



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

WORCH MEMORIAL PUBLIC LIBRARY
DARKE COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

Worch Memorial Public Library
Darke County
161 East Main Street
Versailles, Ohio 45380

To the Board of Trustees:

We have audited the accompanying financial statements of the Worch Memorial Public Library, Darke County (the Library), as of and for the years ended December 31, 2001 and 2000. 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. 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 generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Library as of December 31, 2001 and 2000, 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 April 17, 2002 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.

Worch Memorial Public Library
Darke County
Report of Independent Accountants
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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.

Jim Petro
Auditor of State

April 17, 2002

**WORCH MEMORIAL PUBLIC 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, 2001**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Capital Projects</u>	
Cash Receipts:			
Government Grants-In-Aid	\$569,611		\$569,611
Patron Fines and Fees	8,180		8,180
Earnings on Investments	68,036		68,036
Contributions, Gifts and Donations	4,342		4,342
Miscellaneous Receipts	927		927
	<hr/>		<hr/>
Total Cash Receipts	651,096		651,096
	<hr/>		<hr/>
Cash Disbursements:			
Salaries and Benefits	161,496		161,496
Library Materials and Information	58,865		58,865
Supplies	8,152		8,152
Purchased and Contracted Services	23,974		23,974
Other Objects	1,894		1,894
Capital Outlay	4,019	103,119	107,138
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	258,400	103,119	361,519
	<hr/>	<hr/>	<hr/>
Total Cash Receipts Over/(Under) Cash Disbursements	392,696	(103,119)	289,577
	<hr/>	<hr/>	<hr/>
Other Financing Receipts/(Disbursements):			
Transfers-In		300,000	300,000
Transfers-Out	(300,000)		(300,000)
	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts/(Disbursements)	(300,000)	300,000	
	<hr/>	<hr/>	<hr/>
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	92,696	196,881	289,577
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	71,973	1,464,863	1,536,836
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	\$164,669	\$1,661,744	\$1,826,413
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Reserves for Encumbrances, December 31	\$6,148	\$429,831	\$435,979
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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

**WORCH MEMORIAL PUBLIC 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, 2000**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Capital Projects</u>	
Cash Receipts:			
Government Grants-In-Aid	\$554,165		\$554,165
Patron Fines and Fees	7,821		7,821
Earnings on Investments	72,191		72,191
Contributions, Gifts and Donations	566		566
Miscellaneous Receipts	57		57
	<hr/>		<hr/>
Total Cash Receipts	634,800		634,800
	<hr/>		<hr/>
Cash Disbursements:			
Salaries and Benefits	153,885		153,885
Library Materials and Information	105,750		105,750
Supplies	8,099		8,099
Purchased and Contracted Services	28,355		28,355
Other Objects	1,345		1,345
Capital Outlay	11,299		11,299
	<hr/>		<hr/>
Total Cash Disbursements	308,733		308,733
	<hr/>		<hr/>
Total Cash Receipts Over Cash Disbursements	326,067		326,067
	<hr/>		<hr/>
Other Financing Receipts/(Disbursements):			
Proceeds from Sale of Surplus Property	35		35
Transfers-In		\$400,000	400,000
Transfers-Out	(400,000)		(400,000)
	<hr/>		<hr/>
Total Other Financing Receipts/(Disbursements)	(399,965)	400,000	35
	<hr/>		<hr/>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(73,898)	400,000	326,102
	<hr/>		<hr/>
Fund Cash Balances, January 1	145,871	1,064,863	1,210,734
	<hr/>		<hr/>
Fund Cash Balances, December 31	\$71,973	\$1,464,863	\$1,536,836
	<hr/> <hr/>		<hr/> <hr/>
Reserves for Encumbrances, December 31	\$4,199	\$35,000	\$39,199
	<hr/> <hr/>		<hr/> <hr/>

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

**WORCH MEMORIAL PUBLIC LIBRARY
DARKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Worch Memorial Public 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 Exempted School District Board. 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.

Money market mutual funds (including STAR Ohio) are recorded at share values reported by the mutual fund.

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.

**WORCH MEMORIAL PUBLIC LIBRARY
DARKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Capital Project Funds

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

Building and Repairs Fund – This fund is used to account for upgrades and repairs to the Library.

E. Budgetary Process

The Ohio Administrative Code requires budgeting for each fund annually.

1. Appropriations

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 and function level of control.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1.

3. Encumbrances

The Ohio Administrative Code requires the Library to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

Effective January 1, 2001, the Ohio Administrative Code amended library budgetary requirements. Libraries are not required to estimate resources or encumber appropriations.

A summary of 2001 and 2000 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.

**WORCH MEMORIAL PUBLIC LIBRARY
DARKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000
(Continued)**

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>2001</u>	<u>2000</u>
Demand Deposits	\$ 423,771	\$ 129,151
STAR Ohio	<u>1,402,642</u>	<u>1,407,685</u>
Total deposits and investments	<u>\$1,826,413</u>	<u>\$1,536,836</u>

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2001 and 2000 follows:

<u>Fund Type</u>	<u>2001 Budgeted vs. Actual Receipts</u>		<u>Variance</u>
	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	
General	\$620,640	\$651,096	\$30,456
Capital Projects	<u>300,000</u>	<u>300,000</u>	<u>0</u>
Total	<u>\$920,640</u>	<u>\$951,096</u>	<u>\$30,456</u>

<u>Fund Type</u>	<u>2001 Budgeted vs. Actual Budgetary Basis Expenditures</u>		<u>Variance</u>
	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	
General	\$ 627,398	\$ 564,548	\$ 62,850
Capital Projects	<u>1,335,000</u>	<u>532,950</u>	<u>802,050</u>
Total	<u>\$1,962,398</u>	<u>\$1,097,498</u>	<u>\$864,900</u>

**WORCH MEMORIAL PUBLIC LIBRARY
DARKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

<u>2000 Budgeted vs. Actual Receipts</u>			
<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 630,335	\$ 634,835	\$4,500
Capital Projects	400,000	400,000	0
Total	<u>\$1,030,335</u>	<u>\$1,034,835</u>	<u>\$4,500</u>

<u>2000 Budgeted vs. Actual Budgetary Basis Expenditures</u>			
<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 774,475	\$712,932	\$ 61,543
Capital Projects	600,000	35,000	565,000
Total	<u>\$1,374,475</u>	<u>\$747,932</u>	<u>\$626,543</u>

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. For 2001 and 2000, 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 2001 and from January 1, 2000 through June 30, 2000. PERS temporarily reduced the employer contribution rate to 8.13%, effective July 1, 2000 through December 31, 2000. The Library has paid all contributions required through December 31, 2001.

**WORCH MEMORIAL PUBLIC LIBRARY
DARKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000
(Continued)**

6. RISK MANAGEMENT

A. Commercial Insurance

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

- Comprehensive property and general liability;
- Vehicles;
- Errors and omissions;
- Inland Marine;
- Valuable Papers;
- Data Processing Equipment; and
- Boiler and Machinery.

7. SUBSEQUENT EVENTS

On February 6, 2002, the Library issued a \$630,000 Library Facilities Note through Second National Bank. The Note has a maturity date of February 6, 2025 with a variable rate. The Library Facilities Note will be used to finance the construction of a new library.

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

Worch Memorial Public Library
Darke County
161 East Main Street
Versailles, Ohio 45380

To the Board of Trustees:

We have audited the accompanying financial statements of the Worch Memorial Public Library (the Library) as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated April 17, 2002. 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*. However, we noted an immaterial instance of noncompliance that we have reported to management of the Library in a separate letter dated April 17, 2002.

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 other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Library in a separate letter dated April 17, 2002.

Worch Memorial Public Library
Darke County
Report of Independent Accountants on Compliance and on Internal Control
Required by *Government Auditing Standards*
Page 2

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.

Jim Petro
Auditor of State

April 17, 2002



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OFFICE OF THE AUDITOR

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WORCH MEMORIAL PUBLIC 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 9, 2002**