



**Mary Taylor, CPA**  
Auditor of State



**PICKAWAY COUNTY DISTRICT PUBLIC LIBRARY  
PICKAWAY COUNTY**

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# Mary Taylor, CPA

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 the Pickaway County District Public Library, Pickaway County, Ohio (the Library), as of and for the years ended December 31, 2009 and December 31, 2008, which collectively comprise the Library's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Library's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

As discussed in Note 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 the Pickaway County District Public Library, Pickaway County, Ohio, as of December 31, 2009 and December 31, 2008, and the respective changes in cash financial position and the respective budgetary comparison for the General Fund thereof for the years then ended in conformity with the basis of accounting Note 1 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 25, 2010, on our consideration of the Library's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

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

**Mary Taylor, CPA**  
Auditor of State

May 25, 2010

**PICKAWAY COUNTY DISTRICT PUBLIC LIBRARY  
PICKAWAY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008  
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, 2009 and 2008, 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 2009 are as follows:

Net assets of governmental activities decreased \$308,056, or 1.9 percent from the prior year. The fund most affected by the decrease in cash and cash equivalents was the General Fund, due mainly to significant decreases in PLF revenue and interest income.

General receipts accounted for \$1,599,197 or 90.6 percent of all receipts. Program receipts in the form of charges for services and operating or capital grants and contributions accounted for \$166,523 or 9.4 percent of total receipts. The Library's general receipts are primarily Public Library Fund (PLF) receipts. These PLF receipts represent 84.9 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.

The Library received a bequest totaling \$91,892 as a restricted donation to the Capital Improvements/Main Fund.

The Library had \$2,073,776 in disbursements relating to governmental activities.

Key highlights for 2008 are as follows:

Net assets of governmental activities increased \$499,089 or 3.2 percent from the prior year. The funds most affected by the increase in cash and cash equivalents were the General Fund (\$112,174) and the Capital Improvements/Main Fund (\$382,030).

General receipts accounted for \$2,286,288 or 86.0 percent of all receipts. Program receipts in the form of charges for services and operating or capital grants and contributions accounted for \$371,550 or 14 percent of total receipts. The Library's general receipts are primarily Public Library Fund (PLF) receipts. These PLF receipts represent 68.7 percent of the total cash received for governmental activities during the year.

The source of the Public Library Fund (PLF) was changed from 5.7 percent of the State of Ohio's Personal Income Tax to 2.2 percent of the State of Ohio's General Revenue Fund in January of 2008, allowing the PLF to ebb and flow with the State of Ohio's Tax receipts.

The Library received a bequest totaling \$300,000 as a restricted donation to the Capital Improvements/Main Fund.

The Library had \$2,158,749 in disbursements relating to governmental activities.

**PICKAWAY COUNTY DISTRICT PUBLIC LIBRARY  
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**MANAGEMENT'S DISCUSSION AND ANALYSIS  
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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 2009 and 2008, 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.

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.

**PICKAWAY COUNTY DISTRICT PUBLIC LIBRARY  
PICKAWAY COUNTY**

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

**The Library as a Whole**

Table 1 provides a summary of the Library's net assets for 2009 compared to 2008 and 2008 as compared to 2007 on a cash basis:

(Table 1)  
**Net Assets**

	Governmental Activities		
	2009	2008	2007
<b>Assets</b>			
Cash and Cash Equivalents	<u>\$15,972,885</u>	<u>\$16,280,941</u>	<u>\$15,781,852</u>
<b>Net Assets</b>			
Restricted for:			
Capital Projects	1,271,898	1,266,898	968,833
Other Purposes	5,881	4,987	3,892
Unrestricted	14,695,106	15,009,056	14,809,127
Total Net Assets	<u>\$15,972,885</u>	<u>\$16,280,941</u>	<u>\$15,781,852</u>

As mentioned previously, net assets of governmental activities decreased \$308,056, or 1.9 percent during 2009. This decrease can be attributed to the continued deterioration of the Public Library Fund (PLF) and the overall increased pressure on the Library's budget to do more with less. Additional details are as follows:

**PICKAWAY COUNTY DISTRICT PUBLIC LIBRARY  
PICKAWAY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008  
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- In 2009, the Library received \$324,836 less in PLF revenue than in 2008, due to a poor economy and an additional 11% reduction, effective August 1, 2009, as part of the 2010-2011 State of Ohio biennium budget.
- Interest income fell from \$449,062 in 2008 to \$88,556 in 2009 due to rapidly declining interest rates as a result of a poor economy.
- In response to drastic reductions in PLF revenue, the Library reduced staff hours and library hours, reduced the library materials budget by \$100,000 and froze spending in other areas, effective September 6, 2009. The Library saved additional monies due to the decision to attrition several positions that became vacant. As a result of these reductions during the last four months of the year, expenditures for the General Fund were reduced by \$173,086 from 2008 to 2009.

In 2008, total assets increased \$499,089 or 3.2 percent. The Capital Improvements/Main Fund increased by \$382,030 due to a restricted bequest of \$300,000 and interest income of over \$80,000. The increase to the General Fund of \$112,174 is attributed to interest income of over \$360,000, therefore enabling revenues to exceed expenditures.

Table 2 reflects the changes in net assets for 2009 and 2008 on a cash basis.

(Table 2)

**Changes in Net Assets**

	Governmental Activities		
	2009	2008	2007
Receipts:			
Program Receipts:			
Charges for Services and Sales	\$64,946	\$62,225	\$61,793
Operating Grants and Contributions	4,685	4,325	1,955
Capital Grants and Contributions	96,892	305,000	605,000
Total Program Cash Receipts	<u>166,523</u>	<u>371,550</u>	<u>668,748</u>
General Receipts:			
Intergovernmental	1,501,639	1,824,729	1,854,662
Unrestricted Gifts and Contributions	1,790	2,193	200,097
Interest	88,556	449,062	742,170
Miscellaneous	7,212	10,304	5,844
Total General Receipts	<u>1,599,197</u>	<u>2,286,288</u>	<u>2,802,773</u>
Total Receipts	<u>1,765,720</u>	<u>2,657,838</u>	<u>3,471,521</u>
Disbursements:			
Governmental Activities:			
General Library Services	2,033,904	2,029,466	1,883,732
Capital Outlay	39,872	129,283	86,430
Total Disbursements	<u>2,073,776</u>	<u>2,158,749</u>	<u>1,970,162</u>
Increase (Decrease) in Net Assets	(308,056)	499,089	1,501,359
Net Assets, January 1	<u>16,280,941</u>	<u>15,781,852</u>	<u>14,280,493</u>
Net Assets, December 31	<u>\$15,972,885</u>	<u>\$16,280,941</u>	<u>\$15,781,852</u>

**PICKAWAY COUNTY DISTRICT PUBLIC LIBRARY  
PICKAWAY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
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Program receipts represent 9.4 percent of total receipts in 2009, and are primarily comprised of patron fines and fees and restricted donations. Program receipts represent 14 percent of total receipts in 2008, and of this amount, 83.2 percent are restricted donations.

General receipts represent 90.6 percent of the Library's total receipts in 2009, and of this amount, 93.9 percent are intergovernmental receipts consisting of Public Library Fund monies and a small grant (\$1,747). Interest income, miscellaneous receipts and unrestricted gifts and contributions make up the balance of the Library's general receipts for 2009. General receipts represent 86 percent of the Library's total receipts in 2008, and of this amount, 79.8 percent are Public Library Fund monies and 19.6 percent is interest. Miscellaneous receipts and unrestricted gifts and contributions make up the balance of the Library's general receipts for 2008.

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.

**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 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.

(Table 3)

**Governmental Activities**

	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
	Total Cost of Services 2008	Net Cost of Services 2008
General Library Services	\$2,029,466	\$1,962,916
Capital Outlay	129,283	(175,717)
Total Expenses	\$2,158,749	\$1,787,199

**PICKAWAY COUNTY DISTRICT PUBLIC LIBRARY  
PICKAWAY COUNTY**

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

(Table 3)  
**Governmental Activities**

	Total Cost of Services 2007	Net Cost of Services 2007
General Library Services	\$1,883,732	\$1,819,984
Capital Outlay	86,430	(518,570)
Total Expenses	\$1,970,162	\$1,301,414

The dependence upon Public Library Fund receipts is apparent as 92 percent and 82.8 percent of governmental activities for 2009 and 2008, respectively, are supported through these and other general receipts.

**The Library's Funds**

In 2009, total governmental funds had receipts of \$1,765,720 and disbursements of \$2,073,776. The greatest change within governmental funds occurred within the General Fund. The fund balance of the General Fund decreased \$321,862, due primarily to a drastic reduction in Public Library Fund revenue of \$324,836 from the prior year. The PLF reduction was due to a poor economy and an additional 11% reduction, effective August 1, 2009, as part of the 2010-2011 State of Ohio biennium budget. Total General Fund disbursements decreased \$173,086 or 8.06 percent from 2008. In response to the major reduction in PLF revenue, the Library reduced staff hours across-the-board as well as reduced library hours to the public, reduced the library materials budget by \$100,000 and froze spending in other areas such as supplies, technology equipment and travel.

In 2008, total governmental funds had receipts of \$2,657,838 and disbursements of \$2,158,749. The greatest change within governmental funds occurred within the Capital Improvements/Main Fund. The fund balance of the General Fund increased \$112,174, due primarily to interest income. The fund balance of the Capital Improvements/Main Fund increased \$382,030, due primarily to a bequest of \$300,000. Total General Fund disbursements increased \$201,598 or 10.35 percent from 2007. The significant increases/decreases in major expenditure categories are as follows. Salary and Benefits increased \$111,293 or 9.06 percent, which included a minimum 4% wage rate increase for all employees that increased salary/benefit costs by over \$45,000; the addition of five new part-time positions hired late spring of 2007 had the full impact in 2008, the additional impact of \$22,500 from 2007 to 2008; OPERS rates increased by .65 percent for employee pickup and employer contributions combined; health insurance premiums increased 20.46 percent or \$28,287 for the Library in 2008. Supplies increased \$7,980 or 15.39%, \$2,600 of which were materials processing supplies. Overall, Contract Services increased 3% and Library Materials increased \$20,547 or 6.82 percent. Capital Outlay increased \$57,664 or 89.15% due to the following special F&E projects: Younkin network closet (\$30,000); AV equipment for main library meeting room (\$26,000); and periodical room furniture (\$8,777).

The Capital Improvements Fund/Main supports normal capital improvements and major repairs at the main library, in addition to supporting the construction of new branch facilities. In 2009, this fund recorded revenue of \$102,399 due to a restricted bequest of over \$90,000 and interest income. The Library dispersed over \$94,000 for architect and legal fees for a possible capital project to expand the Main Library. The unreserved balance for this fund at December 31, 2009 was \$2,547,594, with \$133,751 reserved to 2010 for additional architect fees.

**PICKAWAY COUNTY DISTRICT PUBLIC LIBRARY  
PICKAWAY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008  
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**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 2009 and 2008, the Library amended its General Fund budget to reflect changing circumstances. Final budgeted receipts for 2009 were less than original budgeted receipts due to unexpected decreases in the Public Library Fund (PLF) and interest income. Final budgeted receipts for 2008 were greater than original budgeted receipts due to unexpected increases in a few line items. The difference between final budgeted receipts and actual receipts was not significant.

In 2009, final General Fund disbursements were budgeted at \$2,301,389 while actual disbursements were \$2,007,128. In 2008, final disbursements were budgeted at \$2,610,185 while actual disbursements were \$2,210,559. 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 in the amount of \$17,841, including interest, outstanding as of December 31, 2009. See Note 9 for more details on the Capital Leases.

**Current Issues**

Funding from the State of Ohio for the Public Library Fund (PLF) was reduced \$324,836 in 2009 and is expected to reduce an estimated \$100,000 more in 2010. With such drastic economic reductions and the continued uncertainty of the future of this funding, 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. 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. 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.

**PICKAWAY COUNTY DISTRICT PUBLIC LIBRARY  
PICKAWAY COUNTY**

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

**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.

PICKAWAY COUNTY DISTRICT PUBLIC LIBRARY  
PICKAWAY COUNTY

*Statement of Net Assets - Cash Basis*  
*December 31, 2009*

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	Governmental Activities
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$15,972,885</u>
<i>Total Assets</i>	<u><u>\$15,972,885</u></u>
<b>Net Assets</b>	
Restricted for:	
Capital Projects	\$1,271,898
Other Purposes	5,881
Unrestricted	<u>14,695,106</u>
<i>Total Net Assets</i>	<u><u>\$15,972,885</u></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, 2009***

	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	\$2,033,904	\$64,946	\$4,685	\$ -	(\$1,964,273)
Capital Outlay	39,872	-	-	96,892	57,020
<i>Total Governmental Activities</i>	<u>\$2,073,776</u>	<u>\$64,946</u>	<u>\$4,685</u>	<u>\$96,892</u>	<u>(1,907,253)</u>
		<b>General Receipts</b>			
					1,501,639
					1,790
					88,556
					<u>7,212</u>
				<i>Total General Receipts</i>	<u>1,599,197</u>
				Change in Net Assets	(308,056)
				<i>Net Assets Beginning of Year</i>	<u>16,280,941</u>
				<i>Net Assets End of Year</i>	<u>\$15,972,885</u>

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, 2009**

	<u>General</u>	<u>Capital Improvements Fund/Main</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	<u>\$12,680,806</u>	<u>\$2,681,345</u>	<u>\$610,734</u>	<u>\$15,972,885</u>
<i>Total Assets</i>	<u><u>\$12,680,806</u></u>	<u><u>\$2,681,345</u></u>	<u><u>\$610,734</u></u>	<u><u>\$15,972,885</u></u>
<b>Fund Balances</b>				
Reserved:				
Reserved for Encumbrances	\$31,630	\$133,751	\$27	\$165,408
Unreserved:				
Undesignated (Deficit), Reported in:				
General Fund	12,649,176			12,649,176
Special Revenue Funds			5,854	5,854
Capital Projects Funds		<u>2,547,594</u>	<u>604,853</u>	<u>3,152,447</u>
<i>Total Fund Balances</i>	<u><u>\$12,680,806</u></u>	<u><u>\$2,681,345</u></u>	<u><u>\$610,734</u></u>	<u><u>\$15,972,885</u></u>

See accompanying notes to the basic financial statements

**PICKAWAY COUNTY DISTRICT PUBLIC LIBRARY  
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**Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances  
Governmental Funds  
For the Year Ended December 31, 2009**

	General	Capital Improvements Fund/Main	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>				
Intergovernmental	\$1,501,639	\$ -	\$ -	\$1,501,639
Patron Fines and Fees	64,946	-	-	64,946
Contributions, Gifts and Donations	1,790	91,892	9,685	103,367
Earnings on Investments	78,049	10,507	0	88,556
Miscellaneous	7,212	-	-	7,212
<i>Total Receipts</i>	<u>1,653,636</u>	<u>102,399</u>	<u>9,685</u>	<u>1,765,720</u>
<b>Disbursements</b>				
General Library Services	1,935,626	94,487	3,791	2,033,904
Capital Outlay	39,872	-	-	39,872
<i>Total Disbursements</i>	<u>1,975,498</u>	<u>94,487</u>	<u>3,791</u>	<u>2,073,776</u>
<i>Net Change in Fund Balances</i>	(321,862)	7,912	5,894	(308,056)
<i>Fund Balances Beginning of Year</i>	<u>13,002,668</u>	<u>2,673,433</u>	<u>604,840</u>	<u>16,280,941</u>
<i>Fund Balances End of Year</i>	<u><u>\$12,680,806</u></u>	<u><u>\$2,681,345</u></u>	<u><u>\$610,734</u></u>	<u><u>\$15,972,885</u></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, 2009**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Receipts</b>				
Intergovernmental	\$1,701,645	\$1,501,639	\$1,501,639	\$ -
Patron Fines and Fees	49,350	63,200	64,946	1,746
Contributions, Gifts and Donations	600	1,790	1,790	-
Earnings on Investments	200,000	77,900	78,049	149
Miscellaneous	650	7,210	7,212	2
<i>Total Receipts</i>	<u>1,952,245</u>	<u>1,651,739</u>	<u>1,653,636</u>	<u>1,897</u>
<b>Disbursements</b>				
General Library Services	2,455,106	2,240,408	1,967,256	273,152
Capital Outlay	78,480	60,981	39,872	21,109
<i>Total Disbursements</i>	<u>2,533,586</u>	<u>2,301,389</u>	<u>2,007,128</u>	<u>294,261</u>
<i>Net Change in Fund Balance</i>	(581,341)	(649,650)	(353,492)	296,158
<i>Fund Balance Beginning of Year</i>	12,940,693	12,940,693	12,940,693	-
Prior Year Encumbrances Appropriated	<u>61,975</u>	<u>61,975</u>	<u>61,975</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$12,421,327</u>	<u>\$12,353,018</u>	<u>\$12,649,176</u>	<u>\$296,158</u>

See accompanying notes to the basic financial statements

PICKAWAY COUNTY DISTRICT PUBLIC LIBRARY  
PICKAWAY COUNTY

*Statement of Net Assets - Cash Basis*  
*December 31, 2008*

	Governmental Activities
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$16,280,941</u>
<i>Total Assets</i>	<u><u>\$16,280,941</u></u>
<b>Net Assets</b>	
Restricted for:	
Capital Projects	\$1,266,898
Other Purposes	4,987
Unrestricted	<u>15,009,056</u>
<i>Total Net Assets</i>	<u><u>\$16,280,941</u></u>

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, 2008**

	<u>General</u>	<u>Capital Improvements Fund/Main</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	<u>\$13,002,668</u>	<u>\$2,673,433</u>	<u>\$604,840</u>	<u>\$16,280,941</u>
<i>Total Assets</i>	<u><u>\$13,002,668</u></u>	<u><u>\$2,673,433</u></u>	<u><u>\$604,840</u></u>	<u><u>\$16,280,941</u></u>
<b>Fund Balances</b>				
Reserved:				
Reserved for Encumbrances	\$61,975		\$25	\$62,000
Unreserved:				
Undesignated (Deficit), Reported in:				
General Fund	12,940,693			12,940,693
Special Revenue Funds			4,962	4,962
Capital Projects Funds		<u>2,673,433</u>	<u>599,853</u>	<u>3,273,286</u>
<i>Total Fund Balances</i>	<u><u>\$13,002,668</u></u>	<u><u>\$2,673,433</u></u>	<u><u>\$604,840</u></u>	<u><u>\$16,280,941</u></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, 2008**

	General	Capital Improvements Fund/Main	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>				
Intergovernmental	\$1,824,729	\$ -	\$ -	\$1,824,729
Patron Fines and Fees	62,225	-	-	62,225
Contributions, Gifts and Donations	2,193	300,000	9,325	311,518
Earnings on Investments	361,307	87,755	0	449,062
Miscellaneous	10,304	-	-	10,304
<i>Total Receipts</i>	<u>2,260,758</u>	<u>387,755</u>	<u>9,325</u>	<u>2,657,838</u>
<b>Disbursements</b>				
General Library Services	2,026,236		3,230	2,029,466
Capital Outlay	122,348	5,725	1,210	129,283
<i>Total Disbursements</i>	<u>2,148,584</u>	<u>5,725</u>	<u>4,440</u>	<u>2,158,749</u>
<i>Net Change in Fund Balances</i>	112,174	382,030	4,885	499,089
<i>Fund Balances Beginning of Year</i>	<u>12,890,494</u>	<u>2,291,403</u>	<u>599,955</u>	<u>15,781,852</u>
<i>Fund Balances End of Year</i>	<u><u>\$13,002,668</u></u>	<u><u>\$2,673,433</u></u>	<u><u>\$604,840</u></u>	<u><u>\$16,280,941</u></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, 2008**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Intergovernmental	\$1,869,104	\$1,824,700	\$1,824,729	\$29
Patron Fines and Fees	46,050	61,045	62,225	1,180
Contributions, Gifts and Donations	600	2,190	2,193	3
Earnings on Investments	300,000	361,300	361,307	7
Miscellaneous	650	10,300	10,304	4
<i>Total Receipts</i>	<u>2,216,404</u>	<u>2,259,535</u>	<u>2,260,758</u>	<u>1,223</u>
<b>Disbursements</b>				
General Library Services	2,436,128	2,438,628	2,085,476	353,152
Capital Outlay	171,557	171,557	125,083	46,474
<i>Total Disbursements</i>	<u>2,607,685</u>	<u>2,610,185</u>	<u>2,210,559</u>	<u>399,626</u>
<i>Net Change in Fund Balance</i>	(391,281)	(350,650)	50,199	400,849
<i>Fund Balance Beginning of Year</i>	12,778,513	12,778,513	12,778,513	0
Prior Year Encumbrances Appropriated	<u>111,981</u>	<u>111,981</u>	<u>111,981</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$12,499,213</u></u>	<u><u>\$12,539,844</u></u>	<u><u>\$12,940,693</u></u>	<u><u>\$400,849</u></u>

See accompanying notes to the basic financial statements

**PICKAWAY COUNTY DISTRICT PUBLIC LIBRARY  
LICKING COUNTY**

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

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**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 Board of Trustees of seven members, 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 solely 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. The Library is also financially accountable for any organizations for which the Library approves their budget, the issuance of debt or the levying of taxes. 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  
LICKING COUNTY**

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

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**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 10 and 11 to the financial statements that provide additional information for these entities.

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

As discussed further in Note 2.C, the financial statements of the Pickaway County District Public Library have been prepared on a modified cash basis of accounting. This modified cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the modified cash basis of accounting. 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 financial statements, including a statement of net assets and a statement of activities, and governmental fund financial statements, which provide a more detailed level of financial information.

***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, other non-exchange transactions, interest income, and patron fines and fees.

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 program or function 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 modified cash basis or draws from the Library's general receipts.

**PICKAWAY COUNTY DISTRICT PUBLIC LIBRARY  
LICKING COUNTY**

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

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**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 fund types.

***Governmental Funds***

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

General Fund - The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund. 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 grants and other resources whose use is restricted to a particular purpose.

**C. Basis of Accounting**

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

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

**PICKAWAY COUNTY DISTRICT PUBLIC LIBRARY  
LICKING COUNTY**

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

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**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.

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

During 2009, investments were limited to STAR Ohio and nonnegotiable certificates of deposit. The certificates of deposit are recorded at cost.

STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31, 2009 and 2008.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest receipts credited to the General Fund and Capital Improvements/Main Fund amounted to \$78,049 and \$10,507 during 2009 and \$361,307 and \$87,755 during 2008, respectively.

**PICKAWAY COUNTY DISTRICT PUBLIC LIBRARY  
LICKING COUNTY**

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

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**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 their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. The Library does not have any restricted assets.

**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 modified 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 postretirement health care benefits.

**K. Long-Term Obligations**

The Library's modified 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 an other financing source nor a 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  
LICKING COUNTY**

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

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

**M. Fund Balance Reserves**

The Library reserves any portion of fund balances which is not available for appropriation or expenditure or which is legally segregated for a specific future use. Fund balance reserves have been established for encumbrances. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods.

**Note 3 – Grants-in-Aid**

The primary source of revenue for Ohio Public Libraries is the Public Library Fund (PLF), renamed from Library and Local Government Support Fund (LLGSF) by the passage of SB 185 in June of 2008. In 2008, the PLF was 2.22 percent of the State of Ohio's General Revenue Fund, but was reduced to 1.97% under temporary law language in the 2010-2011 State of Ohio budget that went into effect July 1, 2009. 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. There has been essentially no growth in the Public Library Fund since 2001.

**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 modified cash basis is that outstanding year-end encumbrances are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (modified cash basis). The encumbrances outstanding at year end (budgetary basis) amounted to \$31,630 and \$61,975 for the years ended December 31, 2009 and 2008, respectively.

**Note 5 - Deposits and Investments**

State statutes classify monies held by the Library into three categories.

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

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

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than 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:

**PICKAWAY COUNTY DISTRICT PUBLIC LIBRARY  
LICKING COUNTY**

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

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

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.

At year end December 31, 2009 and 2008, the Library had \$600 in undeposited cash on hand which is included as part of "Equity in Pooled Cash and Cash Equivalents."

**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, 2009, the Library's bank balance was \$5,050,520. Of this balance, \$250,000 was covered by federal depository insurance and the remaining amount was 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. At December 31, 2008, the Library's bank balance was not exposed to custodial credit risk.

**PICKAWAY COUNTY DISTRICT PUBLIC LIBRARY  
LICKING COUNTY**

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

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

Deposits (continued)

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, 2009 and 2008, the Library had the following investments:

Investment Type	Carrying Value at Dec. 31, 2009	Carrying Value at Dec. 31, 2008	Maturity
STAR Ohio	\$8,989,259	\$16,259,270	Average
Time Certificates of Deposit	2,000,000	0	≤ 1 year
<b>Total Investments</b>	<b>\$10,989,259</b>	<b>\$16,259,270</b>	

Interest rate risk arises because the fair value of investment changes as interest rates change. 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 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.

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 and that the money market fund be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service.

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."

**PICKAWAY COUNTY DISTRICT PUBLIC LIBRARY  
LICKING COUNTY**

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

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**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**

The Library participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional 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 member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to the traditional 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 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 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. For the years ended December 31, 2009 and 2008, members in state and local classifications contributed 10 percent of covered payroll.

The Library's contribution rate for 2009 and 2008 was 14 percent of covered payroll. The portion of the Library's contributions allocated to health care was 7 percent from January 1 through March 31, 2009 and 5.5 percent from April 1 through December 31, 2009. For 2008, the portion of the Library's contributions allocated to health care was 7 percent. Employer contribution rates are actuarially determined. The Ohio Revised Code currently limits the Library's contribution rate not to exceed 14 percent of covered payroll.

The Library's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2009, 2008 and 2007 were \$227,452, \$226,322 and \$197,171, respectively. The full amount has been contributed for 2009, 2008 and 2007.

**PICKAWAY COUNTY DISTRICT PUBLIC LIBRARY  
LICKING COUNTY**

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

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**Note 8 – Post-employment Benefits**

Plan Description - OPERS maintains a cost-sharing multiple-employer defined benefit post-employment healthcare plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement, to qualifying members of both the traditional and combined pension plans. Members of the member-directed plan do not qualify for ancillary benefits, including post-employment health care coverage.

To qualify for post-employment health care coverage, age-and-service retirees under the traditional 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 health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB). The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB 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 healthcare plan are provided separately in the OPERS financial report. Interested parties may obtain a copy by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling 614-222-5601 or 800-222-7377.

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

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2009 and 2008, local government employers contributed 14 percent of covered payroll. Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that can be set aside for funding post-employment health care benefits. The portion of employer contributions allocated to health care was 7 percent from January 1 through March 31, 2009 and 5.5 percent from April 1 through December 31, 2009. For 2008, the portion of employer contributions allocated to health care was 7 percent.

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

The Library's contributions allocated to fund post-employment benefits for the years ended December 31, 2009, 2008 and 2007 were \$132,739, \$132,254 and \$117,162 respectively; 100 percent has been contributed for 2009, 2008 and 2007.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates increased on January 1 of each year from 2006 to 2008, which allowed additional funds to be allocated to the healthcare plan.

**PICKAWAY COUNTY DISTRICT PUBLIC LIBRARY  
LICKING COUNTY**

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

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**Note 9 – Leases**

The Library leases three copiers and a postage machine. The Library disbursed \$9,757 and \$9,036 to pay lease costs for the year ended December 31, 2009 and December 31, 2008, respectively. Future lease payments on currently leased equipment are as follows:

<u>Year</u>	<u>Amount</u>
2010	\$8,393
2011	5,665
2012	3,403
2013	380
2014	0
Total	<u>\$17,841</u>

**Note 10 – 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 brings new technologies, services, and resources to its member libraries. The consortium encourages collaboration, resource sharing, staff development and innovation. 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 2009 and 2008 totaling \$64,862 and \$62,951, respectively.

**Note 11 – 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.

PICKAWAY COUNTY DISTRICT PUBLIC LIBRARY  
LICKING COUNTY

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

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**Note 11 – Jointly Governed Organizations** (continued)

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. Beginning in 2008, the Library has paid SERLS for its cost of a group purchase of BookPage, a promotional source for new books published monthly. The Library paid annual dues and fees to SERLS in 2009 and 2008 totaling \$1,718 and \$1,668, respectively.

**Note 12 – Subsequent Events**

On March 4, 2010, the Library transferred \$2,000,000 from the General Fund to Capital Improvements/Main fund, for the purpose of a renovation/expansion project for the Main Library.



# Mary Taylor, CPA

Auditor of State

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

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, Ohio (the Library) as of and for the years ended December 31, 2009 and December 31, 2008, which collectively comprise the Library's basic financial statements and have issued our report thereon dated May 25, 2010. 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*.

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 cursive script that reads "Mary Taylor".

**Mary Taylor, CPA**  
Auditor of State

May 25, 2010



Mary Taylor, CPA  
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  
JULY 6, 2010