



**Auditor of State  
Betty Montgomery**



**WILLIAMS COUNTY PUBLIC LIBRARY  
WILLIAMS COUNTY**

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**Auditor of State  
Betty Montgomery**

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

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 black ink that reads "Betty Montgomery".

**Betty Montgomery**  
Auditor of State

June 29, 2006

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## Auditor of State Betty Montgomery

### INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Trustees:

We have audited the accompanying financial statements of the Williams County Public Library, (the Library) as of and for the years ended December 31, 2005 and 2004. 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.

Revisions to GAAP would require the Library to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2005 and 2004. Instead of the combined funds the accompanying financial statements present for 2005 and 2004, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2005 and 2004. 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 the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Library has elected not to reformat its statements. Since this Library does not use GAAP to measure financial statement amounts, 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, 2005 and 2004, 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, 2005 and 2004, 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 Williams County Public Library, as of December 31, 2005 and 2004, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Library to include Management's Discussion and Analysis for the years ended December 31, 2005 and 2004. 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 June 29, 2006, 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.



**Betty Montgomery**  
Auditor of State

June 29, 2006



**WILLIAMS COUNTY PUBLIC LIBRARY  
WILLIAMS COUNTY**

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

	Governmental Fund Types			Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Expendable Trust	
<b>Cash Receipts:</b>					
Property and Other Local Taxes	\$552,361				\$552,361
Other Government Grants-In-Aid	1,195,405				1,195,405
Patron Fines and Fees	33,390				33,390
Earnings on Investments	13,876				13,876
Intergovernmental Revenues	58,448				58,448
Contributions, Gifts and Donations	18,840		\$108,000		126,840
Miscellaneous Receipts	8,131	\$64			8,195
<b>Total Cash Receipts</b>	<b>1,880,451</b>	<b>64</b>	<b>108,000</b>		<b>1,988,515</b>
<b>Cash Disbursements:</b>					
Current:					
Salaries and Benefits	993,313				993,313
Purchased and Contracted Services	186,271	194			186,465
Supplies	40,717				40,717
Library Materials and Information	261,573				261,573
Other Objects	22,194				22,194
Capital Outlay	77,464		277,233		354,697
<b>Total Cash Disbursements</b>	<b>1,581,532</b>	<b>194</b>	<b>277,233</b>		<b>1,858,959</b>
<b>Total Cash Receipts Over/(Under) Cash Disbursements</b>	<b>298,919</b>	<b>(130)</b>	<b>(169,233)</b>		<b>129,556</b>
<b>Other Financing Receipts/(Disbursements):</b>					
Proceeds of Loans			142,000		142,000
Transfers-In			200,000		200,000
Transfers-Out	(200,000)				(200,000)
<b>Total Other Financing Receipts/(Disbursements)</b>	<b>(200,000)</b>		<b>342,000</b>		<b>142,000</b>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<b>98,919</b>	<b>(130)</b>	<b>172,767</b>		<b>271,556</b>
<b>Fund Cash Balances, January 1</b>	<b>128,625</b>	<b>1,028</b>	<b>179,045</b>	<b>\$261</b>	<b>308,959</b>
<b>Fund Cash Balances, December 31</b>	<b>\$227,544</b>	<b>\$898</b>	<b>\$351,812</b>	<b>\$261</b>	<b>\$580,515</b>
<b>Reserves for Encumbrances, December 31</b>	<b>\$224,300</b>				<b>\$224,300</b>

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

**WILLIAMS COUNTY PUBLIC LIBRARY  
WILLIAMS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	Governmental Fund Types			Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Expendable Trust	
<b>Cash Receipts:</b>					
Other Government Grants-In-Aid	\$1,188,872				\$1,188,872
Patron Fines and Fees	31,610				31,610
Earnings on Investments	4,035			\$41	4,076
Contributions, Gifts and Donations	25,595				25,595
Miscellaneous Receipts	3,856	\$133			3,989
<b>Total Cash Receipts</b>	<b>1,253,968</b>	<b>133</b>		<b>41</b>	<b>1,254,142</b>
<b>Cash Disbursements:</b>					
Current:					
Salaries and Benefits	863,284				863,284
Purchased and Contracted Services	160,920	68			160,988
Library Materials and Information	155,607				155,607
Supplies	25,805				25,805
Other Objects	11,429				11,429
Debt Service:					
Redemption of Principal	8,223				8,223
Capital Outlay	34,404		19,438		53,842
<b>Total Cash Disbursements</b>	<b>1,259,672</b>	<b>68</b>	<b>19,438</b>		<b>1,279,178</b>
Total Cash Receipts Over/(Under) Cash Disbursements	(5,704)	65	(19,438)	41	(25,036)
<b>Other Financing Receipts/(Disbursements):</b>					
Transfers-In	30,000				30,000
Transfers-Out			(30,000)		(30,000)
<b>Total Other Financing Receipts/(Disbursements)</b>	<b>30,000</b>		<b>(30,000)</b>		
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	24,296	65	(49,438)	41	(25,036)
Fund Cash Balances, January 1	104,329	963	228,483	220	333,995
<b>Fund Cash Balances, December 31</b>	<b>\$128,625</b>	<b>\$1,028</b>	<b>\$179,045</b>	<b>\$261</b>	<b>\$308,959</b>
Reserves for Encumbrances, December 31	\$93,720		\$1,700		\$95,420

*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, 2005 AND 2004**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Williams County Public Library (the Library) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of Ohio. The Library is directed by a seven-member Board of Trustees. Three of the Trustees are appointed by the Williams County Common Pleas 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 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. Accordingly, the Library does not record investment purchases as disbursements or investment sales as receipts. The Library records gains or losses at the time of sale as receipts or disbursements, respectively.

The Library values certificates of deposit at cost. The limited partnership interest is valued at its fair value on the date received. The investment in STAR Ohio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer.

**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:

**WILLIAMS COUNTY PUBLIC LIBRARY  
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005 AND 2004  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)**

Photographic Archives Fund – This fund accounts for monies collected from patrons for purchases of historic photographs and reprints. The funds collected are disbursed to an outside vendor who does the reprint work

**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:

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

**4 Fiduciary Funds (Trust and Agency Funds)**

Trust funds account for resources restricted by legally binding trust agreements. If the agreement requires the Library to maintain the corpus of the trust, the Library classifies the activity as a nonexpendable trust fund. The Library classifies other trust funds as expendable. The Library classifies funds for which it acts in an agency capacity as agency funds. The Library had the following significant fiduciary fund:

Carlyle Donated Stock Fund – This fund accounts for the proceeds from the sale of stock which was donated to the Library. The proceeds were used to purchase books

**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 and object level of control.

A summary of 2005 and 2004 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.

**WILLIAMS COUNTY PUBLIC LIBRARY  
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005 AND 2004  
(Continued)**

**2. EQUITY IN POOLED CASH AND INVESTMENTS**

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

	2005	2004
Demand deposits	\$479,995	\$70,302
Certificates of deposit	100,000	100,000
Total deposits	<u>579,995</u>	<u>170,302</u>
STAR Ohio		138,137
Limited Partnership Interest	220	220
Total investments	<u>220</u>	<u>138,357</u>
Cash on Hand	300	300
Total deposits and investments	<u>\$580,515</u>	<u>\$308,959</u>

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

**Investments:** The limited partnership interest was given to the library as a gift. Investments in STAR Ohio and limited partnership interest are not evidenced by securities existing in physical or book-entry form.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2005 and 2004 follows:

2005 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,912,555	\$1,880,451	(\$32,104)
Special Revenue	175	64	(111)
Capital Projects	309,200	450,000	140,800
Fiduciary	42		(42)
Total	<u>\$2,221,972</u>	<u>\$2,330,515</u>	<u>\$108,543</u>

2005 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,930,488	\$2,005,832	(\$75,344)
Special Revenue	200	194	6
Capital Projects	369,700	277,233	92,467
Total	<u>\$2,300,388</u>	<u>\$2,283,259</u>	<u>\$17,129</u>

**WILLIAMS COUNTY PUBLIC LIBRARY  
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005 AND 2004  
(Continued)**

**3. BUDGETARY ACTIVITY – (Continued)**

2004 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,287,754	\$1,283,968	(\$3,786)
Special Revenue	125	133	8
Capital Projects	1,200		(1,200)
Fiduciary		41	41
Total	\$1,289,079	\$1,284,142	(\$4,937)

2004 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,396,129	\$1,353,392	\$42,737
Special Revenue	200	68	132
Capital Projects	55,000	51,138	3,862
Total	\$1,451,329	\$1,404,598	\$46,731

**4. GRANTS-IN-AID AND TAX RECEIPTS**

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.

Real property taxes become a lien on January 1 preceding the October 1 date for which the Library Board of Trustees adopts tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The State pays the Library amounts equaling these deductions. The Library includes these with Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half payment is due December 31. The second half payment is due the following June 20.

Property owners assess tangible personal property tax. They 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 the Library's behalf.

**WILLIAMS COUNTY PUBLIC LIBRARY  
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005 AND 2004  
(Continued)**

**5. DEBT**

Debt outstanding at December 31, 2005 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Municipal Loans	142,000	3.75%

Williams County Public Library obtained two municipal loans from the National Bank of Montpelier on December 22, 2005, to finance the purchase of the Carnegie building in Bryan, Ohio. One loan is in the amount of \$108,000 with a maturity date of August 15, 2006, and the second loan is in the amount of \$34,000 with a maturity date of August 15, 2007. The library plans to use grant proceeds from the Bryan Area Foundation to pay the principal amount of the loan.

Amortization of the above debt, including interest, is scheduled as follows:

<u>Year ending December 31:</u>	<u>General Obligation Notes</u>
2006	\$110,641
2007	36,106
Total	\$146,747

**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 8.5 percent of their gross salaries. The Library contributed an amount equal to 13.55 percent of participants' gross salaries. The Library has paid all contributions required through December 31, 2005.

**7. RISK MANAGEMENT**

**Commercial Insurance**

The Library has obtained commercial insurance for the following risks:

- Property.
- General Liability.
- Crime.
- Glass and Sign.
- Business auto.

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

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' 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 the financial statements of the Williams County Public Library, (the Library) as of and for the years ended December 31, 2005 and 2004, and have issued our report thereon dated June 29, 2006, wherein we noted the Library follows the accounting practices the Auditor of State prescribes 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 to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the Library's management dated June 29, 2006, we reported another matter involving internal control over financial reporting we did not deem a reportable condition.

**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*.

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Williams County Public Library  
Williams County  
Independent Accountants' Report on Internal Control Over  
Financial Reporting and on Compliance and Other Matters  
Required by *Government Auditing Standards*  
Page 2

We intend this report solely for the information and use of the audit committee, management, and Board of Trustees. It is not intended for anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

June 29, 2006



**Auditor of State  
Betty Montgomery**

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Columbus, Ohio 43216-1140

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**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 25, 2006**