



Dave Yost • Auditor of State

WAY PUBLIC LIBRARY
WOOD COUNTY

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Dave Yost • Auditor of State

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

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.

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Dave Yost
Auditor of State

September 12, 2012

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Dave Yost • Auditor of State

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 Way Public Library, Wood County, Ohio (the Library), as of and for the years ended December 31, 2011 and 2010. 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. The Library processes its financial transactions with 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 audit 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 § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code § 117.11(A) mandates the Auditor of State to audit Ohio governments. 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 governments 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, 2011 and 2010 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, 2011 and 2010, 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 as of December 31, 2011 and 2010 and the reserves for encumbrances as of December 31, 2010 of Way Public Library, Wood County, Ohio, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

As described in Note 1F, during 2011 the Way Public Library adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 12, 2012, 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.



Dave Yost
Auditor of State

September 12, 2012

**WAY PUBLIC LIBRARY
WOOD COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2011**

	General	Capital Projects	Permanent	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$834,360			\$834,360
Public Library	892,694			892,694
Intergovernmental	96,181			96,181
Patron Fines and Fees	56,299			56,299
Contributions, Gifts and Donations	5,488			5,488
Earnings on Investments	1,496	\$170	\$202	1,868
Miscellaneous	13,854		26	13,880
<i>Total Cash Receipts</i>	<u>1,900,372</u>	<u>170</u>	<u>228</u>	<u>1,900,770</u>
Cash Disbursements				
Current:				
Library Services:	1,708,282		1,708	1,709,990
Capital Outlay	26,604			26,604
<i>Total Cash Disbursements</i>	<u>1,734,886</u>		<u>1,708</u>	<u>1,736,594</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>165,486</u>	<u>170</u>	<u>(1,480)</u>	<u>164,176</u>
Other Financing Receipts				
Sale of Capital Assets	2,023			2,023
<i>Net Change in Fund Cash Balances</i>	167,509	170	(1,480)	166,199
<i>Fund Cash Balances, January 1</i>	<u>567,279</u>	<u>118,382</u>	<u>106,184</u>	<u>791,845</u>
Fund Cash Balances, December 31				
Nonspendable			15,000	15,000
Restricted			89,704	89,704
Committed		118,552		118,552
Unassigned	734,788			734,788
<i>Fund Cash Balances, December 31</i>	<u>\$734,788</u>	<u>\$118,552</u>	<u>\$104,704</u>	<u>\$958,044</u>

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

**WAY PUBLIC LIBRARY
WOOD COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2010**

	General	Capital Projects	Permanent	Totals (Memorandum Only)
Cash Receipts:				
Property and Other Local Taxes	\$841,409			\$841,409
Library and Local Government Support	853,042			853,042
Intergovernmental	99,066			99,066
Patron Fines and Fees	57,006			57,006
Contributions, Gifts and Donations	7,090	\$600		7,690
Earnings on Investments	1,189	208	\$232	1,629
Miscellaneous	11,818			11,818
<i>Total Cash Receipts</i>	<u>1,870,620</u>	<u>808</u>	<u>232</u>	<u>1,871,660</u>
Cash Disbursements:				
Current:				
Salaries	919,585			919,585
Employee Fringe Benefits	303,775			303,775
Purchased and Contractual Services	299,218	685	3,012	302,915
Library Materials and Information	230,801			230,801
Supplies	31,509			31,509
Other	3,502			3,502
Capital Outlay	30,403			30,403
<i>Total Cash Disbursements</i>	<u>1,818,793</u>	<u>685</u>	<u>3,012</u>	<u>1,822,490</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>51,827</u>	<u>123</u>	<u>(2,780)</u>	<u>49,170</u>
Other Financing Receipts				
Sale of Capital Assets	4,619			4,619
<i>Net Change in Fund Cash Balances</i>	56,446	123	(2,780)	53,789
<i>Fund Cash Balances, January 1</i>	<u>510,833</u>	<u>118,259</u>	<u>108,964</u>	<u>738,056</u>
<i>Fund Cash Balances, December 31</i>	<u>\$567,279</u>	<u>\$118,382</u>	<u>\$106,184</u>	<u>\$791,845</u>
<i>Reserve for Encumbrances, December 31</i>	<u>\$53,204</u>		<u>\$18</u>	<u>\$53,222</u>

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, 2011 AND 2010**

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 Way public Library, Wood County, Ohio (the Library), as a body corporate and politic. The City of Perrysburg appoints a six-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.

STAR Ohio is recorded at share values the State reports.

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. 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 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.

**WAY PUBLIC LIBRARY
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

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. Permanent Funds

This fund accounts for assets held under a trust agreement that are legally restricted to the extent that only earnings, not principal, are available to support the Library's programs. The Library had the following significant permanent fund:

Way 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 expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function, and object level of control.

A summary of 2011 and 2010 budgetary activity appears in Note 3.

F. Fund Balance

For 2011, the Library has implemented GASB Statement No. 54 "*Fund Balance Reporting and Governmental Fund Type Definitions*". GASB Statement No. 54 establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in the governmental funds. GASB Statement No. 54 also clarifies the definition of governmental fund types. The implementation on GASB Statement No. 54 did not have an effect on the previously reported fund balances.

For December 31, 2011, fund balance is divided into five classifications based primarily on the extent to which the Library must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

1. Nonspendable

The Library classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

2. Restricted

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

WAY PUBLIC LIBRARY
WOOD COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)

1. **Summary of Significant Accounting Policies (Continued)**

3. **Committed**

Trustees can *commit* amounts via formal action (resolution). The Library must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

4. **Assigned**

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Library Trustees or a Library official delegated that authority by resolution, or by State Statute.

5. **Unassigned**

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Library applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

G. 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.

H. 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.

**WAY PUBLIC LIBRARY
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

2. 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:

	2011	2010
Demand deposits	\$17,454	\$15,038
Change Funds	205	205
Money Market Savings Account	664,037	500,410
Total deposits	681,696	515,653
STAR OHio	276,348	276,192
Total deposits and investments	\$958,044	\$791,845

Deposits: Deposits are 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, 2011 and 2010 follows:

2011 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,902,476	\$1,902,395	(\$81)
Capital Projects	210	170	(40)
Permanent	230	228	(2)
Total	\$1,902,916	\$1,902,793	(\$123)

2011 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,955,680	\$1,734,886	\$220,794
Capital Projects	118,592	118,592	118,592
Permanent	20,068	1,708	18,360
Total	\$2,094,340	\$1,736,594	\$357,746

**WAY PUBLIC LIBRARY
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

3. Budgetary Activity (Continued)

2010 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,857,388	\$1,875,239	\$17,851
Capital Projects	270	808	538
Permanent	270	232	(38)
Total	\$1,857,928	\$1,876,279	\$18,351

2010 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,031,073	\$1,871,997	\$159,076
Capital Projects	118,529	685	117,844
Permanent	23,050	3,030	20,020
Total	\$2,172,652	\$1,875,712	\$296,940

4. Grants-in-aid and Tax Receipts

The primary source of revenue for Ohio public libraries is the Public Library Fund (PLF). The State allocates PLF to each county based on the total tax revenue credited to the State's general revenue fund during the preceding month. The County Budget Commission bases the amount for distribution on the needs of such library for the construction of new library buildings, parts of buildings, improvements, operation, maintenance, or other expenses. The County 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. The financial statements include homestead and rollback amounts the State pays as Other Governments' Grants In Aid. 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.

**WAY PUBLIC LIBRARY
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

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 obligation for repayment.

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 2011 and 2010, OPERS members contributed 10% of their gross salaries and the Library contributed an amount equaling 14% of participants' gross salaries. 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 January 1, 2008, employees working less than half-time (18¾ hours per week) contribute 10 percent of their annual compensation with the Library contributing 14 percent of the employees' gross wages in 2011 and 2010. Employees working more than half-time, contribute 5.00 percent of their annual compensation with the Library contributing 19 percent of the employees' gross wages in 2009 and 2008. The Library has paid all contributions required through December 31, 2011.

7. Risk Management

Commercial Insurance

The Library has obtained commercial insurance for the following risks:

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

Self Insurance

The Library is also self insured for the employees' health insurance deductible effective December 1, 2002. The deductible was \$250 in 2011 and 2010. 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 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 PLF 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 \$23,355 in 2011 and 2010.

**WAY PUBLIC LIBRARY
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

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.

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS 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 financial statements of Way Public Library, Wood County, Ohio (the Library), as of and for the years ended December 31, 2011 and 2010, and have issued our report thereon dated September 12, 2012 wherein we noted the Library followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America and the Library implemented GASB statement 54 in 2011. We also noted the Library processes its financial transactions with 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 audit 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 § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code § 117.11(A) mandates the Auditor of State to audit Ohio governments. 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 opinions 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 intend this report solely for the information and use of management, audit committee, 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 "Dave Yost". The signature is written in a cursive, flowing style.

Dave Yost
Auditor of State

September 12, 2012



Dave Yost • Auditor of State

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 2, 2012