

**FAIRFIELD COUNTY DISTRICT LIBRARY  
FAIRFIELD COUNTY  
AUDITED FINANCIAL STATEMENTS  
For the Years Ended December 31, 2012 and 2011**





# Dave Yost • Auditor of State

Board of Trustees  
Fairfield County District Library  
210 N. Broad Street  
Lancaster, Ohio 43130

We have reviewed the *Independent Auditors' Report* of the Fairfield County District Library, Fairfield County, prepared by Jones, Cochenour & Co., for the audit period January 1, 2011 through December 31, 2012. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Auditors' Report* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Auditors' Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Fairfield County District Library is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

June 29, 2013

**This page intentionally left blank.**

**FAIRFIELD COUNTY DISTRICT LIBRARY  
FAIRFIELD COUNTY**

**TABLE OF CONTENTS**

	<u>PAGE</u>
<b>Independent Auditors' Report.....</b>	<b>1-2</b>
<b>Combined Statement of Receipts, Disbursements, and Changes in Fund Balances – Cash Basis – All Governmental Fund Types - For the Year Ended December 31, 2012.....</b>	<b>3</b>
<b>Combined Statement of Receipts, Disbursements, and Changes in Fund Balances – Cash Basis – All Governmental Fund Types - For the Year Ended December 31, 2011.....</b>	<b>4</b>
<b>Notes to the Financial Statements .....</b>	<b>5-9</b>
<b>Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>.....</b>	<b>10-11</b>



Certified Public Accountants

125 West Mulberry Street  
Lancaster, Ohio 43130

[www.JCCcpa.com](http://www.JCCcpa.com)

740.653.9581 tel

614.837.2921 tel

740.653.0983 fax

Dean A. Cochenour, MBA, CPA  
Jeanette R. Addington, MBA, CPA, CGFM  
Brian D. Long, CPA  
Keith A. Lewis, CPA

### INDEPENDENT AUDITORS' REPORT

Fairfield County District Library  
Fairfield County  
219 North Broad Street  
Lancaster, Ohio 43130

To the Library Board of Trustees:

#### *Report on the Financial Statements*

We have audited the accompanying financial statements and related notes of Fairfield County District Library, Fairfield 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 fairly presenting financial statements free from material misstatement, whether due to fraud or error.

#### Auditors' Responsibility

Our responsibility is to provide opinions on these financial statements based on our audits. 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 audits to reasonably assure the financial statements are free of 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 risk, 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 provide an opinion 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 opinions.

*much more than an accounting firm*

**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 Fairfield County District Library, Fairfield 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 described in Note 2 to the financial statements, during 2011 the Fairfield County District 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 May 10, 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 provide an opinion 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.

A handwritten signature in black ink that reads "JC & Co." with a stylized flourish at the end of the "C".

JC & Co.  
May 10, 2013

**FAIRFIELD COUNTY DISTRICT LIBRARY  
FAIRFIELD COUNTY  
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN FUND BALANCE – CASH BASIS  
ALL GOVERNMENTAL FUND TYPES  
For the Year Ended December 31, 2012**

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
<b>CASH RECEIPTS</b>					
Property and other local taxes	\$ 948,922	\$ -	\$ -	\$ -	\$ 948,922
Public library	2,205,780	-	-	-	2,205,780
Intergovernmental	10,138	-	-	-	10,138
Patron fines and fees	107,789	-	-	-	107,789
Contributions, gifts, and donations	-	13,091	-	-	13,091
Earnings on investments	1,732	-	-	-	1,732
Miscellaneous receipts	19,210	-	-	-	19,210
<b>TOTAL CASH RECEIPTS</b>	<b>3,293,571</b>	<b>13,091</b>	<b>-</b>	<b>-</b>	<b>3,306,662</b>
<b>CASH DISBURSEMENTS</b>					
<b>Current:</b>					
Library services	2,879,054	42,197	-	99,015	3,020,266
Capital outlay	-	-	-	-	-
<b>Debt service:</b>					
Redemption of principal	-	-	150,236	-	150,236
Interest and other fiscal charges	-	-	976	-	976
<b>TOTAL CASH DISBURSEMENTS</b>	<b>2,879,054</b>	<b>42,197</b>	<b>151,212</b>	<b>99,015</b>	<b>3,171,478</b>
<b>TOTAL RECEIPTS OVER/(UNDER) DISBURSEMENTS</b>	<b>414,517</b>	<b>(29,106)</b>	<b>(151,212)</b>	<b>(99,015)</b>	<b>135,184</b>
<b>OTHER FINANCING RECEIPTS/(DISBURSEMENTS)</b>					
Transfers-in	-	-	151,212	-	151,212
Transfers-out	(151,212)	-	-	-	(151,212)
<b>TOTAL OTHER FINANCING RECEIPTS/(DISBURSEMENTS)</b>	<b>(151,212)</b>	<b>-</b>	<b>151,212</b>	<b>-</b>	<b>-</b>
<b>Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing disbursements</b>	<b>263,305</b>	<b>(29,106)</b>	<b>-</b>	<b>(99,015)</b>	<b>135,184</b>
<b>FUND CASH BALANCES, JANUARY 1</b>	<b>1,621,125</b>	<b>61,950</b>	<b>-</b>	<b>238,348</b>	<b>1,921,423</b>
<b>FUND CASH BALANCES, DECEMBER 31:</b>					
Assigned	163,818	7,750	-	-	171,568
Unassigned	1,720,612	25,094	-	139,333	1,885,039
<b>FUND CASH BALANCES, DECEMBER 31</b>	<b>\$ 1,884,430</b>	<b>\$ 32,844</b>	<b>\$ -</b>	<b>\$ 139,333</b>	<b>\$ 2,056,607</b>

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



**FAIRFIELD COUNTY DISTRICT LIBRARY  
FAIRFIELD COUNTY  
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN FUND BALANCE – CASH BASIS  
ALL GOVERNMENTAL FUND TYPES  
For the Year Ended December 31, 2011**

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
<b>CASH RECEIPTS</b>					
Property and other local taxes	\$ 949,953	\$ -	\$ -	\$ -	\$ 949,953
Public library	2,338,144	-	-	-	2,338,144
Intergovernmental	5,444	-	-	-	5,444
Patron fines and fees	119,824	-	-	-	119,824
Contributions, gifts, and donations	-	59,102	-	-	59,102
Earnings on investments	1,229	-	-	-	1,229
Miscellaneous receipts	70,623	-	-	-	70,623
<b>TOTAL CASH RECEIPTS</b>	<b>3,485,217</b>	<b>59,102</b>	<b>-</b>	<b>-</b>	<b>3,544,319</b>
<b>CASH DISBURSEMENTS</b>					
<b>Current:</b>					
Library services	2,688,267	10,101	-	36,685	2,735,053
Capital outlay	-	-	-	-	-
<b>Debt service:</b>					
Redemption of principal	-	-	324,670	-	324,670
Interest and other fiscal charges	-	-	17,237	-	17,237
<b>TOTAL CASH DISBURSEMENTS</b>	<b>2,688,267</b>	<b>10,101</b>	<b>341,907</b>	<b>36,685</b>	<b>3,076,960</b>
<b>TOTAL RECEIPTS OVER/(UNDER) DISBURSEMENTS</b>	<b>796,950</b>	<b>49,001</b>	<b>(341,907)</b>	<b>(36,685)</b>	<b>467,359</b>
<b>OTHER FINANCING RECEIPTS/(DISBURSEMENTS)</b>					
Transfers-in	-	-	341,438	-	341,438
Transfers-out	(341,438)	-	-	-	(341,438)
<b>TOTAL OTHER FINANCING RECEIPTS/(DISBURSEMENTS)</b>	<b>(341,438)</b>	<b>-</b>	<b>341,438</b>	<b>-</b>	<b>-</b>
<b>Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing disbursements</b>	<b>455,512</b>	<b>49,001</b>	<b>(469)</b>	<b>(36,685)</b>	<b>467,359</b>
<b>FUND CASH BALANCES, JANUARY 1</b>	<b>1,165,613</b>	<b>12,949</b>	<b>469</b>	<b>275,033</b>	<b>1,454,064</b>
<b>FUND CASH BALANCES, DECEMBER 31:</b>					
Assigned	154,280	6,652	-	6,000	166,932
Unassigned	1,466,845	55,298	-	232,348	1,754,491
<b>FUND CASH BALANCES, DECEMBER 31</b>	<b>\$ 1,621,125</b>	<b>\$ 61,950</b>	<b>\$ -</b>	<b>\$ 238,348</b>	<b>\$ 1,921,423</b>

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

**FAIRFIELD COUNTY DISTRICT LIBRARY  
FAIRFIELD COUNTY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Fairfield County District Library, Fairfield County, (the "Library") as a body corporate and politic. The Library is directed by a seven-member Board of Trustees. Three Trustees are appointed by the judges of the Fairfield County Common Pleas Court and four are appointed by the Fairfield County Commissioners for seven year terms. The Library provides the community with various educational and literary resources.

The Fairfield County Library Foundation is also associated with the Library. The Foundation is a not-for-profit corporation, created on April 13, 1983, to support, promote, and encourage the library services, activities, and encourage the library services, activities, and facilities of the Library pursuant to Ohio Rev. Code Section 1702.01. The Foundation is directed by a seven voting, member Board of Trustees. The Foundation possesses its own contracting and budgeting authority and solicits donations for projects of the Foundation. The Foundation does not depend on the Library for funding. The Foundation is not a component unit of the Library. The Foundation issues separate financial statements and financial information is not included on the Library's financial statements. To obtain information about the Foundation, contact Wayne Fritz at 219 North Broad Street, Lancaster, Ohio 43130.

The Library is a member of the Central Library Consortium (the CLC), a joint venture to provide reduced costs to the individual member libraries through collective efforts and resources sharing. The CLC is further discussed in Note 8.

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

**Basis of Accounting**

These financial statements follow the basis of accounting the Auditor of State prescribes or permits. This accounting basis is similar to the cash receipts and disbursements accounting basis. The Library recognizes receipts 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).

This statement includes adequate disclosure of material matters, as the Auditor of State prescribes or permits.

**Deposits and Investments**

The Library's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Money market mutual funds (including STAR Ohio) are recorded at share values that the mutual fund reports.

**Fund Accounting**

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

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

**Special Revenue Funds** – These funds account for 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 Fund:

**Gifts, Donations & Contributions Fund** – This fund accounts for receipts restricted by donors for specific purposes.

FAIRFIELD COUNTY DISTRICT LIBRARY  
FAIRFIELD COUNTY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Fund Accounting- Continued

Debt Service Funds – These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Library had the following significant Debt Service Funds: accumulated funds to pay note indebtedness.

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 did not have any significant capital project funds in 2012 or 2011.

Budgetary Process

The Board must annually approve appropriation measures and subsequent amendments. Unencumbered 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 3.

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:

Non-spendable – The Library classifies assets as *non-spendable* when legally or contractually required to maintain the amounts intact.

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

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.

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.

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

**FAIRFIELD COUNTY DISTRICT LIBRARY  
FAIRFIELD COUNTY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**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.

**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.

**2. CHANGE IN ACCOUNTING PRINCIPLE**

For the fiscal year 2011, the Library reclassified certain funds as required by the revised fund classification guidance in Governmental Accounting Standards Board (GASB) Statement No. 54. Implementing GASB Statement No. 54 had no effect on the fund balances previously reported.

**3. EQUITY IN POOLED DEPOSITS AND INVESTMENTS**

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

	2012	2011
Demand deposits	\$ 43,987	\$ 100,245
Total deposits	43,987	100,245
STAR Ohio	2,012,620	1,821,178
Total investments	2,012,620	1,821,178
Total deposits and investments	\$ 2,056,607	\$ 1,921,423

Deposits – Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by the financial institution’s public entity deposit pool.

At December 31, 2012 and 2011, all deposits were insured or collateralized.

Investments – Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

**4. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2012 and 2011 follows:

Fund Type	2012 Budgeted vs. Actual Receipts		
	Budgeted Receipts	Actual Receipts	Variance
General	\$ 3,249,403	\$ 3,293,571	\$ 44,168
Special Revenue	12,000	13,091	1,091
Debt Service	151,212	151,212	-
Total	\$ 3,412,615	\$ 3,457,874	\$ 45,259

**FAIRFIELD COUNTY DISTRICT LIBRARY  
FAIRFIELD COUNTY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011**

**4. BUDGETARY ACTIVITY - CONTINUED**

<b>2012 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
<b>Fund Type</b>	<b>Appropriation Authority</b>	<b>Budgetary Expenditures</b>	<b>Variance</b>
General	\$ 3,474,182	\$ 3,194,084	\$ 280,098
Special Revenue	62,500	49,947	12,553
Debt Service	151,212	151,212	-
Capital Projects	238,348	99,015	139,333
<b>Total</b>	<b>\$ 3,926,242</b>	<b>\$ 3,494,258</b>	<b>\$ 431,984</b>

<b>2011 Budgeted vs. Actual Receipts</b>			
<b>Fund Type</b>	<b>Budgeted Receipts</b>	<b>Actual Receipts</b>	<b>Variance</b>
General	\$ 3,434,640	\$ 3,485,217	\$ 50,577
Special Revenue	56,600	59,102	2,502
Debt Service	341,438	341,438	-
<b>Total</b>	<b>\$ 3,832,678</b>	<b>\$ 3,885,757</b>	<b>\$ 53,079</b>

<b>2011 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
<b>Fund Type</b>	<b>Appropriation Authority</b>	<b>Budgetary Expenditures</b>	<b>Variance</b>
General	\$ 3,483,096	\$ 3,183,985	\$ 299,111
Special Revenue	48,549	16,753	31,796
Debt Service	342,064	341,907	157
Capital Projects	275,033	42,685	232,348
<b>Total</b>	<b>\$ 4,148,742</b>	<b>\$ 3,585,330</b>	<b>\$ 563,412</b>

**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 Fairfield County Budget Commission bases the amount for distribution on the needs of the 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 any additional revenues the Library receives.

The County collects property taxes from the Library tax levy each year and distributes collections, reduced for applicable homestead and rollback deductions. Payments are due to the County in February and July each year and submitted to the Library in March and September.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Library.

The Library's current tax levy ends in 2014 and the Library intends to request a replacement levy on the Fall 2013 ballot for an additional five years.

**6. DEBT**

The Library paid off their debt in full by February 2012 and had no debt outstanding at December 31, 2012.

**FAIRFIELD COUNTY DISTRICT LIBRARY  
FAIRFIELD COUNTY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011**

**7. 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 percent of their gross salaries and the Library contributed an amount equaling 14 percent of participants' gross salaries. The Library has paid all contributions required through December 31, 2012.

**8. RISK MANAGEMENT**

The Library has obtained commercial insurance for the following risks:

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

**9. JOINT VENTURE**

The Library is a member of the Central Library Consortium (the "CLC"). The CLC is a separate entity established as a joint venture to provide reduced costs to the individual member libraries through collective efforts and resource sharing. The CLC undertakes projects that strive to complement the existing resources available through the State Library regional system. The CLC, which commenced on June 13, 1988, has seven members consisting of the Fairfield County District Library, Grandview Heights Public Library, Pickerington Public Library, The Wagnall's Memorial Library, Pickaway County District Library, Marysville Public Library, Alexandria Public Library and Plain City Public 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 CLC's financial operations are accounted for in the Agency Fund of the Grandview Heights Public Library. Members make payments to the CLC in amounts established in the agreements for individual projects undertaken by the CLC. The Library contributed \$141,729 and \$154,874 to the CLC in 2012 and 2011 respectively. 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. Financial information and statements can be obtained from Grandview Heights Public Library, Franklin County, 1685 W. 1<sup>st</sup> Ave., Columbus, Ohio 43212.

**10. RELATED ORGANIZATION**

Fairfield County – The Library is statutorily created as a separate and distinct political subdivision of the State. Four Trustees of the Library are appointed by the Board of County Commissioners and three Trustees are appointed by the judges of the Common Pleas Court. The Library possesses its own contracting and budgeting authority, handles its own personnel actions, and does not depend on the County for operational subsidies.

**11. RELATED PARTY TRANSACTIONS**

The Fairfield County Library Foundation, a 501(c) (3) tax-exempt organization, provides additional buildings, money, and service to Fairfield County, Ohio libraries. The Library leases three buildings from the Foundation under operating lease agreements, which expire December 31, 2015. The Foundation renewed two of the leases on December 31, 2012 for an annual lease amount of \$1 each. The third lease was renewed on December 31, 2012 for \$75,000 payable quarterly. A combined increase of \$17,400 compared to the prior lease terms. The total rent expense for these leases was \$57,602 for the years ended December 31, 2012 and 2011, respectively.

Future minimum lease payments will be \$75,002 for 2013, 2014 and 2015.

**12. SUBSEQUENT EVENTS**

The Library will place a replacement levy on the Fall 2013 ballot. There were no other subsequent events noted through May 10, 2013, the date the financial statements were available to be issued. Any subsequent events after that date have not been evaluated.



Certified Public Accountants

125 West Mulberry Street  
Lancaster, Ohio 43130

[www.JCCcpa.com](http://www.JCCcpa.com)

740.653.9581 tel

614.837.2921 tel

740.653.0983 fax

Dean A. Cochenour, MBA, CPA  
Jeanette R. Addington, MBA, CPA, CGFM  
Brian D. Long, CPA  
Keith A. Lewis, CPA

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED  
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Fairfield County District Library  
Fairfield County  
219 North Broad Street  
Lancaster, Ohio 43130

To the Library Board of Trustees:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities of Fairfield County District Library, Fairfield County, Ohio (the Library) as of and for the years ended December 31, 2012 and 2011, and the related notes to the financial statements, which collectively comprise Fairfield County District Library, Fairfield County, Ohio's basic financial statements and have issued our report thereon dated May 10, 2013.

**Internal Control Over Financial Reporting**

In planning and performing our audits, of the financial statements, we considered the Fairfield County District Library, Fairfield County, Ohio's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing opinions on the effectiveness of the Library's internal control. Accordingly, we do not express an opinion on the effectiveness of Fairfield County District Library, Fairfield County, Ohio's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *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 deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

*much more than an accounting firm*

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Fairfield County District Library, Fairfield County, Ohio's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on 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 such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Handwritten signature in black ink that reads "JC & Co." with a stylized flourish under the "J".

JC & Co.  
Lancaster, Ohio  
May 10, 2013





# Dave Yost • Auditor of State

**FAIRFIELD COUNTY DISTRICT LIBRARY**

**FAIRFIELD 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  
AUGUST 8, 2013**