



**Auditor of State
Betty Montgomery**

WORCH MEMORIAL LIBRARY
DARKE COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2003	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2002	4
Notes to the Financial Statements	5
Independent Accountants' Report on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	9

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Worch Memorial Library
P.O. Box 336
790 South Center Street
Versailles, Oh 45380

To the Board of Trustees:

We have audited the accompanying financial statements of the Worch Memorial Library, Darke County, (the Library), as of and for the years ended December 31, 2003 and 2002. These financial statements are the responsibility of the Library's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

The Library's financial transactions were processed using 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 the 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(B) and 115.56 mandate the Auditor of State to audit Ohio governments.

We believe that our audit provides a reasonable basis for our opinion.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 23, 2004, on our consideration of the Library's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

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

Betty Montgomery
Auditor of State

March 23, 2004

**WORCH MEMORIAL LIBRARY
DARKE COUNTY**

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

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Capital Projects</u>	
Cash Receipts:			
Library and Local Government Support	\$381,728		\$381,728
Patron Fines and Fees	9,060		9,060
Earnings on Investments	4,484		4,484
Contributions, Gifts and Donations	43,520	\$4,000	47,520
Miscellaneous Receipts	7,611	19,613	27,224
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	446,403	23,613	470,016
Cash Disbursements:			
Current:			
Salaries and Benefits	171,512		171,512
Purchased and Contracted Services	42,473		42,473
Library Materials and Information	55,702		55,702
Supplies	8,614		8,614
Other Objects	1,533		1,533
Debt Service:			
Redemption of Principal	425,200		425,200
Interest Payments and Other Financing Fees and Costs	25,079		25,079
Capital Outlay	9,079	518,846	527,925
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	739,192	518,846	1,258,038
Total Cash Receipts Over/(Under) Cash Disbursements	(292,789)	(495,233)	(788,022)
Other Financing Receipts/(Disbursements):			
Proceeds from Sales of Fixed Assets	154,574		154,574
Transfers-In	200,000		200,000
Transfers-Out		(200,000)	(200,000)
	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts/(Disbursements)	354,574	(200,000)	154,574
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	61,785	(695,233)	(633,448)
Fund Cash Balances, January 1	160,179	748,893	909,072
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Fund Cash Balances, December 31	\$221,964	\$53,660	\$275,624
	<hr/>	<hr/>	<hr/>
Reserves for Encumbrances, December 31	\$1,136	\$0	\$1,136
	<hr/>	<hr/>	<hr/>

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

**WORCH MEMORIAL LIBRARY
DARKE COUNTY**

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

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Capital Projects</u>	
Cash Receipts:			
Library and Local Government Support	\$439,670		\$439,670
Patron Fines and Fees	8,820		8,820
Earnings on Investments	30,400		30,400
Contributions, Gifts and Donations	617	\$3,662	4,279
Miscellaneous Receipts	180	31	211
	<u>479,687</u>	<u>3,693</u>	<u>483,380</u>
Total Cash Receipts			
Cash Disbursements:			
Current:			
Salaries and Benefits	167,016		167,016
Purchased and Contracted Services	27,525		27,525
Library Materials and Information	65,040		65,040
Supplies	7,959		7,959
Other	1,958		1,958
Debt Service:			
Interest Payments and Other Financing Fees and Costs	13,462		13,462
Capital Outlay	1,217	1,746,544	1,747,761
	<u>284,177</u>	<u>1,746,544</u>	<u>2,030,721</u>
Total Cash Disbursements			
Total Cash Receipts Over/(Under) Cash Disbursements	195,510	(1,742,851)	(1,547,341)
Other Financing Receipts/(Disbursements):			
Sale of Notes		630,000	630,000
Transfers-In		200,000	200,000
Transfers-Out	(200,000)		(200,000)
	<u>(200,000)</u>	<u>830,000</u>	<u>630,000</u>
Total Other Financing Receipts/(Disbursements)			
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(4,490)	(912,851)	(917,341)
Fund Cash Balances, January 1	164,669	1,661,744	1,826,413
Fund Cash Balances, December 31	<u>\$160,179</u>	<u>\$748,893</u>	<u>\$909,072</u>
Reserves for Encumbrances, December 31	<u>\$2,420</u>	<u>\$210,752</u>	<u>\$213,172</u>

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

**WORCH MEMORIAL LIBRARY
DARKE COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Worch Memorial Library, Darke 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 a School District Library as defined by Section 3375.14. The Library is directed by a seven-member Board of Trustees appointed by Versailles School District Board of Education. The Library provides the community with various educational and literary resources.

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash and Investments

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

Certificates of deposit are valued at cost.

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 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 Fund

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

Building and Repair Fund - Used for construction, repair, and maintenance of Library facilities.

**WORCH MEMORIAL LIBRARY
DARKE COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process

The Board must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end. Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function, and object level of control.

A summary of 2003 and 2002 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

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	\$275,624	\$509,072
Total deposits	<u>275,624</u>	<u>509,072</u>
Star Ohio	0	400,000
Total deposits and investments	<u>\$275,624</u>	<u>\$909,072</u>

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation, (2) 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.

**WORCH MEMORIAL LIBRARY
DARKE 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 December 31, 2002 follows:

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$767,520	\$740,328	\$27,192
Capital Projects	770,752	718,846	51,906
Total	\$1,538,272	\$1,459,174	\$79,098

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$545,598	\$486,597	\$59,001
Capital Projects	2,491,744	1,957,296	534,448
Total	\$3,037,342	\$2,443,893	\$593,449

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 of any additional revenues the Library receives.

5. RETIREMENT SYSTEM

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

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

**WORCH MEMORIAL LIBRARY
DARKE COUNTY**

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

6. DEBT

The Library issued a note in 2002 in the amount of \$630,000 with a variable interest rate of 4.25% - 12.25% and a maturity date of 2027. The required annual principal payment is \$25,200 each February 6th. In addition to the required principal and interest payments for 2003 the Library made two additional principal payments totaling \$400,000, resulting in outstanding principal amount of \$204,800 as of December 31, 2003.

7. RISK MANAGEMENT

Commercial Insurance

The Worch memorial Library has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Data Processing Equipment and
- Errors and omissions.

The Library also provides health insurance to full time employees through a private carrier.



Auditor of State Betty Montgomery

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

Worch Memorial Library
P.O. Box 336
790 South Center Street
Versailles, Oh 45380

To the Board of Trustees:

We have audited the accompanying financial statements of the Worch Memorial Library, Darke County, (the Library), as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated March 23, 2004, wherein we noted that 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. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Library's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Library's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. 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 March 23, 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.

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

Betty Montgomery
Auditor of State

March 23, 2004



**Auditor of State
Betty Montgomery**

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WORCH MEMORIAL LIBRARY

DARKE 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
MAY 4, 2004**