



Certified Public Accountants, A.C.

**WAY PUBLIC LIBRARY  
WOOD COUNTY  
Regular Audit  
For the Years Ended December 31, 2017 and 2016**

313 Second St.  
Marietta, OH 45750  
740.373.0056

1907 Grand Central Ave.  
Vienna, WV 26105  
304.422.2203

104 South Sugar St.  
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[www.perrycpas.com](http://www.perrycpas.com)





# Dave Yost • Auditor of State

Board of Trustees  
Way Public Library  
101 E. Indiana Ave  
Perrysburg, OH 43551

We have reviewed the *Independent Auditor's Report* of the Way Public Library, Wood County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2016 through December 31, 2017. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Way Public Library is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

August 21, 2018

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WAY PUBLIC LIBRARY  
WOOD COUNTY

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## INDEPENDENT AUDITOR'S REPORT

June 19, 2018

Way Public Library  
Wood County  
101 E. Indiana Ave.  
Perrysburg, Ohio 43551

To the Board of Trustees:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of **Way Public Library**, Wood County, (the Library) as of and for the years ended December 31, 2017 and 2016.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Library's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Library's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

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***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As described in Note 2 of the financial statements, the Library prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Library does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Library as of December 31, 2017 and 2016, or changes in financial position thereof for the years then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts, and disbursements by fund type, and related notes of the Way Public Library, Wood County as of December 31, 2017 and 2016, and for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 19, 2018, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Library's internal control over financial reporting and compliance.



**Perry & Associates**  
Certified Public Accountants, A.C.  
Marietta, Ohio



**WAY PUBLIC LIBRARY  
WOOD COUNTY  
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>General</u>	<u>Capital Projects</u>	<u>Permanent</u>	<u>Total</u>
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$ 1,071,100	\$ -	\$ -	\$ 1,071,100
Public Library	964,445	-	-	964,445
Intergovernmental	99,802	-	-	99,802
Patron Fines and Fees	41,339	-	-	41,339
Contributions, Gifts and Donations	17,771	-	390	18,161
Earnings on Investments	6,561	640	461	7,662
Miscellaneous	11,610	-	-	11,610
<i>Total Cash Receipts</i>	<u>2,212,628</u>	<u>640</u>	<u>851</u>	<u>2,214,119</u>
<b>Cash Disbursements</b>				
Current:				
Library Services	1,914,259	-	2,848	1,917,107
Capital Outlay	79,113	-	-	79,113
<i>Total Cash Disbursements</i>	<u>1,993,372</u>	<u>-</u>	<u>2,848</u>	<u>1,996,220</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>219,256</u>	<u>640</u>	<u>(1,997)</u>	<u>217,899</u>
<b>Other Financing Receipts</b>				
Sale of Capital Assets	2,227	-	-	2,227
<i>Total Other Financing Receipts</i>	<u>2,227</u>	<u>-</u>	<u>-</u>	<u>2,227</u>
Net Change in Fund Cash Balances	<u>221,483</u>	<u>640</u>	<u>(1,997)</u>	<u>220,126</u>
<i>Fund Cash Balances, January 1</i>	<u>898,349</u>	<u>113,436</u>	<u>83,239</u>	<u>1,095,024</u>
<b>Fund Cash Balances, December 31</b>				
Nonspendable	-	-	15,000	15,000
Restricted	-	-	66,242	66,242
Committed	-	114,076	-	114,076
Assigned	226,507	-	-	226,507
Unassigned	893,325	-	-	893,325
<i>Fund Cash Balances, December 31</i>	<u>\$ 1,119,832</u>	<u>\$ 114,076</u>	<u>\$ 81,242</u>	<u>\$ 1,315,150</u>

See accompanying notes to the financial statements.

**WAY PUBLIC LIBRARY  
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**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, (the Library) as a body corporate and politic. The Library is directed by a seven-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 participates in jointly governed organizations, joint ventures and a public entity risk pool and is associated with a related organization. Notes 7 – 9 to the financial statements provides additional information for these entities.

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 accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This accounting basis is similar to the cash receipts and disbursements basis. The Library recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

**C. Cash and Investments**

The Library's accounting basis includes investments as assets. Accordingly, the Library does not record investment purchases as disbursements or investment sales as receipts. The Library records gains or losses at the time of sale as receipts or disbursements, respectively.

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

**D. Fund Accounting**

The Library uses fund accounting to segregate cash and investments that are restricted as to use. The Library classifies its funds into the following types:

**1. General Fund**

The General Fund accounts for all financial resources except those required to be accounted for in another fund.

**WAY PUBLIC LIBRARY  
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2017**

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

**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 Fund:

**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.

**3. Permanent Funds**

Trust funds account for resources restricted by legally binding trust agreements. If the agreement requires the Library to maintain the corpus of the trust, the Library classifies the activity as a nonexpendable trust fund. The Library had the following significant Permanent Fund:

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

A summary of 2017 budgetary activity appears in Note 3.

**F. Fund Balance**

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 as imposed by law through constitutional provisions.

**WAY PUBLIC LIBRARY  
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2017**

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

**F. Fund Balance (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 (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2017**

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

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

	<u>2017</u>
Demand deposits	\$528,967
Change Funds	<u>205</u>
Total deposits	<u>529,172</u>
STAR Ohio	<u>785,978</u>
Total deposits and investments	<u>\$1,315,150</u>

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

Effective July 1, 2017, the Ohio Pooled Collateral System (OPCS) was implemented by the Office of the Ohio Treasurer of State. Financial institutions have the option of participating in OPCS or collateralizing utilizing the specific pledge method. Huntington National Bank is participating in OPCS.

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

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2017 follows:

2017 Budget vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 2,256,436	\$ 2,214,854	\$ (41,582)
Capital Projects	175	640	465
Permanent	140	851	711
Total	\$ 2,256,751	\$ 2,216,345	\$ (40,406)

2017 Budget vs. Budgetary Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 2,447,209	\$ 2,219,879	\$ 227,330
Capital Projects	113,611	-	113,611
Permanent	22,050	2,848	19,202
Total	\$ 2,582,870	\$ 2,222,727	\$ 360,143

**WAY PUBLIC LIBRARY  
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**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 using the statutory allocation method. Estimated entitlement figures were issued to County Auditors. The actual current year entitlements were computed in December of the current year. The difference between the estimate and actual will be adjusted evenly in the PLF distributions made from January-June of the subsequent year.

***Property Taxes***

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 Intergovernmental Revenue. 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.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Library.

The Library received a Grant from the Ohio Humanities for the period 9/1/2016 – 9/30/2017, for the total amount of \$4,317.67. This Grant is for a speaker series titled "Everyday Humanities". The Library received \$1,424.00 of the Grant in 2016. The Library received \$2,893.67 in 2017.

**5. DEFINED BENEFIT PENSION PLANS**

***Ohio Public Employees 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. After July 1, 1991, employees working less than half-time (18¾ hours per week) contribute 10.0 percent of their annual compensation with the Library contributing 14.00 percent of the employees' gross wages. Employees working more than half-time, contribute 5.00 percent of their annual compensation with the Library contributing 19.00 percent of the employees' gross wages. The Library has paid all contributions required through December 31, 2016

**WAY PUBLIC LIBRARY  
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**6. POSTEMPLOYMENT BENEFITS**

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients of both the traditional pension and the combined plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 1.0 percent during calendar year 2017.

**7. RISK MANAGEMENT**

The Library belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Until November 1, 2016, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Effective November 1, 2016, the OPRM retained 50% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 762 members as of December 31, 2016.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2016 (most recent information available).

	2016
Assets	\$14,765,712
Liabilities	(9,531,506)
Members' Equity	\$ 5,234,206

You can read the complete audited financial statements for OPRM at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).

**Self Insurance**

The Library is also self-insured for part of the employees' health insurance deductible effective December 1, 2002. The deductible was \$1,000 in 2017. The Administrator for this is Service Organization, Inc.

**WAY PUBLIC LIBRARY  
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**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 \$29,464.80 in 2017.

**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 Foundation Board.



**WAY PUBLIC LIBRARY  
WOOD COUNTY  
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>General</u>	<u>Capital Projects</u>	<u>Permanent</u>	<u>Total</u>
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$ 807,574	\$ -	\$ -	\$ 807,574
Public Library	972,847	-	-	972,847
Intergovernmental	95,001	-	-	95,001
Patron Fines and Fees	52,363	-	-	52,363
Contributions, Gifts and Donations	15,118	-	-	15,118
Earnings on Investments	2,596	297	222	3,115
Miscellaneous	11,325	-	-	11,325
<i>Total Cash Receipts</i>	<u>1,956,824</u>	<u>297</u>	<u>222</u>	<u>1,957,343</u>
<b>Cash Disbursements</b>				
Current:				
Library Services	1,816,609	-	2,699	1,819,308
Capital Outlay	97,296	-	-	97,296
<i>Total Cash Disbursements</i>	<u>1,913,905</u>	<u>-</u>	<u>2,699</u>	<u>1,916,604</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>42,919</u>	<u>297</u>	<u>(2,477)</u>	<u>40,739</u>
<b>Other Financing Receipts</b>				
Sale of Capital Assets	4,110	-	-	4,110
<i>Total Other Financing Receipts</i>	<u>4,110</u>	<u>-</u>	<u>-</u>	<u>4,110</u>
Net Change in Fund Cash Balances	<u>47,029</u>	<u>297</u>	<u>(2,477)</u>	<u>44,849</u>
<i>Fund Cash Balances, January 1</i>	<u>851,320</u>	<u>113,139</u>	<u>85,716</u>	<u>1,050,175</u>
<b>Fund Cash Balances, December 31</b>				
Nonspendable	-	-	15,000	15,000
Restricted	-	-	68,239	68,239
Committed	-	113,436	-	113,436
Assigned	190,773	-	-	190,773
Unassigned	707,576	-	-	707,576
<i>Fund Cash Balances, December 31</i>	<u>\$ 898,349</u>	<u>\$ 113,436</u>	<u>\$ 83,239</u>	<u>\$ 1,095,024</u>

See accompanying notes to the financial statements.

**WAY PUBLIC LIBRARY  
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

**1. 71SUMMARY 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, (the Library) as a body corporate and politic. The Library is directed by a seven-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 participates in jointly governed organizations, joint ventures and a public entity risk pool and is associated with a related organization. Note 7 to the financial statements provides additional information for these entities.

The Library's management believes these financial statements present all activities for which the Library is financially accountable.

**B. Basis of Accounting**

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These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

**C. Cash and Investments**

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

**D. Fund Accounting**

The Library uses fund accounting to segregate cash and investments that are restricted as to use. The Library classifies its funds into the following types:

**1. General Fund**

The General Fund accounts for all financial resources except those required to be accounted for in another fund.

WAY PUBLIC LIBRARY  
WOOD COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016  
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

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 Fund:

**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.

3. Permanent Funds

Trust funds account for resources restricted by legally binding trust agreements. If the agreement requires the Library to maintain the corpus of the trust, the Library classifies the activity as a nonexpendable trust fund. The Library had the following significant Permanent Fund:

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

A summary of 2016 budgetary activity appears in Note 3.

F. Fund Balance

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 as imposed by law through constitutional provisions.

WAY PUBLIC LIBRARY  
WOOD COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016  
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

F. Fund Balance (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  
FOR THE YEAR ENDED DECEMBER 31, 2016  
(Continued)**

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

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

	2016
Demand deposits	\$68,158
Change Funds	205
Total deposits	68,363
Money Market	748,126
STAR Ohio	278,535
Total deposits and investments	\$1,095,024

**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 existing in physical or book-entry form.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2016 follows:

2016 Budget vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 1,969,400	\$ 1,960,934	\$ (8,466)
Capital Projects	175	297	122
Permanent	140	222	82
Total	\$ 1,969,715	\$ 1,961,453	\$ (8,262)

2016 Budget vs. Budgetary Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 2,149,531	\$ 2,104,678	\$ 44,853
Capital Projects	113,314	-	113,314
Permanent	22,050	2,699	19,351
Total	\$ 2,284,895	\$ 2,107,377	\$ 177,518

**WAY PUBLIC LIBRARY  
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016  
(Continued)**

**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 using the statutory allocation method. Estimated entitlement figures were issued to County Auditors. The actual current year entitlements were computed in December of the current year. The difference between the estimate and actual will be adjusted evenly in the PLF distributions made from January-June of the subsequent year.

***Property Taxes***

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 Intergovernmental Revenue. 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.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Library.

The Library received a Grant from the Ohio Humanities for the period 9/1/2016 – 9/30/2017, for the total amount of \$4,947.00. This Grant is for a speaker series titled "Everyday Humanities". The Library received \$1,424.00 of the Grant in 2016. The balance of the Grant will be received in 2017.

**5. RETIREMENT SYSTEM**

***Ohio Public Employees 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. After July 1, 1991, employees working less than half-time (18¾ hours per week) contribute 10.0 percent of their annual compensation with the Library contributing 14.00 percent of the employees' gross wages. Employees working more than half-time, contribute 5.00 percent of their annual compensation with the Library contributing 19.00 percent of the employees' gross wages. The Library has paid all contributions required through December 31, 2016

**6. POSTEMPLOYMENT BENEFITS**

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients of both the traditional pension and the combined plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 2.0 percent during calendar year 2016.

**WAY PUBLIC LIBRARY  
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016  
(Continued)**

**7. RISK MANAGEMENT**

The Library belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Until November 1, 2016, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Effective November 1, 2016, the OPRM retained 50% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 762 members as of December 31, 2016.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2016.

	2016
Assets	\$14,765,712
Liabilities	(9,531,506)
Members' Equity	\$ 5,234,206

You can read the complete audited financial statements for OPRM at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).

**Self Insurance**

The Library is also self-insured for part of the employees' health insurance deductible effective December 1, 2002. The deductible was \$1,000 in 2016. The Administrator for this is Service Organization, Inc.

**WAY PUBLIC LIBRARY  
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016  
(Continued)**

**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 \$32,894.88 in 2016.

**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 Foundation Board.

**10. SUBSEQUENT EVENTS**

The Way Library passed a renewal 1.5 mills with increase of 0.4 mil for a total of 1.9 mills for operating expenses in March of 2016. This tax levy was placed upon the tax list and duplicate for the current tax year, beginning 2016, first due in the calendar year 2017. The collection will be in the years 2017, 2018, 2019, and 2020.





Certified Public Accountants, A.C.

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

June 19, 2018

Way Public Library  
Wood County  
101 E. Indiana Ave.  
Perrysburg, Ohio 43551

To the Board of Trustees:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of **Way Public Library**, Wood County, (the Library) as of and for the years ended December 31, 2017 and 2016, and the related notes to the financial statements and have issued our report thereon dated June 19, 2018, wherein we noted the Library followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

**Internal Control Over Financial Reporting**

As part of our financial statement audit, we considered the Library's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Library's internal control. Accordingly, we have not opined on it.

*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 a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Library's financial statements. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency, described in the accompanying schedule of audit findings that we consider a material weakness. We consider finding 2017-001 to be a material weakness.

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...*"bringing more to the table"*

**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, opining 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 also noted certain matters not requiring inclusion in this report that we reported to the Library's management in a separate letter dated June 19, 2018.

***Library's Response to Finding***

The Library's response to the finding identified in our audit is described in the accompanying schedule of audit findings. We did not audit the Library's response and, accordingly, we express no opinion on it.

**Purpose of this Report**

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Library's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Library's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**Perry and Associates**  
Certified Public Accountants, A.C.  
Marietta, Ohio

**WAY PUBLIC LIBRARY  
WOOD COUNTY**

**SCHEDULE OF AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

**FINDING NUMBER 2017-001**

**Material Weakness**

**Fund Balance Classifications**

Accurate financial reporting is the responsibility of the Fiscal Officer and is essential to ensure information provided to the readers of the financial statements is accurate. Fund Balances should be properly Classified based on Government Accounting Standards Board Statement No. 54 – Fund Balance Reporting and Governmental Fund Type Definitions.

During 2017 and 2016, fund balances were not always classified correctly. The following errors were noted:

- Outstanding encumbrances in the General Fund were improperly classified as Unassigned instead of Assigned;
- Nonspendable portion of Permanent Fund fund balance was improperly classified as Restricted instead of Nonspendable.

Not posting fund balances accurately resulted in the financial statements requiring reclassifications. The financial statements reflect all reclassifications.

To help ensure accuracy and reliability in the financial reporting process, we recommend management perform a detailed review of its draft financial statements. Such review should include procedures to ensure that all fund balances are properly identified and classified on the financial statements.

We also recommend the Fiscal Officer refer to Auditor of State bulletin 2011-004 for assistance in properly classifying fund balances.

Management's Response – Will be sure to complete correctly.

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# 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  
SEPTEMBER 4, 2018