



Mary Taylor, CPA  
Auditor of State



**GREENE COUNTY PUBLIC LIBRARY  
GREENE COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Accountants' Report.....	1
Management's Discussion and Analysis – For the Years Ended December 31, 2007 and 2006 .....	3
Basic Financial Statements:	
Government – Wide Financial Statements – December 31, 2007:	
Statement of Net Assets – Modified Cash Basis .....	11
Statement of Activities – Modified Cash Basis .....	12
Governmental Financial Statements – Fiscal Year 2007:	
Statement of Modified Cash Basis Assets and Fund Balances – Governmental Funds.....	13
Statement of Cash Receipts, Disbursements and Changes in Modified Cash Basis Fund Balances – Governmental Funds .....	14
Statement of Cash Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis – General Fund.....	15
Statement of Cash Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis – Budget Stabilization Fund.....	16
Government – Wide Financial Statements – December 31, 2006:	
Statement of Net Assets – Modified Cash Basis .....	17
Statement of Activities – Modified Cash Basis .....	18
Governmental Financial Statements – Fiscal Year 2006:	
Statement of Modified Cash Basis Assets and Fund Balances – Governmental Funds.....	19
Statement of Cash Receipts, Disbursements and Changes in Modified Cash Basis Fund Balances – Governmental Funds .....	20
Statement of Cash Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis – General Fund.....	21
Statement of Cash Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis – Budget Stabilization Fund.....	22
Notes to the Basic Financial Statements .....	23
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	33

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# Mary Taylor, CPA

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, (the Library), as of and for the years ended December 31, 2007 and 2006, 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, as of December 31, 2007 and 2006, and the respective changes in modified cash financial position and the respective budgetary comparison for the General Fund and Budget Stabilization Fund thereof for the years then ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2008, 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.

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Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

**Mary Taylor, CPA**  
Auditor of State

December 1, 2008

**GREENE COUNTY PUBLIC LIBRARY  
GREENE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006  
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, 2007 and 2006, 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 2007 are as follows:

- Net assets of governmental activities increased \$1,814,920, or 23 percent.
- General receipts accounted for \$9,206,890 or 98 percent of all receipts. Program receipts in the form of charges for services or operating grants and contributions accounted for \$202,057 or 2 percent of total receipts.
- The Library had \$7,594,027 in disbursements relating to governmental activities. Only \$202,057 of these disbursements were offset by program specific charges for services or operating grants and contributions.

Key financial highlights for 2006 are as follows:

- Net assets of governmental activities increased \$3,158,164 or 66 percent.
- General receipts accounted for \$9,805,680 or 98 percent of all receipts. Program receipts in the form of charges for services or operating grants and contributions accounted for \$230,047 or 2 percent of total receipts.
- The Library had \$6,877,563 in disbursements relating to governmental activities. Only \$230,047 of these disbursements were offset by program specific charges for services or operating 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 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, 2007 AND 2006  
UNAUDITED  
(Continued)**

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.

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 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 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 2007 and 2006. 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 primarily funded by intergovernmental receipts.

**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.



**GREENE COUNTY PUBLIC LIBRARY  
GREENE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006  
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 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 Assets provides the perspective for the Library as a whole. Table 1 provides a summary of the Library's net assets for 2007 compared to 2006 and 2006 compared to 2005.

**Table 1  
Net Assets - Cash Basis**

	<b>Governmental Activities</b>		
	<b>2007</b>	<b>2006</b>	<b>2005</b>
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$2,716,324	\$1,415,971	\$763,166
Investments	7,047,572	6,533,005	4,027,646
Total Assets	<u>9,763,896</u>	<u>7,948,976</u>	<u>4,790,812</u>
<b>Net Assets</b>			
<b>Restricted for:</b>			
Permanent Fund Purpose			
Expendable	17,804	14,966	13,046
Nonexpendable	28,817	28,817	28,817
Unrestricted	<u>9,717,275</u>	<u>7,905,193</u>	<u>4,748,949</u>
Total Net Assets	<u>\$9,763,896</u>	<u>\$7,948,976</u>	<u>\$4,790,812</u>

In 2007, total assets increased \$1,814,290, or approximately 23 percent over 2006. This increase can be attributed to the influx of second year levy monies and increased interest earned on investments. Even though expenditures increased by 10 percent and revenue decreased by 6 percent from 2006 to 2007, total net assets still increased. The decline in revenue resulted from a 1995 tax levy expiring in 2006.

In 2006, total assets increased \$3,158,164, or approximately 66 percent over 2005. This increase can be attributed to the Library collecting on two levies; \$829,559 from the levy passed in 1996 and \$3,237,861 from the levy passed in 2005 with collection beginning in 2006. While total receipts increased by 44 percent over 2005, expenditures increased only 6 percent over 2005.

Table 2 shows the changes in net assets for the years ended December 31, 2007 and December 31, 2006.

**GREENE COUNTY PUBLIC LIBRARY  
GREENE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006  
UNAUDITED  
(Continued)**

**Table 2  
Changes in Net Assets  
Governmental Activities**

	<u>2007</u>	<u>2006</u>	<u>2005</u>
<b>Receipts:</b>			
Program Cash Receipts			
Charges for Services	\$ 202,057	\$ 214,277	\$ 181,016
Capital Grants and Contributions		15,770	10,182
Total Program Cash Receipts	<u>202,057</u>	<u>230,047</u>	<u>191,198</u>
<b>General Receipts:</b>			
LLGSF	5,374,459	5,374,459	5,374,459
Property and Other Local Taxes	3,311,123	4,067,420	847,238
Interest	479,127	308,579	116,683
Miscellaneous Receipts	42,181	55,222	41,867
Total General Receipts	<u>9,206,890</u>	<u>9,805,680</u>	<u>6,380,247</u>
<b>Total Receipts</b>	<u>9,408,947</u>	<u>10,035,727</u>	<u>6,571,445</u>
<b>Disbursements:</b>			
Library Services			
Public Service and Programs	3,233,725	2,890,893	2,689,252
Collection Development and Processing	392,018	369,554	344,090
Library Materials	1,321,911	1,278,113	1,322,960
Support Services			
Facilities Operation and Maintenance	583,591	564,095	600,273
Information Services	321,717	271,538	283,179
Business Administration	1,364,096	1,189,024	903,042
Capital Outlay	376,969	314,346	356,164
Total Disbursements	<u>7,594,027</u>	<u>6,877,563</u>	<u>6,498,960</u>
Change in Net Assets	<u>\$1,814,920</u>	<u>\$3,158,164</u>	<u>\$ 72,485</u>

During the fiscal year 2007, disbursements increased \$716,464 or 10 percent over the previous year. This increase was due to additional staff and reclassification of positions. The Adult Services Department added a full-time position, Administration added a Web Master position, and the Community Information Department reclassified a position to a higher grade. Also, the Xenia branch Children's Department added two positions to increase service, programming, and coverage.

During the fiscal year 2006, disbursements increased \$378,603 or 6 percent over the 2005. The increase is due to inflationary factors as well as wage increases. Revenues increased \$3,464,282 or 53 percent due to the collection of the new levy and the final collection of the 1996 levy. Hence, the large increase in change of net assets.

In 2007, general receipts represented 98 percent of the Library's overall receipts. In 2006, the general receipts represented 98 percent of the Library's overall receipts. Library and Local Government Support Fund monies made up 58 percent of all general receipts in 2007 and 55 percent of general receipts in 2006. 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 36 percent of all general receipts in 2007 and 41 percent of general receipts in 2006.

**GREENE COUNTY PUBLIC LIBRARY  
GREENE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006  
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 2007</b>	<b>Net Cost Of Services 2007</b>
<b>Library Services</b>		
General Public Services	\$3,233,728	\$3,031,671
Collection Development and Processing	392,018	392,018
Library Materials and Information	1,321,911	1,321,911
<b>Support Services</b>		
Facilities Operation and Maintenance	583,591	583,591
Information Services	321,717	321,717
Business Administration	1,364,096	1,364,096
Capital Outlay	376,966	376,966
Total Disbursements	<u>\$7,594,027</u>	<u>\$7,391,970</u>

**Table 3  
Governmental Activities**

	<b>Total Cost Of Services 2006</b>	<b>Net Cost Of Services 2006</b>
<b>Library Services</b>		
General Public Services	\$2,890,893	\$2,660,846
Collection Development and Processing	369,554	369,554
Library Materials and Information	1,278,113	1,278,113
<b>Support Services</b>		
Facilities Operation and Maintenance	564,095	564,095
Information Services	271,538	271,538
Business Administration	1,189,024	1,189,024
Capital Outlay	314,346	314,346
Total Disbursements	<u>\$6,877,563</u>	<u>\$6,647,516</u>

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 and contributions make up the other 4%.

**GREENE COUNTY PUBLIC LIBRARY  
GREENE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006  
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 2006 were the General Fund, the Budget Stabilization and the Building & Repair Fund. In 2007 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 2007 reflects a decrease in fund balance for the General Fund of \$1,174,471, and a decrease to the Budget Stabilization Fund of \$1,858,234, an increase to the Building and Repair Fund of \$3,015,138 and an increase to the Technology Fund of \$1,723,533. The large decrease in the General Fund and Budget Stabilization Fund balances is due to transfers to the Building and Repair and Technology Funds for branch improvements and computer upgrades. The transfer to the Technology Fund also includes funds for installation of Radio Frequency Identification system for added security and collection maintenance. The transfers to the Building and Repair and Technology Funds were \$3,168,234 and \$1,900,000 respectively. The change in fund balance for the General Fund before the transfers out was \$2,141,529.

A review of these funds for 2006 reflects an increase in the fund balance of the General Fund of \$893,060 and a increase in the Building & Repair Fund of \$82,801. The large increase in the General Fund is a result of frozen wages and no transfer out to the Building & Repair Fund.

**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 2007 and 2006, the Library amended both its appropriations and estimated receipts. The budgetary statement reflects both the original and final amounts appropriated.

Due to the certainty of the majority of the Library's funding, Local Library Government Serviced Funding (LLGSF), there is no major budget versus actual variances in regards to revenue. The total expenditure variances for 2007 and 2006 were \$748,952 and \$626,960 respectively. The variances were so large due to inclusion of the Budget Stabilization Fund within the General Fund. The funds were appropriated to the Budget Stabilization line, but not spent resulting in a large variance. At the end of 2007, a separate fund was created for Budget Stabilization, therefore the line item is no longer in the General Fund.

**Economic Factors**

Funding from the State of Ohio for the Library and Local Government Support Fund has been stagnant in 2007 and 2006. Funding remained at exactly the same amount for both years. In 2007 due to the uncertainty as to the level of funding, the Budget Stabilization Fund, at the recommendation of the Greene County Auditor, was funded at an amount that would allow the Library to operate for 4 months. Budget strategies were changed so that all anticipated revenue was appropriated.

In 2005; with revenue commencing in 2006; the Library passed a 5 year, 2 mil, operating levy which will provide revenue of approximately \$3,000,000 per year. Due to both the uncertainty of state funding and the increase in the cost of operation, the Library felt it prudent to find 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, 2007 AND 2006  
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, 2007**

	<u><b>Governmental Activities</b></u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$2,716,324
Investments	<u>7,047,572</u>
Total Assets	<u><u>9,763,896</u></u>
<b>Net Assets</b>	
<b>Restricted for:</b>	
Permanent Fund Purpose	
Expendable	17,804
Nonexpendable	28,817
Unrestricted	<u>9,717,275</u>
Total Net Assets	<u><u>\$9,763,896</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, 2007**

	<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>		
Library Services:		
Public Service and Programs	\$3,233,728	\$202,057
Collection Development and Processing	392,018	(\$3,031,671)
Library Materials	1,321,911	(392,018)
Support Services:		(1,321,911)
Facilities Operation and Maintenance	583,591	(583,591)
Information Services	321,717	(321,717)
Business Administration	1,364,096	(1,364,096)
Capital Outlay	376,966	(376,966)
Total Governmental Activities	<u>\$7,594,027</u>	<u>\$202,057</u>
<b>General Receipts</b>		
Government Grants In Aid - LLGSF		5,374,459
Property and Other Local Taxes		3,311,123
Interest		479,127
Miscellaneous		<u>42,181</u>
Total General Receipts		<u>9,206,890</u>
Change in Net Assets		1,814,920
Net Assets Beginning of Year		<u>7,948,976</u>
Net Assets End of Year		<u><u>\$9,763,896</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, 2007

	<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	\$862,492		\$1,339,998	\$336,543	\$177,291	\$2,716,324
Investments		<u>\$3,224,842</u>	<u>2,150,466</u>	<u>1,600,000</u>	<u>72,264</u>	<u>7,047,572</u>
Total Assets	<u>862,492</u>	<u>3,224,842</u>	<u>3,490,464</u>	<u>1,936,543</u>	<u>249,555</u>	<u>9,763,896</u>
<b>Fund Balances</b>						
<b>Reserved:</b>						
Reserved for Encumbrances	614,196		46,351	27,500	25	688,072
Reserved for (permanent fund purpose)					28,817	28,817
<b>Unreserved:</b>						
Undesignated (Deficit), Reported in:						
General Fund	248,296					248,296
Special Revenue Funds		3,224,842			202,909	3,427,751
Capital Projects Funds			3,444,113	1,909,043		5,353,156
Permanent Funds					17,804	17,804
Total Fund Balances	<u>\$862,492</u>	<u>\$3,224,842</u>	<u>\$3,490,464</u>	<u>\$1,936,543</u>	<u>\$249,555</u>	<u>\$9,763,896</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, 2007**

	<b>General</b>	<b>Budget Stabilization Fund</b>	<b>Building &amp; Repair Fund</b>	<b>Technology Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Receipts</b>						
Property and Other Local Taxes	\$3,311,123					\$3,311,123
Intergovernmental	5,374,459					5,374,459
Patron Fines and Fees	202,057					202,057
Contributions, Gifts and Donations	425				\$1,724	2,149
Earnings on Investments	474,980				4,146	479,126
Miscellaneous	40,033					40,033
Total Receipts	<u>9,403,077</u>				<u>5,870</u>	<u>9,408,947</u>
<b>Disbursements</b>						
<b>Current:</b>						
<b>Library Services:</b>						
Public Service and Programs	3,233,728					3,233,728
Collection Development and Processing	392,018					392,018
Library Materials	1,319,588				2,323	1,321,911
<b>Support Services:</b>						
Facilities Operation and Maintenance	583,591					583,591
Information Services	298,235			\$23,482		321,717
Business Administration	1,364,096					1,364,096
Contingency						
Capital Outlay	70,292		\$153,096	152,985	593	376,966
Total Disbursements	<u>7,261,548</u>		<u>153,096</u>	<u>176,467</u>	<u>2,916</u>	<u>7,594,027</u>
Excess of Receipts Over (Under) Disbursements	<u>2,141,529</u>		<u>(153,096)</u>	<u>(176,467)</u>	<u>2,954</u>	<u>1,814,920</u>
<b>Other Financing Sources (Uses)</b>						
Transfers In	34,000		3,168,234	1,900,000	140,000	5,242,234
Transfers Out	<u>(3,350,000)</u>	<u>(\$1,858,234)</u>			<u>(34,000)</u>	<u>(5,242,234)</u>
Total Other Financing Sources (Uses)	<u>(3,316,000)</u>	<u>(1,858,234)</u>	<u>3,168,234</u>	<u>1,900,000</u>	<u>106,000</u>	
Net Change in Fund Balances	(1,174,471)	(1,858,234)	3,015,138	1,723,533	108,954	1,814,920
Fund Balances Beginning of Year	2,036,963	5,083,076	475,326	213,010	140,601	7,948,976
Fund Balances End of Year	<u>\$862,492</u>	<u>\$3,224,842</u>	<u>\$3,490,464</u>	<u>\$1,936,543</u>	<u>\$249,555</u>	<u>\$9,763,896</u>

See accompanying notes to the basic financial statements.

**GREENE COUNTY PUBLIC LIBRARY  
GREENE COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<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	\$3,137,838	\$3,137,838	\$3,311,123	\$173,285
Intergovernmental	5,825,042	5,825,042	5,374,459	(450,583)
Patron Fines and Fees	208,000	208,000	202,057	(5,943)
Contributions, Gifts and Donations			425	425
Earnings on Investments	470,000	470,000	474,980	4,980
Miscellaneous	16,212	16,212	40,033	23,821
Total receipts	<u>9,657,092</u>	<u>9,657,092</u>	<u>9,403,077</u>	<u>(254,015)</u>
<b>Disbursements:</b>				
<b>Current:</b>				
<b>Library Services:</b>				
Public Service and Programs	3,390,730	3,390,730	3,243,995	146,735
Collection Development and Processing	425,963	425,963	394,612	31,351
Library Materials	1,903,552	1,903,552	1,780,769	122,783
<b>Support Services:</b>				
Facilities Operation and Maintenance	667,288	667,288	616,581	50,707
Information Services	323,173	323,173	309,249	13,924
Business Administration	1,512,732	1,512,732	1,406,204	106,528
Contingency	271,661	271,661		271,661
Capital Outlay	129,597	129,597	124,334	5,263
Total Disbursements	<u>8,624,696</u>	<u>8,624,696</u>	<u>7,875,744</u>	<u>748,952</u>
Excess of Receipts Over (Under) Disbursements	<u>1,032,396</u>	<u>1,032,396</u>	<u>1,527,333</u>	<u>494,937</u>
Other Financing Sources (Uses)				
Transfers In	34,000	34,000	34,000	
Transfers Out	<u>(2,682,850)</u>	<u>(2,682,850)</u>	<u>(3,350,000)</u>	<u>(667,150)</u>
Total Other Financing Sources (Uses)	<u>(2,648,850)</u>	<u>(2,648,850)</u>	<u>(3,316,000)</u>	<u>(667,150)</u>
Net Change in Fund Balance	(1,616,454)	(1,616,454)	(1,788,667)	(172,213)
Fund Balance Beginning of Year	1,700,792	1,700,792	1,700,792	
Prior Year Encumbrances Appropriated	<u>336,171</u>	<u>336,171</u>	<u>336,171</u>	
Fund Balance End of Year	<u><u>\$420,509</u></u>	<u><u>\$420,509</u></u>	<u><u>\$248,296</u></u>	<u><u>(\$172,213)</u></u>

See accompanying notes to the basic financial statements.

**GREENE COUNTY PUBLIC LIBRARY  
GREENE COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS  
BUDGET STABILIZATION FUND  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Other Financing Sources (Uses)</b>				
Transfers In	\$2,392,850	\$2,392,850		(\$2,392,850)
Transfers Out			(\$1,858,234)	(1,858,234)
Total Other Financing Sources (Uses)	<u>2,392,850</u>	<u>2,392,850</u>	<u>(1,858,234)</u>	<u>(4,251,084)</u>
Net Change in Fund Balance	2,392,850	2,392,850	(1,858,234)	(4,251,084)
Fund Balance Beginning of Year	5,083,076	5,083,076	5,083,076	
Prior Year Encumbrances Appropriated				
Fund Balance End of Year	<u><u>\$7,475,926</u></u>	<u><u>\$7,475,926</u></u>	<u><u>\$3,224,842</u></u>	<u><u>(\$4,251,084)</u></u>

*See accompanying notes to the basic financial statements.*

**GREENE COUNTY PUBLIC LIBRARY  
GREENE COUNTY**

**STATEMENT OF NET ASSETS - MODIFIED CASH BASIS  
December 31, 2006**

	<u><b>Governmental Activities</b></u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$1,415,971
Investments	6,533,005
Total Assets	<u><u>7,948,976</u></u>
<b>Net Assets</b>	
<b>Restricted for:</b>	
Permanent Fund Purpose	
Expendable	14,966
Nonexpendable	28,817
Unrestricted	7,905,193
Total Net Assets	<u><u>\$7,948,976</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, 2006**

	<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>				
Library Services:				
Public Service and Programs	\$2,890,893	\$214,277	\$15,770	(\$2,660,846)
Collection Development and Processing	369,554			(369,554)
Library Materials	1,278,113			(1,278,113)
Support Services:				
Facilities Operation and Maintenance	564,095			(564,095)
Information Services	271,538			(271,538)
Business Administration	1,189,024			(1,189,024)
Capital Outlay	314,346			(314,346)
<b>Total Governmental Activities</b>	<b>\$6,877,563</b>	<b>\$214,277</b>	<b>\$15,770</b>	<b>(6,647,516)</b>
<b>General Receipts</b>				
Government Grants In Aid - LLGSF				5,374,459
Property and Other Local Taxes				4,067,420
Interest				308,579
Miscellaneous				55,222
				9,805,680
<b>Total General Receipts</b>				9,805,680
Change in Net Assets				3,158,164
Net Assets Beginning of Year				4,790,812
Net Assets End of Year				<b>\$7,948,976</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, 2006**

	<u>General</u>	<u>Budget Stabilization</u>	<u>Building &amp; Repair Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>					
Equity in Pooled Cash and Cash Equivalents	\$587,034		\$475,326	\$353,611	\$1,415,971
Investments	1,449,929	5,083,076			6,533,005
Total Assets	<u>2,036,963</u>	<u>5,083,076</u>	<u>475,326</u>	<u>353,611</u>	<u>7,948,976</u>
<b>Fund Balances</b>					
<b>Reserved:</b>					
Reserved for Encumbrances	336,171		119,734	565	456,470
Reserved for (permanent fund purpose)				28,817	28,817
<b>Unreserved:</b>					
Undesignated (Deficit), Reported in:					
General Fund	1,700,792				1,700,792
Special Revenue Funds		5,083,076		96,576	5,179,652
Capital Projects Funds			355,592	212,687	568,279
Permanent Funds				14,966	14,966
Total Fund Balances	<u>\$2,036,963</u>	<u>\$5,083,076</u>	<u>\$475,326</u>	<u>\$353,611</u>	<u>\$7,948,976</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, 2006**

	<u>General</u>	<u>Budget Stabilization Fund</u>	<u>Building &amp; Repair Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Receipts</b>					
Property and Other Local Taxes	\$4,067,420				\$4,067,420
Intergovernmental	5,374,459				5,374,459
Patron Fines and Fees	214,277				214,277
Contributions, Gifts and Donations	800			\$1,959	2,759
Earnings on Investments	306,323			2,256	308,579
Grants				15,770	15,770
Miscellaneous	52,451			12	52,463
Total Receipts	<u>10,015,730</u>			<u>19,997</u>	<u>10,035,727</u>
<b>Disbursements</b>					
<b>Current:</b>					
<b>Library Services:</b>					
Public Service and Programs	2,890,893				2,890,893
Collection Development and Processing	369,554				369,554
Library Materials	1,277,586			527	1,278,113
<b>Support Services:</b>					
Facilities Operation and Maintenance	564,095				564,095
Information Services	271,538				271,538
Business Administration	1,189,024				1,189,024
Capital Outlay	54,904		\$99,199	160,243	314,346
Total Disbursements	<u>6,617,594</u>		<u>99,199</u>	<u>160,770</u>	<u>6,877,563</u>
Excess of Receipts Over (Under) Disbursements	<u>3,398,136</u>		<u>(99,199)</u>	<u>(140,773)</u>	<u>3,158,164</u>
<b>Other Financing Sources (Uses)</b>					
Transfers In		\$2,083,076	182,000	240,000	2,505,076
Transfers Out	(2,505,076)				(2,505,076)
Total Other Financing Sources (Uses)	<u>(2,505,076)</u>	<u>2,083,076</u>	<u>182,000</u>	<u>240,000</u>	
Net Change in Fund Balances	893,060	2,083,076	82,801	99,227	3,158,164
Fund Balances Beginning of Year	<u>1,143,903</u>	<u>3,000,000</u>	<u>392,525</u>	<u>254,384</u>	<u>4,790,812</u>
Fund Balances End of Year	<u><u>\$2,036,963</u></u>	<u><u>\$5,083,076</u></u>	<u><u>\$475,326</u></u>	<u><u>\$353,611</u></u>	<u><u>\$7,948,976</u></u>



**GREENE COUNTY PUBLIC LIBRARY  
GREENE COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES  
IN CASH FUND BALANCES - BUDGET AND ACTUAL -BUDGET BASIS  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Receipts</b>				
Property and Other Local Taxes	\$3,922,559	\$3,922,559	\$4,067,420	\$144,861
Intergovernmental	5,374,459	5,374,459	5,374,459	
Patron Fines and Fees	175,000	175,000	214,277	39,277
Contributions, Gifts and Donations			800	800
Earnings on Investments	250,000	250,000	306,323	56,323
Miscellaneous			52,451	52,451
Total receipts	<u>9,722,018</u>	<u>9,722,018</u>	<u>10,015,730</u>	<u>293,712</u>
<b>Disbursements</b>				
<b>Current:</b>				
<b>Library Services:</b>				
Public Service and Programs	3,083,292	3,083,292	2,898,383	184,909
Collection Development and Processing	411,125	416,125	376,338	39,787
Library Materials	1,507,782	1,507,782	1,523,858	(16,076)
<b>Support Services:</b>				
Facilities Operation and Maintenance	637,064	637,064	588,875	48,189
Information Services	292,482	292,482	272,975	19,507
Business Administration	1,196,919	1,281,919	1,234,286	47,633
Contingency	291,661	291,661		291,661
Capital Outlay	70,400	70,400	59,050	11,350
Total Disbursements	<u>7,490,725</u>	<u>7,580,725</u>	<u>6,953,765</u>	<u>626,960</u>
Excess of Receipts Over (Under) Disbursements	<u>2,231,293</u>	<u>2,141,293</u>	<u>3,061,965</u>	<u>920,672</u>
<b>Other Financing Sources (Uses)</b>				
Transfers Out	<u>(3,043,080)</u>	<u>(3,027,042)</u>	<u>(2,505,076)</u>	<u>521,966</u>
Total Other Financing Sources (Uses)	<u>(3,043,080)</u>	<u>(3,027,042)</u>	<u>(2,505,076)</u>	<u>521,966</u>
Net Change in Fund Balance	(811,787)	(885,749)	556,889	1,442,638
Fund Balance Beginning of Year	811,788	811,788	811,788	
Prior Year Encumbrances Appropriated	<u>332,115</u>	<u>332,115</u>	<u>332,115</u>	
Fund Balance End of Year	<u>\$332,116</u>	<u>\$258,154</u>	<u>\$1,700,792</u>	<u>\$1,442,638</u>

See accompanying notes to the basic financial statements.

**GREENE COUNTY PUBLIC LIBRARY  
GREENE COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES  
IN CASH FUND BALANCE - BUDGET AND ACTUAL -BUDGET BASIS  
BUDGET STABILIZATION FUND  
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Other Financing Sources (Uses)</b>				
Transfers In	\$1,683,076	\$1,683,076	\$2,083,076	\$400,000
Total Other Financing Sources (Uses)	<u>1,683,076</u>	<u>1,683,076</u>	<u>2,083,076</u>	<u>400,000</u>
Net Change in Fund Balance	1,683,076	1,683,076	2,083,076	400,000
Fund Balance Beginning of Year	3,000,000	3,000,000	3,000,000	
Prior Year Encumbrances Appropriated				
Fund Balance End of Year	<u>\$4,683,076</u>	<u>\$4,683,076</u>	<u>\$5,083,076</u>	<u>\$400,000</u>

*See accompanying notes to the basic financial statements.*

**GREENE COUNTY PUBLIC LIBRARY  
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2007 AND 2006**

**1. DESCRIPTION OF THE REPORTING ENTITY**

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

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

**A. Primary Government**

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

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

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

These financial statements and notes are presented on a *modified* cash basis of accounting. The Library recognizes receipts when received in cash rather than when earned and recognizes disbursements when paid rather than when the liability is incurred. The modified cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Government Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the modified cash basis of accounting.

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

**A. Basis of Presentation**

The Library's basic financial statements consist of government-wide statements, including a statement of net 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 YEAR ENDED DECEMBER 31, 2007 AND 2006  
(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.

**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.

**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.

**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 YEAR ENDED DECEMBER 31, 2007 AND 2006  
(Continued)**

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

**C. Basis of Accounting**

The government-wide statement of net assets and statement of activities and the fund financial statements are presented using the *modified* cash basis of accounting. This basis recognizes assets, liabilities, net assets/fund equity, receipts, and disbursements when they result from cash transactions. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

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 principals, the fund financial statements for the governmental funds would use the modified accrual basis of accounting.

**D. Cash and Investments**

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".

During fiscal years 2007 and 2006, the Library invested in nonnegotiable certificates of deposit, U.S. Agency Securities, U.S. Treasury Notes, Commercial Paper, Money Market Investment and Mutual fund, and STAR Ohio. The nonnegotiable certificates of deposit, U.S. Agency Securities, U.S. Treasury Notes, and Commercial Paper are reported at cost. Money Market Investment and Mutual Funds are reported at the cost value of the portfolio as of December 31, 2007 and 2006.

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, 2007 and 2006.

Interest earnings are allocated to Library funds according to State statutes. Interest receipts credited to the General Fund during fiscal years 2007 and 2006 were to \$474,980 and \$306,323 respectively.

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

The Library recognizes the disbursement for their employer contributions to cost-sharing pension plans when they are paid. As described in Notes 7 and 8, the employer contributions include portions for pension benefits and for postretirement health care benefits

**F. 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.

**GREENE COUNTY PUBLIC LIBRARY  
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2007 AND 2006  
(Continued)**

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

**G. 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.

**H. Fund Balance Reserves**

The Library reserves any portion of fund balances which are legally segregated for a specific future use or which are not available for appropriation or expenditure. Fund balance reserves have been established for encumbrances and the portion of the Permanent Fund which is nonexpendable.

**I. 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.

The certificate of estimated resources may be amended during the fiscal year if projected increases or decreases in revenue are identified by the Fiscal Officer. The amounts reported as the original budgeted amounts on the budgetary statement reflect the amounts of in the certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts in the amended certificate in effect when final appropriations for the fiscal year were passed.

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.

**3. BUDGETARY BASIS OF ACCOUNTING**

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

**GREENE COUNTY PUBLIC LIBRARY  
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2007 AND 2006  
(Continued)**

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

The differences between the budgetary basis and the cash basis are outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis). The encumbrances outstanding at year end (budgetary basis) amounted to \$614,196 for the general fund for 2007 and \$336,171 for the general fund for 2006. There were no outstanding year end encumbrances for the Budget Stabilization Fund for 2007 or 2006.

**4. GRANTS-IN-AID**

The primary source of revenue for Ohio Public libraries is the Library and Local Government Support Fund (LLGSF). The LLGSF is 5.7% of the State personal income tax. It is currently frozen at 2001 fiscal year level. The LLGSF is allocated to each county based on the county's prior year LLGSF 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.

**5. DEPOSITS AND INVESTMENTS**

**A. Deposits**

Deposits include amount held in demand accounts and savings accounts. At December 31, 2007, the carrying amount of the Library's deposits was \$2,716,324 which includes \$850 of change funds and petty cash. The bank balances totaled \$2,859,737.

Deposits include amount held in demand accounts and savings accounts. At December 31, 2006, the carrying amount of the Library's deposits was \$1,415,971 which includes \$850 of change funds and petty cash. The bank balances totaled \$1,579,375. Included in the carrying amount is a book value of certificates of deposit of \$36,675 and a corresponding bank balance of \$36,675.

Custodial credit risk is the risk that in the event of bank failure, the Library's deposits may not be returned to it. Protection of the Library's deposits is provided by the federal deposit insurance corporation as well as qualified securities pledged by the institution holding the assets. By Ohio law, financial institutions must collateralize all public deposits. The face value of the pooled collateral must equal at least 105 percent of public funds on deposit with that specific institution. Collateral is held by trustees including the Federal Reserve Bank and designated third party trustees of the financial institution.

Of the bank balance at December 31, 2007, \$200,000 was covered by federal depository insurance and \$2,659,737 was part of pooled collateral.

Of the bank balance at December 31, 2006, \$236,675 was covered by federal depository insurance and \$1,342,700 was part of pooled collateral.

**GREENE COUNTY PUBLIC LIBRARY  
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2007 AND 2006  
(Continued)**

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

**B. Investments**

Investments are reported at cost. As of December 31, 2007, 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 Bank Loan (FHLB)	\$2,170,626	30.80%	AAA	0.91 years
Federal Home Loan Mortgage Corporation (FHLMC)	792,686	11.25%	AAA	0.65 years
Federal National Mortgage Association (FNMA)	3,043,021	43.18%	AAA	1.98 years
Federal Farm Credit Bank	200,000	2.84%	AAA	0.79 years
U.S. Treasury Securities	188,771	2.68%	AAA	0.35 years
Money Market Mutual Fund-Government Obligations	579,720	8.22%	Aaa	n/a
Outside Investment Pools-STAR Ohio	72,748	1.03%	AAA	n/a
Total Investments	<u>\$7,047,572</u>	<u>100.00%</u>		
Portfolio Weighted Average Maturity				0.94 years

Investments are reported at cost. As of December 31, 2006, 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>
Commercial Paper	\$ 49,388	.76%	AAA	0.19 years
Federal Home Bank Loan (FHLB)	1,185,023	18.14%	AAA	0.88 years
Federal Home Loan Mortgage Corporation (FHLMC)	1,444,351	22.10%	AAA	0.65 years
Federal National Mortgage Association (FNMA)	2,775,621	42.49%	AAA	0.91 years
U.S. Treasury Securities	266,528	4.08%	AAA	0.26 years
U.S. Treasury Notes	597,945	9.15%	AAA	0.57 years
Money Market Investment Fund	5,386	.08%		n/a
Money Market Mutual Fund Government Obligations	25,278	.39%	Aaa	n/a
Outside Investment Pools-STAR Ohio	183,485	2.81%	AAA	n/a
Total Investments	<u>\$6,533,005</u>	<u>100.00%</u>		
Portfolio Weighted Average Maturity				0.58 years

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.



**GREENE COUNTY PUBLIC LIBRARY  
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2007 AND 2006  
(Continued)**

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

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.

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

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

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

**GREENE COUNTY PUBLIC LIBRARY  
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2007 AND 2006  
(Continued)**

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

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

**6. RISK MANAGEMENT**

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

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

**7. DEFINED BENEFIT PENSION PLANS**

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, 2007 and 2006, the members of all three plans were required to contribute 9.5 percent for 2007 and 9.0 percent for 2006 of their annual covered salaries. The Library's contribution rate for pension benefits for 2007 was 13.85 percent and 2006 was 13.70 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, 2007 and 2006 were \$511,856 and \$454,428 respectively, of which 92% and 100%, respectively, were made.

**GREENE COUNTY PUBLIC LIBRARY  
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2007 AND 2006  
(Continued)**

**8. POST-EMPLOYMENT BENEFITS**

**Ohio Public Employees Retirement System**

The Ohio Public Employees Retirement System (OPERS) provides post-retirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional pension or combined plans. 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 2007 local government employer contribution rate was 13.85 percent and the 2006 rate was 13.70 percent of covered payroll; for 2007, 5.00 percent from January through June 30, 2007 and 6.00 percent from July through December 31, 2007 of covered payroll were the portions that were used to fund health care; for 2006, 4.5 percent of covered payroll was the portion that was used to fund health care.

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, 2007, include a rate of return on investments of 6.5 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 percent and 5.00 percent for the next eight 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.

The number of active contributing participants in the traditional pension and combined plans for 2007 and 2006 were 374,979 and 369,214 respectively. Actual employer contributions for 2007 and 2006 which were used to fund post employment benefits were \$166,213 and \$154,773 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, 2007, (the latest information available) were \$12.0 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$30.7 billion and \$18.7 billion, respectively. The Library has paid all contributions required through December 31, 2007.

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.

**GREENE COUNTY PUBLIC LIBRARY  
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2007 AND 2006  
(Continued)**

**9. INTERFUND TRANSFERS**

In 2007, the General Fund transferred \$2,310,000 to the Building and Repair Fund for the purchase of equipment and scheduled improvements to all the Library's buildings; \$900,000 to the Technology Fund for the purchase and maintenance of computer equipment and supplies throughout the Library as well as the purchase of a Library wide radio frequency identification (RFI) inventory and security system and \$140,000 the Retirement Pay Out Fund for the expenditures associated with the pay out of accrued vacation and sick time to retirees of the Library. Transfers were also made from the Budget Stabilization Fund to the Technology Fund for \$1,000,000 and to the Building and Repair Fund for \$858,234 for the reasons stated above.

In 2006, the general fund transferred \$2,083,076 to the Budget Stabilization Fund for the future funding of general fund activities not appropriated in the current years; \$182,000 to the Building and Repair Fund for the purchase of equipment and scheduled improvements to all Library buildings; \$200,000 to the Technology Fund for the purchase and maintenance of computer equipment and supplies throughout the Library. The general fund also transferred \$40,000 to the Retirement Pay Out Fund for the expenditures associated with the pay out or accrued vacation and sick time to retirees of the Library.

**10. PROPERTY TAXES**

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

Public utilities are also taxed on personal and real property located within the taxing district.

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.



# Mary Taylor, CPA

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, 2007 and 2006, which collectively comprise the Library's basic financial statements and have issued our report thereon dated December 1, 2008. 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 expressing our opinion on the financial statements, but not to opine on the effectiveness of the Library's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the library's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Library's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Library's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Library's internal control will not prevent or detect a material financial statement misstatement.

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

We noted certain matters that we reported to the Library's management in a separate letter dated December 1, 2008.

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### **Compliance and Other Matters**

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

We did note a certain noncompliance or other matter that we reported to the Library's management in a separate letter dated December 1, 2008.

We intend this report solely for the information and use of management and the Board of Trustees.

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

**Mary Taylor, CPA**  
Auditor of State

December 1, 2008



**Mary Taylor, CPA**  
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  
JANUARY 13, 2009**