



**WILLARD MEMORIAL LIBRARY
HURON COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2009



Mary Taylor, CPA
Auditor of State

**WILLARD MEMORIAL LIBRARY
HURON COUNTY**

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Mary Taylor, CPA
Auditor of State

Willard Memorial Library
Huron County
6 West Emerald Street
Willard, Ohio 44890-1498

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

September 27, 2010

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Willard Memorial Library
Huron County
6 West Emerald Street
Willard, Ohio 44890-1498

To the Board of Trustees:

We have audited the accompanying financial statements of the Willard Memorial Library, Huron County, (the Library) as of and for the years ended December 31, 2009 and 2008. 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.

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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, 2009 and 2008 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, 2009 and 2008, 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 Willard Memorial Library, Huron County, as of December 31, 2009 and 2008, 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 September 27, 2010, 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

September 27, 2010

WILLARD MEMORIAL LIBRARY
HURON COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2009

	<u>All Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property and Other Local Taxes	\$3,701			\$3,701
Library and Local Government Support	638,259			638,259
Patron Fines and Fees	28,834			28,834
Contributions, Gifts and Donations	16,241	\$5,991		22,232
Earnings on Investments	3,348	1		3,349
Miscellaneous	6,232			6,232
	<u>696,615</u>	<u>5,992</u>		<u>702,607</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
Salaries	480,457			480,457
Employee Fringe Benefits	106,379			106,379
Purchased and Contractual Services	70,389			70,389
Library Materials and Information	23,386	1,057		24,443
Supplies	13,599			13,599
Other	24,984			24,984
Capital Outlay	2,683			2,683
	<u>721,877</u>	<u>1,057</u>		<u>722,934</u>
Total Cash Disbursements				
Total Cash Receipts Over/(Under) Cash Disbursements	(25,262)	4,935		(20,327)
Fund Cash Balances, January 1	<u>103,577</u>	<u>105,592</u>	<u>\$140,853</u>	<u>350,022</u>
Fund Cash Balances, December 31	<u>\$78,315</u>	<u>\$110,527</u>	<u>\$140,853</u>	<u>\$329,695</u>

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

**WILLARD MEMORIAL LIBRARY
HURON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL 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:				
Property and Other Local Taxes	\$3,600			\$3,600
Library and Local Government Support	776,488			776,488
Patron Fines and Fees	28,798			28,798
Contributions, Gifts and Donations	8,389	\$10,804		19,193
Earnings on Investments	13,734	11		13,745
Miscellaneous	2,981			2,981
	<u>833,990</u>	<u>10,815</u>		<u>844,805</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
Salaries	537,725			537,725
Employee Fringe Benefits	122,853			122,853
Purchased and Contractual Services	106,871			106,871
Library Materials and Information	63,810	85		63,895
Supplies	20,107			20,107
Other	35,323			35,323
Capital Outlay	1,726	3,054		4,780
	<u>888,415</u>	<u>3,139</u>		<u>891,554</u>
Total Cash Disbursements				
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(54,425)</u>	<u>7,676</u>		<u>(46,749)</u>
Other Financing Receipts / (Disbursements):				
Transfers-In	104,008	198		104,206
Transfers-Out		(93,966)	(\$10,240)	(104,206)
Other Financing Uses			(1)	(1)
	<u>104,008</u>	<u>(93,768)</u>	<u>(10,241)</u>	<u>(1)</u>
Total Other Financing Receipts / (Disbursements)				
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	49,583	(86,092)	(10,241)	(46,750)
Fund Cash Balances, January 1	<u>53,994</u>	<u>191,684</u>	<u>151,094</u>	<u>396,772</u>
Fund Cash Balances, December 31	<u>\$103,577</u>	<u>\$105,592</u>	<u>\$140,853</u>	<u>\$350,022</u>

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

**WILLARD MEMORIAL LIBRARY
HURON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

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 Willard Memorial Library, Huron County, (the Library) as a body corporate and politic. The Willard City 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 cost. Money market mutual funds (including STAR Ohio) are recorded at share values the mutual funds report.

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 capital projects) that are restricted to expenditure for specific purposes. The Library had the following significant special revenue funds:

**WILLARD MEMORIAL LIBRARY
HURON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Grant Fund – This fund receives awards from outside organizations which are to be used for specific purposes (i.e. computers, books, programs) in accordance with grant agreements.

Greenwich Fund – This fund receives contributions through estates or wills to be used specifically for the benefit of the Greenwich Branch.

3. Capital Project Funds

These funds account for receipts restricted to acquiring or constructing major capital projects. The Library had the following significant capital project fund:

Capital Project Fund – This fund accounts for monies not needed in the General Fund which are put aside for future building repairs, renovations, or acquisition.

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 2009 and 2008 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. RESTATEMENT OF FUND BALANCE

In 2008, the Library reclassified several funds from private purpose trust to special revenue funds as it was determined to be a more appropriate presentation. The effect on the fund balances as previously stated is as follows:

	Special Revenue	Private Purpose Trust
Fund Balance as reported at December 31, 2007	\$150	\$191,534
Reclassification of Library trust funds	191,534	(191,534)
Restated Fund Balance at January 1, 2008	\$191,684	

**WILLARD MEMORIAL LIBRARY
HURON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

3. EQUITY IN POOLED DEPOSITS AND INVESTMENTS

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

	2009	2008
Demand deposits	\$46,794	\$69,031
Certificates of deposit	197,899	196,223
Total deposits	244,693	265,254
STAR Ohio	85,002	84,768
Total deposits and investments	\$329,695	\$350,022

Deposits: Deposits are insured by the Federal Depository Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Library.

Investments: Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

4. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2009 and 2008 follows:

2009 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$783,768	\$696,615	(\$87,153)
Special Revenue	23,000	5,992	(17,008)
Total	\$806,768	\$702,607	(\$104,161)

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$870,213	\$721,877	\$148,336
Special Revenue	127,527	1,057	126,470
Capital Projects	140,853		140,853
Total	\$1,138,593	\$722,934	\$415,659

**WILLARD MEMORIAL LIBRARY
HURON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

4. BUDGETARY ACTIVITY (CONTINUED)

2008 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$965,783	\$937,998	(\$27,785)
Special Revenue	12,000	11,013	(987)
Total	\$977,783	\$949,011	(\$28,772)

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,019,767	\$888,415	\$131,352
Special Revenue	103,965	97,105	6,860
Capital Projects	151,093	10,241	140,852
Total	\$1,274,825	\$995,761	\$279,064

5. 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 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. 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.

**WILLARD MEMORIAL LIBRARY
HURON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

6. 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 2009 and 2008, OPERS members contributed 10%, respectively, of their gross salaries and the Library contributed an amount equaling 14%, respectively, of participants' gross salaries. The Library has paid all contributions required through December 31, 2009.

7. RISK MANAGEMENT

Commercial Insurance

The Library has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Electronic data processing equipment; and
- Errors and omissions.

The Library also provides health insurance for its employees through a private carrier.

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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*

Willard Memorial Library
Huron County
6 West Emerald Street
Willard, Ohio 44890-1498

To the Board of Trustees:

We have audited the financial statements of the Willard Memorial Library, Huron County, (the Library) as of and for the years ended December 31, 2009 and 2008, and have issued our report thereon dated September 27, 2010, 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 the purpose of expressing our opinion on the financial statements, but not for the purpose of opining 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 *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 more than a reasonable possibility that a material misstatement of the Library's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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.

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 certain matters not requiring inclusion in this report that we reported to the Library's management in a separate letter dated September 27, 2010.

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

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

Mary Taylor, CPA
Auditor of State

September 27, 2010



Mary Taylor, CPA
Auditor of State

WILLARD MEMORIAL LIBRARY

HURON 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
OCTOBER 14, 2010**