



**Auditor of State
Betty Montgomery**

WOOD COUNTY DISTRICT PUBLIC LIBRARY

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Wood County District Public Library
251 North Main Street
Bowling Green, Ohio 43402-2422

To the Board of Trustees:

We have audited the accompanying financial statements of the Wood County District Public Library, Wood County, (the Library) as of and for the years ended December 31, 2003 and 2002. 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 audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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 that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Library prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

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 Library as of December 31, 2003 and 2002, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 7, 2004 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of the audit committee, management, Board of Trustees, and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive style with a large initial "B".

Betty Montgomery
Auditor of State

May 7, 2004

WOOD COUNTY DISTRICT PUBLIC LIBRARY

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, 2003

	Governmental Fund Types			Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Expendable Trust	
Cash Receipts					
Library and Local Government Support	\$ 1,537,722	\$ -	\$ -	\$ -	\$ 1,537,722
Intergovernmental Revenue	-	12,400	-	-	12,400
Patron Fines and Fees	44,450	-	-	-	44,450
Earnings on Investments	5,533	-	9,771	36	15,340
Services Provided to Other Entities	2,991	4,399	-	-	7,390
Contributions, Gifts and Donations	11,412	-	521,074	-	532,486
Miscellaneous Receipts	52,056	-	14,000	-	66,056
Total Cash Receipts	1,654,164	16,799	544,845	36	2,215,844
Cash Disbursements					
Current:					
Salaries and Benefits	959,284	-	-	-	959,284
Purchased and Contracted Services	341,764	16,799	56,053	-	414,616
Library Materials and Information	130,043	-	-	711	130,754
Supplies and Materials	27,472	-	-	-	27,472
Other	14,801	-	-	-	14,801
Debt Service:					
Redemption of Principal	24,514	-	-	-	24,514
Interest Payments and Other Financing Fees and Costs	15,138	-	-	-	15,138
Capital Outlay	38,922	-	2,526,269	-	2,565,191
Total Cash Disbursements	1,551,938	16,799	2,582,322	711	4,151,770
Total Cash Receipts Over/ (Under) Cash Disbursements	102,226	-	(2,037,477)	(675)	(1,935,926)
Other Financing Receipts					
Proceeds of Notes	-	-	248,200	-	248,200
Total Other Financing Receipts	-	-	248,200	-	248,200
Excess of Cash Receipts and Other Financing Receipts Over/ (Under) Cash Disbursements	102,226	-	(1,789,277)	(675)	(1,687,726)
Fund Cash Balances, January 1	336,202	-	1,877,096	4,924	2,218,222
Fund Cash Balances, December 31	\$ 438,428	\$ -	\$ 87,819	\$ 4,249	\$ 530,496
Reserves for Encumbrances, December 31	\$ 53,783	\$ -	\$ 58,545	\$ 477	\$ 112,805

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

WOOD COUNTY DISTRICT PUBLIC LIBRARY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2003

	Fiduciary Fund Types		Totals (Memorandum Only)
	Nonexpendable Trust	Agency	
Operating Cash Receipts			
Services Provided to Other Entities	\$ -	\$ 160,417	\$ 160,417
Contribution Gifts and Donations	441	-	441
Total Operating Cash Receipts	441	160,417	160,858
Operating Cash Disbursements			
Current:			
Salaries and Benefits	-	9,893	9,893
Library Materials and Information	135	52,288	52,423
Other	-	8,042	8,042
Total Operating Cash Disbursements	135	70,223	70,358
Operating Income	306	90,194	90,500
Non-Operating Cash Receipts			
Earnings on Investments	105	1,589	1,694
Total Non-Operating Cash Receipts	105	1,589	1,694
Net Receipts Over Disbursements	411	91,783	92,194
Fund Cash Balances, January 1	8,907	99,411	108,318
Fund Cash Balances, December 31	\$ 9,318	\$ 191,194	\$ 200,512
Reserves for Encumbrances, December 31	\$ -	\$ 340	\$ 340

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

WOOD COUNTY DISTRICT PUBLIC LIBRARY

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, 2002

	Governmental Fund Types			Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Expendable Trust	
Cash Receipts					
Library and Local Government Support	\$ 1,555,009	\$ -	\$ -	\$ -	\$ 1,555,009
Intergovernmental Revenue	53,333	-	-	-	53,333
Patron Fines and Fees	39,168	-	-	-	39,168
Earnings on Investments	9,311	-	93,571	60	102,942
Services Provided to Other Entities	2,976	-	-	-	2,976
Contributions, Gifts and Donations	10,102	-	-	-	10,102
Miscellaneous Receipts	51,140	-	-	-	51,140
Total Cash Receipts	1,721,039	-	93,571	60	1,814,670
Cash Disbursements					
Current:					
Salaries and Benefits	1,046,330	-	-	-	1,046,330
Purchased and Contracted Services	348,325	-	355,876	-	704,201
Library Materials and Information	253,357	-	-	159	253,516
Supplies and Materials	32,533	-	-	-	32,533
Other Objects	57,201	-	-	-	57,201
Debt Service:					
Redemption of Principal	12,310	-	-	-	12,310
Interest Payments and Other Financing Fees and Costs	11,916	-	-	-	11,916
Capital Outlay	14,772	3,606	2,815,435	-	2,833,813
Total Cash Disbursements	1,776,744	3,606	3,171,311	159	4,951,820
Total Cash Receipts Over/ (Under) Cash Disbursements	(55,705)	(3,606)	(3,077,740)	(99)	(3,137,150)
Fund Cash Balances, January 1	391,907	3,606	4,954,836	5,023	5,355,372
Fund Cash Balances, December 31	\$ 336,202	\$ -	\$ 1,877,096	\$ 4,924	\$ 2,218,222
Reserves for Encumbrances, December 31	\$ 29,680	\$ -	\$ 270,000	\$ 192	\$ 299,872

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

WOOD COUNTY DISTRICT PUBLIC LIBRARY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2002

	Fiduciary Fund Types		Totals (Memorandum Only)
	Nonexpendable Trust	Agency	
Operating Cash Receipts			
Services Provided to Other Entities	\$ -	\$ 175,000	\$ 175,000
Miscellaneous	162	2,469	2,631
Total Operating Cash Receipts	162	177,469	177,631
Operating Cash Disbursements			
Current:			
Salaries and Benefits	-	9,910	9,910
Purchased and Contracted Services	-	146,873	146,873
Library Materials and Information	156	-	156
Supplies	-	10,151	10,151
Other Objects	-	79,992	79,992
Total Operating Cash Disbursements	156	246,926	247,082
Operating Income/(Loss)	6	(69,457)	(69,451)
Non-Operating Cash Receipts			
Earnings on Investments	435	-	435
Total Non-Operating Cash Receipts	435	-	435
Net Receipts Over/(Under) Disbursements	441	(69,457)	(69,016)
Fund Cash Balances, January 1	8,466	168,868	177,334
Fund Cash Balances, December 31	\$ 8,907	\$ 99,411	\$ 108,318
Reserves for Encumbrances, December 31	\$ -	\$ 2,513	\$ 2,513

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

WOOD COUNTY DISTRICT PUBLIC LIBRARY

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2003 AND 2002

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Wood County District 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 appointed by the Wood County Court of Common Pleas (3 members) and the Wood County Commissioners (4 members). 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 prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized 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 prescribed or permitted by the Auditor of State.

C. Cash and Investments

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

Certificates of deposit are valued at cost. 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:

WOOD COUNTY DISTRICT PUBLIC LIBRARY

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2003 AND 2002

(Continued)

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

These funds are used to 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:

LSTA Grant Fund: Received grant funds from the State Library of Ohio for the Community Reads Program.

3. Capital Project Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Library had the following significant capital project fund:

Building Fund: Received proceeds from sale of bonds and donations to be used for the library expansion/renovation project.

4. Fiduciary Funds (Trust and Agency Funds)

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Library to maintain the corpus of the trust, the fund is classified as a nonexpendable trust fund. Other trust funds are classified as expendable. Funds for which the Library is acting in an agency capacity are classified as agency funds. The Library had the following significant fiduciary funds:

Expendable Trust Fund

Hubbard Endowment Trust Fund: Funds are used to purchase books from time to time or for an alcove for such books.

WOOD COUNTY DISTRICT PUBLIC LIBRARY

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2003 AND 2002

(Continued)

Nonexpendable Trust Fund

Wood County Genealogical Trust: Interest earnings can be used to purchase materials for the local history department.

Agency Fund

Woodlink Automation Project: Receives funds from participating Wood County Public Libraries to create and maintain a web-based online catalog and countywide circulation system.

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 2003 and 2002 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as capital outlay disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the basis of accounting the Library uses.

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

WOOD COUNTY DISTRICT PUBLIC LIBRARY

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2003 AND 2002

(Continued)

	<u>2003</u>	<u>2002</u>
Demand deposits	\$ 166,436	\$ 1,890,837
Certificates of deposit	55,683	54,586
Total deposits	<u>222,119</u>	<u>1,945,423</u>
STAR Ohio	508,889	381,117
Total investments	<u>508,889</u>	<u>381,117</u>
Total deposits and investments	<u>\$ 731,008</u>	<u>\$ 2,326,540</u>

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

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2003 and 2002 follows:

2003 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 1,651,765	\$ 1,605,721	\$ 46,044
Special Revenue	16,799	16,799	
Capital Projects	2,901,096	2,640,867	260,229
Fiduciary	154,456	71,886	82,570
Total	<u>\$ 4,724,116</u>	<u>\$ 4,335,273</u>	<u>\$ 388,843</u>

2002 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 1,874,797	\$ 1,806,424	\$ 68,373
Special Revenue	3,606	3,606	-
Capital Projects	5,000,000	3,441,311	1,558,689
Fiduciary	281,250	249,946	31,304
Total	<u>\$ 7,159,653</u>	<u>\$ 5,501,287</u>	<u>\$ 1,658,366</u>

WOOD COUNTY DISTRICT PUBLIC LIBRARY

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2003 AND 2002

(Continued)

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 LLGSF is allocated 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 any additional revenues the Library receives.

5. DEBT

Debt outstanding at December 31, 2003 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
206 North Church Street Note	\$ 33,151	4.83%
212 North Church Street Note	184,877	5.04%
Capital Projects Promissory Note	<u>236,619</u>	3.96%
Total	<u><u>\$ 454,647</u></u>	

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

<u>Year ending December 31:</u>	<u>206 North Church Street Note</u>	<u>212 North Church Street Note</u>	<u>Capital Projects Promissory Note</u>
2004	\$ 8,208	\$ 15,892	\$ 36,240
2005	8,208	15,892	36,240
2006	8,208	15,892	36,240
2007	8,208	15,892	36,240
2008	4,105	15,892	129,608
2009 – 2013	-	79,460	-
2014 – 2018	-	79,460	-
2019 – 2021	\$ -	\$ 41,053	\$ -
Total	<u><u>\$ 36,937</u></u>	<u><u>\$ 279,433</u></u>	<u><u>\$ 274,568</u></u>

WOOD COUNTY DISTRICT PUBLIC LIBRARY

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2003 AND 2002

(Continued)

6. RETIREMENT SYSTEM

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

Contribution rates are prescribed by the Ohio Revised Code. The Library's OPERS members contributed 8.5% of their gross salaries. The Library contributed an amount equal to 13.55% of participants' gross salaries. The Library has paid all contributions required through December 31, 2003.

7. RISK MANAGEMENT

Commercial Insurance

The Library has obtained commercial insurance for the following risks:

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

8. JOINTLY GOVERNED ORGANIZATION - WOODLINK

Woodlink was established by all of the Wood County Public libraries for the purpose of having a pool of funds available for events, technology, or other expenditures that benefit all or most of the libraries involved. The pooled money is received from each of the libraries involved in the Woodlink program. The percentage of funds to be received from each library was established by the Woodlink Board. The money is deducted from LLGSF funds received by each library and sent to the Wood County District Library, the fiscal agent, where it is deposited in a separate bank account. The Wood County District Public Library contributed \$50,829 in 2003 and \$55,450 in 2002.



**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Wood County District Public Library
251 North Main Street
Bowling Green, Ohio 43402-2422

To the Board of Trustees:

We have audited the accompanying financial statements of the Wood County District Public Library (the Library) as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated May 7, 2004. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Library's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on 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 such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Library's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not

necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a 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 in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management, and Board of Trustees, and is not intended to be and should not be used by 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

May 7, 2004



**Auditor of State
Betty Montgomery**

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WOOD COUNTY DISTRICT PUBLIC LIBRARY

WOOD 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 22, 2004**