



**Auditor of State
Betty Montgomery**

**WAY PUBLIC LIBRARY
WOOD COUNTY**

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Way Public Library
Wood County
101 East Indiana Avenue
Perrysburg, Ohio 43551-2295

To the Board of Trustees:

We have audited the accompanying financial statements of the Way 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 audits.

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 audits 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.

The Library's financial transactions were processed using the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to conduct the audit of the Library because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code §117.01 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§117.11 (B) and 115.56 mandate the Auditor of State to audit Ohio governments.

We believe that our audits provide 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 December 31, 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 August 26, 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 audits.

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.



Betty Montgomery
Auditor of State

August 26, 2004

**WAY PUBLIC LIBRARY
WOOD 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, 2003**

	<u>Governmental Fund Types</u>		<u>Fiduciary Fund Type</u>	Totals (Memorandum Only)
	<u>General</u>	<u>Capital Projects</u>	<u>Nonexpendable Trust</u>	
Cash Receipts:				
Library and Local Government Support	\$ 1,104,970			\$ 1,104,970
Intergovernmental	53			53
Patron Fines and Fees	70,606			70,606
Contributions, Gifts and Donations	1,553			1,553
Earning on Investments	5,269	\$ 4,070	\$ 1,248	10,587
Miscellaneous Receipts	20,580	50,723		71,303
Total Cash Receipts	1,203,031	54,793	1,248	1,259,072
Cash Disbursements:				
Current:				
Salaries	650,385			650,385
Employee Fringe Benefits	191,183			191,183
Purchased and Contracted Services	211,844	14,868	205	226,917
Library Materials and Information	205,764		246	206,010
Supplies	20,065	1,722	1,283	23,070
Other Objects	4,303	49		4,352
Capital Outlay		12,159		12,159
Total Cash Disbursements	1,283,544	28,798	1,734	1,314,076
Total Cash Receipts Over/(Under) Cash Disbursements	(80,513)	25,995	(486)	(55,004)
Other Financing Receipts/(Disbursements):				
Proceeds from Sales of Property	1,177			1,177
Transfers-In	145,000	35,000		180,000
Transfers-Out	(35,000)	(145,000)		(180,000)
Total Other Financing Receipts/(Disbursements)	111,177	(110,000)		1,177
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	30,664	(84,005)	(486)	(53,827)
Fund Cash Balances, January 1	362,755	486,044	112,643	961,442
Fund Cash Balances, December 31	\$ 393,419	\$ 402,039	\$ 112,157	\$ 907,615
Reserves for Encumbrances, December 31	\$ 62,405	\$ 11,543	\$ 300	\$ 74,248

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

**WAY PUBLIC LIBRARY
WOOD 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, 2002**

	<u>Governmental Fund Types</u>		<u>Fiduciary Fund Type</u>	Totals (Memorandum Only)
	<u>General</u>	<u>Capital Projects</u>	<u>Nonexpendable Trust</u>	
Cash Receipts:				
Library and Local Government Support	\$ 1,117,391			\$ 1,117,391
Intergovernmental	468			468
Patron Fines and Fees	76,027			76,027
Earnings on Investments	7,561	\$ 6,464	\$ 2,032	16,057
Miscellaneous Receipts	14,191	268,956		283,147
Total Cash Receipts	1,215,638	275,420	2,032	1,493,090
Cash Disbursements:				
Current:				
Salaries	699,089			699,089
Employee Fringe Benefits	206,112			206,112
Purchased and Contracted Services	204,575	88,902	182	293,659
Library Materials and Information	239,835		1,507	241,342
Supplies	19,435	1,639	796	21,870
Other Objects	8,274	49		8,323
Capital Outlay		19,367		19,367
Total Cash Disbursements	1,377,320	109,957	2,485	1,489,762
Total Cash Receipts Over/(Under) Cash Disbursements	(161,682)	165,463	(453)	3,328
Other Financing Receipts/(Disbursements):				
Proceeds from Sales of Property	3,963			3,963
Transfers-In	135,000			135,000
Transfers-Out		(135,000)		(135,000)
Total Other Financing Receipts/(Disbursements)	138,963	(135,000)		3,963
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(22,719)	30,463	(453)	7,291
Fund Cash Balances, January 1	385,474	455,581	113,096	954,151
Fund Cash Balances, December 31	\$ 362,755	\$ 486,044	\$ 112,643	\$ 961,442
Reserves for Encumbrances, December 31	\$ 32,375	\$ 12,047	\$ -	\$ 44,422

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

**WAY PUBLIC LIBRARY
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Way Public Library, Wood County, (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 six-member Board of Trustees appointed by Mayor of the City of Perrysburg. 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, except debt service funds maintained by outside custodians are not included in these financial statements. These assets are described in Note 5 to the financial statements.

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 in STAR Ohio are recorded at share values reported by the State Treasurer of Ohio.

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:

**WAY PUBLIC LIBRARY
WOOD COUNTY**

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. 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 funds.

Building Fund is used to record the proceeds from investments and, occasionally, receive the transfer of surplus monies from the General Fund. These monies are used to pay for equipment and supplies for the Library building.

Building Construction Fund is used to record the revenue from the sale of bonds and the expenditures for the Library's expansion.

Technology Fund is used to record surplus monies transferred from the General Fund. Expenditures from this fund are used to replace computer equipment and supplies, as needed.

3. Fiduciary Funds (Trust Fund)

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. The Library had the following significant fiduciary funds:

Way Trust Fund is used to record interest earned from revenue left by Mr. Willard Way in his will in the late 1800's. Monies from this Fund are expended on local history books, etc., for the Library's local history room.

E. Budgetary Process

The Board must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end. Budgetary

**WAY PUBLIC LIBRARY
WOOD COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)

expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function 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:

	<u>2003</u>	<u>2002</u>
Demand deposits	\$24,383	\$87,922
Change Funds	<u>205</u>	<u>205</u>
Total deposits	24,588	88,127
STAR Ohio	<u>883,027</u>	<u>873,315</u>
Total deposits and investments	<u><u>\$907,615</u></u>	<u><u>\$961,442</u></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.

**WAY PUBLIC LIBRARY
WOOD COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)

3. BUDGETARY ACTIVITY

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

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 1,417,116	\$ 1,380,949	\$ 36,167
Capital Projects	486,085	185,341	300,744
Fiduciary	17,300	2,034	15,266
Total	\$ 1,920,501	\$ 1,568,324	\$ 352,177

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 1,430,741	\$ 1,409,695	\$ 21,046
Capital Projects	670,795	257,004	413,791
Fiduciary	17,300	2,485	14,815
Total	\$ 2,118,836	\$ 1,669,184	\$ 449,652

4. GRANTS-IN-AID

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

The City of Perrysburg has issued bonds in the amount of \$7,800,000 on behalf of the Way Public Library. The Library has no obligations for repayment.

**WAY PUBLIC LIBRARY
WOOD COUNTY**

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 percent of their gross salaries. The Library contributed an amount equal to 13.55 percent of participants' gross salaries for 2003 and 2002. Effective January 1, 1987, the Library Board of Trustees designated a portion of each employees' mandatory contributions to the OPERS as "picked up" by the Board as stipulated in the Internal Revenue Service Rulings 77-462 and 81-36, although they shall continue to be designated as employee contributions as permitted by Attorney General Opinion 82-097.

After July 1, 1991, employees working less than half-time (18¾ hours per week) contribute 8.5 percent of their annual compensation with the Library contributing 13.55 percent of the employees' gross wages. Employees working more than half-time, contribute 4.25 percent of their annual compensation with the Library contributing 17.8 percent of the employees' gross wages. The Library has paid all contributions required through December 31, 2003.

7. RISK MANAGEMENT

Commercial Insurance

The Way Public Library has obtained commercial insurance for the following risks:

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

Self Insurance

The Library is also self insured for the employees' health insurance deductible after the employees' portion up to \$200 and the Library's portion from \$201 to \$400 effective December 1, 2002. The Administrator for this is Service Organization, Inc.

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

**WAY PUBLIC LIBRARY
WOOD COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)

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 into a separate bank account. The Way Public Library contributed \$36,525 in 2003 and \$39,845 in 2002.

9. RELATED ORGANIZATION

The Way Public Library Foundation was established in 1991 and the Trustees consist of a board member and the Director of the Way Public Library with the remaining Trustees appointed by the Way Public Library Board of Trustees.



**Auditor of State
Betty Montgomery**

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

Way Public Library
Wood County
101 East Indiana Avenue
Perrysburg, Ohio 43551-2295

To the Board of Trustees:

We have audited the accompanying financial statements of the Way Public Library, Wood County, (the Library) as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated August 26, 2004 wherein we noted the Library's financial transactions were processed using the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to conduct the audits of the Library because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. 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 audits 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 audits, 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. However, we noted a matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the Library in a separate letter dated August 26, 2004.

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.



Betty Montgomery
Auditor of State

August 26, 2004



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

WAY 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
OCTOBER 14, 2004**