



**Auditor of State
Betty Montgomery**

**WORNSTAFF MEMORIAL PUBLIC LIBRARY
DELAWARE COUNTY**

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Wornstaff Memorial Public Library
Delaware County
302 East High Street
Ashley, Ohio 43003

To the Board of Trustees:

We have audited the accompanying financial statements of the Wornstaff Memorial Public Library, Delaware County, Ohio, (the Library) as of and for the years ended December 31, 2003, and December 31, 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 the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to conduct the audit of the Library because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code Sections 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 discussed in Note 1, the Library prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than accounting principles than generally accepted in the United States.

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances and reserves for encumbrances of the Wornstaff Memorial Public Library, Delaware County, Ohio, as of December 31, 2003, and December 31, 2002, and its cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

35 N. Fourth St. / Second Floor / Columbus, OH 43215
Telephone: (614) 466-3402 (800) 443-9275 Fax: (614) 728-7199
www.auditor.state.oh.us

In accordance with *Government Auditing Standards*, we have also issued our report dated May 25, 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, the 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

May 25, 2004

**WORNSTAFF MEMORIAL PUBLIC LIBRARY
DELAWARE COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGE IN FUND CASH BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2003**

Cash Receipts:

Library and Local Government Support	\$155,058
Patron Fines and Fees	2,427
Earnings on Investments	1,068
Contributions, Gifts and Donations	385
Miscellaneous Receipts	<u>50</u>
 Total Cash Receipts	 <u>158,988</u>

Cash Disbursements:

Current:	
Salaries and Benefits	107,138
Purchased and Contracted Services	16,642
Library Materials and Supplies	29,235
Other Objects	400
Capital Outlay	<u>2,174</u>
 Total Cash Disbursements	 <u>155,589</u>

Total Cash Receipts Over Cash Disbursements 3,399

Other Financing Receipts:

Proceeds from Sales of Property	<u>202</u>
 Total Other Financing Receipts	 <u>202</u>

Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements 3,601

Cash Balance, January 1 125,578

Cash Balance, December 31 **\$129,179**

Reserves for Encumbrances, December 31 \$5,105

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

**WORNSTAFF MEMORIAL PUBLIC LIBRARY
DELAWARE COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGE IN FUND CASH BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2002**

Cash Receipts:

Library and Local Government Support	\$156,599
Other Government Grants-In-Aid	1,971
Patron Fines and Fees	2,332
Earnings on Investments	1,887
Contributions, Gifts and Donations	540
Miscellaneous Receipts	<u>100</u>
 Total Cash Receipts	 <u>163,429</u>

Cash Disbursements:

Current:	
Salaries and Benefits	103,650
Purchased and Contracted Services	15,789
Library Materials and Supplies	28,536
Other Objects	58
Capital Outlay	<u>2,169</u>
 Total Cash Disbursements	 <u>150,202</u>

Total Cash Receipts Over Cash Disbursements 13,227

Other Financing Receipts:

Proceeds from Sales of Property	<u>224</u>
 Total Other Financing Receipts	 <u>224</u>

Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements 13,451

Cash Balance, January 1 112,127

Cash Balance, December 31 **\$125,578**

Reserves for Encumbrances, December 31 \$1,835

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

**WORNSTAFF MEMORIAL PUBLIC LIBRARY
FRANKLIN COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Wornstaff Memorial Public Library, Delaware County, Ohio, (the Library) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of Ohio. The Library is directed by a five-member Board of Trustees appointed by the members of the Board and serve as trustees on a volunteer basis. 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.

The investment in STAR Ohio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer.

D. 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 level of control.

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

E. 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.

F. Accumulated Leave

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

**WORNSTAFF MEMORIAL PUBLIC LIBRARY
FRANKLIN COUNTY**

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

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 follows:

	2003	2002
Demand deposits	\$64,019	\$61,135
Total deposits	64,019	61,135
STAR Ohio	65,160	64,443
Total investments	65,160	64,443
Total deposits and investments	\$129,179	\$125,578

Deposits: Deposits are insured by the Federal Depository Insurance Corporation.

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

3. BUDGETARY ACTIVITY

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

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
	Appropriation Authority	Budgetary Expenditures	Variance
	\$240,000	\$160,694	\$79,306

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
	Appropriation Authority	Budgetary Expenditures	Variance
	\$210,000	\$152,037	\$57,963

4. GRANTS-IN-AID RECEIPTS

The primary source of revenue for Ohio public libraries is the State Library and Local Government Support Fund (LLGSF). The LLGSF is allocated to each county based on the county's prior intangibles tax of LLGSF revenues, and its population. The County Budget Commission allocates these funds to the Library based on its needs such as for the construction of new library buildings, improvements, operation, maintenance, or other expenses. The Budget Commission cannot reduce its allocation of these funds to the Library based on of any additional revenues the Library receives.

**WORNSTAFF MEMORIAL PUBLIC LIBRARY
FRANKLIN COUNTY**

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

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 for 2003 and 2002. The Library has paid all contributions required through December 31, 2003.

6. RISK MANAGEMENT

Commercial Insurance

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

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

7. SUBSEQUENT EVENTS

In April 2004 the Library received a donation from an estate in the amount of \$99,752. This donation results in a 77% increase in the Library's cash balance.

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Auditor of State Betty Montgomery

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

Wornstaff Memorial Public Library
Delaware County
302 East High Street
Ashley, Ohio 43003

To the Board of Trustees:

We have audited the accompanying financial statements of the Wornstaff Memorial Public Library, Delaware County, Ohio, (the Library) as of and for the years ended December 31, 2003, and December 31, 2002, and have issued our report thereon dated May 25, 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.

35 N. Fourth St. / Second Floor / Columbus, OH 43215
Telephone: (614) 466-3402 (800) 443-9275 Fax: (614) 728-7199
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Wornstaff Memorial Public Library
Delaware County
Independent Accountants' Report on Compliance and on Internal Control
Required by *Government Auditing Standards*
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This report is intended solely for the information and use of the audit committee, management and the Board of Trustees, and is not intended to be and should not be used by anyone other than these specified parties.

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

Betty Montgomery
Auditor of State

May 25, 2004



**Auditor of State
Betty Montgomery**

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

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

WORNSTAFF MEMORIAL PUBLIC LIBRARY

DELAWARE 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
AUGUST 24, 2004**