		2,417,565	1,303,775		3,986,603
Unassigned (Deficit)	1,413,967					1,413,967
Total Fund Balances	\$1,808,104	\$3,224,842	\$2,433,670	\$1,354,434	\$94,248	\$8,915,298

<b>2010 Fund Balances</b>	<b>General</b>	<b>Budget Stabilization</b>	<b>Building &amp; Repair</b>	<b>Technology</b>	<b>Other Governmental Funds</b>	<b>Total</b>
<b>Non-spendable:</b>						
Principle in Trust Funds					\$28,817	\$ 28,817
Total Non-spendable					28,817	28,817
<b>Restricted for:</b>						
Library Materials					62,139	62,139
Total Restricted					62,139	62,139
<b>Committed to:</b>						
Building improvement			\$ 18,419			18,419
Technology upgrades				\$ 10,076		10,076
Budget Stabilization		\$3,224,842				3,224,842
Retirement Accrual Payout	\$ 109,171				13	109,184
Total Committed	109,171	3,224,842	18,419	10,076	13	3,362,521
<b>Assigned to:</b>						
Encumbered funds	258,071					258,071
Board assignment	7,520		2,515,171			2,522,691
Board assignment				1,568,741		1,568,741
Total Assigned	265,591		2,515,171	1,568,741		4,349,503
Unassigned (Deficit)	1,186,710					1,186,710
Total Fund Balances	\$1,561,472	\$3,224,842	\$2,533,590	\$1,578,817	\$90,969	\$8,989,690

**GREENE COUNTY PUBLIC LIBRARY  
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010  
(Continued)**

**11. 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 intergovernmental receipts. 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.

Property owners assess tangible personal property tax. These owners must file a list of tangible property to the County by each April 30.

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

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# Dave Yost • Auditor of State

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

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 the 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, 2011 and 2010, which collectively comprise the Library's basic financial statements and have issued our report thereon dated October 31, 2012, wherein we noted the Library adopted the provisions of Governmental Accounting Standards Board Statement No. 54 Fund Balance and Governmental Fund Type Definitions. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider finding 2011-01 described in the accompanying schedule of findings 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, 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 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

October 31, 2012

**GREENE COUNTY PUBLIC LIBRARY  
GREENE COUNTY**

**SCHEDULE OF FINDINGS  
YEARS ENDED DECEMBER 31, 2010 AND 2011**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
--

**FINDING NUMBER 2011-01**

**Material Weakness**

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 Library's basic financial statements for 2011 and 2010 contained errors which resulted in several reclassifications and adjustments to correctly report the financial activity as follows:

- The Library presented the Post Employment Benefit Fund (211) special revenue fund as Other Governmental Funds. However, to be in accordance with GASB 54 this fund should be rolled in and presented with the General Fund with the fund balance being presented as committed. Therefore, the General Fund was understated and the Other Governmental Funds were overstated. The Post Employment Benefit Fund year end fund balance was as follows: December 31, 2011 \$128,874, December 31, 2010 \$109,171 and December 31, 2009 \$136,399. Restricted Net Assets for Special Revenue Funds on the Statement of Net Assets was also overstated by the ending fund balance amount for each respective year.
- The Library presented the Mildred W. Sandoe (205) special revenue fund as Other Governmental Funds. However, to be in accordance with GASB 54 this fund should be rolled in and presented with the General Fund with the fund balance being presented as assigned because the Board created this fund specifically to account for this donation. Therefore, the General Fund was understated and the Other Governmental Funds were overstated. The Mildred W. Sandoe Fund year end fund balance at both December 31, 2011 and 2010 was \$7,520, with no other financial activity.
- In 2011 and 2010, the General Fund and Government Type Activities inappropriately presented \$487,872 and \$460,155, respectively, of intergovernmental revenues as property tax receipts. The General Fund budget versus actual statements also reflected the inappropriate amounts.
- In 2010, the \$258,071 year end encumbrances for the General Fund were inappropriately presented as committed fund balance and should have been presented as assigned fund balance.
- In 2010 it was determined that the Library's Fund Balance at the beginning of the year did not agree with the 2009 audited Fund Balances End of Year for the General Fund and Other Governmental Funds. The General Fund was understated by \$1,000 while the Other Governmental Funds was overstated by \$1,000. It was determined that this difference was due to the posting of a \$1,000 prior audit adjustment as a transfer between funds by the Library in the accounting records during 2010.

Adjustments and reclassifications to correct the errors above are reflected in the accompanying financial statements.

The Library should develop and implement procedures to provide for the integrity of the financial records. Additionally, the amounts reported in the financial statements, notes to the financial statements, and the MD&A should be supported by the appropriate documentation.

**Officials Response:**

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

**GREENE COUNTY PUBLIC LIBRARY  
GREENE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
YEARS ENDED DECEMBER 31, 2010 AND 2011**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2009-001	Financial Statement Reclassifications and Adjustments	No	similar circumstances repeated in Finding 2011-01



# 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  
NOVEMBER 29, 2012**