



Dave Yost • Auditor of State



**WILLIAMS COUNTY PUBLIC LIBRARY  
WILLIAMS COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Williams County Public Library  
Williams County  
107 East High Street  
Bryan, Ohio 43506-1702

To the Board of Trustees:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements and related notes of Williams County Public Library, Williams County, Ohio, (the Library) as of and for the years ended December 31, 2013 and 2012.

### ***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 Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; 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.

### ***Auditor's Responsibility***

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

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

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

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

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

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

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Library as of December 31, 2013 and 2012, or changes in financial position thereof for the years then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of Williams County Public Library, Williams County, Ohio, as of December 31, 2013 and 2012, 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(D) permit, described in Note 1.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 4, 2014, on our consideration of the Library's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Library's internal control over financial reporting and compliance.



**Dave Yost**  
Auditor of State

Columbus, Ohio

June 4, 2014

**WILLIAMS COUNTY PUBLIC LIBRARY  
WILLIAMS COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	General	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$485,379		\$485,379
Public Library	918,629		918,629
Intergovernmental	124,825		124,825
Patron Fines and Fees	25,921		25,921
Contributions, Gifts and Donations	34,704		34,704
Earnings on Investments	820		820
Miscellaneous	21,272		21,272
<i>Total Cash Receipts</i>	<u>1,611,550</u>		<u>1,611,550</u>
<b>Cash Disbursements</b>			
Current:			
Library Services:			
Public Services and Programs	238,244		238,244
Support Services:			
Facilities Operation and Maintenance	167,268		167,268
Business Administration	1,262,054		1,262,054
Capital Outlay	50,900		50,900
<i>Total Cash Disbursements</i>	<u>1,718,466</u>		<u>1,718,466</u>
<i>Excess of Disbursements Over Receipts</i>	<u>(106,916)</u>		<u>(106,916)</u>
<i>Fund Cash Balances, January 1</i>	<u>531,073</u>	<u>\$2,749</u>	<u>533,822</u>
<b>Fund Cash Balances, December 31</b>			
Restricted		2,749	2,749
Assigned	248,545		248,545
Unassigned	175,612		175,612
<i>Fund Cash Balances, December 31</i>	<u>\$424,157</u>	<u>\$2,749</u>	<u>\$426,906</u>

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

**WILLIAMS COUNTY PUBLIC LIBRARY  
WILLIAMS COUNTY**

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

	General	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$486,840		\$486,840
Public Library	898,043		898,043
Intergovernmental	136,866		136,866
Patron Fines and Fees	26,628		26,628
Contributions, Gifts and Donations	64,640	\$624	65,264
Earnings on Investments	1,036		1,036
Miscellaneous	28,601		28,601
<i>Total Cash Receipts</i>	<u>1,642,654</u>	<u>624</u>	<u>1,643,278</u>
<b>Cash Disbursements</b>			
Current:			
Library Services:			
Public Services and Programs	248,099		248,099
Support Services:			
Facilities Operation and Maintenance	168,935		168,935
Business Administration	1,273,658		1,273,658
Capital Outlay	48,278		48,278
<i>Total Cash Disbursements</i>	<u>1,738,970</u>		<u>1,738,970</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(96,316)</u>	<u>624</u>	<u>(95,692)</u>
<b>Other Financing Disbursements</b>			
Other Financing Uses	(27)		(27)
<i>Net Change in Fund Cash Balances</i>	(96,343)	624	(95,719)
<i>Fund Cash Balances, January 1</i>	<u>627,416</u>	<u>2,125</u>	<u>629,541</u>
<b>Fund Cash Balances, December 31</b>			
Restricted		2,749	2,749
Assigned	269,969		269,969
Unassigned	261,104		261,104
<i>Fund Cash Balances, December 31</i>	<u>\$531,073</u>	<u>\$2,749</u>	<u>\$533,822</u>

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



**WILLIAMS COUNTY PUBLIC LIBRARY  
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012**

**1. Summary of Significant Accounting Policies**

**A. Description of the Entity**

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

The Friends of the Library are non-profit groups which are associated with the Library. Since the tax exempt status of these organizations is based on their intent to support the Library, information regarding the relationship has been disclosed in Note 7.

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

**B. Accounting Basis**

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

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

**C. 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.

**D. Fund Accounting**

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

**1. General Fund**

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

**2. Capital Project Funds**

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

**WILLIAMS COUNTY PUBLIC LIBRARY  
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

**1. Summary of Significant Accounting Policies (Continued)**

*Capital Improvement Fund* – This fund is maintained for further equipment and material purchases and future building repairs.

**E. 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 level of control.

A summary of 2013 and 2012 budgetary activity appears in Note 3.

**F. Fund Balance**

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

**1. Nonspendable**

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

**2. Restricted**

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

**3. Committed**

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

**4. Assigned**

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

**5. Unassigned**

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

**WILLIAMS COUNTY PUBLIC LIBRARY  
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

**1. Summary of Significant Accounting Policies (Continued)**

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

**G. Property, Plant, and Equipment**

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

**H. Accumulated Leave**

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

**2. Equity in Pooled Deposits**

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

	2013	2012
Demand deposits	\$426,906	\$533,822

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

**3. Budgetary Activity**

Budgetary activity for the years ending December 31, 2013 and 2012 follows:

2013 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,593,895	\$1,611,550	\$17,655

2013 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,099,995	\$1,719,258	\$380,737

**WILLIAMS COUNTY PUBLIC LIBRARY  
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

**3. Budgetary Activity (Continued)**

2012 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,554,278	\$1,642,654	\$88,376
Capital Projects		624	624
Total	\$1,554,278	\$1,643,278	\$89,000

2012 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,036,758	\$1,740,188	\$296,570

**4. Grants-in-aid and Tax Receipts**

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

Real property taxes become a lien on January 1 preceding the October 1 date for which the taxing authority of the subdivision to whose jurisdiction the Library is subject adopts rates. The State Department of Taxation, Division of Tax Equalization, adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Other Governments' Grants In Aid. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the taxing district.

Property owners assess tangible personal property tax. These owners must file a list of tangible property to the County by each April 30.

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

**5. 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 2013, OPERS members contributed 10% of their gross salaries and the Library contributed an amount equaling 14% of participants' gross salaries. The Library has paid all contributions required through December 31, 2013.

**WILLIAMS COUNTY PUBLIC LIBRARY  
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

**6. Risk Management**

**Commercial Insurance**

The Library has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Crime;
- Glass and Sign;
- Business Auto.

The Library also provides health insurance coverage to full time employees through a private carrier.

**7. Friends of the Library**

The Friends of the Library are non-profit groups that exist and operate toward the betterment of the Williams County Public Library. These organizations are legally separate and are not fiscally dependent upon the Library. The Friends of the Library rent the Edon, Stryker and West Unity branch buildings to the Library for \$1 per year.

**8. Village Owned Libraries**

The Edgerton and Pioneer branches of the Williams County Public Library are owned by the Village of Edgerton and Pioneer, respectively. The Library leases these buildings from the villages for \$1 per year.

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# Dave Yost • Auditor of State

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

Williams County Public Library  
Williams County  
107 East High Street  
Bryan, Ohio 43506-1702

To the Board of Trustees:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of Williams County Public Library, Williams County, Ohio (the Library) as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements and have issued our report thereon dated June 4, 2014 wherein we noted the Library followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permit.

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

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Library's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2013-001 described in the accompanying schedule of findings to be a material weakness.

### ***Compliance and Other Matters***

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

***Purpose of this Report***

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

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

**Dave Yost**  
Auditor of State

Columbus, Ohio

June 4, 2014



**WILLIAMS COUNTY PUBLIC LIBRARY  
WILLIAMS COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2013 AND 2012**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
--

**FINDING NUMBER 2013-001**

**Material Weakness – Fund Balance Classification**

Governmental Accounting Standards Board (GASB) Statement No. 54 established criteria for reporting governmental fund balances based on constraints placed upon the use of resources reported in the governmental funds. The five classifications are nonspendable, restricted, committed, assigned, and unassigned.

Assigned fund balance classification includes amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. When an appropriation measure is adopted for the subsequent year and a portion of existing fund balance is included as a budgetary resource, then that portion of fund balance should be classified as assigned. Open encumbrances at year end should also be classified as assigned. Both instances would be applicable to the General fund as it is the only fund with a positive unassigned fund balance.

The 2014 temporary appropriation measure for the General fund was adopted on December 16, 2013 in the amount of \$1,775,978. Estimated receipts were \$1,528,225. A portion of the General fund balance, \$247,753 was needed to cover the difference. This amount should have been recognized as assigned for subsequent year's appropriations instead of being classified as unassigned. The open encumbrances of \$792 at December 31, 2013 should also be classified as assigned rather than unassigned.

The 2013 temporary appropriation measure for the General fund was adopted on December 17, 2012 in the amount of \$1,862,723. Estimated receipts were \$1,593,895. A portion of the General fund balance, \$268,828 was needed to cover the difference. This amount should have been recognized as assigned for subsequent year's appropriations instead of being classified as unassigned. The open encumbrances of \$1,141 at December 31, 2012 should also be classified as assigned rather than unassigned.

Adjustments were recorded in the accompanying financial statements to correct these errors.

In order to ensure the Library's governmental fund balances are reported in accordance with GASB54, we recommend the Finance Officer review Auditor of State Bulletin 2011-004.

**Officials' Response:**

We did not receive a response from Officials to this finding.

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WILLIAMS COUNTY PUBLIC LIBRARY  
WILLIAMS COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2013 AND 2012

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2011-001	Material weakness due to certain revenues being incorrectly classified.	No	Not Corrected - Repeated as a management letter comment.

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# Dave Yost • Auditor of State

**WILLIAMS COUNTY PUBLIC LIBRARY**

**WILLIAMS COUNTY**

**CLERK'S CERTIFICATION**

**This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.**

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JULY 01, 2014**