



**WORNSTAFF MEMORIAL PUBLIC LIBRARY
DELAWARE COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2007-2006



Mary Taylor, CPA
Auditor of State

**WORNSTAFF MEMORIAL PUBLIC LIBRARY
DELAWARE COUNTY**

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Mary Taylor, CPA

Auditor of State

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 governmental activities and the major fund of Wornstaff Memorial Public Library, Delaware County, Ohio (the Library), as of and for the years ended December 31, 2007 and December 31, 2006, which collectively comprise the Library's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Library's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. The Library processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Library because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinion.

As discussed in Note 2, the accompanying basic financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities and the major fund of the Wornstaff Memorial Public Library, Delaware County, Ohio, as of December 31, 2007 and 2006, and the respective changes in cash financial position and the budgetary comparison for the General Fund thereof for the years then ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 28, 2008, on our consideration of the Library's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

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

Mary Taylor, CPA
Auditor of State

May 28, 2008

**WORNSTAFF MEMORIAL PUBLIC LIBRARY
DELAWARE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
Unaudited**

This discussion and analysis of the Wornstaff Memorial Public Library's financial performance provides an overall review of the Library's financial activities for the years ended December 31, 2007 and December 31, 2006, within the limitations of the Library's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Library's financial performance.

Highlights

Key highlights for 2007 are as follows:

Net assets of governmental activities decreased \$8,409 in 2007. The 2007 fund affected by the decrease in cash and cash equivalents was the General fund. The county auditor reduced the amount the Library received in 2007 from LLGSF from \$176,377 to \$155,598. This was reflected on the Second Amended Certificate of Estimated Resources.

The Library's general receipts are primarily Library and Local State Government Funds (LLGSF). These receipts represent \$155,598 of the total cash received for governmental activities in 2007. There were no property and income tax receipts for 2007. The Library does not have a tax levy.

Key highlights for 2006 are as follows:

Net assets of governmental activities decreased \$88,872 in 2006. The reason for the 2006 change is that the library did major building and land improvements and provided maintenance for the new building.

The Library's general receipts are primarily Library and Local State Government Funds (LLGSF). These receipts represent \$155,598 of the total cash received for governmental activities in 2006. There were no property and income tax receipts for 2006. The Library does not have a tax levy.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Library's cash basis of accounting.

Report Components

The statement of net assets and the statement of activities provide information about the cash activities of the Library as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Library as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns. In 2007 and 2006, the Library only reports a General Fund.

The notes to the basic financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

**WORNSTAFF MEMORIAL PUBLIC LIBRARY
DELAWARE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
Unaudited
(Continued)**

Using the Basic Financial Statements (continued)

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Library has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Library's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

Reporting the Library as a Whole

The statement of net assets and the statement of activities reflect how the Library did financially during 2007 and 2006, within the limitations of cash basis accounting. The statement of net assets presents the cash balances of the governmental activities of the Library at year end. The statement of activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Library's general receipts.

These statements report the Library's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Library's financial health. Over time, increases or decreases in the Library's cash position is one indicator of whether the Library's financial health is improving or deteriorating. When evaluating the Library's financial condition, you should also consider other non-financial factors as well such as the condition of the Library's capital assets and infrastructure, the extent of the Library's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as the LLGSF.

The Library's main activity is to provide books, video, etc. free of charge. There are also programs that are provided free of charge. A fee is charged for the use of the copier, fax machine, and copies from the internet. A fee is also charged for lost borrowed items based on their original cost.

Reporting the Library's Most Significant Funds

The Library's only fund is the General fund.

**WORNSTAFF MEMORIAL PUBLIC LIBRARY
DELAWARE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
Unaudited
(Continued)**

The Library as a Whole

Table 1 provides a summary of the Library's net assets for 2007 and 2006 compared to 2005 on a cash basis:

(Table 1)

Net Assets

	Governmental Activities		
	2007	2006	2005
Assets			
Cash and Cash Equivalents	\$ 133,385	\$ 141,794	\$ 230,666
Total Assets	\$ 133,385	\$ 141,794	\$ 230,666
 Net Assets			
Unrestricted	\$ 133,385	\$ 141,794	\$ 230,666
Total Net Assets	\$ 133,385	\$ 141,794	\$ 230,666

As mentioned previously, net assets of governmental activities decreased \$8,409 or 6 percent and \$88,872 or 39 percent during 2007 and 2006 respectively. The primary reasons contributing to the decreases in cash balances are as follows:

- Increased wages and salaries in 2007.
- Interest rates decreased in 2007.
- Purchase of furniture and equipment increased in 2006.
- Interest rates decreased in 2006.
- Contracted labor for major renovations, building improvements, and land improvements during 2006. There were major drainage problems in the basement that needed addressed. So there were major costs related to the maintenance of building appropriation line item. The funds for these major projects were available from the unrestricted donation of the Juanita Newman Estate the Library received in 2004.

Table 2 reflects the changes in net assets on a cash basis in 2007, 2006, and 2005 for governmental activities.

**WORNSTAFF MEMORIAL PUBLIC LIBRARY
DELAWARE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
Unaudited
(Continued)**

The Library as a Whole (continued)

(Table 2)

Changes in Net Assets

	Governmental Activities		
	2007	2006	2005
Receipts:			
Program Receipts:			
Charges for Services and Sales	\$ 2,133	\$ 1,873	\$ 1,866
Total Program Receipts	<u>2,133</u>	<u>1,873</u>	<u>1,866</u>
General Receipts:			
LLGSF	155,598	155,598	155,598
Intergovernmental	2,350	-	-
Sale of Capital Assets	219	235	301
Grants and Entitlements Not Restricted to Specific Programs	1,463	1,022	3,234
Interest	6,742	9,609	5,575
Miscellaneous	196	30	11
Total General Receipts	<u>166,568</u>	<u>166,494</u>	<u>164,719</u>
Total Receipts	<u>168,701</u>	<u>168,367</u>	<u>166,585</u>
Disbursements:			
Library Services	175,268	186,850	163,112
Capital Outlay	1,842	70,389	844
Total Disbursements	<u>177,110</u>	<u>257,239</u>	<u>163,956</u>
Increase (Decrease) in Net Assets	(8,409)	(88,872)	2,629
Beginning Net Assets	<u>141,794</u>	<u>230,666</u>	<u>228,037</u>
Ending Net Assets	<u>\$ 133,385</u>	<u>\$ 141,794</u>	<u>\$ 230,666</u>

Program receipts represent only 1 percent of total receipts and are primarily comprised of fees for services such as the copier, fax machine, and internet copies.

General receipts represent 99 percent of the Library's total receipts, and of this amount, 93 percent are LLGSF receipts.

Disbursements for Library represent the overhead costs of running the Library and the services provided by the Library. These include the costs of utilities, repairs and maintenance to the facilities and equipment, wages, purchases of library books, periodicals, and audio visual items.

**WORNSTAFF MEMORIAL PUBLIC LIBRARY
DELAWARE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
Unaudited
(Continued)**

The Library as a Whole (continued)

Governmental Activities

If you look at the Statement of Activities on pages 10 and 15, you will see that the first column lists the major services provided by the Library. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are to provide library services. The next column of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by general receipts. A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)

	Governmental Activities					
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	<u>2007</u>	<u>2007</u>	<u>2006</u>	<u>2006</u>	<u>2005</u>	<u>2005</u>
Library Services	\$ 175,268	\$ 173,135	\$ 186,850	\$ 184,977	\$ 163,117	\$ 161,246
Capital Outlay	1,842	1,842	70,389	70,389	844	844
Total Expenses	<u>\$ 177,110</u>	<u>\$ 174,977</u>	<u>\$ 257,239</u>	<u>\$ 255,366</u>	<u>\$ 163,961</u>	<u>\$ 162,090</u>

The dependence upon LLGSF receipts is apparent as over 92 percent of governmental activities are supported through these general receipts.

The Library's Fund

The General Fund had receipts and other financing sources of \$168,701 in 2007 and disbursements of \$177,110 in 2007. The fund balance decreased by \$8,409 as the result of increased costs for salaries, benefits, lower than expected LLGSF receipts.

The General Fund had receipts and other financing sources of \$168,367 in 2006 and disbursements of \$257,239 in 2006. The fund balance decreased by \$88,872 as the result of capital outlays to buy new furniture and provide maintenance for the building.

General Fund Budgeting Highlights

The Library's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances.

During 2007, the Library amended its General Fund budget two times to reflect changing circumstances. Once was in early January to reflect the year-end balances of 2006. The second time was in late August to reflect the notice from the County Auditor of the decrease of \$20,000 in expected receipts from the LLGSF. Appropriations for the Library never exceeded the estimated or actual receipts.

**WORNSTAFF MEMORIAL PUBLIC LIBRARY
DELAWARE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
Unaudited
(Continued)**

General Fund Budgeting Highlights (continued)

During 2006, the Library amended its General Fund budget one time to reflect changing circumstances. This amendment was in early January to reflect the year-end balances of 2005. Appropriations for the Library never exceeded the estimated or actual receipts.

Final disbursements were budgeted at \$291,987 for 2007 and \$350,000 for 2006, while actual disbursements were \$180,222 and \$269,226 respectively. Funds were available and appropriated by the Board at the year-end special meeting of 2007 and 2006.

Current Issues

The challenge for all libraries is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. We rely heavily on the Library and Local Government Support Fund (LLGSF). The Wornstaff Memorial Public Library serves northern Delaware County, the Buckeye Valley Local School District and southern Morrow County. Currently there is not a local tax levy and there never has been. Our financial forecast predicts a very small deficit for 2008.

Contacting the Library's Financial Management

This financial report is designed to provide our citizens, investors, and creditors with a general overview of the Library's finances and to reflect the Library's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Linda L. Thomas, Clerk-Treasurer, Wornstaff Memorial Public Library, 302 East High Street, Ashley, Ohio, 43003.

**WORNSTAFF MEMORIAL PUBLIC LIBRARY
DELAWARE COUNTY**

**STATEMENT OF NET ASSETS - CASH BASIS
DECEMBER 31, 2007**

	<u>Governmental Activities</u>
Assets	
Cash	<u>\$ 133,385</u>
<i>Total Assets</i>	<u><u>\$ 133,385</u></u>
Net Assets	
Unrestricted	<u>\$ 133,385</u>
<i>Total Net Assets</i>	<u><u>\$ 133,385</u></u>

See accompanying notes to the basic financial statements

**WORNSTAFF MEMORIAL PUBLIC LIBRARY
DELAWARE COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2007**

	Cash Disbursements	Program Cash Receipts Charges for Services and Sales	Net (Disbursements) Receipts and Changes in Net Assets Governmental Activities
Governmental Activities			
Library Services	\$ 175,268	\$ 2,133	\$ (173,135)
Capital Outlay	1,842	-	(1,842)
<i>Total Governmental Activities</i>	<u>\$ 177,110</u>	<u>\$ 2,133</u>	<u>(174,977)</u>
General Receipts			
Unrestricted Gifts and Contributions			1,463
Grants and Entitlements not Restricted to Specific Programs			157,948
Sale of Capital Assets			219
Earnings on Investments			6,742
Miscellaneous			196
<i>Total General Receipts</i>			<u>166,568</u>
Change in Net Assets			(8,409)
<i>Net Assets Beginning of Year</i>			<u>141,794</u>
<i>Net Assets End of Year</i>			<u>\$133,385</u>

See accompanying notes to the basic financial statements

**WORNSTAFF MEMORIAL PUBLIC LIBRARY
DELAWARE COUNTY**

**STATEMENT OF CASH BASIS ASSETS AND FUND BALANCE
GENERAL FUND
DECEMBER 31, 2007**

Assets	
Cash	\$ 133,385
<i>Total Assets</i>	<u>\$ 133,385</u>
 Fund Balance	
Reserved:	
Reserved for Encumbrances	\$ 3,112
Unreserved:	
Undesignated (Deficit), Reported in:	
General Fund	130,273
<i>Total Fund Balance</i>	<u>\$ 133,385</u>

See accompanying notes to the basic financial statements

**WORNSTAFF MEMORIAL PUBLIC LIBRARY
DELAWARE COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGE IN CASH BASIS FUND BALANCE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2007**

Receipts	
Library and Local Government Support	\$ 155,598
Intergovernmental	2,350
Patron Fines and Fees	1,983
Contributions, Gifts and Donations	1,463
Earnings on Investments	6,742
Miscellaneous	346
	<hr/>
<i>Total Receipts</i>	168,482
	<hr/>
Disbursements	
Current:	
Library Services	175,268
Capital Outlay	1,842
	<hr/>
<i>Total Disbursements</i>	177,110
	<hr/>
<i>Excess of Receipts (Under) Disbursements</i>	(8,628)
	<hr/>
Other Financing Sources	
Sale of Capital Assets	219
	<hr/>
<i>Total Other Financing Sources</i>	219
	<hr/>
<i>Net Change in Fund Balance</i>	(8,409)
	<hr/>
<i>Fund Balance Beginning of Year</i>	141,794
	<hr/>
<i>Fund Balance End of Year</i>	\$ 133,385
	<hr/> <hr/>

See accompanying notes to the basic financial statements

**WORNSTAFF MEMORIAL PUBLIC LIBRARY
DELAWARE COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Library and Local Government Support	\$ 176,377	\$ 156,207	\$ 155,598	\$ (609)
Intergovernmental	-	-	2,350	2,350
Patron Fines and Fees	1,380	1,380	1,983	603
Contributions, Gifts and Donations	850	850	1,463	613
Earnings on Investments	4,000	4,000	6,742	2,742
Miscellaneous	200	200	346	146
<i>Total receipts</i>	<u>182,807</u>	<u>162,637</u>	<u>168,482</u>	<u>5,845</u>
Disbursements				
Current:				
Library Services	244,150	256,137	178,380	77,757
Capital Outlay	35,850	35,850	1,842	34,008
<i>Total Disbursements</i>	<u>280,000</u>	<u>291,987</u>	<u>180,222</u>	<u>111,765</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(97,193)</u>	<u>(129,350)</u>	<u>(11,740)</u>	<u>117,610</u>
Other Financing Sources				
Sale of Capital Assets	-	100	219	119
<i>Total Other Financing Sources (Uses)</i>	<u>-</u>	<u>100</u>	<u>219</u>	<u>119</u>
<i>Net Change in Fund Balance</i>	(97,193)	(129,250)	(11,521)	117,729
<i>Fund Balance Beginning of Year</i>	129,807	129,807	129,807	-
Prior Year Encumbrances Appropriated	11,987	11,987	11,987	-
<i>Fund Balance End of Year</i>	<u>\$ 44,601</u>	<u>\$ 12,544</u>	<u>\$ 130,273</u>	<u>\$ 117,729</u>

See accompanying notes to the basic financial statements

**WORNSTAFF MEMORIAL PUBLIC LIBRARY
DELAWARE COUNTY**

**STATEMENT OF NET ASSETS - CASH BASIS
DECEMBER 31, 2006**

	<u>Governmental Activities</u>
Assets	
Cash	<u>\$ 141,794</u>
<i>Total Assets</i>	<u><u>\$ 141,794</u></u>
Net Assets	
Unrestricted	<u>\$ 141,794</u>
<i>Total Net Assets</i>	<u><u>\$ 141,794</u></u>

See accompanying notes to the basic financial statements

**WORNSTAFF MEMORIAL PUBLIC LIBRARY
DELAWARE COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2006**

	Cash Disbursements	Program Cash Receipts Charges for Services and Sales	Net (Disbursements) Receipts and Changes in Net Assets Governmental Activities
Governmental Activities			
Library Services	\$ 186,850	\$ 1,873	\$ (184,977)
Capital Outlay	70,389	-	(70,389)
<i>Total Governmental Activities</i>	<u>\$ 257,239</u>	<u>\$ 1,873</u>	<u>(255,366)</u>
General Receipts			
Unrestricted Gifts and Contributions			1,022
Grants and Entitlements not Restricted to Specific Programs			155,598
Sale of Capital Assets			235
Earnings on Investments			9,609
Miscellaneous			30
<i>Total General Receipts</i>			<u>166,494</u>
Change in Net Assets			(88,872)
<i>Net Assets Beginning of Year</i>			<u>230,666</u>
<i>Net Assets End of Year</i>			<u>\$141,794</u>

See accompanying notes to the basic financial statements

**WORNSTAFF MEMORIAL PUBLIC LIBRARY
DELAWARE COUNTY**

**STATEMENT OF CASH BASIS ASSETS AND FUND BALANCE
GENERAL FUND
DECEMBER 31, 2006**

Assets	
Cash	\$ 141,794
<i>Total Assets</i>	<u>\$ 141,794</u>
 Fund Balance	
Reserved:	
Reserved for Encumbrances	\$ 11,987
Unreserved:	
Undesignated (Deficit), Reported in:	
General Fund	129,807
<i>Total Fund Balance</i>	<u>\$ 141,794</u>

See accompanying notes to the basic financial statements

**WORNSTAFF MEMORIAL PUBLIC LIBRARY
DELAWARE COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGE IN CASH BASIS FUND BALANCE
GENERALFUND
FOR THE YEAR ENDED DECEMBER 31, 2006**

Receipts	
Library and Local Government Support	\$ 155,598
Patron Fines and Fees	1,773
Contributions, Gifts and Donations	1,022
Earnings on Investments	9,609
Miscellaneous	<u>130</u>
<i>Total Receipts</i>	<u>168,132</u>
Disbursements	
Current:	
Library Services	186,850
Capital Outlay	<u>70,389</u>
<i>Total Disbursements</i>	<u>257,239</u>
<i>Excess of Receipts (Under) Disbursements</i>	<u>(89,107)</u>
Other Financing Sources	
Sale of Capital Assets	<u>235</u>
<i>Total Other Financing Sources</i>	<u>235</u>
<i>Net Change in Fund Balance</i>	(88,872)
<i>Fund Balance Beginning of Year</i>	<u>230,666</u>
<i>Fund Balance End of Year</i>	<u><u>\$ 141,794</u></u>

See accompanying notes to the basic financial statements

**WORNSTAFF MEMORIAL PUBLIC LIBRARY
DELAWARE COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2006**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Library and Local Government Support	\$ 156,207	\$ 156,207	\$ 155,598	\$ (609)
Patron Fines and Fees	1,475	1,475	1,773	298
Contributions, Gifts and Donations	2,575	2,575	1,022	(1,553)
Earnings on Investments	5,200	5,200	9,609	4,409
Miscellaneous	100	100	130	30
<i>Total receipts</i>	<u>165,557</u>	<u>165,557</u>	<u>168,132</u>	<u>2,575</u>
Disbursements				
Current:				
Library Services	233,050	233,050	198,837	34,213
Capital Outlay	116,950	116,950	70,389	46,561
<i>Total Disbursements</i>	<u>350,000</u>	<u>350,000</u>	<u>269,226</u>	<u>80,774</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(184,443)</u>	<u>(184,443)</u>	<u>(101,094)</u>	<u>83,349</u>
Other Financing Sources				
Sale of Capital Assets	200	200	235	35
<i>Total Other Financing Sources</i>	<u>200</u>	<u>200</u>	<u>235</u>	<u>35</u>
<i>Net Change in Fund Balance</i>	<u>(184,243)</u>	<u>(184,243)</u>	<u>(100,859)</u>	<u>83,384</u>
<i>Fund Balance Beginning of Year</i>	228,479	228,479	228,479	-
Prior Year Encumbrances Appropriated	2,187	2,187	2,187	-
<i>Fund Balance End of Year</i>	<u>\$ 46,423</u>	<u>\$ 46,423</u>	<u>\$ 129,807</u>	<u>\$ 83,384</u>

See accompanying notes to the basic financial statements

**WORNSTAFF MEMORIAL PUBLIC LIBRARY
DELAWARE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006**

Note 1 – Description of the Library and Reporting Entity

The Wornstaff Memorial Public Library, Delaware County, Ohio (“the Library”) was organized as a public library in 1978 under the laws of the State of Ohio. The Library has its own Board of Trustees of five members that appoints new members upon resignation of an existing member. Appointments are continual and members serve without compensation. Under Ohio statutes, the Library is a body politic and corporate capable of suing and being sued, contracting, acquiring, holding, possessing, and disposing of real property, and of exercising such other powers and privileges conferred upon it by law. The Library also determines and operates under its own budget. Control and management of the Library is governed by sections 3375.33 to 3375.39 of the Ohio Revised Code with the administration of the day-to-day operations of the Library being the responsibility of the Director and financial accountability being solely that of the Clerk-Treasurer.

Component units are legally separate organizations for which the Library is financially accountable. The Library is financially accountable for an organization if the Library appoints a voting majority of the organization's governing board and (1) the Library is able to significantly influence the programs or services performed or provided by the organization; or (2) the Library is legally entitled to or can otherwise access the organization's resources; the Library is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Library is obligated for the debt of the organization. The Library is also financially accountable for any organizations for which the Library approves the budget, the issuance of debt or the levying of taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Library, are accessible to the Library and are significant in amount to the Library. The Library has no component units.

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

Note 2 - Summary of Significant Accounting Policies

As discussed further in Note 2.C, the financial statements of the Library have been prepared on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The most significant of the Library's accounting policies are described below.

A. Basis of Presentation

The Library's basic financial statements consist of government-wide statements, including a statement of net assets and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

Government-wide Financial Statements

The statement of net assets and the statement of activities display information about the Library as a whole. These statements include the financial activities of the primary government. Governmental activities generally are financed through intergovernmental receipts and other nonexchange transactions.

**WORNSTAFF MEMORIAL PUBLIC LIBRARY
DELAWARE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
(Continued)**

Note 2 - Summary of Significant Accounting Policies (Continued)

The statement of net assets presents the cash balance and net assets of the governmental activities of the Library at year end. The statement of activities compares disbursements with program receipts for each of the Library's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Library is responsible. Program receipts include charges paid by the recipient of the program's goods or services. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a cash basis or draws from the Library's general receipts.

Fund Financial Statements

During the year, the Library segregates transactions related to certain Library functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Library at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column.

The Library's only fund is the General Fund.

B. Fund Accounting

The Library uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. The Library's funds are all classified as governmental.

Governmental Funds

Governmental funds are financed primarily from intergovernmental receipts (e.g. Library and Local Government Support Fund), and other nonexchange transactions. Monies are assigned to the various governmental funds according to the purposes for which they may or must be used. The following is the Library's major governmental fund:

General Fund - The general fund accounts for all financial resources except those required to be accounted for in another fund. The general fund balance is available to the Library for any purpose provided it is expended or transferred according to the general laws of Ohio.

C. Basis of Accounting

The Library's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Library's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Library are described in the appropriate section in this note.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued liabilities and the related expenses) are not recorded in these financial statements.

**WORNSTAFF MEMORIAL PUBLIC LIBRARY
DELAWARE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
(Continued)**

Note 2 - Summary of Significant Accounting Policies (Continued)

D. Budgetary Process

All funds are legally required to be appropriated. The appropriations resolution is the Trustee's authorization to spend resources and sets limits on cash disbursements plus encumbrances at the level of control selected by the Trustees. The legal level of control has been established at the object code level. Budgetary modifications at the legal level of control may only be made by resolution of the Board of Library Trustees.

For control purposes, the Library estimates cash receipts for the year. These estimated receipts, together with the unencumbered carry-over balances from the prior year, set a limit on the amount the Trustees may appropriate. The estimated receipts may be revised during the year if projected increases or decreases in receipts are identified by the Clerk-Treasurer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts of estimated resources at the time final appropriations were enacted by the Trustees.

The appropriations resolution is subject to amendment throughout the year with the restriction that appropriations should not exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Trustees during the year.

E. Cash and Investments

Investments with original maturities of three months or less at the time they are purchased are presented on the financial statements as cash. Investments with an initial maturity of more than three months are reported as 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 negative receipts, respectively.

During 2007 and 2006, investments were limited to STAR Ohio.

STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31, 2007 and December 31, 2006.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest receipts credited to the general fund during 2007 and 2006 amounted to \$6,742 and \$9,609, respectively.

F. Restricted Assets

Cash and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. The Library had no restricted assets as of December 31, 2007 or December 31, 2006.

**WORNSTAFF MEMORIAL PUBLIC LIBRARY
DELAWARE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
(Continued)**

Note 2 - Summary of Significant Accounting Policies (Continued)

G. Inventory and Prepaid Items

The Library reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

H. Capital Assets

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

I. Accumulated Leave

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

J. Employer Contributions to Cost-Sharing Pension Plans

The Library recognizes the disbursement for their employer contributions to cost-sharing pension plans when they are paid. As described in Notes 6 and 7, the employer contributions include portions for pension benefits and for postretirement health care benefits.

K. Long-Term Obligations

The Library's cash basis financial statements do not report liabilities for long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure is reported at inception. Lease payments are reported when paid.

L. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

The Library's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

The Library has no net assets restricted by enabling legislation.

M. Fund Balance Reserves

The Library reserves any portion of fund balance which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. A fund balance reserve has been established for encumbrances

**WORNSTAFF MEMORIAL PUBLIC LIBRARY
DELAWARE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
(Continued)**

Note 3 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis). The encumbrances outstanding at year end (budgetary basis) amounted to \$3,112 in 2007 and \$11,987 in 2006 for the General Fund.

Note 4 – Deposits and Investments

Monies held by the Library are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Library treasury. Active monies must be maintained either as cash in the Library treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Board has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the Library can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;

**WORNSTAFF MEMORIAL PUBLIC LIBRARY
DELAWARE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
(Continued)**

Note 4 - Deposits and Investments (Continued)

6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Library, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the Library will not be able to recover deposits or collateral securities that are in the possession of an outside party. At December 31, 2007, none of the Library's bank balance of \$36,280 was exposed to custodial credit risk. At December 31, 2006, none of the Library's bank balance of \$71,150 was exposed to custodial credit risk. For both years, all of the Library's bank balances were covered by FDIC Insurance.

The Library has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Library or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Investments

As of December 31, 2007 and 2006, the Library had the following investments:

	<u>2007</u>	<u>2006</u>
STAR Ohio	\$106,553	\$134,907

Interest rate risk arises because the fair value of investment changes as interest rates change. The Library's investment policy addresses interest rate risk by requiring that the Library's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments, thereby avoiding that need to sell securities on the open market prior to maturity, and by investing operating funds primarily in short-term investments.

STAR Ohio carries a rating of AAAM by Standard and Poor's. The Library has no investment policy dealing with investment credit risk beyond the requirements in state statutes. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money market fund be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service.

**WORNSTAFF MEMORIAL PUBLIC LIBRARY
DELAWARE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
(Continued)**

Note 4 - Deposits and Investments (Continued)

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Library will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Library's investment policy deals with investment custodial risk by referencing the requirements in ORC 135.14(M)(2) which states, "Payment for investments shall be made only upon the delivery of securities representing such investments to the treasurer, investing authority, or qualified trustee. If the securities transferred are not represented by a certificate, payment shall be made only upon receipt of confirmation of transfer from the custodian by the treasurer, governing board, or qualified trustee."

Note 5 - Risk Management

The Library is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2007 and 2006, the Library contracted with several companies for various types of insurance coverage as follows:

<u>Company</u>	<u>Type of Coverage</u>	<u>Coverage</u>
Westfield Insurance Co.	Commercial	\$1,000,000
	Property	
	General Liability	\$2,000,000
	Commercial Crime	\$5,000
	Errors and Omissions	\$7,500
Republic-Franklin Insurance Company	Library Officials	1,000,000

Settled claims have not exceeded coverage in any of the last three years and there was no significant reduction in coverage from the prior year.

The Library pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs. The System administers and pays all claims.

Note 6 - Defined Benefit Pension Plan

The Library participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

**WORNSTAFF MEMORIAL PUBLIC LIBRARY
DELAWARE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
(Continued)**

Note 6 - Defined Benefit Pension Plan (Continued)

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-6705 or (800) 222-7377.

For the year ended December 31, 2007 and 2006, the members of all three plans, were required to contribute 9.5 percent of their annual covered salaries in 2007 and required to contribute 9 percent of their annual covered salaries in 2006. The Library's contribution rate for pension benefits for 2007 was 13.85 percent and 2006 was 13.7 percent. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Library's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2007, 2006 and, 2005 were \$23,138, \$21,759 and, \$20,731 respectively; the full amount has been contributed for 2007, 2006 and, 2005.

Note 7 - Postemployment Benefits

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in *GASB Statement No. 12*.

A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2007 and 2006 local government employer contribution rate was 13.85 and 13.7 percent of covered payroll; a percent of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2006, include a rate of return on investments of 6.50 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no changed in the number of active employees) and an additional increase in total payroll of 0.50 and 6.3 percent base on additional annual pay increases. Health care premiums were assumed to increase at the projected wage inflation rates plus an additional factor ranging from 0.50 to 5.00 percent annually for the next eight years and 4.00 percent annually after eight years.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually. (OPERS)

The number of active contributing participants in the traditional and combined plans was 374,979 for 2007 and 369,214 for 2006. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2007, (the latest information available) were \$10.5 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$30.7 billion and \$18.7 billion, respectively.

**WORNSTAFF MEMORIAL PUBLIC LIBRARY
DELAWARE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
(Continued)**

Note 7 - Postemployment Benefits (Continued)

On September 9, 2005, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2008. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care costs. Member and employer rates increased as of January 1, 2007, which will allow additional funds to be allocated to the health care plan.

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS 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 basic financial statements of the governmental activities and the major fund of the Wornstaff Memorial Public Library, Delaware County, Ohio, (the Library) as of and for the years ended December 31, 2007 and 2006, which collectively comprise the Library's basic financial statements and have issued our report thereon dated May 28, 2008. We also noted the Library uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit 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 the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Library's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Library's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Library's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Library's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Library's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Library's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

We noted a certain internal control matter that we reported to the Library's management in a separate letter dated May 28, 2008.

Compliance and Other Matters

As part of reasonably assuring whether the Library's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We intend this report solely for the information and use of the management and Board of Trustees. We intend it for no one other than these specified parties.



Mary Taylor, CPA
Auditor of State

May 28, 2008



Mary Taylor, CPA
Auditor of State

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
SEPTEMBER 30, 2008**