



**MONTPELIER PUBLIC LIBRARY
WILLIAMS COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2008



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 an 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 adverse 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.

Mary Taylor

Mary Taylor, CPA
Auditor of State

April 16, 2009

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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, 2008 and 2007. 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, 2008 and 2007, 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, 2008 and 2007, 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 of the Montpelier Public Library, Williams County, as of December 31, 2008 and 2007, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

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 April 16, 2009, 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

April 16, 2009

**MONTPELIER PUBLIC LIBRARY
WILLIAMS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>All Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Library and Local Government Support	\$266,970			\$266,970
Patron Fines and Fees	9,990			9,990
Contributions, Gifts and Donations	3,544			3,544
Earnings on Investments	29,848			29,848
Miscellaneous Receipts	3,940			3,940
	<u>314,292</u>			<u>314,292</u>
Total Cash Receipts	<u>314,292</u>			<u>314,292</u>
Cash Disbursements:				
Current:				
Salaries	119,916			119,916
Employee Fringe Benefits	18,836			18,836
Purchased and Contractual Services	44,952			44,952
Library Materials and Information	39,215	\$123		39,338
Supplies	8,185			8,185
Other	4,012			4,012
Capital Outlay	25,563			25,563
	<u>260,679</u>	<u>123</u>		<u>260,802</u>
Total Cash Disbursements	<u>260,679</u>	<u>123</u>		<u>260,802</u>
Total Receipts Over/(Under) Disbursements	<u>53,613</u>	<u>(123)</u>		<u>53,490</u>
Fund Cash Balances, January 1	635,418	23,509	\$18,962	677,889
Fund Cash Balances, December 31	<u><u>\$689,031</u></u>	<u><u>\$23,386</u></u>	<u><u>\$18,962</u></u>	<u><u>\$731,379</u></u>

**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, 2007**

	<u>All 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	9,693			9,693
Contributions, Gifts and Donations	1,685	\$100		1,785
Earnings on Investments	32,349		\$5,189	37,538
Miscellaneous	2,089			2,089
	<hr/>			<hr/>
Total Cash Receipts	317,166	100	5,189	322,455
	<hr/>			<hr/>
Cash Disbursements:				
Current:				
Salaries	116,900			116,900
Employee Fringe Benefits	18,296			18,296
Purchased and Contractual Services	47,163			47,163
Library Materials and Information	48,110	87		48,197
Supplies	9,964			9,964
Other	4,388	911		5,299
Capital Outlay	6,603			6,603
	<hr/>			<hr/>
Total Cash Disbursements	251,424	998		252,422
	<hr/>			<hr/>
Total Receipts Over/(Under) Disbursements	65,742	(898)	5,189	70,033
	<hr/>			<hr/>
Fund Cash Balances, January 1	569,676	24,407	13,773	607,856
	<hr/>			<hr/>
Fund Cash Balances, December 31	<u>\$635,418</u>	<u>\$23,509</u>	<u>\$18,962</u>	<u>\$677,889</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, 2008 AND 2007**

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. The Board of Education of the Montpelier Exempted Village School District appoints 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. 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.

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 reports 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 private-purpose 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, 2008 AND 2007
(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. Appropriations lapse at year end. Budgetary expenditures may not exceed appropriations at the fund and object level of control.

A summary of 2008 and 2007 budgetary activity appears in Note 3.

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. 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 at December 31 was as follows:

	2008	2007
Demand deposits	\$531,179	\$52,689
Certificates of deposit	200,000	625,000
Total deposits	731,179	677,689
Cash on Hand	200	200
Total deposits and cash on hand	\$731,379	\$677,889

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.

**MONTPELIER PUBLIC LIBRARY
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2008 and 2007 follows:

2008 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$283,567	\$314,292	\$30,725

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$918,984	\$260,679	\$658,305
Special Revenue	23,509	123	23,386
Capital Projects	18,963		18,963
Total	\$961,456	\$260,802	\$700,654

2007 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$304,762	\$317,166	\$12,404
Special Revenue		100	100
Capital Projects		5,189	5,189
Total	\$304,762	\$322,455	\$17,693

2007 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$874,438	\$251,424	\$623,014
Special Revenue	24,408	998	23,410
Capital Projects	13,373		13,373
Total	\$912,219	\$252,422	\$659,797

4. 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.

**MONTPELIER PUBLIC LIBRARY
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

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. The Library's OPERS members contributed 10 percent of their gross salaries for 2008 and 9.5 percent of their gross salaries for 2007. The Library contributed an amount equal to 14 percent of participants' gross salaries for 2008 and 13.85 percent of participants' gross salaries for 2007. The Library has paid all contributions required through December 31, 2008.

6. RISK MANAGEMENT

Commercial Insurance

The Library has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Hired Auto and Non-owned auto; and
- Errors and omissions.

7. SUBSEQUENT EVENTS

The Library is completing a \$427,967 addition onto the main building. The project will be built with money from the Library cash balances.



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, 2008 and 2007, and have issued our report thereon dated April 16, 2009, 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. 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.

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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 April 16, 2009.

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.

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

Mary Taylor, CPA
Auditor of State

April 16, 2009



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
MAY 14, 2009**