



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.....	3
Basic Financial Statements:	
Government-wide Financial Statements – December 31, 2009:	
Statement of Net Assets – Modified Cash Basis .....	11
Statement of Activities – Modified Cash Basis .....	12
Fund Financial Statements – Fiscal Year 2009:	
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, 2008:	
Statement of Net Assets – Modified Cash Basis .....	17
Statement of Activities – Modified Cash Basis .....	18
Fund Financial Statements – Fiscal Year 2008:	
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
Schedule of Findings.....	35

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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, 2009 and 2008, 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, 2009 and 2008, and the respective changes in modified cash financial position thereof and the respective budgetary comparisons for the General Fund and Budget Stabilization Fund 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 July 20, 2010, 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.

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

July 20, 2010

**GREENE COUNTY PUBLIC LIBRARY  
GREENE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008  
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, 2009 and 2008, within the limitations of the Library'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 Library's financial performance.

**Financial Highlights**

Key financial highlights for 2009 are as follows:

- Net assets of governmental activities decreased \$646,446, or 6.5 percent.
- General receipts accounted for \$8,000,885 or 98 percent of all receipts. Program receipts in the form of charges for services accounted for \$190,824 or 2 percent of total receipts.
- The Library had \$8,838,155 in disbursements relating to governmental activities. Only \$190,824 of these disbursements was offset by program specific charges for services.

Key financial highlights for 2008 are as follows:

- Net assets of governmental activities increased \$103,148 or 1 percent.
- General receipts accounted for \$9,105,054 or 98 percent of all receipts. Program receipts in the form of charges for services accounted for \$186,518 or 2 percent of total receipts.
- The Library had \$9,188,424 in disbursements relating to governmental activities. Only \$186,518 of these disbursements was 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 government-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, 2009 AND 2008  
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 2009 and 2008. 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 8. 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, 2009 AND 2008  
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 2009 compared to 2008 and 2008 compared to 2007.

**Table 1  
Net Assets - Cash Basis**

	<b>Governmental Activities</b>		
	<b>2009</b>	<b>2008</b>	<b>2007</b>
<b>Assets:</b>			
Equity in Pooled Cash and Cash Equivalents	\$ 959,337	\$ 238,296	\$2,716,324
Investments	8,261,261	9,628,748	7,047,572
<b>Total Assets</b>	<b>9,220,598</b>	<b>9,867,044</b>	<b>9,763,896</b>
<b>Net Assets</b>			
<b>Restricted for:</b>			
Special Revenue	183,789	202,833	
Capital Projects	4,278,957	4,645,104	
<b>Permanent Fund Purpose:</b>			
Expendable	19,131	18,996	17,804
Nonexpendable	28,817	28,817	28,817
Unrestricted	4,709,904	4,971,294	9,717,275
<b>Total Net Assets</b>	<b>\$9,220,598</b>	<b>\$9,867,044</b>	<b>\$9,763,896</b>

In 2009, total assets decreased \$646,446 or approximately 6.5 percent over 2008. This decrease can be attributed to the reduction of public library funds due to the general decline in the economy along with reduced interest rates earned on investments. Even though expenditures decreased by 4 percent, revenue decreased by 12 percent from 2008 to 2009, accounting for a decrease in the net assets.

In 2008, total assets increased \$103,148, or approximately 1 percent over 2007. This increase occurred even as total revenues decreased by \$117,375 or 1 percent and expenditures increased of \$1,594,397 or 21%, for personnel, library materials, and capital outlay.

**GREENE COUNTY PUBLIC LIBRARY  
GREENE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008  
UNAUDITED  
(Continued)**

Table 2 shows the changes in net assets for the years ended December 31, 2009, December 31, 2008 and December 31, 2007.

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

	<u>2009</u>	<u>2008</u>	<u>2007</u>
<b>Receipts:</b>			
<b>Program Cash Receipts:</b>			
Charges for Services	\$190,824	\$186,518	\$ 202,057
Total Program Cash Receipts	<u>190,824</u>	<u>186,518</u>	<u>202,057</u>
<b>General Receipts:</b>			
LLGSF	4,784,129	5,293,809	5,374,459
Property and Other Local Taxes	2,914,446	3,376,481	3,311,123
Interest	255,028	355,697	479,127
Miscellaneous Receipts	47,282	79,067	42,181
Total General Receipts	<u>8,000,885</u>	<u>9,105,054</u>	<u>9,206,890</u>
Total Receipts	<u>8,191,709</u>	<u>9,291,572</u>	<u>9,408,947</u>
<b>Disbursements:</b>			
<b>Library Services:</b>			
Public Service and Programs	3,782,269	3,683,358	3,233,725
Collection Development and Processing	701,181	647,511	392,018
Library Materials	1,343,917	1,766,244	1,321,911
<b>Support Services:</b>			
Facilities Operation and Maintenance	617,522	619,880	583,591
Information Services	387,114	373,563	321,717
Business Administration	1,482,892	1,471,826	1,364,096
Contingency	13,200		
Capital Outlay	510,060	626,042	376,969
Total Disbursements	<u>8,838,155</u>	<u>9,188,424</u>	<u>7,594,027</u>
Change in Net Assets	<u>(\$646,446)</u>	<u>\$ 103,148</u>	<u>\$1,814,920</u>

During the fiscal year 2009, disbursements decreased \$350,269 or 3.8 percent over the previous year. This decrease was due to continued staff reductions through attrition, reduction to the materials budget, and smaller expenditures for capital outlay. With these reductions, however, the library had a decrease in net assets of \$646,446 or 7 percent. The corresponding decrease in revenue of \$1,099,863 or 12% also contributed to the negative change in net assets. The revenue decrease is attributed to the loss of \$509,680 or 10% of state provided public library funds and a decrease of \$100,669 or 28% in interest earned.

During the fiscal year 2008, disbursements increased \$1,594,397 or 21 percent over the 2007. The increase is due to an aggressive program to insure the expenditures of budgeted funds for materials. Materials expenditures increased \$444,333 or 34%. The capital outlay also increased \$249,073 or 66%.

**GREENE COUNTY PUBLIC LIBRARY  
GREENE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008  
UNAUDITED  
(Continued)**

In 2009, general receipts represented 98 percent of the Library's overall receipts. In 2008, the general receipts represented 98 percent of the Library's overall receipts. Library and Local Government Support Fund monies made up 60 percent of all general receipts in 2009 and 58 percent of general receipts in 2008. 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 2009 and 37 percent of general receipts in 2008.

The Statement of Activities – Modified Cash Basis shows the cost of program services and the charges for services 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 2009</b>	<b>Net Cost of Services 2009</b>
<b>Library Services:</b>		
Public Service and Programs	\$3,782,269	\$3,591,445
Collection Development and Processing	701,181	701,181
Library Materials	1,343,917	1,343,917
<b>Support Services:</b>		
Facilities Operation and Maintenance	617,522	617,522
Information Services	387,114	387,114
Business Administration	1,482,892	1,482,892
Contingency	13,200	13,200
Capital Outlay	510,060	510,060
Total Disbursements	<u>8,838,155</u>	<u>8,647,331</u>
	<b>Total Cost of Services 2008</b>	<b>Net Cost of Services 2008</b>
<b>Library Services:</b>		
Public Service and Programs	3,683,358	3,496,840
Collection Development and Processing	647,511	647,511
Library Materials	1,766,244	1,766,244
<b>Support Services:</b>		
Facilities Operation and Maintenance	619,880	619,880
Information Services	373,563	373,563
Business Administration	1,471,826	1,471,826
Capital Outlay	626,042	626,042
Total Disbursements	<u>\$9,188,424</u>	<u>\$9,001,906</u>

Over 98% 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 make up the other 2%.

**GREENE COUNTY PUBLIC LIBRARY  
GREENE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008  
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 2008 were the General Fund, the Budget Stabilization, the Building & Repair Fund and the Technology Fund. In 2009 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 2009 reflects a decrease in fund balance for the General Fund of \$250,237, a decrease to the Building and Repair Fund of \$276,148 and a decrease to the Technology Fund \$99,848. The decrease in the General Fund balance is due to rising expenditures and falling revenues. The decrease in the Building and Repair Fund balance is due to no transfer from the General Fund. The decrease in the Technology Fund balance occurred because the \$100,000 transfer from the General Fund was less than the expenditures.

A review of these funds for 2008 reflects an increase in the fund balance of the General Fund of \$861,860 mainly due to a \$450,000 transfer in from Building and Repair Fund. There was a decrease in the Building & Repair Fund balance of \$668,111 attributed to the above mentioned transfer out. The Technology Fund balance decreased by \$92,995. The decrease is due to expenditures of \$299,085 exceeding the transfers in from the General Fund of \$200,000.

**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 2009 and 2008, the Library amended both its appropriations and estimated receipts. The budgetary statement reflects both the original and final amounts appropriated.

For 2009, the final amended revenue estimate was \$473,135 less than the original estimate. The final appropriations resolution was \$622,071 less than the original estimate. Actual revenues exceeded the final budget by \$242,274 and actual expenditures were less than the final budget by \$789,331.

For 2008, there was no change to original amend revenue estimate. The final appropriations resolution was \$88,881 more than the original estimate. Actual revenues exceeded the final budget by \$296,954 and actual expenditures were less than the final budget by \$808,642.

**Economic Factors**

Funding from the State of Ohio for the Library and Local Government Support Fund (LLGSF) in 2009 and 2008 decreased each year. Funding in 2009 was \$509,680 or 10% less than in 2008. In 2008 the amount of revenue from the LLGSF was \$80,650 or 2% less than 2007. The variances are due to the general economic condition resulting in falling revenues at the state level. The percentage of general fund monies that the State of Ohio appropriates to the PLF was, by statute, changed from 2.2% to 1.9%.

In 2009; with revenue commencing in 2010; the Library renewed a 5 year, 1 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 continue other areas of revenue so that service to the Greene County community would be at the level that the community has grown accustomed and to the level they deserve.

**GREENE COUNTY PUBLIC LIBRARY  
GREENE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008  
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, Fiscal Officer, 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, 2009**

	<b>Governmental Activities</b>
<b>Assets:</b>	
Equity in Pooled Cash and Cash Equivalents	\$959,337
Investments	8,261,261
Total Assets	9,220,598
 <b>Net Assets:</b>	
<b>Restricted for:</b>	
Special Revenue	183,789
Capital Projects	4,278,957
<b>Permanent Fund Purpose:</b>	
Expendable	19,131
Non-expendable	28,817
Unrestricted	4,709,904
Total Net Assets	\$9,220,598

*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, 2009**

	<u>Program Cash Receipts</u>	<u>Net (Disbursements) Receipts and Changes in Net Assets</u>
<u>Cash Disbursements</u>	<u>Charges for Services and Sales</u>	<u>Governmental Activities</u>
<b>Governmental Activities:</b>		
<b>Library Services:</b>		
Public Service and Programs	\$3,782,269	\$190,824
Collection Development and Processing	701,181	(\$3,591,445)
Library Materials	1,343,917	(701,181)
		(1,343,917)
<b>Support Services:</b>		
Facilities Operation and Maintenance	617,522	(617,522)
Information Services	387,114	(387,114)
Business Administration	1,482,892	(1,482,892)
Contingency	13,200	(13,200)
Capital Outlay	510,060	(510,060)
Total Governmental Activities	<u>\$8,838,155</u>	<u>\$190,824</u>
<b>General Receipts:</b>		
Government Grants In Aid - LLGSF		4,784,129
Property and Other Local Taxes		2,914,446
Interest		255,028
Miscellaneous		47,282
		<u>8,000,885</u>
Total General Receipts		8,000,885
Change in Net Assets		(646,446)
Net Assets Beginning of Year		<u>9,867,044</u>
Net Assets End of Year		<u>\$9,220,598</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, 2009**

	<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	\$572,707		\$7,761	\$220,058	\$158,811	\$959,337
Investments	901,408	\$3,224,842	2,538,443	1,523,642	72,926	8,261,261
Total Assets	<u>1,474,115</u>	<u>3,224,842</u>	<u>2,546,204</u>	<u>1,743,700</u>	<u>231,737</u>	<u>9,220,598</u>
<b>Fund Balances:</b>						
<b>Reserved:</b>						
Reserved for Encumbrances	441,510			10,947		452,457
Reserved for (permanent fund purpose)					28,817	28,817
<b>Unreserved:</b>						
<b>Undesignated (Deficit), Reported in:</b>						
General Fund	1,032,605					1,032,605
Special Revenue Funds		3,224,842			183,789	3,408,631
Capital Projects Funds			2,546,204	1,732,753		4,278,957
Permanent Funds					19,131	19,131
Total Fund Balances	<u>\$1,474,115</u>	<u>\$3,224,842</u>	<u>\$2,546,204</u>	<u>\$1,743,700</u>	<u>\$231,737</u>	<u>\$9,220,598</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, 2009**

	<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	\$2,914,446					\$2,914,446
Intergovernmental	4,784,129					4,784,129
Patron Fines and Fees	190,824					190,824
Contributions, Gifts and Donations	4,120				\$1,524	5,644
Earnings on Investments	254,820				208	255,028
Refunds and reimbursements	12,644					12,644
Grants	1,500					1,500
Miscellaneous	27,494					27,494
<b>Total Receipts</b>	<b>8,189,977</b>				<b>1,732</b>	<b>8,191,709</b>
<b>Disbursements:</b>						
<b>Current:</b>						
<b>Library Services:</b>						
Public Service and Programs	3,782,269					3,782,269
Collection Development and Processing	701,181					701,181
Library Materials	1,343,746				171	1,343,917
<b>Support Services:</b>						
Facilities Operation and Maintenance	617,522					617,522
Information Services	359,842			\$27,272		387,114
Business Administration	1,462,567				20,325	1,482,892
Contingency	13,200					13,200
Capital Outlay	59,887		\$276,148	172,576	1,449	510,060
<b>Total Disbursements</b>	<b>8,340,214</b>		<b>276,148</b>	<b>199,848</b>	<b>21,945</b>	<b>8,838,155</b>
Excess of Receipts Over (Under) Disbursements	(150,237)		(276,148)	(199,848)	(20,213)	(646,446)
<b>Other Financing Sources (Uses):</b>						
Transfers In				100,000		100,000
Transfers Out	(100,000)					(100,000)
<b>Total Other Financing Sources (Uses)</b>	<b>(100,000)</b>			<b>100,000</b>		
<b>Net Change in Fund Balances</b>	<b>(250,237)</b>		<b>(276,148)</b>	<b>(99,848)</b>	<b>(20,213)</b>	<b>(646,446)</b>
Fund Balances Beginning of Year	1,724,352	\$3,224,842	2,822,352	1,843,548	251,950	9,867,044
Fund Balances End of Year	<u>\$1,474,115</u>	<u>\$3,224,842</u>	<u>\$2,546,204</u>	<u>\$1,743,700</u>	<u>\$231,737</u>	<u>\$9,220,598</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, 2009**

	<u>Budgeted Amounts</u>			Variance with
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Final Budget Positive (Negative)
<b>Receipts:</b>				
Property and Other Local Taxes	\$3,278,000	\$2,842,653	\$2,914,446	\$71,793
Intergovernmental	4,547,438	4,506,890	4,784,129	277,239
Patron Fines and Fees	180,900	180,900	190,824	9,924
Contributions, Gifts and Donations		510	4,120	3,610
Earnings on Investments	400,000	400,000	254,820	(145,180)
Refunds and reimbursements			12,644	12,644
Grants		1,500	1,500	-
Miscellaneous	14,500	15,250	27,494	12,244
Total receipts	<u>8,420,838</u>	<u>7,947,703</u>	<u>8,189,977</u>	<u>242,274</u>
<b>Disbursements:</b>				
<b>Current:</b>				
<b>Library Services:</b>				
Public Service and Programs	4,131,586	3,930,756	3,788,976	141,780
Collection Development and Processing	721,104	719,727	704,976	14,751
Library Materials	1,672,732	1,673,747	1,643,764	29,983
<b>Support Services:</b>				
Facilities Operation and Maintenance	743,733	740,313	633,053	107,260
Information Services	369,112	379,873	368,136	11,737
Business Administration	1,952,906	1,782,285	1,525,286	256,999
Contingency	266,325	140,013	13,200	126,813
Capital Outlay	114,577	104,341	104,333	8
Total Disbursements	<u>9,972,075</u>	<u>9,471,055</u>	<u>8,781,724</u>	<u>689,331</u>
Excess of Receipts Over (Under) Disbursements	<u>(1,551,237)</u>	<u>(1,523,352)</u>	<u>(591,747)</u>	<u>931,605</u>
<b>Other Financing Uses:</b>				
Transfers Out	<u>(321,051)</u>	<u>(200,000)</u>	<u>(100,000)</u>	<u>100,000</u>
Total Other Financing (Uses)	<u>(321,051)</u>	<u>(200,000)</u>	<u>(100,000)</u>	<u>100,000</u>
Net Change in Fund Balance	(1,872,288)	(1,723,352)	(691,747)	1,031,605
Fund Balance Beginning of Year	1,370,170	1,370,170	1,370,170	
Prior Year Encumbrances Appropriated	<u>354,182</u>	<u>354,182</u>	<u>354,182</u>	
Fund Balance End of Year	<u>(\$147,936)</u>	<u>\$1,000</u>	<u>\$1,032,605</u>	<u>\$1,031,605</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, 2009**

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Fund Balance Beginning of Year	\$3,224,842	\$3,224,842	\$3,224,842	
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>	
Fund Balance End of Year	<u><u>\$3,224,842</u></u>	<u><u>\$3,224,842</u></u>	<u><u>\$3,224,842</u></u>	<u><u>\$0</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, 2008**

	<u><b>Governmental Activities</b></u>
<b>Assets:</b>	
Equity in Pooled Cash and Cash Equivalents	\$238,296
Investments	9,628,748
Total Assets	<u>9,867,044</u>
<b>Net Assets:</b>	
<b>Restricted for:</b>	
Special Revenue	202,833
Capital Projects	4,645,104
<b>Permanent Fund Purpose:</b>	
Expendable	18,996
Non-expendable	28,817
Unrestricted	4,971,294
Total Net Assets	<u><u>\$9,867,044</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, 2008**

	<u>Program Cash Receipts</u>	<u>Net (Disbursements) Receipts and Changes in Net Assets</u>
<u>Cash Disbursements</u>	<u>Charges for Services and Sales</u>	<u>Governmental Activities</u>
<b>Governmental Activities:</b>		
<b>Library Services:</b>		
Public Service and Programs	\$3,683,358	\$186,518
Collection Development and Processing	647,511	(\$3,496,840)
Library Materials	1,766,244	(647,511)
		(1,766,244)
<b>Support Services:</b>		
Facilities Operation and Maintenance	619,880	(619,880)
Information Services	373,563	(373,563)
Business Administration	1,471,826	(1,471,826)
Capital Outlay	626,042	(626,042)
<b>Total Governmental Activities</b>	<u><u>\$9,188,424</u></u>	<u><u>\$186,518</u></u>
 <b>General Receipts:</b>		
Government Grants In Aid - LLGSF		5,293,809
Property and Other Local Taxes		3,376,481
Interest		355,697
Miscellaneous		79,067
<b>Total General Receipts</b>		<u><u>9,105,054</u></u>
 Change in Net Assets		 103,148
 Net Assets Beginning of Year		 <u><u>9,763,896</u></u>
 Net Assets End of Year		 <u><u>\$9,867,044</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, 2008**

	<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	\$34,110		\$22,337	\$6,532	\$175,317	\$238,296
Investments	<u>1,690,242</u>	<u>\$3,224,842</u>	<u>2,800,015</u>	<u>1,837,016</u>	<u>76,633</u>	<u>9,628,748</u>
Total Assets	<u>1,724,352</u>	<u>3,224,842</u>	<u>2,822,352</u>	<u>1,843,548</u>	<u>251,950</u>	<u>9,867,044</u>
<b>Fund Balances:</b>						
<b>Reserved:</b>						
Reserved for Encumbrances	354,182		14,575	6,221	1,304	376,282
Reserved for (permanent fund purpose)					28,817	28,817
<b>Unreserved:</b>						
<b>Undesignated (Deficit), Reported in:</b>						
General Fund	1,370,170					1,370,170
Special Revenue Funds		3,224,842			202,833	3,427,675
Capital Projects Funds			2,807,777	1,837,327		4,645,104
Permanent Funds					18,996	18,996
Total Fund Balances	<u>\$1,724,352</u>	<u>\$3,224,842</u>	<u>\$2,822,352</u>	<u>\$1,843,548</u>	<u>\$251,950</u>	<u>\$9,867,044</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, 2008**

	<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	\$3,376,481					\$3,376,481
Intergovernmental	5,309,332					5,309,332
Patron Fines and Fees	186,518					186,518
Contributions, Gifts and Donations	3				\$2,656	2,659
Earnings on Investments	352,808				1,889	354,697
Refunds and reimbursements	49,625					49,625
Grants				\$6,090		6,090
Miscellaneous	6,171					6,171
<b>Total Receipts</b>	<b>9,280,938</b>			<b>6,090</b>	<b>4,545</b>	<b>9,291,573</b>
<b>Disbursements:</b>						
<b>Current:</b>						
<b>Library Services:</b>						
Public Service and Programs	3,683,358					3,683,358
Collection Development and Processing	647,511					647,511
Library Materials	1,766,002				243	1,766,245
<b>Support Services:</b>						
Facilities Operation and Maintenance	619,880					619,880
Information Services	347,472			26,091		373,563
Business Administration	1,471,826					1,471,826
Capital Outlay	133,029		\$218,111	272,994	1,908	626,042
<b>Total Disbursements</b>	<b>8,669,078</b>		<b>218,111</b>	<b>299,085</b>	<b>2,151</b>	<b>9,188,425</b>
Excess of Receipts Over (Under) Disbursements	611,860		(218,111)	(292,995)	2,394	103,148
<b>Other Financing Sources (Uses):</b>						
Transfers In	450,000			200,000		650,000
Transfers Out	(200,000)		(450,000)			(650,000)
<b>Total Other Financing Sources (Uses)</b>	<b>250,000</b>		<b>(450,000)</b>	<b>200,000</b>		
Net Change in Fund Balances	861,860		(668,111)	(92,995)	2,394	103,148
Fund Balances Beginning of Year	862,492	\$3,224,842	3,490,463	1,936,543	249,556	9,763,896
Fund Balances End of Year	<u>\$1,724,352</u>	<u>\$3,224,842</u>	<u>\$2,822,352</u>	<u>\$1,843,548</u>	<u>\$251,950</u>	<u>\$9,867,044</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, 2008**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
<b>Receipts:</b>				
Property and Other Local Taxes	\$3,050,000	\$3,050,000	\$3,376,481	\$326,481
Intergovernmental	5,322,984	5,322,984	5,309,332	(13,652)
Patron Fines and Fees	181,000	181,000	186,518	5,518
Contributions, Gifts and Donations			3	3
Earnings on Investments	430,000	430,000	352,808	(77,192)
Refunds and reimbursements			49,625	49,625
Miscellaneous			6,171	6,171
Total receipts	<u>8,983,984</u>	<u>8,983,984</u>	<u>9,280,938</u>	<u>296,954</u>
<b>Disbursements:</b>				
<b>Current:</b>				
<b>Library Services:</b>				
Public Service and Programs	3,786,046	3,879,253	3,707,933	171,320
Collection Development and Processing	691,105	683,857	653,131	30,726
Library Materials	2,118,459	2,118,459	2,009,159	109,300
<b>Support Services:</b>				
Facilities Operation and Maintenance	711,562	704,312	628,787	75,525
Information Services	373,949	376,744	356,272	20,472
Business Administration	1,671,734	1,679,111	1,503,476	175,635
Contingency	143,240	143,240	15,639	127,601
Capital Outlay	196,926	196,926	148,863	48,063
Total Disbursements	<u>9,693,021</u>	<u>9,781,902</u>	<u>9,023,260</u>	<u>758,642</u>
Excess of Receipts Over (Under) Disbursements	<u>(709,037)</u>	<u>(797,918)</u>	<u>257,678</u>	<u>1,055,596</u>
<b>Other Financing Sources (Uses):</b>				
Transfers In	450,000	450,000	450,000	
Transfers Out	<u>(250,000)</u>	<u>(250,000)</u>	<u>(200,000)</u>	50,000
Total Other Financing Sources (Uses)	<u>200,000</u>	<u>200,000</u>	<u>250,000</u>	<u>50,000</u>
Net Change in Fund Balance	(509,037)	(597,918)	507,678	1,105,596
Fund Balance Beginning of Year	248,296	248,296	248,296	
Prior Year Encumbrances Appropriated	<u>614,196</u>	<u>614,196</u>	<u>614,196</u>	
Fund Balance End of Year	<u><u>\$353,455</u></u>	<u><u>\$264,574</u></u>	<u><u>\$1,370,170</u></u>	<u><u>\$1,105,596</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, 2008**

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Fund Balance Beginning of Year	\$3,224,842	\$3,224,842	\$3,224,842	
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>	
Fund Balance End of Year	<u><u>\$3,224,842</u></u>	<u><u>\$3,224,842</u></u>	<u><u>\$3,224,842</u></u>	<u><u>\$0</u></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, 2009 AND 2008**

**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.

**GREENE COUNTY PUBLIC LIBRARY  
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008  
(Continued)**

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

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.

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 computers and their peripherals.

**GREENE COUNTY PUBLIC LIBRARY  
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008  
(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 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 2009 and 2008, the Library invested in nonnegotiable certificates of deposit, U.S. Agency Securities, U.S. Treasury Notes, Money Market Mutual fund, and STAR Ohio. The nonnegotiable certificates of deposit, U.S. Agency Securities, and U.S. Treasury Notes, are reported at cost. Money Market Mutual Funds are reported at the cost value of the portfolio as of December 31, 2009 and 2008.

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, 2009 and 2008.

Interest earnings are allocated to Library funds according to State statutes. Interest receipts credited to the General Fund during fiscal years 2009 and 2008 were to \$254,820 and \$352,808 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

**GREENE COUNTY PUBLIC LIBRARY  
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008  
(Continued)**

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

**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.

**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 are restricted for special revenue, capital projects and 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.

**GREENE COUNTY PUBLIC LIBRARY  
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008  
(Continued)**

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

**J. Accumulated Leave**

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

**K. Capital Assets**

Acquisition of property, plant and equipment are recorded as disbursements when paid. These items are reflected as assets in the accompanying financial statements.

**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 Cash Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis presented for the General fund and the Budget Stabilization fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The differences between the budgetary basis and the cash basis are outstanding year end encumbrances which 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 \$441,510 for the General Fund for 2009 and \$354,182 for the General Fund for 2008. There were no outstanding year end encumbrances for the Budget Stabilization Fund for 2009 or 2008.

**4. GRANTS-IN-AID**

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

**5. DEPOSITS AND INVESTMENTS**

**A. Deposits**

Deposits include amount held in demand accounts and savings accounts. At December 31, 2009, the carrying amount of the Library's deposits was \$959,337 which includes \$850 of change funds and petty cash. The bank balances totaled \$1,278,696. Deposits include amount held in demand accounts and savings accounts. At December 31, 2008, the carrying amount of the Library's deposits was \$238,296 which includes \$850 of change funds and petty cash. The bank balances totaled \$651,120. 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.

**GREENE COUNTY PUBLIC LIBRARY  
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008  
(Continued)**

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

Of the bank balance at December 31, 2009, \$550,475 was covered by federal depository insurance and \$728,221 was covered by pooled collateral of the financial institutions.

Of the bank balance at December 31, 2008, \$489,991 was covered by federal depository insurance and \$161,129 was covered by pooled collateral of the financial institutions.

**B. Investments**

Investments are reported at cost. As of December 31, 2009, 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)	\$4,868,444	58.93%	AAA	1.31 years
Federal Home Loan Mortgage Corporation (FHLMC)	1,068,096	12.93%	AAA	0.91 years
Federal National Mortgage Association (FNMA)	821,460	9.94%	AAA	0.45 years
Federal Farm Credit Bank	170,491	2.06%	AAA	0.77 years
U. S. Treasury Securities	77,256	0.94%	AAA	0.45 years
Certificates of Deposit	1,100,000	13.32%	n/a	1.07 years
Money Market Mutual Fund	82,588	1.00%	Aaa	n/a
Outside Investment Pools-STAR Ohio	72,926	0.88%	AAA	n/a
Total Investments	<u>\$8,261,261</u>	<u>100.00%</u>		

Portfolio Weighted Average Maturity 0.83 years

Investments are reported at cost. As of December 31, 2008, 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)	\$1,062,982	11.04%	AAA	0.96 years
Federal Home Loan Mortgage Corporation (FHLMC)	793,058	8.24%	AAA	0.82 years
Federal National Mortgage Association (FNMA)	3,844,896	39.93%	AAA	1.25 years
Federal Farm Credit Bank	68,018	.71%	AAA	1.35 years
U. S. Treasury Securities	207,383	2.15%	AAA	0.54 years
Certificates of Deposit	1,950,000	20.25%	n/a	1.22 years
Money Market Mutual Fund-Government Obligations	1,625,778	16.88%	Aaa	n/a
Outside Investment Pools-STAR Ohio	76,633	0.80%	AAA	n/a
Total Investments	<u>\$9,628,748</u>	<u>100.00%</u>		

Portfolio Weighted Average Maturity 1.02 years



**GREENE COUNTY PUBLIC LIBRARY  
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008  
(Continued)**

**5. 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, notes, bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States. Stripped principal or interest obligations of such eligible obligations are strictly prohibited.
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency or instrumentality securities must be direct issuances of the federal agency or instrumentality.
3. STAR Ohio is eligible as long as the fund maintains the highest letter rating provided by at least one nationally recognized standard rating service as outlined in ORC 135.45.
4. Bonds and other obligations of this state.
5. Interim deposits (such as Certificates of Deposit) in the eligible institutions applying for interim moneys as provided in ORC 135.08.
6. No-load money market mutual funds consisting exclusively of obligations described in sections IV A or B of this policy and expressly excluding derivatives in accordance with ORC 135.14.
7. Written repurchase agreements (repos) with any eligible public depository mentioned in ORC 135.03, or with any dealer who is a member of the NASD. The market value of the securities subject held as collateral for an overnight repo (including sweep accounts) or term repo must exceed the principal by at least 2%, and the securities must be marked to market daily. Term repurchase agreements may not exceed 30 days. Any repurchase agreement with an eligible securities dealer must be transacted on a delivery versus payment basis. All securities purchased pursuant to a repurchase agreement must be delivered into the custody of the treasurer or an agent designated by the treasurer. Such institution or dealer must agree in writing to unconditionally repurchase any of the securities used for any repo transaction. Reverse repurchase agreements are strictly prohibited.

**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, the Federal Farm Credit Bank Notes and the U.S. Treasury Securities 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.

**GREENE COUNTY PUBLIC LIBRARY  
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008  
(Continued)**

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

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

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

**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) 222-5601 or 800-222-7377.

**GREENE COUNTY PUBLIC LIBRARY  
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008  
(Continued)**

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

For the years ended December 31, 2009 and 2008, the members of all three plans were required to contribute 10 percent for 2009 and 2008 of their annual covered salaries. The Library's contribution rate for pension benefits for 2009 and 2008 were 14 percent. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Library's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2009, 2008 and 2007 were \$605,062, \$560,359 \$511,856 respectively, of which 93% was paid at December 31, 2009 for 2009 and 100% was made for 2008.

**8. POST-EMPLOYMENT BENEFITS**

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 2009 and 2008 government employer contribution rate was 14.00 percent of covered payroll; The portion of covered payroll used to fund health care was 7% from January 1 through March 31, 2009 and 5.5% from April 1 through December 31, 2009 and for 2008 was 6.54%.

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

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

The number of active contributing participants in the traditional pension and combined plans for 2009 and 2008 were 357,584 and 356,388 respectively. Actual employer contributions for 2009, 2008 and 2007 which were used to fund post employment benefits were \$254,758, \$261,768 and \$166,213 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, 2008, were \$10.7 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$29.6 billion and \$18.9 billion, respectively. The Library has paid all contributions required through December 31, 2009 for 2008 and 2007 and 93% of the 2009 requirements were a paid as of December 31, 2009.

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 YEARS ENDED DECEMBER 31, 2009 AND 2008  
(Continued)**

**9. INTERFUND TRANSACTIONS**

In 2009, the General Fund transferred \$100,000 to the Technology Fund for the purchase and maintenance of computer equipment and supplies throughout the Library.

In 2008, the general fund transferred \$200,000 to the Technology Fund for the purchase and maintenance of computer equipment and supplies throughout the Library. Additionally, \$450,000 was transferred from the Building Fund back to the General Fund due to an incorrect amount being transferred to the Building Fund in prior years.

**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 the Greene County Public Library, Greene County, (the Library), as of and for the years ended December 31, 2009 and 2008, which collectively comprise the Library's basic financial statements and have issued our report thereon dated July 20, 2010, wherein we noted the Library uses a comprehensive accounting basis other than generally accepted accounting principles. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control Over Financial Reporting

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider finding 2009-001 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, 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 matter not requiring inclusion in this report that we reported to the Library's management in a separate letter dated July 20, 2010.

The Library's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the Library's response and, accordingly, we express no opinion on it.

We intend this report solely for the information and use of the management, the Board of Trustees and others within the Library. We intend it for no one other than these specified parties.

A handwritten signature in cursive script that reads "Mary Taylor".

**Mary Taylor, CPA**  
Auditor of State

July 20, 2010

**GREENE COUNTY PUBLIC LIBRARY  
GREENE COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2009 AND 2008**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2009-001**

**Material Weakness - Financial Statement Reclassifications**

The Library prepared its annual financial statements following the modified cash basis, which is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America. The Library's basic financial statements for 2009 and 2008 contained errors which resulted in several reclassifications and adjustments to correctly report the financial activity during and at the end of the periods as follows:

- The Library presented inter-fund cash transfers on the Statement of Activities for both fiscal year 2009 and 2008 in the amounts of \$100,000 and \$650,000 respectively. Inter-fund transfers are eliminated on the government wide financial statements. This resulted in an overstatement of General Receipts and Cash Disbursements;
- The Library did not present restricted net assets on the Statement of Net Assets for either Special Revenue or Capital Projects balances in 2009 or 2008. In 2009 this resulted in an overstatement of Unrestricted Net Assets by \$4,462,746, of which \$183,789 was restricted for Special Revenue and \$4,278,957 was restricted for Capital Projects. In 2008 this resulted in an overstatement of Unrestricted Net Assets by \$4,847,937, of which \$202,833 was restricted for Special Revenue and \$4,645,104 was restricted for Capital Projects;
- The Library presented \$437,772 of Government Grants in Aid – LLGSF as Property and Other Local Taxes on the statement of activities in 2009;
- The Library presented Equity in Pooled Cash and Cash Equivalents, and Investments on the Statement of Modified Cash Assets and Fund Balances for both 2009 and 2008. We noted the following overstatement of cash and understatements of investments in 2009: General Fund \$900,408, Building Fund by \$294,382, Technology Fund by \$12,917 and Other Governmental Funds by \$72,926. This resulted in an overstatement of equity in pooled cash and cash equivalents in the corresponding funds. Additionally, we noted the following overstatement of cash and understatements of investments in 2008: General Fund \$1,689,242, Building Fund by \$177,663, Technology Fund by \$1,193,298 and Remaining Funds by \$76,633. This resulted in an overstatement of equity in pooled cash and cash equivalents in the corresponding funds.
- In 2008, the Library received \$1,000 in intergovernmental revenue for the General Fund. The Library posted this receipt as interest in other governmental funds. This resulted in an overstatement of interest in the Other Governmental Funds and an understatement of intergovernmental revenue in the General Fund. The Library made this adjustment to the financial records in 2010.
- In 2009, the Library overstated the beginning of the year fund balance on the Statement of Cash Receipts, Disbursements, and Changes in Fund Balance – Budget and Actual – Budget Basis in the General Fund by \$353,182

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

**FINDING NUMBER 2009-001  
(Continued)**

Additionally, we noted the following errors which were not adjusted on the accompanying financial statements:

- The Library presented \$19,391 of intergovernmental revenue as miscellaneous revenue in the General Fund in 2009;
- The Library presented \$419,803 of property tax revenue as intergovernmental revenue in the General Fund in 2008;
- Original Budgeted Revenues on the Statement of Cash Receipts, Disbursements, and Changes in Fund Balance – Budget and Actual – Budget Basis in the General Fund were understated \$284,917 in 2009 and \$115,396 in 2008;
- Original Budgeted Expenditures on the Statement of Cash Receipts, Disbursements, and Changes in Fund Balance – Budget and Actual – Budget Basis in the General Fund were overstated \$149,937 in 2009 and understated \$88,882 in 2008.

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

**Officials' Response:**

The Library's Financial Reports for 2008 and 2009 could have been adjusted during the audit to reflect the reclassifications and adjustments referred to in the schedule of findings. Had the auditor brought to my attention the "errors", redone financial statements could have been prepared with a minimum of time and effort to satisfy the first 4 bullets under the reclassifications and adjustments.

Also, the original budgeted revenues were adjusted to reflect the correct amounts when the auditor brought them to my attention.

**Auditor of State's Analysis:**

The Auditor of State is a reporting entity, and not part of the Libraries management function. We present adjustments and reclassifications identified at the conclusion of our audits, and make comments as required under audit standards.





**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  
SEPTEMBER 28, 2010**