



Dave Yost • Auditor of State

**ATHENS COUNTY PUBLIC LIBRARIES
ATHENS COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Athens County Public Libraries
Athens County
95 W. Washington Street
Nelsonville, Ohio 45764

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of the Athens County Public Libraries, Athens County, Ohio (the Library), as of and for the years ended December 31, 2012 and 2011.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fair presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statements, the Library prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03, which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy requirements.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Library as of December 31, 2012 and 2011, thereof for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Athens County Public Libraries, Athens County, Ohio, as of December 31, 2012 and 2011, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permits, described in Note 1.

Emphasis of Matter

As discussed in Note 2 to the financial statements, during 2011 the Library adopted new accounting guidance in Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Our opinion is not modified with respect to this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated T æ 2H, 2013, on our consideration of the Library's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Library's internal control over financial reporting and compliance.



Dave Yost
Auditor of State

Columbus, Ohio

May 2H, 2013

**ATHENS COUNTY PUBLIC LIBRARIES
ATHENS COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2012**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Public Library	\$ 1,674,531	\$	\$	\$ 1,674,531
Intergovernmental		14,100		14,100
Patron Fines and Fees	28,352			28,352
Contributions, Gifts and Donations	27,152	2,900		30,052
Earnings on Investments	1,318			1,318
Miscellaneous	6,460			6,460
<i>Total Cash Receipts</i>	<u>1,737,813</u>	<u>17,000</u>	<u>0</u>	<u>1,754,813</u>
Cash Disbursements				
Current:				
Library Services:				
Public Services and Programs	616,589	10,873		627,462
Collection Development and Processing	209,168			209,168
Support Services:				
Facilities Operation and Maintenance	236,740			236,740
Information Services	25,802			25,802
Business Administration	737,683			737,683
<i>Total Cash Disbursements</i>	<u>1,825,982</u>	<u>10,873</u>	<u>0</u>	<u>1,836,855</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(88,169)</u>	<u>6,127</u>	<u>0</u>	<u>(82,042)</u>
Other Financing Receipts (Disbursements)				
Other Financing Sources	3,808			3,808
Other Financing Uses	(25)		(3,808)	(3,833)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>3,783</u>	<u>0</u>	<u>(3,808)</u>	<u>(25)</u>
<i>Net Change in Fund Cash Balances</i>	<u>(84,386)</u>	<u>6,127</u>	<u>(3,808)</u>	<u>(82,067)</u>
<i>Fund Cash Balances, January 1</i>	<u>820,761</u>	<u>1,417</u>	<u>13,808</u>	<u>835,986</u>
Fund Cash Balances, December 31				
Restricted		7,544		7,544
Assigned			10,000	10,000
Unassigned (Deficit)	736,375			736,375
<i>Fund Cash Balances, December 31</i>	<u>\$736,375</u>	<u>\$7,544</u>	<u>\$10,000</u>	<u>\$753,919</u>

The notes to the financial statements are an integral part of this statement.

**ATHENS COUNTY PUBLIC LIBRARIES
ATHENS COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2011**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Public Library	\$ 1,775,016	\$	\$	\$ 1,775,016
Intergovernmental	1,162	5,157		6,319
Patron Fines and Fees	29,020			29,020
Contributions, Gifts and Donations	54,058	2,300		56,358
Earnings on Investments	1,539			1,539
Miscellaneous	5,806		5,699	11,505
<i>Total Cash Receipts</i>	<u>1,866,601</u>	<u>7,457</u>	<u>5,699</u>	<u>1,879,757</u>
Cash Disbursements				
Current:				
Library Services:				
Public Services and Programs	510,654	7,390		518,044
Collection Development and Processing	136,914			136,914
Support Services:				
Facilities Operation and Maintenance	267,898			267,898
Information Services	26,084			26,084
Business Administration	654,069			654,069
Capital Outlay			143,364	143,364
<i>Total Cash Disbursements</i>	<u>1,595,619</u>	<u>7,390</u>	<u>143,364</u>	<u>1,746,373</u>
<i>Net Change in Fund Cash Balances</i>	270,982	67	(137,665)	133,384
<i>Fund Cash Balances, January 1</i>	<u>549,779</u>	<u>1,350</u>	<u>151,473</u>	<u>702,602</u>
Fund Cash Balances, December 31				
Restricted		1,417		1,417
Assigned			13,808	13,808
Unassigned (Deficit)	820,761			820,761
<i>Fund Cash Balances, December 31</i>	<u>\$820,761</u>	<u>\$1,417</u>	<u>\$13,808</u>	<u>\$835,986</u>

The notes to the financial statements are an integral part of this statement.

**ATHENS COUNTY PUBLIC LIBRARIES
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011**

1. Summary of Significant Accounting Policies

A. Description of the Entity

The Athens County Public Libraries (the Library) was organized as a school district public library in 1935 under the laws of the State of Ohio. The Library has its own Board of Trustees of seven members who are appointed by the Nelsonville-York City School District Board of Education. 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 the administration of the day-to-day operations of the Library being the responsibility of the Director and financial accountability being solely that of the Fiscal Officer.

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 the Nelsonville-York City School District.

The Friends of the Athens Public Library, Inc. is a not-for-profit organization with a self-appointing board and a mission of fostering interaction between the Athens branch of the Athens County Public Libraries and the Athens community. The Library is not financially accountable for the organization, nor does the Library approve the budget or the issuance of debt of the organization. This organization is a legally separate, tax-exempt entity whose resources benefit the Library, but the resources are not directly accessible to the Library and are not significant in amount to the Library. Therefore, this organization has been excluded from the reporting entity of the Library.

A jointly-governed organization is a regional government or other multi-governmental arrangement that is governed by representatives from each of the governments that create the organization, but that is not a joint venture because the participants do not retain an ongoing financial interest or responsibility. As of June 30, 2009, the Library no longer participates as a dues-paying member in the Southeastern Regional Library System (SERLS) with offices in Wellston, Ohio. However, the Library is currently a dues-paying member of the Ohio Library Council (OLC) and a participant in the State Library of Ohio.

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

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Library recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

**ATHENS COUNTY PUBLIC LIBRARIES
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

C. Deposits

The Library deposits funds in an interest-bearing checking account.

D. Fund Accounting

The Library uses fund accounting to segregate cash and investments that are restricted as to use. The Library classifies its funds into the following types:

1. General Fund

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund.

2. Special Revenue Funds

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Library had the following significant Special Revenue Funds:

OPLIN Filtering Grant Fund – This fund accounts for funds received from the Ohio Public Library Information Network, whose use is restricted to a particular purpose.

Early Literacy Fund – This fund accounts for funds received from the Osteopathic Heritage Foundations, whose use is restricted to a particular purpose.

3. Capital Project Funds

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Library had the following significant Capital Project Fund:

Capital Projects Fund – This fund was established to account for tornado insurance proceeds and reconstruction of The Plains Library.

E. Budgetary Process

The Board must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year end. Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function, and object level of control.

A summary of 2012 and 2011 budgetary activity appears in Note 4.

F. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Library must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

**ATHENS COUNTY PUBLIC LIBRARIES
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**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

F. Fund Balance (Continued)

1. Nonspendable

The Library classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

2. Restricted

Fund balance is *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.

3. Committed

Trustees can *commit* amounts via formal action (resolution). The Library must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

4. Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Library Trustees or a Library official delegated that authority by resolution, or by State Statute.

5. Unassigned

Unassigned fund balance is the residual classification for the general fund and includes amounts not included 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.

G. Property, Plant, and Equipment

The Library records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

H. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

**ATHENS COUNTY PUBLIC LIBRARIES
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**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

2. Change in Accounting Principle

For fiscal years 2012 and 2011, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 54. Implementing GASB Statement No. 54 had no effect on fund balances previously reported.

3. Equity in Pooled Deposits

The Library maintains a deposit pool all funds use. The Ohio Revised Code prescribes allowable deposits. The carrying amount of deposits and investments at December 31 was as follows:

	2012	2011
Demand deposits	\$753,919	\$835,986

Deposits: Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by securities specifically pledged by the financial institution to the Library.

4. Budgetary Activity

Budgetary activity for the years ending December 31 follows:

2012 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,709,781	\$1,741,621	\$31,840
Special Revenue	17,000	17,000	0
Capital Projects	0	0	0
Total	\$1,726,781	\$1,758,621	\$31,840

2012 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,210,838	\$1,826,007	\$384,831
Special Revenue	18,418	10,873	7,545
Capital Projects	13,808	3,808	10,000
Total	\$2,243,064	\$1,840,688	\$402,376

2011 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,866,601	\$1,866,601	\$0
Special Revenue	7,457	7,457	0
Capital Projects	5,699	5,699	0
Total	\$1,879,757	\$1,879,757	\$0

**ATHENS COUNTY PUBLIC LIBRARIES
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

4. Budgetary Activity (Continued)

2011 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,974,626	\$1,595,619	\$379,007
Special Revenue	8,807	7,390	1,417
Capital Projects	157,172	143,364	13,808
Total	\$2,140,605	\$1,746,373	\$394,232

5. Grants-in-aid and Tax Receipts

The primary source of revenue for Ohio public libraries is the Public Library Fund (PLF). The State allocates PLF to each county based on the total tax revenue credited to the State's general revenue fund during the preceding month. The County Budget Commission bases the amount for distribution on the needs of such library for the construction of new library buildings, parts of buildings, improvements, operation, maintenance, or other expenses. The County Budget Commission cannot reduce its allocation of these funds to the Library based on of any additional revenues the Library receives.

8. Retirement System

The Library's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2012 and 2011, OPERS members contributed 10% of their gross salaries and the Library contributed an amount equaling 14% of participants' gross salaries. The Library has paid all contributions required through December 31, 2012.

9. Risk Management

Commercial Insurance

The Library has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

Athens County Public Libraries
Athens County
95 W. Washington Street
Nelsonville, Ohio 45764

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Athens County Public Libraries, Athens County, Ohio (the Library), as of and for the years ended December 31, 2012 and 2011, and the related notes to the financial statements and have issued our report thereon dated T æ 2H, 2013, wherein, we noted the Library has adopted Governmental Accounting Standards Board Statement No. 54.

Internal Control Over Financial Reporting

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

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 a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Library's financial statements. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

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

Purpose of this Report

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



Dave Yost
Auditor of State

Columbus, Ohio

T æ 2H, 2013

**ATHENS COUNTY PUBLIC LIBRARIES
ATHENS COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2012 AND 2011**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2009-001	Ohio Admin. Code Section 117-8-02 – Expenditures exceeding appropriations.	Yes	NA
2009-002	Approved budgetary data inaccurately posted Library's Accounting System.	Yes	NA

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Dave Yost • Auditor of State

ATHENS COUNTY PUBLIC LIBRARIES

ATHENS 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
JUNE 11, 2013**