



**MONTPELIER PUBLIC LIBRARY
WILLIAMS COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2005 & 2006



Mary Taylor, CPA
Auditor of State

**MONTPELIER PUBLIC LIBRARY
WILLIAMS COUNTY**

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Mary Taylor, CPA

Auditor of State

Montpelier Public Library
Williams County
216 East Main Street
Montpelier, Ohio 43543-1199

To the Board of Trustees:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to a February 2, 2005, interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

May 22, 2007

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Montpelier Public Library
Williams County
216 East Main Street
Montpelier, Ohio 43543-1199

To the Board of Trustees:

We have audited the accompanying financial statements of the Montpelier Public Library, Williams County, (the Library) as of and for the years ended December 31, 2006 and 2005. These financial statements are the responsibility of the Library's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As described more fully in Note 1, the Library has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Library's larger (i.e. major) funds separately. While the Library does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require libraries to reformat their statements. The Library has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2006 and 2005, do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Library as of December 31, 2006 and 2005, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Montpelier Public Library, Williams County, as of December 31, 2006 and 2005, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

As further described in Note 2 to the financial statements, the Library reclassified its fiduciary funds to special revenue fund type in accordance with the requirements of Governmental Accounting Standards Board (GASB) Statement number 34.

The Library has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 22, 2007, on our consideration of the Library's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



Mary Taylor, CPA
Auditor of State

May 22, 2007

**MONTPELIER PUBLIC LIBRARY
WILLIAMS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Library and Local Government Support	\$271,350			\$271,350
Patron Fines and Fees	8,158			8,158
Earnings on Investments	28,795			28,795
Contributions, Gifts and Donations	690			690
Miscellaneous Receipts	1,505			1,505
Total Cash Receipts	<u>310,498</u>			<u>310,498</u>
Cash Disbursements:				
Current:				
Salaries	113,058			113,058
Employee Fringe Benefits	17,834			17,834
Purchased and Contracted Services	53,023			53,023
Library Materials and Information	43,654	\$136		43,790
Supplies	8,539			8,539
Other Objects	3,765			3,765
Capital Outlay	33,658			33,658
Total Cash Disbursements	<u>273,531</u>	<u>136</u>		<u>273,667</u>
Total Cash Receipts Over/(Under) Cash Disbursements	36,967	(136)		36,831
Fund Cash Balances, January 1	<u>532,709</u>	<u>24,543</u>	<u>\$13,773</u>	<u>571,025</u>
Fund Cash Balances, December 31	<u>\$569,676</u>	<u>\$24,407</u>	<u>\$13,773</u>	<u>\$607,856</u>
Reserves for Encumbrances, December 31	<u>\$21,139</u>			<u>\$21,139</u>

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

**MONTPELIER PUBLIC LIBRARY
WILLIAMS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Library and Local Government Support	\$271,350			\$271,350
Patron Fines and Fees	7,609			7,609
Earnings on Investments	19,673			19,673
Contributions, Gifts and Donations	405	\$500	\$3,525	4,430
Miscellaneous Receipts	1,837			1,837
	<hr/>			<hr/>
Total Cash Receipts	300,874	500	3,525	304,899
	<hr/>			<hr/>
Cash Disbursements:				
Current:				
Salaries	109,077			109,077
Employee Fringe Benefits	16,351			16,351
Purchased and Contracted Services	50,263			50,263
Library Materials and Information	42,196	92		42,288
Supplies	10,064			10,064
Other Objects	2,906			2,906
Capital Outlay	66,201			66,201
	<hr/>			<hr/>
Total Cash Disbursements	297,058	92		297,150
	<hr/>			<hr/>
Total Cash Receipts Over Cash Disbursements	3,816	408	3,525	7,749
	<hr/>			<hr/>
Fund Cash Balances, January 1	528,893	24,135	10,248	563,276
	<hr/>			<hr/>
Fund Cash Balances, December 31	<u>\$532,709</u>	<u>\$24,543</u>	<u>\$13,773</u>	<u>\$571,025</u>
	<hr/>			<hr/>
Reserves for Encumbrances, December 31	<u>\$24,484</u>			<u>\$24,484</u>

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

**MONTPELIER PUBLIC LIBRARY
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005**

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 Montpelier Public Library, Williams County, (the Library) as a body corporate and politic. (Board or Entity) appoint a seven-member Board of Trustees to govern the Library. The Library provides the community with various educational and literary resources.

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

B. Basis of Accounting

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

The Library values certificates of deposit at cost.

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 all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

These funds account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Library had the following significant Special Revenue Fund:

Walter Faben Memorial Fund – This fund received a donation and the monies in the fund may be expended for any purpose other than payroll and general operations that the Board of Trustees sees fit in the memory of Mr. Faben.

**MONTPELIER PUBLIC LIBRARY
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

3. Capital Project Funds

These funds account for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The Library had the following significant capital project fund:

Building and Repair Fund – The money in this fund was the excess of funds needed to build the current library. The fund is being maintained for future building repairs and/or projects.

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 level of control for 2006 and the fund and object level of control for 2005.

A summary of 2006 and 2005 budgetary activity appears in Note 4.

F. 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.

G. 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. ACCOUNTING CHANGE

In 2005, the Library reclassified the Trula Thompson Memorial Fund, which was previously classified as a fiduciary fund, to a special revenue fund. The reclassification was in accordance with GASB Statement number 34. The reclassification had the following effect on January 1, 2005, fund balances:

	Special Funds	Fiduciary Funds
	<u> </u>	<u> </u>
Cash Fund Balance, as previously reported, December 31, 2004	\$22,782	\$1,353
Fund Reclassification	<u>1,353</u>	<u>(1,353)</u>
Cash Fund Balance, as restated at, January 1, 2005	<u>\$24,135</u>	<u>\$ -0-</u>

**MONTPELIER PUBLIC LIBRARY
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
(Continued)**

3. EQUITY IN POOLED CASH

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

	2006	2005
Demand deposits	\$42,656	\$105,875
Certificates of deposit	565,000	465,000
Total deposits	607,656	570,875
Cash on Hand	200	150
Total	\$607,856	\$571,025

Deposits: Deposits are insured by the Federal Depository Insurance Corporation; collateralized by securities specifically pledged by the financial institution to the Library; or collateralized by the financial institution's public entity deposit pool.

At December 31, 2005, \$15,000 of deposits were not insured or collateralized, contrary to Ohio law.

4. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2006 and 2005 follows:

2006 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$306,774	\$310,498	\$3,724
Total	\$306,774	\$310,498	\$3,724

2006 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$839,484	\$294,670	\$544,814
Special Revenue	24,543	136	24,407
Capital Projects	13,773		13,773
Total	\$877,800	\$294,806	\$582,994

**MONTPELIER PUBLIC LIBRARY
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
(Continued)**

4. BUDGETARY ACTIVITY – (Continued)

2005 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$304,242	\$300,874	(\$3,368)
Special Revenue		500	500
Capital Projects	3,525	3,525	
Total	\$307,767	\$304,899	(\$2,868)

2005 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$833,134	\$321,542	\$511,592
Special Revenue	24,135	92	24,043
Capital Projects	10,248		10,248
Total	\$867,517	\$321,634	\$545,883

5. GRANTS-IN-AID

The primary source of revenue for Ohio public libraries is the State Library and Local Government Support Fund (LLGSF). The State allocates LLGSF to each county based on the county's prior intangibles tax of LLGSF revenues, and its population. The County Budget Commission allocates these funds to the Library based on its needs such as for the construction of new library buildings, improvements, operation, maintenance, or other expenses. The Budget Commission cannot reduce its allocation of these funds to the Library based on of any additional revenues the Library receives.

6. RETIREMENT SYSTEM

The Ohio Public Employees Retirement System (OPERS) is a state operated, cost-sharing, multiple employer public employee retirement system. The Ohio Revised Code prescribes retirement benefits for vested employees who are eligible to retire based upon years of service. OPERS also provides survivor and disability benefits to vested employees as the Ohio Revised Code prescribes.

The Ohio Revised Code also prescribes contribution rates. The Library's OPERS members contributed 9.5 percent of their gross salaries for 2006 and 9.0 percent of their gross salaries for 2005. The Library contributed an amount equal to 13.70 percent of participants' gross salaries for 2006 and 13.55 percent of participants' gross salaries for 2005. The Library has paid all contributions required through December 31, 2006.

**MONTPELIER PUBLIC LIBRARY
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
(Continued)**

7. RISK MANAGEMENT

Commercial Insurance

The Library has obtained commercial insurance for the following risks:

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

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Mary Taylor, CPA

Auditor of State

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

Montpelier Public Library
Williams County
216 East Main Street
Montpelier, Ohio 43543-1199

To the Board of Trustees:

We have audited the financial statements of the Montpelier Public Library, Williams County, (the Library) as of and for the years ended December 31, 2006 and 2005, and have issued our report thereon dated May 22, 2007, wherein we noted the Library prepared its financial statements using accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America and reclassified its fiduciary funds to special revenue funds. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Library's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Library's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Library's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Library's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Library's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Library's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

We noted certain matters that we reported to the Library's management in a separate letter dated May 22, 2007.

Compliance and Other Matters

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

We did note a certain noncompliance matter that we reported to the Library's management in a separate letter dated May 22, 2007.

We intend this report solely for the information and use of the audit committee, management, and the Board of Trustees. We intend it for no one other than these specified parties.



Mary Taylor, CPA
Auditor of State

May 22, 2007



Mary Taylor, CPA
Auditor of State

MONTPELIER 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
JUNE 14, 2007**