



Dave Yost • Auditor of State



**GREENE COUNTY PUBLIC LIBRARY  
GREENE COUNTY**

**TABLE OF CONTENTS**

---

Independent Auditor's Report .....	1
Management's Discussion and Analysis.....	5
Basic Financial Statements:	
Government-wide Financial Statements – December 31, 2013:	
Statement of Net Position – Modified Cash Basis .....	11
Statement of Activities – Modified Cash Basis.....	12
Fund Financial Statements – December 31, 2013:	
Statement of Modified Cash Basis Assets and Fund Balances – Governmental Funds.....	13
Statement of Cash Receipts, Disbursement and Changes in Modified Cash Basis Fund Balances – Governmental Funds .....	14
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis – General Fund.....	15
Government-wide Financial Statements – December 31, 2012:	
Statement of Net Position – Modified Cash Basis .....	16
Statement of Activities – Modified Cash Basis.....	17
Fund Financial Statements – December 31, 2012:	
Statement of Modified Cash Basis Assets and Fund Balances – Governmental Funds.....	18
Statement of Cash Receipts, Disbursement and Changes in Modified Cash Basis Fund Balances – Governmental Funds .....	19
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis – General Fund.....	20
Notes to the Financial Statements .....	21
Independent Auditor's Report on Internal Control Over Financial Reporting And on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	35
Schedule of Findings.....	37
Schedule of Prior Audit Findings.....	38

**This page intentionally left blank.**



# Dave Yost • Auditor of State

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

To the Board of Trustees:

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

We have audited the accompanying 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, 2013 and 2012, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements as listed in the table of contents.

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

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

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

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

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

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

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Greene County Public Library, Greene County, Ohio, as of December 31, 2013 and 2012, and the respective changes in modified cash financial position and the budgetary comparison for the General fund thereof for the years then ended in accordance with the accounting basis described in Note 2.

***Accounting Basis***

We draw attention to Note 2 of the financial statements, which describes the accounting basis, which differs from generally accepted accounting principles. We did not modify our opinion regarding this matter.

***Emphasis of Matter***

As discussed in Note 3 to the basic financial statements, the Library restated its January 1, 2012 fund balances. We did not modify our opinion regarding this matter.

***Other Matters***

*Supplemental and Other Information*

We audited to opine on the Library's financial statements that collectively comprise its basic financial statements.

*Management's Discussion & Analysis* includes tables of net position, changes in net position and governmental activities. This information provides additional analysis and is not a required part of the basic financial statements.

These tables are management's responsibility, and derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected these tables to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling these tables directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and in accordance with auditing standards generally accepted in the United States of America. In our opinion, these tables are 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.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 27, 2014, on our consideration of the Library's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Library's internal control over financial reporting and compliance.

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

**Dave Yost**  
Auditor of State

Columbus, Ohio

October 27, 2014

**This page intentionally left blank.**



**GREENE COUNTY PUBLIC LIBRARY  
GREENE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012  
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 years ended December 31, 2013 and 2012, within the limitations of the Board's modified 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 Library's financial performance.

***Financial Highlights***

Key financial highlights for 2013 are as follows:

- Net position of governmental activities decreased \$1,192,395, or 14.37 percent.
- General receipts accounted for \$7,788,679 or 98 percent of all receipts. Program receipts in the form of charges for services or capital grants and contributions accounted for \$189,893 or 2 percent of total receipts.
- The Library had \$9,170,967 in disbursements relating to governmental activities. Only \$189,893 of these disbursements was offset by program specific charges for services or capital grants and contributions.

Key financial highlights for 2012 are as follows:

- Net position of governmental activities decreased \$616,198 or 6.91 percent.
- General receipts accounted for \$7,680,540 or 97 percent of all receipts. Program receipts in the form of charges for services or capital grants and contributions accounted for \$223,363 or 3 percent of total receipts.
- The Library had \$8,520,101 in disbursements relating to governmental activities. Only \$223,363 of these disbursements was offset by program specific charges for services or capital grants and contributions.

***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 modified 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.

**GREENE COUNTY PUBLIC LIBRARY  
GREENE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012  
UNAUDITED  
(Continued)**

The Statement of Net Position-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 Library'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.

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, 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 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 cash basis of accounting.

***Reporting the Library as a Whole***

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

The Statement of Net Position-Modified Cash Basis and the Statement of Activities-Modified Cash Basis reflect how the Library did financially during 2013 and 2012. These two statements report the Library's net position and changes to net position. The change in net position 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 Position-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 (55 percent), property taxes (41 percent), and other income (4 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, Building and Repair Fund, and the Technology Fund.

**GREENE COUNTY PUBLIC LIBRARY  
GREENE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012  
UNAUDITED  
(Continued)**

**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 modified 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.

**The Library as a Whole**

Recall that the Statement of Net Position provides the perspective for the Library as a whole. Table 1 provides a summary of the Library's net position for 2013 compared to 2012 and 2012 compared to 2011.

**Table 1  
Net Position**

	<b>Governmental Activities</b>		
	<b>2013</b>	<b>2012</b>	<b>2011</b>
<b>Assets:</b>			
Equity in Pooled Cash and Cash			
Equivalents	\$784,152	\$535,986	\$617,359
Investments	6,322,553	7,763,114	8,297,939
Total Assets	<u>7,106,705</u>	<u>8,299,100</u>	<u>8,915,298</u>
<b>Net Position:</b>			
<b>Restricted for:</b>			
Special Revenue	36,214	40,869	52,527
Capital Projects	2,954,692	3,254,447	3,788,104
<b>Permanent Fund:</b>			
Expendable	60,433	60,406	20,422
Non-expendable	28,817	28,817	28,817
Unrestricted	4,026,549	4,914,561	5,025,428
Total Net Position	<u>\$7,106,705</u>	<u>\$8,299,100</u>	<u>\$8,915,298</u>

In 2013, total assets decrease \$1,192,395 or approximately 14 percent. This decrease can be attributed to the rise in personnel costs due to raises, increased retirement benefits and health insurance. Also state funding remained level from last year. There was also a 19% increase to contracted services due to increases to property maintenance and professional services. Expense for technology upgrades and building remodeling amounted to \$399,756. Revenues increased by 1% or \$74,669 while expenses also increased by 8% or \$650,866.

In 2012, total assets decreased \$616,198, or approximately 7 percent. This decrease was due to stagnant funding from the state government and an increase to expenses. Revenues decreased from 2011, \$264,222 or 3% while expenses increased \$277,584 or 3%. The growth in expenses is due to a remodeling of branches of the Library and the technology upgrades.

**GREENE COUNTY PUBLIC LIBRARY  
GREENE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012  
UNAUDITED  
(Continued)**

Table 2 shows the changes in net position for the years ended December 31, 2013 and December 31, 2012 and as compared to December 31, 2011.

**Table 2  
Change in Net Position**

	<b>Governmental Activities</b>		
	<b>2013</b>	<b>2012</b>	<b>2011</b>
<b>Receipts:</b>			
<b>Program Cash Receipts:</b>			
Charges for Services	\$182,699	\$180,658	\$188,396
Capital Grants and Contributions	7,194	42,705	4,211
Total Program Cash Receipts	<u>189,893</u>	<u>223,363</u>	<u>192,607</u>
<b>General Receipts:</b>			
Intergovernmental	4,185,636	4,535,777	4,824,810
Property and Other Local Taxes	3,489,760	3,007,985	2,949,333
Interest	59,520	68,832	94,197
Miscellaneous Receipts	53,763	67,946	107,178
Total General Receipts	<u>7,788,679</u>	<u>7,680,540</u>	<u>7,975,518</u>
Total Receipts	<u>7,978,572</u>	<u>7,903,903</u>	<u>8,168,125</u>
<b>Disbursements:</b>			
Library Services			
Public Service and Programs	3,642,786	3,523,892	3,489,081
Collection Development and Processing	716,961	720,961	697,658
Library Materials	1,679,062	1,328,777	1,296,643
<b>Support Services:</b>			
Facilities Operation and Maintenance	635,114	595,381	633,119
Information Services	418,151	400,997	395,180
Business Administration	1,619,546	1,391,034	1,413,670
Capital Outlay	459,347	559,059	317,166
Total Disbursements	<u>9,170,967</u>	<u>8,520,101</u>	<u>8,242,517</u>
Change in Net Position	<u>(\$1,192,395)</u>	<u>(\$616,198)</u>	<u>(\$74,392)</u>

During the fiscal year 2013, disbursements increased \$650,866 or 8 percent over the previous year. This increase was due to increase staff costs of \$113,146 or 2 percent, increases to purchase and contracted services of \$220,042 or 19 percent, and library materials increase of \$30,285 or 26 percent. Personnel costs increased due to salary increases and health insurance costs. The increase to purchased and contacted services is due to rising property maintenance costs and outsourcing of services. Materials increased due to the availability of digital collections. With these increases in expenses, the library had a change in net position of (\$1,192,395) or 14 percent. The decrease in the change in net position is a result of level funding from the state and the levy along with the increase of expenses. The revenue increase of \$74,669 or 1% a result of a slight increase in levy collections coupled with lower returns on investments and decrease in intergovernmental receipts.

During the fiscal year 2012, disbursements increased \$277,584 or 3 percent over the 2011. The increase is due increases in all areas of library service, capital increases due to continued remodeling of branches and technology upgrades. Revenue fell \$264,222 or 3% due to a reduction in the Public Library Fund from the state and reduced interest earnings on investments. The resulting change in net position was \$(616,198) or 7%.

**GREENE COUNTY PUBLIC LIBRARY  
GREENE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012  
UNAUDITED  
(Continued)**

In 2013, general receipts represented 98 percent of the Library's overall receipts. In 2012, the general receipts represented 97 percent of the Library's overall receipts. Intergovernmental revenue which primarily consists of the Public Library Fund monies made up 54 percent of all general receipts in 2013 and 59 percent of general receipts in 2012. 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. Levy monies represented 44 percent of all general receipts in 2013 and 39 percent of general receipts in 2012.

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**

	<b>Governmental Activities</b>	
	<b>Total Cost of Services 2013</b>	<b>Net Cost of Services 2013</b>
<b>Public Services:</b>		
General public services	\$3,642,786	\$3,452,893
Collection Development and Processing	716,961	716,961
Library materials and information	1,679,062	1,679,062
<b>Support Services:</b>		
Facilities Operation and Maintenance	635,114	635,114
Information Services	418,151	418,151
Business Administration	1,619,546	1,619,546
Capital outlay	459,347	459,347
Total Disbursements	9,170,967	8,981,074
<b>Public Services:</b>		
General public services	3,523,892	3,300,529
Collection Development and Processing	720,961	720,961
Library materials and information	1,328,777	1,328,777
<b>Support Services:</b>		
Facilities Operation and Maintenance	595,381	595,381
Information Services	400,997	400,997
Business Administration	1,391,034	1,391,034
Capital outlay	559,059	559,059
Total Disbursements	\$8,520,101	\$8,296,738

Over 97% 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, and gifts and donations make up the other 3%.

**GREENE COUNTY PUBLIC LIBRARY  
GREENE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012  
UNAUDITED  
(Continued)**

***The Library's Funds***

The Library's governmental fund financial statements are accounted for using the modified cash basis of accounting. The Library's major governmental funds for 2013 were the General Fund, the Building & Repair Fund and the Technology Fund. In 2012 the major governmental funds were the General Fund, the Building and Repair Fund, and the Technology Fund. A review of these funds for 2013 reflects a decrease in fund balance for the General Fund of \$888,012, a decrease to the Building and Repair Fund of \$117,021 and a decrease to the Technology Fund \$182,734. Expenditures exceeded revenues during 2013 for all funds.

A review of these funds for 2012 reflects a decrease in the fund balance of the General Fund of \$118,385. There was a decrease in the Building & Repair Fund balance of \$329,673. The Technology Fund balance decreased by \$203,984. 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 2013 and 2012, 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 53% of revenue in 2013 and 52% in 2012. The revenue variance for 2013 was \$283,279 and in 2012 the variance was \$127,519. The revenue variances in 2013 and 2012 are attributed to higher receipts than budgeted for levy collections. The total expenditure variances for 2013 and 2012 were \$842,910 and \$573,178 respectively.

***Economic Factors***

Funding from the State of Ohio for the Public Library Fund (PLF) increased in 2013 and decreased in 2012. PLF funding increased in 2013 by \$94,216 or 2% more than in 2012. In 2012 the amount of revenue from the PLF was \$245,517 less than in 2011 or a 6% drop. The fall in PLF funds in 2012 were due to the general economic condition resulting in falling revenues at the state level. In 2013, the biennium budget provided for a decrease in funding for July through December. January through June remained at 2012 levels.

In 2013; the Library continued to collect on a 5 year, 1 mil, operating levy which will provide revenue of approximately \$3,300,000 per year through 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.

***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, Fiscal Officer, Greene County Public Library, 76 E. Market Street, Xenia, OH 45385.

**GREENE COUNTY PUBLIC LIBRARY  
GREENE COUNTY**

**STATEMENT OF NET POSITION - MODIFIED CASH BASIS  
DECEMBER 31, 2013**

	<u><b>Governmental Activities</b></u>
<b>Assets:</b>	
Equity in Pooled Cash and Cash Equivalents	\$784,152
Investments	6,322,553
Total Assets	<u>7,106,705</u>
<b>Net Position:</b>	
<b>Restricted for:</b>	
Special Revenue	36,214
Capital Projects	2,954,692
<b>Permanent Fund Purpose:</b>	
Expendable	60,433
Non-expendable	28,817
Unrestricted	<u>4,026,549</u>
Total Net Position	<u><u>\$7,106,705</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, 2013**

	<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>Capital Grants and Contributions</u>	<u>Governmental Activities</u>
<b>Governmental Activities:</b>				
<b>Library Services:</b>				
Public Service and Programs	\$3,642,786	\$182,699	\$7,194	(\$3,452,893)
Collection Development and Processing	716,961			(716,961)
Library Materials	1,679,062			(1,679,062)
<b>Support Services:</b>				
Facilities Operation and Maintenance	635,114			(635,114)
Information Services	418,151			(418,151)
Business Administration	1,619,546			(1,619,546)
Capital Outlay	459,347			(459,347)
Total Governmental Activities	<u>9,170,967</u>	<u>182,699</u>	<u>7,194</u>	<u>(8,981,074)</u>
<b>General Receipts:</b>				
Intergovernmental				4,185,636
Property and Other Local Taxes				3,489,760
Interest				59,520
Miscellaneous				53,763
Total General Receipts				<u>7,788,679</u>
Change in Net Position				(1,192,395)
Net Position Beginning of Year				<u>8,299,100</u>
Net Position End of Year				<u>\$7,106,705</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, 2013**

	<u>General</u>	<u>Building &amp; Repair Fund</u>	<u>Technology Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>					
Equity in Pooled Cash and Cash Equivalents	\$784,152				\$784,152
Investments	3,242,397	\$1,986,976	\$967,716	\$125,464	6,322,553
Total Assets	<u>4,026,549</u>	<u>1,986,976</u>	<u>967,716</u>	<u>125,464</u>	<u>7,106,705</u>
 <b>Fund Balances:</b>					
Non-spendable				28,817	28,817
Restricted				96,647	96,647
Committed	182,052				182,052
Assigned	383,983	1,986,976	967,716		3,338,675
Unassigned (Deficit)	3,460,514				3,460,514
Total Fund Balances	<u>\$4,026,549</u>	<u>\$1,986,976</u>	<u>\$967,716</u>	<u>\$125,464</u>	<u>\$7,106,705</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, 2013**

	<u>General</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	\$3,489,760				\$3,489,760
Intergovernmental	4,185,636				4,185,636
Patron Fines and Fees	182,699				182,699
Contributions, Gifts and Donations	5,460			\$1,734	7,194
Earnings on Investments	59,481			39	59,520
Refunds and reimbursements	53,763				53,763
Total Receipts	<u>7,976,799</u>			<u>1,773</u>	<u>7,978,572</u>
<b>Disbursements:</b>					
<b>Current:</b>					
<b>Library Services:</b>					
Public Service and Programs	3,642,786				3,642,786
Collection Development and Processing	716,961				716,961
Library Materials	1,675,606			3,456	1,679,062
<b>Support Services:</b>					
Facilities Operation and Maintenance	635,114				635,114
Information Services	393,347		\$24,804		418,151
Business Administration	1,619,546				1,619,546
Capital Outlay	81,451	\$117,021	257,930	2,945	459,347
Total Disbursements	<u>8,764,811</u>	<u>117,021</u>	<u>282,734</u>	<u>6,401</u>	<u>9,170,967</u>
Excess of Receipts Over (Under) Disbursements	<u>(788,012)</u>	<u>(117,021)</u>	<u>(282,734)</u>	<u>(4,628)</u>	<u>(1,192,395)</u>
<b>Other Financing Sources (Uses):</b>					
Transfers In			100,000		100,000
Transfers Out	(100,000)				(100,000)
Total Other Financing Sources (Uses)	<u>(100,000)</u>		<u>100,000</u>		
Net Change in Fund Balances	(888,012)	(117,021)	(182,734)	(4,628)	(1,192,395)
Fund Balances Beginning of Year	<u>4,914,561</u>	<u>2,103,997</u>	<u>1,150,450</u>	<u>130,092</u>	<u>8,299,100</u>
Fund Balances End of Year	<u>\$4,026,549</u>	<u>\$1,986,976</u>	<u>\$967,716</u>	<u>\$125,464</u>	<u>\$7,106,705</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, 2013**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Receipts:</b>				
Property and Other Local Taxes	\$2,875,247	\$2,875,247	\$3,096,214	\$220,967
Intergovernmental	4,425,994	4,516,173	4,579,182	63,009
Patron Fines and Fees	181,500	181,500	182,699	1,199
Contributions, Gifts and Donations		600	5,460	4,860
Earnings on Investments	70,000	70,000	59,481	(10,519)
Refunds and reimbursements	50,000	50,000	53,763	3,763
Total receipts	<u>7,602,741</u>	<u>7,693,520</u>	<u>7,976,799</u>	<u>283,279</u>
<b>Disbursements:</b>				
<b>Current:</b>				
<b>Library Services:</b>				
Public Service and Programs	3,680,866	3,784,646	3,661,231	123,415
Collection Development and Processing	704,767	728,297	721,821	6,476
Library Materials	2,096,229	2,097,104	1,894,731	202,373
<b>Support Services:</b>				
Facilities Operation and Maintenance	783,383	743,434	642,010	101,424
Information Services	395,081	405,844	399,609	6,235
Business Administration	1,769,621	1,932,925	1,624,777	308,148
Contingency	191,967	66,465		66,465
Capital Outlay	185,470	187,845	159,471	28,374
Total Disbursements	<u>9,807,384</u>	<u>9,946,560</u>	<u>9,103,650</u>	<u>842,910</u>
Excess of Receipts Over (Under) Disbursements	<u>(2,204,643)</u>	<u>(2,253,040)</u>	<u>(1,126,851)</u>	<u>1,126,189</u>
<b>Other Financing Sources (Uses):</b>				
Transfers In	700,000	890,242	890,242	
Transfers Out	(100,000)	(100,000)	(100,000)	
Total Other Financing Sources (Uses)	<u>600,000</u>	<u>790,242</u>	<u>790,242</u>	
Net Change in Fund Balance	(1,604,643)	(1,462,798)	(336,609)	1,126,189
Fund Balance Beginning of Year	960,956	960,956	960,956	
Prior Year Encumbrances Appropriated	501,565	501,565	501,565	
Fund Balance End of Year	<u>(\$142,122)</u>	<u>(\$277)</u>	<u>\$1,125,912</u>	<u>\$1,126,189</u>

See accompanying notes to the basic financial statements.

**GREENE COUNTY PUBLIC LIBRARY  
GREENE COUNTY**

**STATEMENT OF NET POSITION - MODIFIED CASH BASIS  
DECEMBER 31, 2012**

	<b>Governmental Activities</b>
<b>Assets:</b>	
Equity in Pooled Cash and Cash Equivalents	\$535,986
Investments	7,763,114
Total Assets	8,299,100
<b>Net Position:</b>	
<b>Restricted for:</b>	
Special Revenue	40,869
Capital Projects	3,254,447
<b>Permanent Fund Purpose:</b>	
Expendable	60,406
Non-expendable	28,817
Unrestricted	4,914,561
Total Net Position	\$8,299,100

*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, 2012**

	<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>Capital Grants and Contributions</u>	<u>Governmental Activities</u>
<b>Governmental Activities:</b>				
<b>Library Services:</b>				
Public Service and Programs	\$3,523,892	\$180,658	\$42,705	(\$3,300,529)
Collection Development and Processing	720,961			(720,961)
Library Materials	1,328,777			(1,328,777)
<b>Support Services:</b>				
Facilities Operation and Maintenance	595,381			(595,381)
Information Services	400,997			(400,997)
Business Administration	1,391,034			(1,391,034)
Capital Outlay	559,059			(559,059)
<b>Total Governmental Activities</b>	<u><u>\$8,520,101</u></u>	<u><u>\$180,658</u></u>	<u><u>\$42,705</u></u>	<u><u>(8,296,738)</u></u>
		<b>General Receipts:</b>		
				4,535,777
				3,007,985
				68,832
				67,946
				<u>7,680,540</u>
				(616,198)
				<u>8,915,298</u>
				<u><u>\$8,299,100</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, 2012**

	<u>General</u>	<u>Building &amp; Repair Fund</u>	<u>Technology Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>					
Equity in Pooled Cash and Cash Equivalents	\$461,140			\$74,846	\$535,986
Investments	4,453,421	\$2,103,997	\$1,150,450	55,246	7,763,114
Total Assets	<u>4,914,561</u>	<u>2,103,997</u>	<u>1,150,450</u>	<u>130,092</u>	<u>8,299,100</u>
<b>Fund Balances:</b>					
Non-spendable				28,817	28,817
Restricted				101,275	101,275
Committed	219,735				219,735
Assigned	1,469,985	2,103,997	1,150,450		4,724,432
Unassigned (Deficit)	3,224,841				3,224,841
Total Fund Balances	<u>\$4,914,561</u>	<u>\$2,103,997</u>	<u>\$1,150,450</u>	<u>\$130,092</u>	<u>\$8,299,100</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, 2012**

	<u>General</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	\$3,007,985				\$3,007,985
Intergovernmental	4,535,777				4,535,777
Patron Fines and Fees	180,658				180,658
Contributions, Gifts and Donations	1,695			\$41,010	42,705
Earnings on Investments	68,776			56	68,832
Refunds and reimbursements	66,896				66,896
Miscellaneous	1,000	\$50			1,050
Total Receipts	<u>7,862,787</u>	<u>50</u>		<u>41,066</u>	<u>7,903,903</u>
<b>Disbursements:</b>					
<b>Current:</b>					
<b>Library Services:</b>					
Public Service and Programs	3,523,892				3,523,892
Collection Development and Processing	720,961				720,961
Library Materials	1,323,555			5,222	1,328,777
<b>Support Services:</b>					
Facilities Operation and Maintenance	595,381				595,381
Information Services	371,223		\$29,774		400,997
Business Administration	1,391,034				1,391,034
Capital Outlay	55,126	329,723	174,210		559,059
Total Disbursements	<u>7,981,172</u>	<u>329,723</u>	<u>203,984</u>	<u>5,222</u>	<u>8,520,101</u>
Net Change in Fund Balances	(118,385)	(329,673)	(203,984)	35,844	(616,198)
Fund Balances Beginning of Year (Restated)	<u>5,032,946</u>	<u>2,433,670</u>	<u>1,354,434</u>	<u>94,248</u>	<u>8,915,298</u>
Fund Balances End of Year	<u>\$4,914,561</u>	<u>\$2,103,997</u>	<u>\$1,150,450</u>	<u>\$130,092</u>	<u>\$8,299,100</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, 2012**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Receipts:</b>				
Property and Other Local Taxes	\$2,829,803	\$2,829,803	\$3,007,985	\$178,182
Intergovernmental	4,556,703	4,556,703	4,535,777	(20,926)
Patron Fines and Fees	188,000	188,000	180,658	(7,342)
Contributions, Gifts and Donations			1,695	1,695
Earnings on Investments	100,000	100,000	68,776	(31,224)
Refunds and reimbursements	35,671	60,762	66,896	6,134
Miscellaneous			1,000	1,000
Total receipts	<u>7,710,177</u>	<u>7,735,268</u>	<u>7,862,787</u>	<u>127,519</u>
<b>Disbursements:</b>				
<b>Current:</b>				
<b>Library Services:</b>				
Public Service and Programs	3,659,588	3,642,284	3,538,567	103,717
Collection Development and Processing	724,592	756,028	733,366	22,662
Library Materials	1,723,437	1,723,437	1,688,666	34,771
<b>Support Services:</b>				
Facilities Operation and Maintenance	706,477	715,097	638,787	76,310
Information Services	402,848	397,349	374,919	22,430
Business Administration	1,521,741	1,697,071	1,423,714	273,357
Contingency	231,305	47,857		47,857
Capital Outlay	164,596	167,596	67,027	100,569
Total Disbursements	<u>9,134,584</u>	<u>9,146,719</u>	<u>8,465,046</u>	<u>681,673</u>
Excess of Receipts Over (Under) Disbursements	<u>(1,424,407)</u>	<u>(1,411,451)</u>	<u>(602,259)</u>	<u>809,192</u>
<b>Other Financing Sources (Uses):</b>				
Transfers Out			(108,495)	(108,495)
Total Other Financing Sources (Uses)			<u>(108,495)</u>	<u>(108,495)</u>
Net Change in Fund Balance	(1,424,407)	(1,411,451)	(710,754)	700,697
Fund Balance Beginning of Year	1,413,967	1,413,967	1,413,967	
Prior Year Encumbrances Appropriated	<u>257,743</u>	<u>257,743</u>	<u>257,743</u>	
Fund Balance End of Year	<u>\$247,303</u>	<u>\$260,259</u>	<u>\$960,956</u>	<u>\$700,697</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, 2013 AND 2012**

**1. DESCRIPTION OF THE REPORTING ENTITY**

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

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

**A. Primary government**

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

Component units are legally separate organizations for which the Library is financial 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**

As discussed further in the Basis of Accounting section of this note, the financial statements of the Greene 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.

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

**A. Basis of Presentation**

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

**1. Government-wide Financial Statements**

The statement of net position and the statement of activities display information about the Library as a whole.

**GREENE COUNTY PUBLIC LIBRARY  
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012  
(Continued)**

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

The statement of net position presents the cash and investment balances of the governmental activities of the Library at year end. The statement of activities compares disbursements with program receipts for each of the Library's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Library is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program, and receipts of interest earned on grants that are required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a modified cash basis or draws from the Library's general receipts.

**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. Non-major funds are aggregated and presented in a single column.

(Proprietary fund statements distinguish operating transactions from non-operating transactions. Operating receipts generally result from exchange transactions such as charges for services directly relating to the funds' principal services. Operating disbursements include costs of sales and services and administrative costs. The proprietary fund statements report all other receipts and disbursements as non-operating.)

**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.

**1. Governmental Funds and Permanent Funds**

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

**General Fund** - The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

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

**Technology Fund** - The Technology Fund is used to account for the receipts that are assigned for the acquisition, construction or repair of computers and their peripherals.

**GREENE COUNTY PUBLIC LIBRARY  
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012  
(Continued)**

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

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.

**C. Basis of Accounting**

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

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

**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 established 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 the 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-over balances from the prior year, set a limit on the amount the Trustees may appropriate. The estimated receipts may be revised during the year if projected increases or decreases in receipts are identified by the Fiscal Officer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts of estimated resources at the time final appropriations were enacted by the Trustees.

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

**GREENE COUNTY PUBLIC LIBRARY  
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012  
(Continued)**

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

**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 not purchased from the pool are reported as investments.

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

During fiscal years 2013 and 2012, the Library invested in nonnegotiable certificates of deposit, U.S. Agency Securities, U.S. Treasury Notes, Municipal Bonds, Money Mark Investment and Mutual fund, and STAR Ohio. The nonnegotiable certificates of deposit, U.S. Agency Securities, U.S. Treasurer Notes, and Municipal Bonds are reported at cost. Money Market Investment and Mutual Funds are reported at the cost value of the portfolio as of December 31, 2013 and 2012.

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, 2013 and 2012.

Interest earnings are allocated to the Library funds according to State statutes. Interest receipts credited to the General Fund during fiscal years 2013 and 2012 were \$59,481 and \$68,776.

**F. Restricted Assets**

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

**G. Inventory and Prepaid Items**

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

**H. Capital Assets**

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

**GREENE COUNTY PUBLIC LIBRARY  
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012  
(Continued)**

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

**I. 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.

**J. Accumulated Leave**

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

**K. 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.

**GREENE COUNTY PUBLIC LIBRARY  
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012  
(Continued)**

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

**L. 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 a "capital outlay expenditure" is reported at inception. Lease payments are reported when paid.

**M. Net Position**

Net position is 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 position 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 positions are available.

**3. CHANGE IN ACCOUNTING PRINCIPLE AND PRIOR PERIOD ADJUSTMENT**

For 2012, the Library implemented Governmental Accounting Standard Board (GASB) Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position." GASB Statement No. 63 identifies net position, rather than net assets, as the residual of all other elements presented in a statement of financial position. This change was incorporated in the Library's 2012 financial statements; however, there was no effect on beginning net position/fund balance.

For 2012, the Library also implemented Governmental Accounting Standard Board (GASB) Statement No. 65, "Items Previously Reported as Assets and Liabilities." This change was incorporated in the Library's 2013 financial statements; however, there was no effect on beginning net position/fund balance.

During 2012, the Library reported Budget Stabilization fund within the General Fund. In prior years this fund was separately reported as a major fund. General fund balance was restated as follows:

General Fund Balance - December 31, 2011	\$1,808,104
Budget Stabilization Fund Balance - December 31, 2011	<u>3,224,842</u>
Restated General Fund Balance - January 1, 2012	<u><u>\$5,032,946</u></u>

**4. BUDGETARY BASIS OF ACCOUNTING**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis presented for the general fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget.

The 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:

**GREENE COUNTY PUBLIC LIBRARY  
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012  
(Continued)**

**4. BUDGETARY BASIS OF ACCOUNTING (Continued)**

<b>Net Change in General Fund Balance</b>	
	<b>2012</b>
Budget Basis	(\$710,754)
Funds budgeted elsewhere	(17,692)
General Fund transfer to Post-Employment Benefit Fund	108,495
Adjustment for encumbrances	501,566
Cash Basis	(\$118,385)
	<b>2013</b>
Budget Basis	(\$336,609)
Funds budgeted elsewhere	(37,701)
Budget Stabilization Fund transfer to General Fund	(890,242)
Adjustment for encumbrances	376,540
Cash Basis	(\$888,012)

**5. GRANTS-IN-AID**

The primary source of revenue for Ohio Public libraries is the Public Library Fund (PLF). The PLF in 2012 was 1.97% of the State of Ohio gross tax revenue. In 2013, the funding formula changed. Total PLF distribution from January through June was based on the 1.97% of the State of Ohio gross tax revenue. In the biennium budget passed in June, the funding formula changed. The PLF would be a set amount comprising the actual revenues from July through December 2012 plus the estimated amounts received January through June 2013 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.

**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 five years from the date of deposit or by savings or deposit accounts, including passbook accounts.

**GREENE COUNTY PUBLIC LIBRARY  
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012  
(Continued)**

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

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, 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. Stripped principal or interest obligations of such eligible obligations are strictly prohibited;
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. 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 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 agent designated by the treasurer. Such institution or dealer must agree in writing to unconditionally repurchase any of the securities used for any repo transaction. Reverse repurchase agreements are strictly prohibited.

**A. Deposits**

Deposits include amount held in demand accounts and savings accounts. At December 31, 2013, the carrying amount of the Library's deposits was \$184,854 which includes \$850 of change funds and petty cash. At December 31, 2012, the carrying amount of the Library's deposits was \$376,033 which includes \$850 of change funds and petty cash.

Custodial credit risk for deposits is the risk that in the event of bank failure, the Library will not be able to recover deposits or collateral securities that are in the possession of an outside party. 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.



**GREENE COUNTY PUBLIC LIBRARY  
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012  
(Continued)**

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

Of the bank balance at December 31, 2013, \$260,029 was covered by federal depository insurance and \$308,741 was part of pooled collateral.

Of the bank balance at December 31, 2012, \$261,208 was covered by federal depository insurance and \$374,348 was part of pooled collateral.

**B. Investments**

Investments are reported at cost.

As of December 31, 2013, the Library had the following investments:

	<u>Book Value</u>	<u>Percent of Total Portfolio</u>	<u>Credit Rating</u>	<u>Weighted Average Maturity</u>
Federal Home Loan Bank (FHLB)	\$686,233	9.91%	Aaa	0.88
Federal Home Loan Mortgage Corporation (FHLMC)	2,076,261	30.00%	Aaa	1.54
Federal National Mortgage Association (FNMA)	2,130,898	30.79%	Aaa	2.08
Federal Farm Credit Bank	1,020,193	14.74%	Aaa	1.72
Municipal Bonds	408,968	5.91%	A+	0.45
Money Market Mutual Fund - Government Obligations	483,483	6.98%	Aa3	n/a
Outside Investment Pools - STAR Ohio	115,815	1.67%	AAAm	n/a
Total Investments	<u>\$6,921,851</u>			
Portfolio Weighted Average Maturity				1.47

As of December 31, 2012, the Library had the following investments:

	<u>Book Value</u>	<u>Percent of Total Portfolio</u>	<u>Credit Rating</u>	<u>Weighted Average Maturity</u>
Federal Home Loan Bank (FHLB)	\$390,676	4.93%	Aaa	0.88
Federal Home Loan Mortgage Corporation (FHLMC)	2,520,268	31.81%	Aaa	1.54
Federal National Mortgage Association (FNMA)	1,025,777	12.95%	Aaa	2.08
Federal Farm Credit Bank	1,035,207	13.07%	Aaa	1.72
Municipal Bonds	791,186	9.99%	A+	0.45
Certificate of Deposit	2,000,000	25.24%	n/a	0.71
Money Market Mutual Fund - Government Obligations	85,108	1.07%	Aa3	n/a
Outside Investment Pools - STAR Ohio	74,845	0.94%	AAAm	n/a
Total Investments	<u>\$7,923,067</u>			
Portfolio Weighted Average Maturity				1.25

**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.

**GREENE COUNTY PUBLIC LIBRARY  
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012  
(Continued)**

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

**Credit Risk** - The Federal Farm Credit Bank, Federal National Mortgage Association Notes, Federal Home Loan Mortgage Corporation Notes and Federal Home Loan Bank Notes carry a rating of Aaa by Standard and Poor's and Aaa by Fitch Ratings. STAR Ohio carries a rating of AAAM by Standard and Poor's. The money market fund carries a rating of Aaa by Standard and Poor's. 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. 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. Municipal bonds were at A+ by Standard and Poor's.

**Custodial Credit Risk** - For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Library will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Federal National Mortgage Association Notes, Federal Home Loan Mortgage Corporation Notes, Federal Home Loan Bank Notes, Federal Farm Credit Bank Notes and municipal bonds are exposed to custodial credit risk as 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 investments only through an approved broker/dealer or institution. Payment for investments is made only upon delivery of the securities representing the investment to the qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation or 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 investment in commercial paper and bankers acceptances to 25% of the interim monies available for investment at one time.

**7. RISK MANAGEMENT**

The 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

**GREENE COUNTY PUBLIC LIBRARY  
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012  
(Continued)**

**8. DEFINED BENEFIT PENSION PLAN**

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

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

**Funding Policy** – The Ohio Revised Code provides statutory authority for member and employer contributions and currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units. Member contribution rates, as set forth in the Ohio Revised Code, are not to exceed 10 percent of covered payroll. For the year ended December 31, 2013 and December 31, 2012, members in state and local classifications contributed 10 percent of covered payroll. Members in the state and local divisions may participate in all three plans. For 2013 and 2012, member and employer contribution rates were consistent across all three plans. The Library's 2013 and 2012 contribution rate was 14.0 percent. The portion of employer contributions used to fund pension benefits is net of post-employment health care benefits.

The Library's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2013, 2012, and 2011 were \$574,912, \$556,522, and \$549,591, respectively; of which 100% was made.

**9. POST-EMPLOYMENT BENEFITS**

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

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.

**GREENE COUNTY PUBLIC LIBRARY  
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012  
(Continued)**

**9. POST-EMPLOYMENT BENEFITS (Continued)**

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised Code permits, but does not mandate, OPERS to provide health care benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report which may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

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

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2013 and 2012, state and local employers contributed at a rate of 14.0 percent of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units.

Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. The portion of employer contributions allocated to health care from members in the Traditional Plan was 4.0% during calendar year 2012. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05% during calendar year 2012. Effective January 1, 2013, the portion of employer contributions allocated to healthcare was lowered to 1 percent for both plans, as recommended by the OPERS Actuary. Effective January 1, 2014, the portion of employer contributions allocated to healthcare was raised to 2 percent for both plans, as recommended by the OPERS Actuary.

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The Library's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2013, 2012, and 2011 were \$164,252, 201,830 and \$196,477, respectively. The Library contributed 98% of required contributions for 2013 and 100% for 2012 and 2011.

**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, 2013 AND 2012  
(Continued)**

**10. FUND BALANCES (Continued)**

<b>2013 Fund Balances</b>	<b>General</b>	<b>Building &amp; Repair</b>	<b>Technology</b>	<b>Other Governmental Funds</b>	<b>Total</b>
<b>Non-spendable:</b>					
Principal in Trust Funds				\$28,817	\$28,817
Total Non-spendable				28,817	28,817
<b>Restricted for:</b>					
Library Materials				96,647	96,647
Total Restricted				96,647	96,647
<b>Committed to:</b>					
Retirement Accrual Payout	\$182,052				182,052
<b>Assigned to:</b>					
Encumbered Funds	376,540				376,540
Board Assignment	7,443	\$1,986,976	\$967,716		2,962,135
Total Assigned	383,983	1,986,976	967,716		3,338,675
Unassigned (Deficit)	3,460,514				3,460,514
Total Fund Balances	<u>\$4,026,549</u>	<u>\$1,986,976</u>	<u>\$967,716</u>	<u>\$125,464</u>	<u>\$7,106,705</u>

<b>2012 Fund Balances</b>	<b>General</b>	<b>Building &amp; Repair</b>	<b>Technology</b>	<b>Other Governmental Funds</b>	<b>Total</b>
<b>Non-spendable:</b>					
Principal in Trust Funds				\$28,817	\$28,817
Total Non-spendable				28,817	28,817
<b>Restricted for:</b>					
Library Materials				101,275	101,275
Total Restricted				101,275	101,275
<b>Committed to:</b>					
Retirement Accrual Payout	\$219,735				219,735
<b>Assigned to:</b>					
Encumbered Funds	501,566				501,566
Assigned for next years					
Appropriations	960,958				960,958
Board Assignment	7,461	\$2,103,997	\$1,150,450		3,261,908
Total Assigned	1,469,985	2,103,997	1,150,450		4,724,432
Unassigned (Deficit)	3,224,841				3,224,841
Total Fund Balances	<u>\$4,914,561</u>	<u>\$2,103,997</u>	<u>\$1,150,450</u>	<u>\$130,092</u>	<u>\$8,299,100</u>

**GREENE COUNTY PUBLIC LIBRARY  
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012  
(Continued)**

**11. INTERFUND TRANSFERS**

In 2013, the General Fund transferred \$100,000 to the Technology Fund to replenish funds for technology advances. All computer equipment is purchased from the Technology funds. In 2013 a new phone system was purchased.

**12. 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 adopt rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced to applicable homestead and rollback deductions. 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 taxes on personal and real property located within the taxing district.

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



# Dave Yost • Auditor of State

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

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the 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, 2013 and 2012, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements and have issued our report thereon dated October 27, 2014, wherein we noted the Library uses a special purpose framework other than generally accepted accounting principles. We also noted that the Library restated its January 1, 2012 fund balances.

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

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. 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 internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Library's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2013-001 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, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

***Purpose of this Report***

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

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

**Dave Yost**  
Auditor of State

Columbus, Ohio

October 27, 2014



**GREENE COUNTY PUBLIC LIBRARY  
GREENE COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2013 AND 2012**

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

**FINDING NUMBER 2013-001**

**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 actual expenditures reported Library's budgetary statements for 2013 and 2012 excluded encumbrances outstanding at year end. Therefore, budget basis expenditures were understated as follows.

	<b>2012</b>	<b>2013</b>
<b>Library Services:</b>		
Public Service and Programs	\$14,675	\$18,445
Collection Development and Processing	12,405	4,860
Library Materials	365,111	219,125
<b>Support Services:</b>		
Facilities Operation and Maintenance	43,406	6,895
Information Services	3,696	6,262
Business Administration	50,314	42,914
Capital Outlay	11,960	78,039
<b>Total</b>	<b>\$501,567</b>	<b>\$376,540</b>

The understatement was material and the budgetary statements were adjusted to correctly present the budgetary expenditures.

Additionally, the following reclassification errors were noted that were determined to be immaterial and did not require the financial statements to be adjusted:

- During 2012, 1st half settlement of personal public utility taxes was posted as intergovernmental Revenue instead of property taxes in the general fund. Intergovernmental revenue was overstated by \$52,502 and property taxes revenue was understated by the same amount on statement of activities, statement of cash receipts, disbursements and statement of cash basis fund balance and statement of receipts, disbursements and changes in fund balance - budget and actual budget basis.
- During 2013, the Greene County Public Library incorrectly classified homestead and rollback receipts as property tax instead of intergovernmental Revenue. Property taxes were overstated by \$394,722 and intergovernmental revenue was understated by the same amount on statement of activities, statement of cash receipts, disbursements and statement of cash basis fund balance and statement of receipts, disbursements and changes in fund balance - budget and actual budget basis.
- During 2012 the Greene County Public Library overstated Capital Grants and Contributions and understated Operating Grants and Contributions by \$42,705 on the Statement of Activities.

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

**Official's Response:** Officials did not respond to this finding.

**GREENE COUNTY PUBLIC LIBRARY  
GREENE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2013 AND 2012**

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>
2011-001	Financial Statement Errors	No	Repeated as Finding Number 2013-001



# 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 25, 2014**