



Dave Yost
Auditor of State



New GASB Statements
GASB 54, 63 and 65

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GASB Pronouncements

- GASB 54 – Fund Balance Reporting and Governmental Fund Type Definitions
- GASB 63 – Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position



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GASB Pronouncements

- GASB 65 – Items Previously Reported as Assets and Liabilities



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GASB 54

- Fund Balance Reporting
- Governmental Fund Type Definitions

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Fund Balance Classifications

- Nonspendable
- Restricted
- Committed
- Assigned
- Unassigned

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Nonspendable

- Not in spendable form
 - Prepays
 - Inventory
- Required to be maintained intact
 - Principal reported in a permanent fund

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Restricted

- Constraints placed on the use of resources are either:
 - Externally imposed
 - Imposed by law through constitutional provisions or enabling legislation

Committed

- Constraints imposed by formal action of the government's highest level of decision-making authority

Assigned

- Constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed

Unassigned

- Residual classification for the general fund.

Encumbrances

- Accounting for encumbrances will continue
- Reserved for encumbrances will no longer appear on the financial statements

Stabilization Arrangements

- Rainy-day fund
- Criteria for use should be specific

Balance Sheet Presentation

- Show on the financial statements or disclose in the notes:
 - Two components of nonspendable
 - Specific purpose amounts for restricted, committed or assigned.

Note Disclosure

- Process through which constraints are imposed on amounts in the committed and assigned classifications
- What classification is considered spent when different classifications could be used

Note Disclosure

- Significant encumbrances
- Budget stabilization arrangements
- Minimum fund balance policy

Governmental Fund Type Definitions

- General
- Special Revenue
- Capital Projects
- Debt Service
- Permanent

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General

- The general fund should be used to account for and report all financial resources not accounted for and reported in another fund.

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Special Revenue

- Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects

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Capital Projects

- Capital projects funds are used to 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.

Debt Service

- Debt service funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

Permanent

- Permanent funds should be used to account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs – that is, for the benefit of the government or its citizenry.

Note Disclosure

- Purpose for each major special revenue fund. Including the foundation revenue and the source of the restriction or commitment.

Change in Fund Classification

- Some funds that are maintained for day-to-day accounting purposes may no longer meet the fund type criteria for reporting in the year-end external financial statements.

GASB 63

- Establishes standards for reporting deferred outflows of resources, deferred inflows of resources, and net position.

Deferred Inflows/Outflows

- Reported in a statement of financial position in a separate category.

Note Disclosure

- Detail of the different types of deferred amounts if the information is not displayed on the face of the financial statements

GASB 65

- Items previously reported as assets and liabilities
 - Property taxes
 - Unavailable revenue

Sample OCBOA Statements

- <http://www.ohioauditor.gov/services/lgs/AICPAInterpretation/default.htm>


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XYZ Public Library

Statement of Net Position - Modified Cash Basis

December 31, 20CY

	Governmental Activities	Business - Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents			\$0
Cash and Cash Equivalents in Segregated Accounts			0
Cash and Cash Equivalents with Fiscal/Escrow Agents			0
Investments			0
<i>Total Assets</i>	\$0	\$0	\$0
Net Position			
Restricted for:			
Capital Projects			\$0
Debt Service			0
Permanent Fund Purpose:			
Expendable			0
Nonexpendable			0
_____			0
_____			0
Other Purposes			0
Unrestricted			0
<i>Total Net Position</i>	\$0	\$0	\$0

See accompanying notes to the basic financial statements

XYZ Public Library
Statement of Activities - Modified Cash Basis
For the Year Ended December 31, 20CY

	Program Cash Receipts			
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
Current:				
Library Services:				
Public Services and Programs				
Collection Development and Processing				
Support Services:				
Facilities Operation and Maintenance				
Information Services				
Business Administration				
Capital Outlay				
Debt Service:				
Principal Retirement				
Interest and Fiscal Charges				
<i>Total Governmental Activities</i>		0	0	0
Business-Type Activities				
<i>Total Business-Type Activities</i>	0	0	0	0
<i>Total Primary Government</i>	\$0	\$0	\$0	\$0

- General Receipts:
- Property Taxes Levied for General Purposes
 - Property Taxes Levied for Library Construction
 - Other Local Taxes
 - Unrestricted Gifts and Contributions
 - Grants/Entitlements not Restricted to Specific Programs
 - Sale of Bonds
 - Sales of Notes
 - Other Debt Proceeds
 - Premium and Accrued Interest on Debt
 - Discount on Debt
 - Sale of Capital Assets
 - Earnings on Investments
 - Miscellaneous
 - Contributions to Permanent Fund
 - Special Item
 - Extraordinary Item
 - Transfers
 - Advances

Total General Receipts, Contributions to Permanent Fund, Special Item, Extraordinary Item, Transfers and Advances

Change in Net Position
Net Position Beginning of Year
Net Position End of Year

See accompanying notes to the basic financial statements

XYZ Public Library
Statement of Assets and Fund Balances- Modified Cash Basis
Governmental Funds
December 31, 20CY

	General	Major Fund
Assets		
Equity in Pooled Cash and Cash Equivalents		
Cash and Cash Equivalents in Segregated Accounts		
Cash and Cash Equivalents with Fiscal/Escrow Agents		
Investments		
<i>Total Assets</i>	\$0	\$0
Fund Balances		
Nonspendable		
Restricted		
Committed		
Assigned		
Unassigned (Deficit)		
<i>Total Fund Balances</i>	\$0	\$0

See accompanying notes to the basic financial statements

Major Fund	Other Governmental Funds	Total Governmental Funds
		\$0
		0
		0
		0
\$0	\$0	\$0
		\$0
		0
		0
		0
		0
\$0	\$0	\$0

XYZ Public Library
Statement of Assets and Fund Balances- Modified Cash Basis
Governmental Funds
December 31, 20CY

	General	Major Fund
Fund Balance Classification Worksheet		
(This worksheet does not need submitted to the Auditor of State, but should be completed and retained for audit.)		
Fund Balances		
Amounts identified as:		
Nonspendable:		
Prepays		
Inventory		
Interfund Loans		
Unclaimed Monies		
Endowment for _____		
Endowment for _____		
Total Nonspendable	0	0
Restricted for:		

Debt Service		
Construction of _____		
Construction of _____		
Endowment for _____		
Total Restricted	0	0
Committed to:		

Other Purposes		
Total Committed	0	0
Assigned to:		

Construction of _____		
Other Purposes		
Total Assigned	0	0
Unassigned		
<i>Total Fund Cash Balances, December 31</i>	<i>\$0</i>	<i>\$0</i>

Major Fund	Other Governmental Funds	Total Governmental Funds
		\$0
		0
		0
		0
		0
		0
0	0	0
		0
		0
		0
		0
		0
0	0	0
		0
		0
		0
0	0	0
		0
\$0	\$0	\$0

XYZ Public Library
*Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities - Modified Cash Basis
December 31, 20CY*

Total Governmental Fund Balances	\$0
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*Amounts reported for governmental activities in the statement of
net position are different because*

Governmental activities' net position include the internal service funds' cash and cash equivalents. The proprietary funds' statements include these assets.

<i>Net Position of Governmental Activities</i>	\$0
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See accompanying notes to the basic financial statements

XYZ Public Library
Statement of Receipts, Disbursements and Changes in Fund Balances - Modified Cash Basis
Governmental Funds
For the Year Ended December 31, 20CY

	General	Major Fund	Major Fund
Receipts			
Property and Other Local Taxes			
Public Library			
Intergovernmental			
Patron Fines and Fees			
Services Provided to Other Entities			
Contributions, Gifts and Donations			
Earnings on Investments			
Miscellaneous			
<i>Total Receipts</i>	0	0	0
Disbursements			
Current:			
Library Services:			
Public Services and Programs			
Collection Development and Processing			
Support Services:			
Facilities Operation and Maintenance			
Information Services			
Business Administration			
Capital Outlay			
Debt Service:			
Principal Retirement			
Interest and Fiscal Charges			
<i>Total Disbursements</i>	0	0	0
<i>Excess of Receipts Over (Under) Disbursements</i>	0	0	0
Other Financing Sources (Uses)			
Sale of Bonds			
Sale of Notes			
Other Debt Proceeds			
Premium and Accrued Interest on Debt			
Discount on Debt			
Sale of Capital Assets			
Transfers In			
Transfers Out			
Advances In			
Advances Out			
Other Financing Sources			
Other Financing Uses			
<i>Total Other Financing Sources (Uses)</i>	0	0	0
Special and Extraordinary Items			
Special Item - <i>Describe or refer to Notes</i>			
Extraordinary Item - <i>Describe or refer to Notes</i>			
<i>Net Change in Fund Balances</i>	0	0	0
<i>Fund Balances Beginning of Year</i>			
<i>Fund Balances End of Year</i>	\$0	\$0	\$0

See accompanying notes to the basic financial statements

XYZ Public Library
*Reconciliation of the Statement of Receipts, Disbursements and Changes
in Fund Balances - Governmental Funds to the Statement of Activities - Modified Cash Basis
For the Year Ended December 31, 20CY*

Net Change in Fund Balances - Total Governmental Funds \$0

*Amounts reported for governmental activities in the
statement of activities are different because*

Internal service funds charge insurance costs to other funds. The entity-wide statements eliminate governmental fund expenditures and related internal service fund charges. Governmental activities report allocated net internal service fund receipts (disbursements).

Change in Net Position of Governmental Activities \$0

See accompanying notes to the basic financial statements

XYZ Public Library
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 20CY

	Budgeted Amounts		Actual	(Optional)
	Original	Final		Variance with Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes				\$0
Public Library				0
Intergovernmental				0
Patron Fines and Fees				0
Services Provided to Other Entities				0
Contributions, Gifts and Donations				0
Earnings on Investments				0
Miscellaneous				0
<i>Total Receipts</i>	0	0	0	0
Disbursements				
Current:				
Library Services:				
Public Services and Programs				0
Collection Development and Processing				0
Support Services:				
Facilities Operation and Maintenance				0
Information Services				0
Business Administration				0
Capital Outlay				0
Debt Service:				
Principal Retirement				0
Interest and Fiscal Charges				0
<i>Total Disbursements</i>	0	0	0	0
<i>Excess of Receipts Over (Under) Disbursements</i>	0	0	0	0
Other Financing Sources (Uses)				
Sale of Capital Assets				0
Transfers In				0
Transfers Out				0
Advances In				0
Advances Out				0
Other Financing Sources				0
Other Financing Uses				0
<i>Total Other Financing Sources (Uses)</i>	0	0	0	0
Special and Extraordinary Items				
Special Item - Describe or refer to Notes				0
Extraordinary Item - Describe or refer to Notes				0
<i>Net Change in Fund Balance</i>	0	0	0	0
<i>Unencumbered Fund Balance Beginning of Year</i>				0
Prior Year Encumbrances Appropriated				0
<i>Unencumbered Fund Balance End of Year</i>	\$0	\$0	\$0	\$0

See accompanying notes to the basic financial statements

XYZ Public Library
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Major Fund
For the Year Ended December 31, 20CY

	Budgeted Amounts		Actual	(Optional)
	Original	Final		Variance with Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes				\$0
Public Library				0
Intergovernmental				0
Patron Fines and Fees				0
Services Provided to Other Entities				0
Contributions, Gifts and Donations				0
Earnings on Investments				0
Miscellaneous				0
<i>Total Receipts</i>	0	0	0	0
Disbursements				
Current:				
Library Services:				
Public Services and Programs				0
Collection Development and Processing				0
Support Services:				
Facilities Operation and Maintenance				0
Information Services				0
Business Administration				0
Capital Outlay				0
Debt Service:				
Principal Retirement				0
Interest and Fiscal Charges				0
<i>Total Disbursements</i>	0	0	0	0
<i>Excess of Receipts Over (Under) Disbursements</i>	0	0	0	0
Other Financing Sources (Uses)				
Sale of Bonds				0
Sale of Notes				0
Other Debt Proceeds				0
Premium and Accrued Interest on Debt				0
Discount on Debt				0
Sale of Capital Assets				0
Transfers In				0
Transfers Out				0
Advances In				0
Advances Out				0
Other Financing Sources				0
Other Financing Uses				0
<i>Total Other Financing Sources (Uses)</i>	0	0	0	0
Special and Extraordinary Items				
Special Item - Describe or refer to Notes				0
Extraordinary Item - Describe or refer to Notes				0
<i>Net Change in Fund Balance</i>	0	0	0	0
<i>Unencumbered Fund Balance Beginning of Year</i>				0
Prior Year Encumbrances Appropriated				0
<i>Unencumbered Fund Balance End of Year</i>	\$0	\$0	\$0	\$0

See accompanying notes to the basic financial statements

XYZ Public Library
Statement of Fund Net Position - Modified Cash Basis
Proprietary Funds
December 31, 20CY

	Business-Type Activities			Governmental Activity
	Major Enterprise Fund	Major Enterprise Fund	Total Enterprise Funds	Internal Service
Assets				
Equity in Pooled Cash and Cash Equivalents			\$0	
Cash and Cash Equivalents in Segregated Accounts			0	
Cash and Cash Equivalents with Fiscal/Escrow Agents			0	
Investments			0	
<i>Total Assets</i>	\$0	\$0	\$0	\$0
Net Position				
Restricted for:				
Debt Service			\$0	
Other Purposes			0	
_____			0	
_____			0	
Unrestricted			0	
<i>Total Net Position</i>	\$0	\$0	\$0	\$0

See accompanying notes to the basic financial statements

XYZ Public Library

Statement of Receipts, Disbursements and Changes in Fund Net Position - Modified Cash Basis

Proprietary Funds

For the Year Ended December 31, 20CY

	Business-Type Activities			Governmental
	Major	Major	Total	Activity
	Enterprise Fund	Enterprise Fund	Enterprise Funds	Internal Service
Operating Receipts				
Patron Fines and Fees			\$0	
Services Provided to Other Entities			0	
Miscellaneous			0	
<i>Total Operating Receipts</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Operating Disbursements				
Salaries			0	
Employee Fringe Benefits			0	
Purchased and Contracted Services			0	
Library Materials and Information			0	
Supplies			0	
Claims			0	
Other			0	
<i>Total Operating Disbursements</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Operating Income (Loss)</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Non-Operating Receipts (Disbursements)				
Property and Other Local Taxes			0	
Intergovernmental			0	
Earnings on Investments			0	
Sale of Bonds			0	
Sale of Notes			0	
Other Debt Proceeds			0	
Premium and Accrued Interest on Debt			0	
Sale of Capital Assets			0	
Miscellaneous Receipts			0	
Capital Outlay			0	
Principal Retirement			0	
Interest and Other Fiscal Charges			0	
Discount on Debt			0	
Other Financing Sources			0	
Other Financing Uses			0	
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Income (Loss) before Capital Contributions, Special Item, Extraordinary Item, Transfers and Advances</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Capital Contributions			0	
Special Item (describe or refer to notes)			0	
Extraordinary Item (describe or refer to notes)			0	
Transfers In			0	
Transfers Out			0	
Advances In			0	
Advances Out			0	
Change in Net Position	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Position Beginning of Year			<u>0</u>	
Net Position End of Year	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

See accompanying notes to the basic financial statements

XYZ Public Library
Statement of Cash Flows - Modified Cash Basis
Proprietary Funds
For the Year Ended December 31, 20CY

	Business-Type Activities			Governmental Activity
	Major Enterprise Fund	Major Enterprise Fund	Total Enterprise Funds	Internal Service
Increase (Decrease) in Cash and Cash Equivalents	Not necessary for cash basis statements.			
	Complete only if preparing modified cash basis statements.			
Cash Flows from Operating Activities				
Cash Received from Customers			\$0	
Cash Received from Transactions with Other Funds			0	
Other Cash Receipts			0	
Cash Payments to Employees for Services			0	
Cash Payments for Employee Benefits			0	
Cash Payments for Goods and Services			0	
Cash Payments for Claims			0	
Other Cash Payments			0	
<i>Net Cash Provided by (Used in) Operating Activities</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Flows from Noncapital Financing Activities				
Transfers In			0	
Transfers Out			0	
<i>Net Cash Provided by (Used in) Noncapital Financing Activities</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Flows from Capital and Related Financing Activities				
Proceeds from Sale of Bonds			0	
Principal Paid on Bonds			0	
Interest Paid on Bonds			0	
Principal Paid on Notes			0	
Interest Paid on Notes			0	
Payments for Capital Acquisitions			0	
<i>Net Cash Provided by (Used in) Capital and Related Financing Activities</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Flows from Investing Activities				
Interest on Investments			0	
<i>Net Cash Provided by (Used in) Investing Activities</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	0	0	0	0
<i>Cash and Cash Equivalents Beginning of Year</i>			0	
<i>Cash and Cash Equivalents End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

(continued)

XYZ Public Library
Statement of Cash Flows - Modified Cash Basis
Proprietary Funds
For the Year Ended December 31, 20CY

	Business-Type Activities			Governmental Activity
	Major	Major	Total	Internal Service
	Enterprise Fund	Enterprise Fund	Enterprise Funds	
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities				
Operating Income (Loss)			\$0	
Adjustments:				
Depreciation			0	
(Increase) Decrease in Assets:				
_____			0	
_____			0	
Increase (Decrease) in Liabilities:				
_____			0	
_____			0	
<i>Net Cash Provided by (Used in) Operating Activities</i>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

See accompanying notes to the basic financial statements

XYZ Public Library
Statement of Fiduciary Net Position - Modified Cash Basis
Fiduciary Funds
December 31, 20CY

	Investment Trust	Private Purpose Trust	Agency
Assets			
Equity in Pooled Cash and Cash Equivalents			
Investments			
<i>Total Assets</i>	0	0	\$0
Net Position			
Held in Trust for _____:			
Nonexpendable			
Expendable			
Held on Behalf of _____			
<i>Total Net Position</i>	\$0	\$0	\$0

See accompanying notes to the basic financial statements

XYZ Public Library

Statement of Changes in Fiduciary Net Position - Modified Cash Basis

Fiduciary Funds

For the Year Ended December 31, 20CY

	Investment Trust	Private Purpose Trust
Additions		
Contributions		
Earnings on Investments		
<i>Total Additions</i>	0	0
Deductions		
Payments in Accordance with Trust Agreements		
Other		
<i>Total Deductions</i>	0	0
<i>Change in Net Position</i>	0	0
<i>Net Position Beginning of Year</i>		
<i>Net Position End of Year</i>	\$0	\$0

See accompanying notes to the basic financial statements

XYZ Public Library
Notes to the Basic Financial Statements
For the Year Ended December 31, 20CY

In this sample 20CY means current year and 20PY means prior year and would be replaced with the four digit current year (for example 2011) or four digit prior year (for example 2010).

Note 1 – Description of the Library and Reporting Entity

(modify as needed)

The XYZ Public Library (the Library) was organized as a school district public library in ____ under the laws of the State of Ohio. The Library has its own seven-member Board of Trustees appointed by the XYZ School District Board of Education. Appointments are for seven-year terms and members serve without compensation. Under Ohio statutes, the Library is a body politic and corporate capable of suing and being sued, contracting, acquiring, holding, possessing, and disposing of real property, and of exercising such other powers and privileges conferred upon it by law. The Library also determines and operates under its own budget. Control and management of the Library is governed by sections 3375.33 to 3375.39 of the Ohio Revised Code with the administration of the day-to-day operations of the Library being the responsibility of the Director and financial accountability being solely that of the Clerk-Treasurer.

The Library is fiscally independent of the Board of Education, although the Board of Education 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 Board of Education 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 the Board of Education.

Under the provisions of Statement No. 14 of the Governmental Accounting Standards Board, “The Financial Reporting Entity,” the Library is considered to be a related organization of the Ohio School District.

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 financial support to, the organization; or the Library is obligated for the debt of the organization. Component units may also include organizations for which the Library authorizes the issuance of debt or the levying of taxes or determines the budget if there is also the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the Library. *Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Library, are accessible to the Library and are significant in amount to the Library. (Delete if no tax-exempt entities are included per GASB 39. Also, Auditor of State Bulletin 2004-001 provides guidance on determining significance.)* The Library has no component units. *(Modify as needed.)*

Describe any included component units and the GASB Statement 14/39 criteria mandating their inclusion (e.g., appointment of a majority of the governing board). For any blended component units presented with aggregated nonmajor funds, disclose whether they are presented with governmental, enterprise or fiduciary funds.

Separately-audited statements for *[name of component unit]* are available from *[name of chief fiscal officer, address, etc.]*.

XYZ Public Library
Notes to the Basic Financial Statements
For the Year Ended December 31, 20CY

(Delete if the Library does not participate in a joint venture.) 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. *(Delete if no equity interests in joint ventures.)* Under the *modified* cash basis of accounting, the Library does not report assets for equity interests in joint ventures.

(Delete if the Library does not participate in any jointly governed organizations and/or public entity risk pools.) The Library participates in ___ jointly governed organizations and ___ public entity risk pools. Notes ___ to the financial statements provides additional information for these entities. *(Include the appropriate footnote.)* These organizations are:

Jointly Governed Organizations:
(Describe each jointly governed organization.)

Public Entity Risk Pool:
(Describe each public entity risk pool.)

The Friends of the XYZ Public Library, Inc. 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. *(Explain which of the criteria from GASB Statement No. 39 is not met as the basis for excluding from the reporting entity of the Library. Auditor of State Bulletin 2004-001 provides guidance on determining significance.)* Therefore, this organization has been excluded from the reporting entity of the Library.

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

Note 2 - Summary of Significant Accounting Policies

As discussed further in the Basis of Accounting section of this note, the financial statements of the XYZ 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. *In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the modified cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements. (The Library does not apply FASB statements issued after November 30, 1989, to its business-type activities and to its enterprise funds.) (These statements will be eliminated once GASB 62 is implemented.)* The most significant of the Library's accounting policies are described below.

Basis of Presentation

The Library's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

XYZ Public Library
Notes to the Basic Financial Statements
For the Year Ended December 31, 20CY

Government-wide Financial Statements The statement of net position and the statement of activities display information about the Library as a whole. *(Delete or modify the following as appropriate, i.e. no fiduciary funds, business-type activities, and/or internal service funds.)* These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service fund is eliminated to avoid “doubling up” receipts and disbursements. The statements distinguish between those activities of the Library that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of net position presents the cash and investment balances, *inventory, prepaid items, interfund loan balances, capital assets and debt (modify as needed)* of the governmental (and business-type) activities of the Library at year end. The statement of activities compares disbursements with program receipts for each of the Library's governmental (and business-type) 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, grants and contributions restricted to meeting the operational or capital requirements of a particular program, and receipts of interest earned on grants that are required to be used to support 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 or business-type activity is self-financing on a modified cash basis or draws from the Library's general receipts.

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 (and enterprise) 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. (The internal service funds are presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by type.)

(Proprietary fund statements distinguish operating transactions from nonoperating transactions. Operating receipts generally result from exchange transactions such as charges for services directly relating to the funds' principal services. Operating disbursements include costs of sales and services and administrative costs. The proprietary fund statements report all other receipts and disbursements as nonoperating.)

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. (The Library's funds are divided into three categories, governmental, proprietary and fiduciary.)

Governmental Funds Governmental funds are financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions. Monies are assigned to the various governmental funds according to the purposes for which they may or must be used. The following are the Library's major governmental funds *(Describe any other major governmental fund. The description should be specific to the fund and not a generic fund-type description. Each major special revenue fund's description should disclose the fund's purpose and identify the revenue and other resources reported in the fund.):*

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

Building and Repair Fund The building and repair fund accounts for and reports resources committed by the Board of Library Trustees specifically for major capital and technology improvements.

Renovation Fund The renovation fund accounts for and reports restricted resources received from XYZ School District from the sale of bonds. XYZ School District serves as the taxing authority and issues tax related debt on behalf of the Library, although their role is limited to a ministerial function. After XYZ School District issues the bonds, the proceeds are paid to the Library. These monies are restricted by State Statute for the renovation of the Main Library.

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

Proprietary Funds The Library classifies funds financed primarily from user charges for goods or services as proprietary. Proprietary funds are classified as either enterprise or internal service.

Enterprise Funds Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The Library's major enterprise funds are:

(Describe each major enterprise fund. The description should be specific to the fund and not a generic fund type description.)

Internal Service Fund Internal service funds account for services provided by one section of the Library to another on a cost-reimbursement basis. The Library's internal service fund accounts for a self-insurance program for employee health, vision, prescription drug and dental benefits.

Fiduciary Funds Fiduciary funds include pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Trust funds are used to account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Library's own programs. The Library's private purpose trust fund accounts for programs that *(describe nature of trust funds here)*. Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Library's agency fund accounts for *(describe nature of agency funds here)*.

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.

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Two criteria which are helpful in determining whether a modification to the cash basis has substantial support are:

- 1. The modification is equivalent to the accrual basis of accounting (or modified accrual basis, where applicable, in GAAP for state and local governments) for a particular item; and*
- 2. The modification is not illogical.*

In the process of implementing the modified cash basis, the Library should use the following criteria:

- 1. The modifications should be made only to transactions initially derived from cash receipts or disbursements; and*
- 2. The modifications should have substantial support by being both equivalent to GAAP and logical.*

For example, a modification to report capital assets should involve recording and depreciating only capital assets that result from cash transactions. This modification should not involve the recording and depreciating of capital assets resulting from capital lease transactions or donated capital assets, because these assets are not the result of a cash transaction. Depreciating capital assets that were acquired with cash is considered logical because it is a GAAP-equivalent allocation of the cash basis assets' costs over the assets' useful lives.

Budgetary Process

All funds, (except agency funds), are legally required to be appropriated. The appropriations resolution is the Trustee's authorization to spend resources and sets limits on cash disbursements plus encumbrances at the level of control selected by the Trustees. 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 of Library Trustees. *(Modify as needed.)*

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 Clerk Treasurer. 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 Trustees.

The appropriations resolution is subject to amendment throughout the year with the restriction that appropriations should not exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire 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 Trustees during the year.

Cash and Cash Equivalents

Library records identify the purchase of specific investments by specific funds.

To improve cash management, cash received by the Library is pooled and invested. Individual fund integrity

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is maintained through the Library's records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents."

Investments with original maturities of three months or less at the time they are purchased and investments of the cash management pool are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

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 20CY, investments were limited to U.S. Savings Bonds, Federal National Mortgage Association Notes, Federal Home Loan Mortgage Corporation Notes, Federal Home Loan Bank Notes, a money market fund, STAR Ohio and nonnegotiable certificates of deposit. Except for the money market fund and STAR Ohio these investments are recorded at cost.

The Library's money market fund investment is recorded at amounts reported by *[financial institution's name]* on December 31, 20CY.

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, 20CY.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest receipt credited to the general fund during 20CY amounted to \$_____ which includes \$_____ assigned from other Library funds.

Restricted Assets

Cash, cash equivalents, and investments are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation. Restricted assets represent *[describe restricted amounts here]*.

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.

Inventories resulting from cash transactions are presented at cost on a first-in, first-out basis and are reported as disbursements when used. Prepaid items are reported as disbursements when consumed. (Modify as needed.)

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.

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(Sample disclosure if the Library chooses to report and depreciate capital assets arising from cash transactions.) The Library's general capital assets are capital assets which are associated with and generally arise from governmental activities. They result from disbursements, generally from the governmental funds. General capital assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and reductions during the year. The Library maintains a capitalization threshold of \$__. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend and asset's life are not.

All capital assets are depreciated except for land and construction in process. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

Description	Estimated Useful Lives
Land Improvements	xx - xx years
Buildings	xx - xx years
Building Improvements	xx - xx years
Equipment	xx - xx years
Vehicles	xx - xx years

Fund Balance

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

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

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

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

Assigned Amounts in the assigned fund balance classification are intended to be used by the Library for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining

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amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by the Library Trustees or a Library official delegated that authority by resolution, or by State Statute.

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

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

Interfund Receivables/Payables

The Library reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

The fund financial statements report outstanding interfund loans as interfund receivables/payables. Interfund loans which do not represent available expendable resources are classified as nonspendable fund balance. Interfund balances are eliminated in the statement of net position, except for any residual amounts due between governmental and business-type activities, which are presented as internal balances.

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.

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 11 and 12, the employer contributions include portions for pension benefits and for postretirement health care benefits.

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 is reported at inception. Lease payments are reported when paid. *(Modify if the Library chooses to modify the cash basis of accounting to record and report long-term obligations arising from cash transactions in the financial statements.)*

Net Position

Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. (Delete if none reported.) Net position is reported as restricted when there are limitations imposed

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on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes include resources restricted for *[describe most significant purposes included in other purposes]*.

The Library's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net position are available.

Disclose amount restricted by enabling legislation.

Interfund Transactions

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

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds (and after nonoperating receipts/disbursements in proprietary funds). Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

Extraordinary and Special Items

(Delete if none.) Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of management and are either unusual in nature or infrequent in occurrence.

Estimates

(Delete if none.) The modified cash basis of accounting used by the Library requires management to make estimates and assumptions that affect certain reported amounts and disclosures (such as estimated useful lives in determining depreciation expense); accordingly, actual results could differ from those estimates.

Note 3 – Change in Basis of Accounting and Restatement of Net Position/Fund Equity

(Use this note if the Library did not report on the basis of generally accepted accounting principles for the prior year. Modify or delete as appropriate.)

Last year, the Library reported fund financial statements by fund type using the regulatory basis of accounting as prescribed by the State Auditor's Office. This year the Library has implemented the modified cash basis of accounting described in Note 2. The fund financial statements now present each major fund in a separate column with nonmajor funds aggregated and presented in a single column, rather than a column for each fund type.

(Modify or delete the following narrative and tables, as appropriate, given the Library's choices regarding the reporting of inventory, prepaid items, interfund receivables (payables), capital assets, and long-term debt.)

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Also as described in Note 2, the Library has elected to report inventory, prepaid items, interfund receivables (payables), capital assets, and long-term debt as part of the modified cash basis of accounting. The transition from the regulatory basis of accounting to the modified cash basis of accounting generated the following changes to fund balance/equity as previously reported at December 31, 20PY. The calculation of net position of governmental and business type activities at December 31, 20PY is also presented.

	General	Fund Name	Other Governmental Funds	Total Governmental Funds
Fund Balance December 31, 20PY				\$0
Adjustments:				
Inventory				0
Prepaid Items				0
Interfunds				0
				0
<i>Adjusted Fund Balance</i>				
<i>December 31, 20PY</i>	\$0	\$0	\$0	0
 Government Wide Financial Statement Adjustments:				
Capital Assets				
Long-Term Debt				
Internal Service Fund - Internal Balance				
Internal Service Fund - Governmental Portion				
Internal Service Fund - External Portion				
<i>Governmental Activities Net Position December 31, 20PY</i>				\$0

The restatement of the business-type activities is as follows:

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	Fund Name	Fund Name	Total Business-Type Activities
Fund Equity, December 31, 20PY			\$0
Adjustments:			
Inventory			0
Prepaid Items			0
Capital Assets			0
Interfunds			0
Notes Payable			0
Long-Term Liabilities			0
<i>Adjusted Fund Equity</i> <i>December 31, 20PY</i>	<u>\$0</u>	<u>\$0</u>	0
Internal Service Fund - Internal Balance			
<i>Adjusted Net Position, Business-Type</i> <i>Activities, December 31, 20PY</i>			<u>\$0</u>

Note 3 – Change in Accounting Principle and Restatement of Net Position/Fund Equity

For 20X2, the Library implemented Governmental Accounting Standard Board (GASB) Statement No. 54, “Fund Balance Reporting and Governmental Fund Type Definitions.” GASB Statement No. 54 enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The implementation of GASB Statement No. 54 had the following effect on fund balances of the major governmental funds and all other governmental funds as previously reported:

	General	Fund Name	Other Governmental Funds	Total
Fund Balance at December 31, 20PY				\$0
GASB 54 Change in in Fund Structure				0
Adjusted Fund Balance at December 31, 20PY	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

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Note 3 – Change in Accounting Principle

For 20X2, the Library implemented Governmental Accounting Standard Board (GASB) Statement No. 63, “Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.” GASB Statement No. 63 identifies net position, rather than net assets, as the residual of all other elements presented in a statement of financial position. This change was incorporated in the Library’s 20X2 financial statements; however, there was no effect on beginning net position/fund balance.

Note 4 – Accountability and Compliance

Accountability

Describe any deficit fund balances/net position and management’s actions taken to address any such deficits.

Compliance

Describe any significant violations of finance-related legal or contractual provisions and management’s actions taken to address such violations.

The notes should disclose significant violations of finance-related legal or contractual provisions. GASB does not define what are considered significant violations, but other literature provides the following examples:

Disclose any instance where the accounting system does not include a fund required by law or regulation to help assure restrictions on disbursements are met.

Disclose ANY excess of disbursements over appropriations in the general or major special revenue funds included in budgetary statements. Disclose in footnotes to RSI if presented as RSI.

Disclose any significant excess of disbursements over appropriations for other funds.

Disclose any other significant budgetary violations such as appropriating more than what was certified available for appropriation.

Disclose any deficit fund equity in nonmajor funds.

Disclose violations of debt covenants or contracts.

Disclose significant violations of grant requirements such as disallowed costs or failure to meet eligibility requirements or matching requirements that may require repayment.

Disclose violations of laws relating to investments and deposits.

Note 5 – 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 (*and any major special revenue fund are*) prepared on the budgetary basis to provide a meaningful comparison of actual results with

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the budget. The difference(s) between the budgetary basis and the *modified* cash basis is (are) outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as restricted, committed or assigned fund balance (*modified* cash basis) (and outstanding year end advances are treated as an other financing source or use (budgetary basis) rather than as an interfund receivable or payable (*modified* cash basis)). The encumbrances outstanding at year end (budgetary basis) amounted to \$_____ for the general fund (and \$_____ for major special revenue fund, if any). The outstanding advances at year end amounted to \$_____ for the general fund (and \$_____ for major special revenue fund if any). (If there is more than one difference (encumbrances and advances for example) between the budgetary basis and the modified cash basis consider using a table for the reconciliation).

Note 6 – Deposits and Investments

Modify as appropriate considering the Library investment policy.)

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

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

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

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two 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;

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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) 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).

(Authorized investments may include investments in commercial paper and bankers acceptances with appropriate limitations if ORC training requirements have been met.)

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. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the clerk/treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

At year end, the Library had \$_____ in undeposited cash on hand which is included as part of "Cash" or "Equity in Pooled Cash and Cash Equivalents" (choose the appropriate account) on the financial statements.

Deposits

(Delete if no such exposure.) 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 year end, \$_____ of the Library's bank balance of \$_____ was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Library's name. *(Modify as needed.)*

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. *(Modify as needed.)*

Investments

As of December 31, 20CY, the Library had the following investments *(While samples of specific identification and segmented time distribution tables follow, the Library should select one to include):*

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	Fair Value	Maturity
Federal National Mortgage Association Note		
Federal Home Loan Mortgage Corporation Note		
Federal Home Loan Bank Note		
Money Market Mutual Fund		
STAR Ohio		Average XX.X Days
Total Portfolio	\$0	

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-2	3-5	More than 5
Federal Home Loan					
Mortgage Corporation Notes					
Federal Home Loan Bank Notes					
Federal National Mortgage Association Notes					
Repurchase Agreements					
Money Market Mutual Fund					
STAR Ohio					
Total Investments	\$0	\$0	\$0	\$0	\$0

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

Credit Risk The Federal National Mortgage Association Notes, Federal Home Loan Mortgage Corporation Notes and Federal Home Loan Bank Notes carry a rating of ____ by _____ and ____ by _____. STAR Ohio carries a rating of AAAM by Standard and Poor's. The money market fund carries a rating of ____ by _____. 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. *(Modify as needed. ORC 135.14 also contains credit risk requirements for commercial paper notes which could be disclosed if the Library invests in commercial paper notes and does not have an investment policy of its own regarding the notes.)*

Custodial Credit Risk For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Library will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Federal National Mortgage Association Notes, Federal Home Loan Mortgage Corporation Notes, and the Federal Home Loan Bank Notes are exposed to custodial credit risk as they are uninsured, unregistered, and held by the counterparty's trust department or agent but not in the Library's name. The Library has no investment policy dealing with investment custodial risk

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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." (*Modify as needed.*)

Concentration of Credit Risk The Library places no limit on the amount it may invest in any one issuer. The following investments represent five percent or more of total investments as of December 31, 20X2:

Investment Issuer	Percentage of Investments
Federal National Mortgage Association Note	%
Federal Home Loan Mortgage Corporation Note	
Federal Home Loan Bank Note	

Note 7 - Property Taxes

This sample note uses dates and years appropriate for reporting the year ended December 31, 2011.

Property taxes include amounts levied against all real and public utility property located in the Library. Property tax revenue received during 2011 for real and public utility property taxes represents collections of 2010 taxes.

2011 real property taxes are levied after October 1, 2011, on the assessed value as of January 1, 2011, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2011 real property taxes are collected in and intended to finance 2012.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2011 public utility property taxes which became a lien December 31, 2010, are levied after October 1, 2011, and are collected in 2012 with real property taxes.

The full tax rate for all Library operations for the year ended December 31, 2011, was \$X.XX per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2011 property tax receipts were based are as follows:

Real Property	
Public Utility Personal Property	
Total	\$0

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the Library. The County Auditor periodically remits to the Library its portion of the taxes collected.

XYZ Public Library
Notes to the Basic Financial Statements
For the Year Ended December 31, 20CY

Note 8 – Capital Assets

(Even if the Library chooses not to report and depreciate capital assets resulting from cash transactions in the financial statements, the Auditor of State’s Office encourages reporting capital asset activity in the notes to the financial statements to demonstrate compliance with OAC 117-2-02.)

Capital asset activity for the year ended December 31, 20CY, was as follows:

	Balance 12/31/20PY	Additions	Deductions	Balance 12/31/20CY
Governmental Activities				
<i>Nondepreciable Capital Assets,</i>				
Land				\$0
Construction in Progress				0
<i>Total Nondepreciable Capital Assets,</i>	0	0	0	0
<i>Depreciable Capital Assets</i>				
Land Improvements				0
Buildings				0
Building Improvements				0
Equipment				0
Vehicles				0
<i>Total Depreciable Capital Assets</i>	0	0	0	0
<i>Less Accumulated Depreciation</i>				
Land Improvements				0
Buildings				0
Building Improvements				0
Equipment				0
Vehicles				0
<i>Total Accumulated Depreciation</i>	0	0 *	0	0
<i>Total Depreciable Capital Assets</i>	0	0	0	0
<i>Total Governmental Activities</i>				
<i>Capital Assets, Net</i>	\$0	\$0	\$0	\$0

* Depreciation expense was charged to the governmental activities as follows:

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Library Services:	
Public Services and Programs	
Collection Development and Processing	
Support Services:	
Facilities Operations and Maintenance	
Information Services Support	
Business Administration	
Total Governmental Depreciation Expense	\$0

(Delete if no Business-Type Activities)

	Balance 12/31/20PY	Additions	Deductions	Balance 12/31/20CY
Business-Type Activities				
<i>Nondepreciable Capital Assets</i>				
Land				\$0
Construction in Progress				0
<i>Total Nondepreciable Capital Assets</i>	0	0	0	0
<i>Depreciable Capital Assets</i>				
Land Improvements				0
Buildings				0
Building Improvements				0
Equipment				0
Vehicles				0
<i>Total Depreciable Capital Assets</i>	0	0	0	0
<i>Less Accumulated Depreciation</i>				
Land Improvements				0
Buildings				0
Building Improvements				0
Equipment				0
Vehicles				0
<i>Total Accumulated Depreciation</i>	0	0	0	0
<i>Total Depreciable Capital Assets, Net</i>	0	0	0	0
<i>Total Business-Type Activities Capital Assets, Net</i>	\$0	\$0	\$0	\$0

XYZ Public Library
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Note 9 – Interfund Receivables/Payables

Interfund balances at December 31, 20CY, consisted of the following individual fund receivables and payables:

Due to General Fund From:	
Major Governmental Fund	
Other Governmental Funds	_____
Total General Fund	_____ _____ \$0

The balance due to the General Fund includes loans made to provide working capital for operations or projects. All of these amounts are expected to be repaid within one year. *(Modify as needed. For example, for amounts not expected to be repaid within one year or amounts due to or from other major funds.)*

Note 10 - 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. During 20CY, the Library contracted with several companies for various types of insurance coverage as follows:

Company	Type of Coverage	Coverage
Indiana Insurance Company	Property	
	Commercial Umbrella Liability	
	Inland Marine	
	Crime	
	Extra Expense	
	General Liability, in aggregate	
	General Liability, per occurrence	
	Fleet Insurance, single limit	
	Fleet Insurance, uninsured	
	Cincinnati Insurance	Employee Dishonesty
St. Paul Travelers Insurance	Boiler and Machinery	
	Spoilage	
	Water Damage	
	Hazardous Substance	
	Ammonia Contamination	
Ohio Casualty	Off Premises Services Interruption	
	Public Officials Bond	

Settled claims have not exceeded this 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.

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The Library is self insured for *[describe type of coverage, such as employee health or liability insurance]*. The Self Insurance Fund pays covered claims to service providers and recovers these costs from charges to other funds based on an actuarial method or historical cost information and adjusted over a reasonable period of time so the internal service fund receipts and disbursements are approximately equal *(The charge may also include a reasonable provision for expected future catastrophe losses)*. *[Or charges to the other funds based on the expenditure/expense recognition and measurement for the year.]* *(Also, identify the limits on claims paid by the library and the limits on claims covered by stop-loss insurance.)*

Note 11 - Defined Benefit Pension Plan

This sample note uses dates and years appropriate for reporting the year ended December 31, 2010.

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

OPERS provides retirement, disability, survivor and death benefits, and annual cost-of-living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by 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, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions and currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units. Member contribution rates, as set forth in the Ohio Revised Code, are not to exceed 10 percent of covered payroll. For the year ended December 31, 2010, members in state and local classifications contributed 10 percent of covered payroll. Members in the state and local divisions may participate in all three plans. For 2010, member and employer contribution rates were consistent across all three plans.

The Library's 2010 contribution rate was 14.0 percent. The portion of employer contributions used to fund pension benefits is net of post-employment health care benefits. The portion of employer contribution allocated to health care for members in the Traditional Plan was 5.5 percent from January 1 through February 28, 2010, and 5 percent from March 1 through December 31, 2010. The portion of employer contributions allocated to health care for members in the Combined Plan was 4.73 percent from January 1 through February 28, 2010, and 4.23 percent from March 1 through December 31, 2010. Employer contribution rates are actuarially determined.

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The Library's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2010, 2009, and 2008 were \$X,XXX,XXX, \$X,XXX,XXX, and \$X,XXX,XXX, respectively; XX.XX percent has been contributed for 2010 and 100 percent for 2009 and 2008. Contributions to the Member-Directed Plan for 2010 were \$XX,XXX made by the Library and \$XX,XXX made by plan members.

Note 12 - Postemployment Benefits

This sample note uses dates and years appropriate for reporting the year ended December 31, 2010.

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

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

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised Code permits, but does not mandate, OPERS to provide health care benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

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

Funding Policy – The post-employment health care plan was established under, and is administrated 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 contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2010, state and local employers contributed at a rate of 14.0 percent of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units.

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

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

The Library's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2010, 2009, and 2008 were \$X,XXX,XXX, \$X,XXX,XXX, and \$XXX,XXX, respectively; XX.XX percent has been contributed for 2010 and 100 percent for 2009 and 2008.

Note 13 - Notes Payable

A summary of the note transactions for the year ended December 31, 20CY, follows:

	Outstanding December 31, 20PY	Additions	Deletions	Outstanding December 31, 20CY
Governmental Activities				
2009 1.5%				
Revenue Anticipation Note				\$0

(Describe the purpose for which the note was issued, source of funding for repayment, maturity date, and amounts due within one year. Provide a payment schedule if the notes are to be repaid over multiple years.)

Note 14 – Construction and Improvement of Facilities

In 20X1, the Board of Library Trustees of XYZ Public Library submitted to XYZ School District a bond issue to be used for improvements to the Library System. Ohio Local School District serves as the taxing authority and issues tax related debt on behalf of the Library, although their role is limited to a ministerial function. The determination to request approval of a tax levy, the rate, and the purpose are discretionary decisions made solely by the Library Board of Trustees.

With approval of the bond issue in 20X1, the School District issued bond anticipation notes for Library improvements in the amount of \$X,XXX,XXX in 20X1 and \$X,XXX,XXX in 20X2. During 20X2, the notes were rolled into bonds. Because the bonds are general obligation of XYZ School District, the long-term obligation is excluded from the general long-term obligations of the Library. The receipt and expenditure of the proceeds from the property tax levy for the retirement of the debt is reflected in the School District's bond retirement fund. As of June 30, 20CY (the latest information available) principal outstanding was \$_____.

Note 15 – Leases

(Disclose material leases. Under the Library's modified cash basis of accounting, there is no distinction between the reporting for a capital lease and an operating lease.)

The Library leases buildings, vehicles and other equipment under noncancelable leases. The Library disbursed \$_____ to pay lease costs for the year ended December 31, 20CY. Future lease payments are as follows *(next five years individually then five year increments)*:

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Year	Amount
20XX	\$0
20XX	0
20XX-20XX	0
Total	\$0

Note 16 – Fund Balances

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Library is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below: *(See the Fund Balance Classification Worksheet contained in the OCBOA shells to identify purposes.)*

Fund Balances	General	Fund Name	Other Governmental Funds	Total
Nonspendable				
Prepays				\$0
Inventory				0
<i>Total Nonspendable</i>	0	0	0	0
Restricted for				
Summer Reading Program				0
Debt Service				0
Capital Improvements				0
<i>Total Restricted</i>	0	0	0	0
Committed to				
add description as needed				0
Assigned to				
add description as needed				0
Unassigned (Deficit)				
				0
<i>Total Fund Balances</i>	\$0	\$0	\$0	\$0

XYZ Public Library
Notes to the Basic Financial Statements
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Note 17 – Interfund Transfers

The general fund transferred \$_____ to the building and repair capital projects fund for the purchase and maintenance of various items throughout the Library. *(Disclose intended purpose of transfers that either do not occur on a regular basis or are inconsistent with the activities of the fund making the transfer.)*

Note 18 – Construction and Contractual Commitments

Identify any potentially significant outstanding construction or other contractual commitments.

Note 19 – Contingent Liabilities

(Modify as needed. Briefly describe potentially material suits. Include the range of potential loss. However, avoid naming plaintiffs. Allow legal counsel to review your draft language.)

(Modify or delete as appropriate.) The Library is defendant in several lawsuits. Although management cannot presently determine the outcome of these suits, they believe the resolution of these matters will not materially adversely affect the Library's financial condition.

(Include the following paragraph only if grants were received.) Amounts grantor agencies pay to the Library are subject to audit and adjustment by the grantor, principally the federal government. Grantors may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Note 20 – Joint Ventures

Include a general description of each joint venture that includes the following:

Describe any ongoing financial interest.

Describe any ongoing financial responsibility.

Provide information to allow users of the financial statements to evaluate whether the joint venture is accumulating significant financial resources or is experiencing fiscal stress that may cause an additional financial benefit or burden for the Library in the future.

Provide information on related party transactions.

Note 21 – Jointly Governed Organizations

Include a general description of each jointly governed organization and provide information on related party transactions.

Note 22 – Public Entity Risk Pool

If the Library participates in a public entity risk pool, it should describe that arrangement. That description should specifically address the rights and responsibilities of the Library and the pool and the composition of the governing board.

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Note 23 – Related Organizations

An organization, for which the Library is accountable because the Library appoints a voting majority of the board, but is not financially accountable, is a related organization. This note should disclose the nature of the Library’s accountability for any related organization and any related party transactions.

Note 24 – Component Units

Users should be able to distinguish between information pertaining to the primary government (including its blended component units) and that of its discretely presented component units.

Notes should encompass major discretely presented component units considering the unit’s significance relative to the total discretely presented component units and the nature and significance of the unit’s relationship to the primary government. Determining which discretely presented component unit disclosures are essential to fair presentation is a matter of professional judgment and should be done on a component unit-by-component unit basis. A specific type of disclosure might be essential for one component unit but not for another depending on the component unit’s significance relative to the total component units and the individual component unit’s relationship with the primary government.

Component unit information included in other notes need not be repeated in this note.

Note 25 – Related Party Transactions

Related party transactions are transactions that an informed observer might reasonably believe reflects considerations other than economic self interest based upon the relationship that exists between the parties to the transactions. The term is often used in contrast to an arm’s length transaction. The notes should disclose the terms of material related party transactions. See GASB 56 for further guidance.

Note 26 – Subsequent Events

Identify any event occurring after the end of the year that significantly affects the financial condition of the Library (debt issue, tax levy, etc.). See GASB 56 for further guidance.