



Dave Yost • Auditor of State



PICKAWAY COUNTY DISTRICT PUBLIC LIBRARY  
PICKAWAY COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report.....	1
Management's Discussion and Analysis.....	3
<b>Basic Financial Statements:</b>	
<b>Government Wide Financial Statements – 2011:</b>	
Statement of Net Assets – Cash Basis.....	13
Statement of Activities – Cash Basis .....	14
<b>Fund Financial Statements – 2011:</b>	
Statement of Assets and Fund Balances Cash Basis – Governmental Funds.....	15
Statement of Cash Receipts, Disbursements and Changes in Fund Balances Cash Basis – Governmental Funds .....	16
Statement of Receipts, Disbursements, and Changes in Fund Balance - Budget and Actual – Budget Basis – General Fund.....	17
<b>Government Wide Financial Statements – 2010:</b>	
Statement of Net Assets – Cash Basis.....	18
Statement of Activities – Cash Basis .....	19
<b>Fund Financial Statements – 2010:</b>	
Statement of Cash Basis Assets and Fund Balances – Governmental Funds.....	20
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances – Governmental Funds.....	21
Statement of Receipts, Disbursements, and Changes in Fund Balance - Budget and Actual – Budget Basis – General Fund.....	22
Notes to the 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> .....	39

**THIS PAGE INTENTIONALLY LEFT BLANK**



# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Pickaway County District Public Library  
Pickaway County  
1160 North Court Street  
Circleville, Ohio 43113

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 Pickaway County District Public Library, Pickaway County, Ohio (the Library), as of and for the years ended December 31, 2011 and December 31, 2010, which collectively comprise the Library's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Library's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

As discussed in Note 1, the accompanying financial statements and notes follow the 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 cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Pickaway County District Public Library, Pickaway County, Ohio, as of December 31, 2011 and December 31, 2010, and the respective changes in cash financial position, thereof and the budgetary comparison for the General Fund thereof for the years then ended in conformity with the accounting basis Note 1 describes.

As described in Note 2, during 2011 the Pickaway County District Public Library adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 30, 2012 on our consideration of the Library's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

88 East Broad Street, Tenth Floor, Columbus, Ohio 43215-3506  
Phone: 614-466-3402 or 800-443-9275 Fax: 614-728-7199

[www.ohioauditor.gov](http://www.ohioauditor.gov)

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

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

**Dave Yost**  
Auditor of State

August 30, 2012

**PICKAWAY COUNTY DISTRICT PUBLIC LIBRARY  
PICKAWAY COUNTY**

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

This discussion and analysis of the Pickaway County District Public Library's (the Library) financial performance provides an overview of the Library's financial activities for the years ended December 31, 2011 and 2010, within the limitations of the Library's cash basis of 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.

**Highlights**

Key highlights for 2011 are as follows:

Net assets of governmental activities decreased \$1,717,820, or 12.7 percent from the prior year. The fund most affected by the decrease in cash and cash equivalents was Capital Improvements/Main Fund, which decreased 65 percent from the previous year due to a major renovation project and purchasing of self-check technology equipment.

General receipts accounted for \$1,561,403 or 95.1 percent of all receipts. Program receipts in the form of charges for services and operating or capital grants and contributions accounted for \$80,898 or 4.9 percent of total receipts. The Library's general receipts are primarily Public Library Fund (PLF) receipts. These PLF receipts represent 91.1 percent of the total cash received for governmental activities during the year.

The PLF was further reduced by 5 percent for the 2012-2013 State of Ohio budget that went into effect July 1, 2011, with an additional 1.5 percent diverted from the PLF to fund OPLIN and Library Services for the Blind and Physically Handicapped. However, the Library's PLF for 2011 increased \$86,307, or 6.1 percent compared to 2010 due to increased state tax receipts, thereby almost matching its 2009 PLF receipts.

The Library had \$3,360,121 in disbursements relating to governmental activities.

Key highlights for 2010 are as follows:

Net assets of governmental activities decreased \$2,410,318 or 15.1 percent from the prior year. This decrease was due mainly to expenses incurred for a major renovation project. Although the General Fund decreased \$2,448,967, the decrease was mainly due to the transfer of \$2,400,000 to the Capital Improvements/Main Fund for a renovation project. Expenditures for the Main Library Addition and Renovation project totaled \$2,339,050 for 2010, thereby reducing net assets of the Library.

General receipts accounted for \$1,491,447 or 95 percent of all receipts. Program receipts in the form of charges for services and operating or capital grants and contributions accounted for \$79,217 or 5 percent of total receipts. The Library's general receipts are primarily Public Library Fund (PLF) receipts. These PLF receipts represent 89.7 percent of the total cash received for governmental activities during the year.

The Public Library Fund (PLF) was reduced from 2.2 percent to 1.97 percent under temporary law language in the 2010-2011 State of Ohio budget that went into effect July 1, 2009, for an additional 11 percent reduction in library funding to an already estimated reduction of approximately 19 percent due to a poor economy, to help balance the state's budget. Therefore, the Library's PLF for 2010 decreased \$90,777, or 6.1 percent compared to 2009.

The Library had \$3,980,982 in disbursements relating to governmental activities.

**PICKAWAY COUNTY DISTRICT PUBLIC LIBRARY  
PICKAWAY COUNTY**

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

**Using the Basic Financial Statements**

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Library's cash basis of accounting.

**Report Components**

The statement of net assets and the statement of activities provide information about the cash activities of the Library as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Library as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

**Basis of Accounting**

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Library has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Library's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

**Reporting the Library as a Whole**

The statement of net assets and the statement of activities reflect how the Library did financially during 2011 and 2010, within the limitations of cash basis accounting. The statement of net assets presents the cash balances and investments of the governmental activities of the Library at year end. The statement of activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Library's general receipts.



**PICKAWAY COUNTY DISTRICT PUBLIC LIBRARY  
PICKAWAY COUNTY**

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

These statements report the Library's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Library's financial health. Over time, increases or decreases in the Library's cash position is one indicator of whether the Library's financial health is improving or deteriorating. When evaluating the Library's financial condition, you should also consider other nonfinancial factors as well such as the condition of the Library's capital assets and infrastructure, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as the PLF.

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

Governmental activities - All of the Library's basic services are reported here, including library services and capital outlay. The Public Library Fund receipts finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

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

Fund financial statements provide detailed information about the Library's major funds – not the Library as a whole. The Library establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Library are classified as governmental funds.

Governmental Funds – All of the Library's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Library's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Library's programs. The Library's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Library's major governmental funds are the General Fund and the Capital Improvements/Main Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

**PICKAWAY COUNTY DISTRICT PUBLIC LIBRARY  
PICKAWAY COUNTY**

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

**The Library as a Whole**

Table 1 provides a summary of the Library's net assets for 2011 compared to 2010 and 2010 as compared to 2009 on a cash basis:

(Table 1)  
Net Assets

	Governmental Activities		
	2011	2010	2009
Assets			
Cash and Cash Equivalents	<u>\$11,844,747</u>	<u>\$13,562,567</u>	<u>\$15,972,885</u>
Net Assets			
Restricted for:			
Capital Projects	968,535	1,276,898	1,271,898
Other Purposes	23,740	9,235	5,881
Unrestricted	10,852,472	12,276,434	14,695,106
Total Net Assets	<u>\$11,844,747</u>	<u>\$13,562,567</u>	<u>\$15,972,885</u>

As mentioned previously, net assets of governmental activities decreased \$1,717,820, or 12.7 percent during 2011. This decrease is due primarily to a major renovation project and purchasing of self-check technology equipment. Additional details are as follows:

- In response to drastic reductions in PLF revenue in 2009, the Library's reductions in staff hours and library hours as well as reductions to the library materials budget by \$175,000 (from 2009 original budget), as well as freezing of spending in other areas, effective September 6, 2009, remained in effect for both 2011 and 2010. The Library saved additional monies due to the decision to attrition several positions that became vacant. As a result, expenditures for the General Fund decreased \$44,302 from 2010.

In 2010, total assets decreased \$2,410,318 or 15.1 percent. This decrease was due primarily to a major renovation project that extended into 2011. Due to the spending restrictions mentioned in the above paragraph that went into effect late 2009 and because 2009 had 27 instead of 26 paydays for employees, expenditures for the General Fund decreased \$368,138 from 2009.

**PICKAWAY COUNTY DISTRICT PUBLIC LIBRARY  
PICKAWAY COUNTY**

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

Table 2 reflects the changes in net assets for 2011, 2010 and 2009 on a cash basis.

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

	Governmental Activities		
	2011	2010	2009
Receipts:			
Program Receipts:			
Charges for Services and Sales	\$56,880	\$66,946	\$64,946
Operating Grants and Contributions	18,996	7,271	4,685
Capital Grants and Contributions	5,022	5,000	96,892
Total Program Cash Receipts	<u>80,898</u>	<u>79,217</u>	<u>166,523</u>
General Receipts:			
Intergovernmental	1,499,143	1,409,117	1,501,639
Unrestricted Gifts and Contributions	2,000	1,528	1,790
Interest	51,813	71,241	88,556
Miscellaneous	8,447	9,561	7,212
Total General Receipts	<u>1,561,403</u>	<u>1,491,447</u>	<u>1,599,197</u>
Total Receipts	<u>1,642,301</u>	<u>1,570,664</u>	<u>1,765,720</u>
Disbursements:			
Governmental Activities:			
General Library Services	1,703,030	2,021,947	2,033,904
Capital Outlay	1,657,091	1,959,035	39,872
Total Disbursements	<u>3,360,121</u>	<u>3,980,982</u>	<u>2,073,776</u>
Increase (Decrease) in Net Assets	(1,717,820)	(2,410,318)	(308,056)
Net Assets, January 1	<u>13,562,567</u>	<u>15,972,885</u>	<u>16,280,941</u>
Net Assets, December 31	<u>\$11,844,747</u>	<u>\$13,562,567</u>	<u>\$15,972,885</u>

Program receipts represent 4.9 percent of total receipts in 2011, and are primarily comprised of patron fines and fees and restricted donations. Program receipts represent 5 percent of total receipts in 2010. Although total program receipts for 2011 were just slightly higher than 2010, charges for services decreased by \$10,066 or 15 percent. This could be due to the change in use patterns for the Library. Library patrons are increasingly using online resources of the Library and there are no overdue fees associated with e-books; rather, e-books simply disappear from the patrons' electronic devices when borrowing. In addition, renovation of existing areas of the Main Library took place in early 2011. During renovation of these areas, library materials were moved several times and access to areas was limited, not to mention the noise level of construction. Therefore, the Main Library's attendance and usage decreased somewhat during this time.

**PICKAWAY COUNTY DISTRICT PUBLIC LIBRARY  
PICKAWAY COUNTY**

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

General receipts represent 95.1 percent of the Library's total receipts in 2011, and of this amount, 96.0 percent are intergovernmental receipts consisting of Public Library Fund monies and a small grant (\$3,719). Interest income, miscellaneous receipts and unrestricted gifts and contributions make up the balance of the Library's general receipts for 2011. General receipts represent 95 percent of the Library's total receipts in 2010, and of this amount, 94.5 percent are Public Library Fund monies. Interest income, miscellaneous receipts and unrestricted gifts and contributions make up the balance of the Library's general receipts for 2010.

Disbursements for General Library Services represent the overhead costs of running the Library and the support services provided for the other Library activities. These include the costs of public service programs, facility operation and maintenance, and the library branch office, as well as internal services such as payroll and purchasing.

Total disbursements decreased by \$620,861 or 15.6 percent in 2011 from 2010 due primarily to the distribution of payments for the Main Library Addition and Renovation project for 2011 vs. 2010. Total disbursements increased by \$1.9M or 92 percent in 2010 from 2009 due primarily to the following: \$368,138 decrease in General Fund expenditures due to reductions in staff and library hours and reduction of appropriations due to dramatic changes in the Public Library Fund; \$2.2M increase in Capital Improvements/Main Fund due to Main Library Addition and Renovation project, with construction commencing June 2010.

**Governmental Activities**

On the Statement of Activities, the first column lists the major services provided by the Library. The next column identifies the costs of providing these services. The next three columns of the Statement entitled Program Cash Receipts identify amounts paid by people who are directly charged for the service and grants received by the Library that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by the Public Library Fund and other receipts. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

**PICKAWAY COUNTY DISTRICT PUBLIC LIBRARY  
PICKAWAY COUNTY**

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

(Table 3)  
**Governmental Activities**

	Total Cost of Services 2011	Net Cost of Services 2011
General Library Services	\$1,703,030	\$1,636,679
Capital Outlay	1,657,091	1,642,544
Total Expenses	\$3,360,121	\$3,279,223
	Total Cost of Services 2010	Net Cost of Services 2010
General Library Services	\$2,021,947	\$1,947,730
Capital Outlay	1,959,035	1,954,035
Total Expenses	\$3,980,982	\$3,901,765
	Total Cost of Services 2009	Net Cost of Services 2009
General Library Services	\$2,033,904	\$1,964,273
Capital Outlay	39,872	(57,020)
Total Expenses	\$2,073,776	\$1,907,253

The dependence upon Public Library Fund receipts is apparent as 97.6 percent and 98 percent of governmental activities for 2011 and 2010, respectively, are supported through these and other general receipts.

**The Library's Funds**

In 2011, total governmental funds had receipts of \$1,642,301 and disbursements of \$3,360,121. The greatest change within governmental funds occurred within the Capital Improvements/Main Fund. The fund balance of the Capital Improvements/Main Fund decreased \$1,792,550, due to a major renovation project and purchasing of self-check technology equipment. Although the PLF was drastically reduced effective August 1, 2009, as part of the 2010-2011 State of Ohio biennium budget, and was further reduced by 6.5 percent effective July 1, 2011, the Library's PLF for 2011 increased \$86,307 compared to 2010 due to increased state tax receipts. Total General Fund disbursements decreased \$44,302 or 2.8 percent from 2010. Reductions in staff and library hours as well as reductions to appropriations remained in effect for 2011.

**PICKAWAY COUNTY DISTRICT PUBLIC LIBRARY  
PICKAWAY COUNTY**

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

In 2010, total governmental funds had receipts of \$1,570,664 and disbursements of \$3,980,982. The greatest change within governmental funds occurred within the General Fund. However, even though the fund balance of the General Fund decreased \$2,448,967, \$2,400,000 of this decrease was due to a transfer of funds to the Capital Improvements/Main Fund for a major renovation project. Although the fund balance of the Capital Improvements/Main Fund increased \$60,950, from \$2,681,345 at year-end 2009 to \$2,742,295, this was due to the \$2,400,000 fund transfer from the General Fund for the Main Library Addition and Renovation project. With the fund transfer and \$2,681,345 carryover balance from 2009, this capital projects fund had over \$5,000,000 to cover 2010 project expenditures of \$2,339,050. Total General Fund disbursements decreased \$368,138 or 18.6 percent from 2009. This decrease was due to (1) a full year's impact of reduced spending due to drastically reduced PLF, including reduction of staff and library hours, and (2) because 2009 had 27 instead of 26 paydays for employees.

The Capital Improvements/Main Fund supports normal capital improvements and major repairs at the Main Library, in addition to supporting the construction of new branch facilities. As mentioned in the above paragraphs, this fund supported the Main Library Addition and Renovation project which began in 2010 and was substantially completed late 2011. This capital projects fund also supported the purchasing of self-check technology equipment late 2011 through early 2012. The unreserved balance for the Capital Improvements/Main Fund at December 31, 2011 was \$594,086, with \$355,659 reserved to 2012 for project obligations not yet invoiced and paid.

**General Fund Budgeting Highlights**

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

During 2011 and 2010, the Library amended its General Fund budget to reflect changing circumstances. Final budgeted receipts for 2011 were \$79,467 less than original budgeted receipts primarily due to an unexpected increase in the Public Library Fund (PLF) and lower than expected interest income. Final budgeted receipts for 2010 were \$97,632 less than original budgeted receipts due to lower than expected interest income.

In 2011, final General Fund disbursements were budgeted at \$1,979,713 while actual disbursements were \$1,613,558. In 2010, final disbursements were budgeted at \$1,936,281 while actual disbursements were \$1,645,261. While the Library did not reduce appropriations closer to actual disbursements, the Library did not spend more than was appropriated.

**Capital Assets and Debt Administration**

**Capital Assets**

The Library does not record capital assets in the accompanying basic financial statements, but records payments for capital assets as disbursements.

**Debt**

The Library has capital leases for equipment in the amount of \$104,844, outstanding as of December 31, 2011. See Note 9 for more details on the Capital Leases.

**PICKAWAY COUNTY DISTRICT PUBLIC LIBRARY  
PICKAWAY COUNTY**

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

**Current Issues**

Funding from the State of Ohio for the Public Library Fund (PLF) was reduced \$324,836 in 2009 and was further reduced in 2010 by \$90,777. Due to higher than expected state tax revenues, the PLF bounced back to the 2009 level of \$1,499,894 by bringing in \$1,495,424. However, as mentioned earlier in this document, the PLF was first reduced from 2.2 percent to 1.97 percent under temporary law effective August 1, 2009 and then further reduced another 6.5 percent beginning July 1, 2011. Recent communication from the Ohio Department of Taxation indicates that "percentage of revenue funding" for the PLF is scheduled to go into effect July 1, 2013. The PLF's share of GRF tax revenues will be based on a one-time computation: FY13 PLF distributions as a percentage of total FY13 state GRF tax revenue. The new percentage will likely be less than 1.87% (95% of 1.97%) because GRF tax revenues are expected to grow in FY12 and FY13 compared to FY11. The computed new funding percentage has no expiration date, i.e. a change in state law would be needed to replace the computed percentage. The Library made the decision in September 2009 to reduce staff hours across-the-board, provide no wage rate increases, cut library hours, reduce the materials budget for the remainder of 2009 by \$100,000 and 2010 by \$175,000, attrition as many job positions as possible when vacated, reduce travel and the mileage reimbursement rate, stretch supplies and place tighter spending controls within other areas of the General Fund. Reductions will remain in effect through 2012. Prior to 2009, the Library had managed to keep expenditures lower than current year revenues due to interest income being earned on a \$10M unrestricted bequest received in 2006 and with a continued carryover General Fund balance of over \$2M. Of this \$10M donation, \$2.4M was transferred to the Capital Improvements/Main Fund in order to complete a major capital project that included spending a restricted capital funds donation that was required to be spent by November 2010. With slow economic times, the Library Board of Trustees continually monitors the General Fund balance, preparing to make additional expenditure reduction decisions when needed.

The Library will be challenged to continue to maintain the current level of services and programs due to the uncertainty of future funding and uncertain economic times. The Board of Trustees and Library administration have faced difficult decisions as the Library continued in an era of uncertain funding levels. The Library's circulation and use continues to grow even in periods of hard economic times. A stable funding stream for libraries will protect the quality of library services to our patrons.

**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 Angela Agosta, Fiscal Officer, Pickaway County District Public Library, 1160 North Court Street, Circleville, Ohio 43113.

**THIS PAGE INTENTIONALLY LEFT BLANK**



PICKAWAY COUNTY DISTRICT PUBLIC LIBRARY  
PICKAWAY COUNTY

STATEMENT OF NET ASSETS - CASH BASIS  
DECEMBER 31, 2011

---

---

	Governmental Activities
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$ 11,844,747</u>
<i>Total Assets</i>	<u><u>\$ 11,844,747</u></u>
<b>Net Assets</b>	
Restricted for:	
Capital Projects	\$ 968,535
Other Purposes	23,740
Unrestricted	<u>10,852,472</u>
<i>Total Net Assets</i>	<u><u>\$ 11,844,747</u></u>

See accompanying notes to the basic financial statements



PICKAWAY COUNTY DISTRICT PUBLIC LIBRARY  
PICKAWAY COUNTY

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

	General	Capital Improvements Fund/Main	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$ 10,287,064	\$ 949,745	\$ 607,938	\$ 11,844,747
<i>Total Assets</i>	<u>10,287,064</u>	<u>949,745</u>	<u>607,938</u>	<u>11,844,747</u>
<b>Fund Balances</b>				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Restricted	3,719	-	107,176	995,484
Committed	-	-	510	510
Assigned	50,500	949,745	500,252	615,908
Unassigned (Deficit)	10,232,845	-	-	10,232,845
<i>Total Fund Balances</i>	<u>\$ 10,287,064</u>	<u>\$ 949,745</u>	<u>\$ 607,938</u>	<u>\$ 11,844,747</u>

See accompanying notes to the basic financial statements

**PICKAWAY COUNTY DISTRICT PUBLIC LIBRARY  
PICKAWAY COUNTY**

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

	General	Capital Improvements Fund/Main	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>				
Intergovernmental	\$ 1,499,143	\$ -	\$ -	\$ 1,499,143
Patron Fines and Fees	56,880		-	56,880
Contributions, Gifts and Donations	2,000	22	23,996	26,018
Earnings on Investments	51,813		-	51,813
Miscellaneous	8,447		-	8,447
<i>Total Receipts</i>	<u>1,618,283</u>	<u>22</u>	<u>23,996</u>	<u>1,642,301</u>
<b>Disbursements</b>				
General Library Services	1,548,546	150,515	3,969	1,703,030
Capital Outlay	14,512	1,642,057	522	1,657,091
<i>Total Disbursements</i>	<u>1,563,058</u>	<u>1,792,572</u>	<u>4,491</u>	<u>3,360,121</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>55,225</u>	<u>(1,792,550)</u>	<u>19,505</u>	<u>(1,717,820)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total Other Financing Sources (Uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net Change in Fund Balances</i>	55,225	(1,792,550)	19,505	(1,717,820)
<i>Fund Balances Beginning of Year</i>	<u>10,231,839</u>	<u>2,742,295</u>	<u>588,433</u>	<u>13,562,567</u>
<i>Fund Balances End of Year</i>	<u>\$ 10,287,064</u>	<u>\$ 949,745</u>	<u>\$ 607,938</u>	<u>\$ 11,844,747</u>

See accompanying notes to the basic financial statements

**PICKAWAY COUNTY DISTRICT PUBLIC LIBRARY  
PICKAWAY COUNTY**

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

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Receipts</b>				
Intergovernmental	\$ 1,430,398	\$ 1,499,143	\$ 1,499,143	\$ -
Patron Fines and Fees	60,600	56,398	56,880	482
Contributions, Gifts and Donations	600	2,000	2,000	-
Earnings on Investments	200,000	51,800	51,813	13
Miscellaneous	5,650	8,440	8,447	7
<i>Total Receipts</i>	<u>1,697,248</u>	<u>1,617,781</u>	<u>1,618,283</u>	<u>502</u>
<b>Disbursements</b>				
General Library Services	1,939,488	1,949,488	1,597,474	352,014
Capital Outlay	30,225	30,225	16,084	14,141
<i>Total Disbursements</i>	<u>1,969,713</u>	<u>1,979,713</u>	<u>1,613,558</u>	<u>366,155</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(272,465)</u>	<u>(361,932)</u>	<u>4,725</u>	<u>366,657</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total Other Financing Sources (Uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net Change in Fund Balance</i>	(272,465)	(361,932)	4,725	366,657
<i>Fund Balance Beginning of Year</i>	10,193,938	10,193,938	10,193,938	-
Prior Year Encumbrances Appropriated	37,901	37,901	37,901	-
<i>Fund Balance End of Year</i>	<u>\$ 9,959,374</u>	<u>\$ 9,869,907</u>	<u>\$ 10,236,564</u>	<u>\$ 366,657</u>

See accompanying notes to the basic financial statements

PICKAWAY COUNTY DISTRICT PUBLIC LIBRARY  
PICKAWAY COUNTY

STATEMENT OF NET ASSETS - CASH BASIS  
DECEMBER 31, 2010

---

---

	Governmental Activities
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$ 13,562,567
<i>Total Assets</i>	<u>\$ 13,562,567</u>
<b>Net Assets</b>	
Restricted for:	
Capital Projects	\$ 1,276,898
Other Purposes	9,235
Unrestricted	<u>12,276,434</u>
<i>Total Net Assets</i>	<u>\$ 13,562,567</u>

See accompanying notes to the basic financial statements

**PICKAWAY COUNTY DISTRICT PUBLIC LIBRARY  
PICKAWAY COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2010**

	Program Cash Receipts				Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
<b>Governmental Activities</b>					
General Library Services	\$ 2,021,947	\$ 66,946	\$ 7,271	\$ -	\$ (1,947,730)
Capital Outlay	1,959,035			5,000	(1,954,035)
<i>Total Governmental Activities</i>	<b>\$ 3,980,982</b>	<b>\$ 66,946</b>	<b>\$ 7,271</b>	<b>\$ 5,000</b>	<b>(3,901,765)</b>
		<b>General Receipts</b>			
					1,409,117
					1,528
					71,241
					9,561
					<i>Total General Receipts</i> 1,491,447
					(2,410,318)
					15,972,885
					<b>\$ 13,562,567</b>

See accompanying notes to the basic financial statements

**PICKAWAY COUNTY DISTRICT PUBLIC LIBRARY  
PICKAWAY COUNTY**

**STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2010**

	General	Capital Improvements Fund/Main	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$ 10,231,839	\$ 2,742,295	\$ 588,433	\$ 13,562,567
<i>Total Assets</i>	<u>\$ 10,231,839</u>	<u>\$ 2,742,295</u>	<u>\$ 588,433</u>	<u>\$ 13,562,567</u>
<b>Fund Balances</b>				
Reserved:				
Reserved for Encumbrances	\$ 37,901	\$ 1,384,235	\$ 9	\$ 1,422,145
Unreserved:				
Undesignated (Deficit), Reported in:				
General Fund	10,193,938			10,193,938
Special Revenue Funds			9,226	9,226
Capital Projects Funds		1,358,060	579,198	1,937,258
<i>Total Fund Balances</i>	<u>\$ 10,231,839</u>	<u>\$ 2,742,295</u>	<u>\$ 588,433</u>	<u>\$ 13,562,567</u>

See accompanying notes to the basic financial statements



**PICKAWAY COUNTY DISTRICT PUBLIC LIBRARY  
PICKAWAY COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BASIS FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2010**

	General	Capital Improvements Fund/Main	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>				
Intergovernmental	\$ 1,409,117	\$ -	\$ -	\$ 1,409,117
Patron Fines and Fees	66,946	-	-	66,946
Contributions, Gifts and Donations	1,528	-	12,271	13,799
Earnings on Investments	71,241	-	-	71,241
Miscellaneous	9,561	-	-	9,561
<i>Total Receipts</i>	<u>1,558,393</u>	<u>-</u>	<u>12,271</u>	<u>1,570,664</u>
<b>Disbursements</b>				
General Library Services	1,556,272	461,758	3,917	2,021,947
Capital Outlay	51,088	1,877,292	30,655	1,959,035
<i>Total Disbursements</i>	<u>1,607,360</u>	<u>2,339,050</u>	<u>34,572</u>	<u>3,980,982</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(48,967)</u>	<u>(2,339,050)</u>	<u>(22,301)</u>	<u>(2,410,318)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In		2,400,000	-	2,400,000
Transfers Out	(2,400,000)		-	(2,400,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(2,400,000)</u>	<u>2,400,000</u>	<u>-</u>	<u>-</u>
<i>Net Change in Fund Balances</i>	(2,448,967)	60,950	(22,301)	(2,410,318)
<i>Fund Balances Beginning of Year</i>	<u>12,680,806</u>	<u>2,681,345</u>	<u>610,734</u>	<u>15,972,885</u>
<i>Fund Balances End of Year</i>	<u>\$ 10,231,839</u>	<u>\$ 2,742,295</u>	<u>\$ 588,433</u>	<u>\$ 13,562,567</u>

See accompanying notes to the basic financial statements

**PICKAWAY COUNTY DISTRICT PUBLIC LIBRARY  
PICKAWAY COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2010**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Intergovernmental	\$ 1,396,883	\$ 1,409,116	\$ 1,409,117	\$ 1
Patron Fines and Fees	56,350	65,860	66,946	1,086
Contributions, Gifts and Donations	600	1,475	1,528	53
Earnings on Investments	200,000	71,200	71,241	41
Miscellaneous	650	9,200	9,561	361
<i>Total Receipts</i>	<u>1,654,483</u>	<u>1,556,851</u>	<u>1,558,393</u>	<u>1,542</u>
<b>Disbursements</b>				
General Library Services	1,875,781	1,872,781	1,592,448	280,333
Capital Outlay	60,500	63,500	52,813	10,687
<i>Total Disbursements</i>	<u>1,936,281</u>	<u>1,936,281</u>	<u>1,645,261</u>	<u>291,020</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(281,798)</u>	<u>(379,430)</u>	<u>(86,868)</u>	<u>292,562</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In			-	-
Transfers Out	(2,000,000)	(2,400,000)	(2,400,000)	-
<i>Total Other Financing Sources (Uses)</i>	<u>(2,000,000)</u>	<u>(2,400,000)</u>	<u>(2,400,000)</u>	<u>-</u>
<i>Net Change in Fund Balance</i>	(2,281,798)	(2,779,430)	(2,486,868)	292,562
<i>Fund Balance Beginning of Year</i>	12,649,176	12,649,176	12,649,176	-
Prior Year Encumbrances Appropriated	31,630	31,630	31,630	-
<i>Fund Balance End of Year</i>	<u>\$ 10,399,008</u>	<u>\$ 9,901,376</u>	<u>\$ 10,193,938</u>	<u>\$ 292,562</u>

See accompanying notes to the basic financial statements

**PICKAWAY COUNTY DISTRICT PUBLIC LIBRARY  
PICKAWAY COUNTY**

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

---

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

The Pickaway County District Public Library (the Library) was organized as a county district public library in 1949 under the laws of the State of Ohio. The Library has its own seven-member Board of Trustees, four of which are appointed by the Pickaway County Commissioners and three by the Pickaway County Common Pleas Court. Appointments are for seven-year terms and members serve without compensation. Under Ohio statutes, the Library is a body politic and corporate capable of suing and being sued, contracting, acquiring, holding, possessing, and disposing of real property, and of exercising such other powers and privileges conferred upon it by law. The Library also determines and operates under its own budget. Control and management of the Library is governed by sections 3375.33 to 3375.39 of the Ohio Revised Code with administration of the day-to-day operations of the Library being the responsibility of the Director and financial accountability being that of the Fiscal Officer. The Library provides the community with various educational and literary resources.

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

***Reporting Entity***

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

Under the provisions of Statement No. 14 of the Governmental Accounting Standards Board, "The Financial Reporting Entity," the Library is considered to be a related organization of Pickaway County.

Component units are legally separate organizations for which the Library is financially accountable. The Library is financially accountable for an organization if the Library appoints a voting majority of the organization's governing board; and (1) the Library is able to significantly influence the programs or services performed or provided by the organization; or (2) the Library is legally entitled to or can otherwise access the organization's resources; the Library is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or the Library is obligated for the debt of the organization. Component units may also include organizations for which the Library authorizes the issuance of debt or the levying of taxes or determines the budget if there is also the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the Library. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Library, are accessible to the Library and are significant in amount to the Library. The Library has no component units.

The Friends of the Pickaway County District Public Library is a not-for-profit organization with a self-appointing board. The Library is not financially accountable for the organization, nor does the Library approve the budget or the issuance of debt of the organization. The Library receives an insignificant amount of resources from the Friends of the Library. Therefore, this organization has been excluded from the reporting entity of the Library.

**PICKAWAY COUNTY DISTRICT PUBLIC LIBRARY  
PICKAWAY COUNTY**

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

---

**Note 1 – Description of the Library and Reporting Entity (Continued)**

***Reporting Entity (continued)***

A joint venture is a legal entity or other organization that results from a contractual arrangement and that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control, in which the participants retain (a) an ongoing financial interest or (b) an ongoing financial responsibility. The Library participates in the Central Library Consortium, a joint venture. In addition, the Southeast Regional Library System (SERLS) is a jointly governed organization of the Library. See Notes 13 and 14 to the financial statements that provide additional information for these entities.

**Note 2 - Summary of Significant Accounting Policies**

As discussed further in the Basis of Accounting section of this note, the financial statements of the Pickaway County District Public Library have been prepared on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. The most significant of the Library's accounting policies are described below.

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 fund financial statements, which provide a more detailed level of financial information.

***Government-Wide Financial Statements***

The statement of net assets and the statement of activities display information about the Library as a whole. These statements include the financial activities of the primary government. Governmental activities generally are financed through intergovernmental receipts and other nonexchange transactions.

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

**PICKAWAY COUNTY DISTRICT PUBLIC LIBRARY  
PICKAWAY COUNTY**

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

---

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

**A. Basis of Presentation (continued)**

***Fund Financial Statements***

During the year, the Library segregates transactions related to certain Library functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Library at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

**B. Fund Accounting**

The Library uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The Library's funds are all classified as governmental.

***Governmental Funds***

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

General Fund - The General Fund is the general operating fund. It is used to account for and report all financial resources not accounted for and reported in another fund. The General Fund balance is available to the Library for any purpose provided it is expended or transferred according to the general laws of Ohio.

Capital Improvements/Main Fund - This fund is used to account for receipts that are restricted for the acquisition, construction, or repair of major capital projects for the main library or branch libraries.

The other governmental funds of the Library account for and report grants and other resources whose use is restricted, committed or assigned to a particular purpose.

**C. Basis of Accounting**

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

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

**PICKAWAY COUNTY DISTRICT PUBLIC LIBRARY  
PICKAWAY COUNTY**

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

---

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

**D. Budgetary Process**

All funds, other than agency funds, are legally required to be appropriated. The appropriations resolution is the Board of Library Trustee's authorization to spend resources and set annual limits on cash disbursements plus encumbrances at the level of control selected by the Board. The legal level of control has been established at the fund and character or major category of the object code level for all funds. Budgetary modifications at the legal level of control may only be made by resolution of the Board. The Fiscal Officer maintains budgetary information at the fund and object level and has the authority to allocate appropriations at the function and object level without resolution by the Board.

For control purposes, the Library estimates cash receipts for the year. These estimated receipts, together with the unencumbered carry-over balances from the prior year, set a limit on the amount the Board may appropriate. The estimated receipts may be revised during the year if projected increases or decreases in receipts are identified by the Fiscal Officer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts of estimated resources at the time final appropriations were enacted by the Board.

The appropriations resolution is subject to amendment throughout the year with the restriction that appropriations may not exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriations resolution 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 Board during the fiscal year.

**E. Cash and Cash Equivalents**

To improve cash management, cash received by the Library is pooled and invested. Individual fund integrity is maintained through the Library's records. As required by the Library's investment policy, all interest income is credited to the General Fund. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents."

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

Investments in nonnegotiable certificates of deposit are considered part of the cash management pool and are presented on the financial statements as cash equivalents.

During 2011 and 2010, investments were limited to a money market fund, STAR Ohio and nonnegotiable certificates of deposit.

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

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest receipts credited to the General Fund amounted to \$51,813 during 2011 and \$71,241 during 2010.

**PICKAWAY COUNTY DISTRICT PUBLIC LIBRARY  
PICKAWAY COUNTY**

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

---

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

**F. Restricted Assets**

Cash, cash equivalents and investments are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. Restricted assets represent donations made for a specific purpose. The Library had \$23,740 at December 31, 2011 and \$9,235 at December 31, 2010 in Special Revenue Funds that were restricted by donors.

**G. Inventory and Prepaid Items**

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

**H. Capital Assets**

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

**I. Accumulated Leave**

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

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

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

**K. Long-Term Obligations**

The Library's cash basis financial statements do not report liabilities for long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither other financing source nor capital outlay expenditure are reported at inception. Lease payments are reported when paid.

**L. 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 capital projects include resources received for various construction and capital improvement projects completed by the Library. Net assets restricted for other purposes include resources restricted by the nature of contributions.

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.

PICKAWAY COUNTY DISTRICT PUBLIC LIBRARY  
PICKAWAY COUNTY

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

---

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

**M. Fund Balance**

For fiscal year 2011, fund balance is divided into five classifications based primarily on the extent to which the Library is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

***Nonspendable***

The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

***Restricted***

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

***Committed***

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

***Assigned***

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

***Unassigned***

Unassigned fund balance is the residual classification for the general fund and includes amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Library applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.



**PICKAWAY COUNTY DISTRICT PUBLIC LIBRARY  
PICKAWAY COUNTY**

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

---

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

**N. Interfund Transactions**

Transfers between governmental activities on the government-wide financial statements are reported in the same manner as general receipts.

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds.

**Note 3 – Grants-in-Aid**

The primary source of revenue for Ohio Public Libraries is the Public Library Fund (PLF). The PLF is 2.22 percent of the State of Ohio's General Revenue Fund. In August of 2009, it was temporarily reduced to 1.97 percent of the State of Ohio's General Revenue Fund. Public libraries were funded at this threshold through the end of the 2010-2011 biennium budget year ending June 30, 2011. Ohio's 2012-2013 biennium budget, effective July 1, 2011, set state funding for libraries at 95% of the fiscal year 2011 PLF distribution for each of the next two years. Library funding was further reduced for this period by 1.5% each year as PLF funds were diverted to pay for OPLIN and the Library Services for the Blind and Physically Handicapped. The PLF is allocated to each county based on the county's prior year PLF and its population. The County Budget Commission allocated these funds to the Library based on its needs such as 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 revenue the Library receives.

**Note 4 – Budgetary Basis of Accounting**

The budgetary basis, as provided by law, is based upon accounting for certain transactions on the basis of cash receipts, disbursements and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the General Fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is that outstanding year-end encumbrances are treated as disbursements (budgetary basis) rather than as restricted, committed or assigned fund balance (cash basis). The encumbrances outstanding at year end (budgetary basis) amounted to \$50,500 and \$37,901 for the years ended December 31, 2011 and 2010, respectively.

**Note 5 - Deposits and Investments**

Monies held by the Library are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Library treasury. Active monies must be maintained either as cash in the Library treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Board has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

**PICKAWAY COUNTY DISTRICT PUBLIC LIBRARY  
PICKAWAY COUNTY**

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

---

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

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the Library can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Library, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer, or qualified trustee, unless the securities are not represented by a certificate, in which payment may be made upon receipt of confirmation of transfer from the custodian.

At year end December 31, 2011 and 2010, the Library had \$639.50 in undeposited cash on hand which is included as part of "Equity in Pooled Cash and Cash Equivalents."

**PICKAWAY COUNTY DISTRICT PUBLIC LIBRARY  
PICKAWAY COUNTY**

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

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

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the Library will not be able to recover deposits or collateral securities that are in the possession of an outside party. At December 31, 2011 and 2010, the Library's bank balance was \$5,163,355 and \$5,083,427, respectively. Of these balances, \$250,000 was covered by federal depository insurance and the remaining amounts were covered by collateral held by third party trustees pursuant to Ohio Revised Code Section 135.181, in collateralized pools securing all public funds on deposit with the specific depository institutions. Although all state statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the Library to a successful claim by the FDIC.

The Library has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Library or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Investments

As of December 31, 2011 and 2010, the Library had the following investments:

Investment Type	Carrying Value at Dec. 31, 2011	Carrying Value at Dec. 31, 2010	Maturity
STAR Ohio	\$4,701,035	\$6,497,911	Average
Certificates of Deposit	2,000,000	2,000,000	≤ 1 year
Total Investments	<u>\$6,701,035</u>	<u>\$8,497,911</u>	

**Interest Rate Risk** Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The Library's investment policy addresses interest rate risk by requiring that the Library's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments, thereby avoiding that need to sell securities on the open market prior to maturity, and by investing operating funds primarily in short-term investments.

**Credit Risk** STAR Ohio carries a rating of AAAM by Standard and Poor's. The Library has no investment policy dealing with investment credit risk beyond the requirements in state statutes. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service.

**PICKAWAY COUNTY DISTRICT PUBLIC LIBRARY  
PICKAWAY COUNTY**

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

---

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

**Investments (Continued)**

***Custodial Credit Risk*** For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Library will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Library has no investment policy dealing with investment custodial risk beyond the requirements in ORC 135.14(M)(2) which states, "Payment for investments shall be made only upon the delivery of securities representing such investments to the treasurer, investing authority, or qualified trustee. If the securities transferred are not represented by a certificate, payment shall be made only upon receipt of confirmation of transfer from the custodian by the treasurer, governing board, or qualified trustee."

**Note 6 - Risk Management**

The Library is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Library maintains insurance coverage which includes comprehensive property and general liability; vehicle; crime coverage including employee dishonesty and theft; disappearance and destruction; inland marine; and errors and omissions. Settled claims have not exceeded coverage in any of the last three years and there was no significant reduction in coverage from the prior year.

The Library pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs. The System administers and pays all claims.

**Note 7 - Defined Benefit Pension Plan**

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

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

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions and currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units. Member contribution rates, as set forth in the Ohio Revised Code, are not to exceed 10 percent of covered payroll. For the years ended December 31, 2011 and 2010, members in state and local classifications contributed 10 percent of covered payroll.

**PICKAWAY COUNTY DISTRICT PUBLIC LIBRARY  
PICKAWAY COUNTY**

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

---

**Note 7 - Defined Benefit Pension Plan (Continued)**

Members in the state and local divisions may participate in all three plans. For 2011 and 2010, member and employer contribution rates were consistent across all three plans.

The Library's contribution rate for 2011 and 2010 was 14 percent. The portion of employer contributions used to fund pension benefits is net of post-employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 4 percent from January 1 through December 31, 2011. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05 percent from January 1 through December 31, 2011. The portion of employer contributions allocated to health care for members in the Traditional Plan was 5.5 percent from January 1 through February 28, 2010, and 5 percent from March 1 through December 31, 2010. The portion of employer contributions allocated to health care for members in the Combined Plan was 4.73 percent from January 1 through February 28, 2010, and 4.23 percent from March 1 through December 31, 2010. Employer contribution rates are actuarially determined.

The Library's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2011, 2010 and 2009 were \$166,375, \$173,321 and \$227,552, respectively. The full amount has been contributed for 2011, 2010 and 2009.

**Note 8 – Post-employment Benefits**

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

OPERS maintains a cost-sharing multiple-employer defined benefit post-employment health care plan for qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage. The plan includes a medical plan, prescription drug program and Medicare Part B premium reimbursement.

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

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

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

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2011 and 2010, state and local employers contributed at a rate of 14 percent of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units.

**PICKAWAY COUNTY DISTRICT PUBLIC LIBRARY  
PICKAWAY COUNTY**

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

**Note 8 – Post-employment Benefits (Continued)**

Each year, the OPERS Retirement Board determines the portion of the employer contribution that will be set aside for funding post-employment health care benefits. The portion of employer contributions allocated to health care in 2011 for members in the Traditional Plan was 4 percent from January 1 through December 31, 2011. The portion of employer contributions allocated to health care in 2011 for members in the Combined Plan was 6.05 percent from January 1 through December 31, 2011. The portion of employer contributions allocated to health care in 2010 for members in the Traditional Plan was 5.5 percent from January 1 through February 28, 2010, and 5 percent from March 1 through December 31, 2010. The portion of employer contributions allocated to health care in 2010 for members in the Combined Plan was 4.73 percent from January 1 through February 28, 2010, and 4.23 percent from March 1 through December 31, 2010.

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or retiree's surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the post-employment health care plan.

The Library's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2011, 2010 and 2009 were \$97,052, \$101,104 and \$132,739 respectively; 100 percent has been contributed for 2011, 2010 and 2009.

**Note 9 – Leases**

The Library leases three copiers and a postage machine, and entered into a new computer equipment lease in 2011. Two copier leases expired in 2010 at which time the Library leased two new machines. The Library disbursed \$32,533 and \$9,879 to pay lease costs for the year ended December 31, 2011 and December 31, 2010, respectively. Future lease payments on currently leased equipment are as follows:

Year	Amount
2012	\$31,945
2013	31,129
2014	30,749
2015	6,835
2016	3,864
2017	322
Total	104,844
Less Amount Representing Interest	13,120
Present Value of Lease Payments	\$91,724

**Note 10 – Fund Balances**

For fiscal year 2011, fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Library is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

**PICKAWAY COUNTY DISTRICT PUBLIC LIBRARY  
PICKAWAY COUNTY**

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

**Note 10 – Fund Balances (Continued)**

Fund Balances	General	Capital Improvements Fund/Main	Other Governmental Funds	Total
<b>Nonspendable</b>				
Prepays	\$0	\$0	\$0	\$0
Inventory	0	0	0	0
<i>Total Nonspendable</i>	0	0	0	0
<b>Restricted for</b>				
OPLIN Filtering Appliance & Maint.	3,719	0	0	3,719
Genealogy Materials and/or Equipment	0	0	4,356	4,356
Staff Recognition	0	0	87	87
Program Supplies	0	0	207	207
Summer Reading Programs	0	0	381	381
Public Relations Events	0	0	157	157
Donor Envelopes	0	0	1,000	1,000
Library Materials	0	0	4,020	4,020
Furniture and Equipment	0	0	13,022	13,022
Capital Projects	0	0	83,946	83,946
<i>Total Restricted</i>	3,719	0	107,176	110,895
<b>Committed to</b>				
Storytime On Wheels- Foundation donation	0	0	510	510
<i>Total Committed</i>	0	0	510	510
<b>Assigned to</b>				
Property Supplies	350	0	0	350
Vacancy Ads	66	0	0	66
Public Service Programs	706	0	0	706
Employee Self-Check Training	300	0	0	300
Building Repairs	8,365	0	0	8,365
F&E Repairs- Maintenance Contracts	5,450	0	0	5,450
Groundskeeping	2,750	0	0	2,750
Security Services- Alarm Monitoring	147	0	0	147
Library Materials Processing Fees	1,549	0	0	1,549
Alarm Permit Fee	15	0	0	15
Library Materials	28,980	0	0	28,980
F&E- Multi-function Machine for Info Desk	1,572	0	0	1,572
Dues	250	0	0	250
Capital Projects	0	949,745	500,252	1,449,997
<i>Total Assigned</i>	50,500	949,745	500,252	1,500,497
<b>Unassigned (Deficit)</b>	10,232,845	0	0	10,232,845
<i>Total Fund Balances</i>	\$10,287,064	\$949,745	\$607,938	\$11,844,747

**PICKAWAY COUNTY DISTRICT PUBLIC LIBRARY  
PICKAWAY COUNTY**

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

---

**Note 11 – Interfund Transfers**

In 2010, the Board of Trustees transferred \$2,400,000 from the General Fund (101) to the Capital Improvements Fund/Main (401) to fund the Main Library Addition & Renovation construction project.

**Note 12 – Construction and Contractual Commitments**

The Library sought public bids for the Main Library Addition & Renovation Project and opened the sealed bids on May 27, 2010. The bids were reviewed and the lowest responsible bid for the project was presented to the Board of Trustees on June 3, 2010, for approval. The successful bid was \$2,606,026, including all ADD alternates and no DEDUCT alternates, for the scope of the work being bid on. The Library entered into a contract with the successful bidder. The Main Library Addition & Renovation Project commenced in June 2010 and was substantially complete by October 2011.

**Note 13 – Joint Ventures**

The Library is a member of the Central Library Consortium (the “CLC”). The CLC is a separate entity established as a joint venture to provide reduced costs to the individual member libraries through collective efforts and resource sharing. The CLC undertakes projects that strive to complement the existing resources available through the State Library regional system.

The CLC, which commenced on June 13, 1988, has eight members consisting of the Alexandria Public Library, Fairfield County District Library, Grandview Heights Public Library, Marysville Public Library, Pickaway County District Public Library, Pickerington Public Library, Plain City Public Library, and The Wagnalls Memorial Library. The original agreement has been modified to extend membership to additional libraries. The CLC is governed by a Council consisting of one appointed representative by each member library. The Council elects a president, a vice president and a secretary. The Grandview Heights Public Library accounts for the CLC’s financial operations. Financial information and statements can be obtained from Grandview Heights Public Library, Franklin County, 1685 West First Avenue, Columbus, OH 43212.

Members make payments to the CLC in amounts established in the agreements for individual projects undertaken by the CLC. The Library has no explicit and measurable equity interest in the venture. The Library’s only ongoing financial responsibility to the CLC is for participating projects that have been entered into by the Library.

The Library paid annual fees to the Central Library Consortium (CLC) in 2011 and 2010 totaling \$67,299 and \$57,694, respectively.

The Library is also a member of the Digital Downloads-A Library Collaboration (DDALC), a joint venture to finance online audio and print books as well as other digital projects for participating member libraries. The Library carries all of the responsibility for this project. The participation agreements contain clauses regarding meetings of the Library Directors and each library having one vote; however, all of the contracts are in the Library’s name. In 2011, the Columbus Metropolitan Library took over DDALC’s financial operations from Grandview Heights Public Library.



**PICKAWAY COUNTY DISTRICT PUBLIC LIBRARY  
PICKAWAY COUNTY**

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

---

**Note 13 – Joint Ventures (Continued)**

The DDALC, which commenced in 2004, has fourteen members consisting of the Bexley Public Library, Columbus Metropolitan Library, Fairfield County District Library, Grandview Heights Public Library, Greene County Public Library, Kenton County Public Library, Marysville Public Library, Pickaway County District Public Library, Pickerington Public Library, Plain City Public Library, Southwest Public Library, Upper Arlington Public Library, Washington-Centerville Township, and Worthington Public Library. Each member makes payment to DDALC in the amount established in the agreements. The Library made payments to Columbus Metropolitan Library in 2011 totaling \$3,700 and to Grandview Heights Public Library in 2010 totaling \$1,710, for Digital Downloads fees and materials collection.

**Note 14 – Jointly Governed Organizations**

The Southeast Regional Library System (SERLS) is an area library service organization created and governed according to the provisions of sections 3375.70 through 3375.73 of the Ohio Revised Code. SERLS is a multi-type library consortium serving the Ohio counties of Athens, Belmont, Delaware, Fairfield, Franklin, Gallia, Guernsey, Hocking, Jackson, Jefferson, Lawrence, Licking, Meigs, Monroe, Morgan, Muskingum, Noble, Perry, Pickaway, Pike, Ross, Scioto, Vinton, and Washington. SERLS' Board of Trustees consists of appointees from the member libraries. The Pickaway County District Public Library's control over budgeting and financing of SERLS is limited to its voting authority and its representation on the SERLS Board of Trustees.

The Library pays an annual fee as well as service fees to the Southeast Regional Library System (SERLS), a jointly governed organization of which the Library is a member. SERLS provides continuing education, resource sharing and innovative services for which the member libraries are billed. The Library paid annual dues and fees to SERLS in 2011 and 2010 totaling \$350 and \$460, respectively.

**THIS PAGE INTENTIONALLY LEFT BLANK**



# Dave Yost • Auditor of State

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

Pickaway County District Public Library  
Pickaway County  
1160 North Court Street  
Circleville, Ohio 43113

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 Pickaway County District Public Library, Pickaway County, (the Library) as of and for the year ended December 31, 2011 and December 31, 2010, which collectively comprise the Library's basic financial statements and have issued our report thereon dated August 30, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Library's financial statements will not be prevented, or detected and timely corrected.

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

### **Compliance and Other Matters**

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

88 East Broad Street, Tenth Floor, Columbus, Ohio 43215-3506  
Phone: 614-466-3402 or 800-443-9275 Fax: 614-728-7199

[www.ohioauditor.gov](http://www.ohioauditor.gov)

Pickaway County District Public Library  
Pickaway County  
Independent Accountants' Report on Internal Control Over  
Financial Reporting and on Compliance and Other Matters  
Required by *Government Auditing Standards*  
Page 2

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

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

**Dave Yost**  
Auditor of State

August 30, 2012



# Dave Yost • Auditor of State

PICKAWAY COUNTY DISTRICT PUBLIC LIBRARY

PICKAWAY 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 25, 2012