



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

LONDON PUBLIC LIBRARY
MADISON COUNTY

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STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

35 North Fourth Street
Columbus, Ohio 43215
Telephone 614-466-3402
800-443-9275
Facsimile 614-728-7199
www.auditor.state.oh.us

REPORT OF INDEPENDENT ACCOUNTANTS

London Public Library
Madison County
20 East First Street
London, Ohio 43140

To the Board of Trustees:

We have audited the accompanying financial statements of the London Public Library, Madison County, Ohio, (the Library) as of and for the years ended December 31, 2001 and December 31, 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 December 31, 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 May 7, 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.

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

A handwritten signature in black ink, appearing to read "Jim Petro", written in a cursive style.

JIM PETRO
Auditor of State

May 7, 2002

**LONDON PUBLIC LIBRARY
MADISON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2001**

	Governmental Fund Types			Fiduciary Fund Type	Totals (Memorandum Only)
	General	Debt Service	Capital Projects	Expendable Trust	
Cash Receipts:					
Property and Other Local Taxes	\$852,797	\$0	\$0	\$0	\$852,797
Patron Fines and Fees	15,671	0	0	0	15,671
Earnings on Investments	26,281	0	0	257	26,538
Contributions, Gifts and Donations	21,821	0	0	0	21,821
Miscellaneous Receipts	14,063	0	0	0	14,063
Total Cash Receipts	930,633	0	0	257	930,890
Cash Disbursements:					
Current:					
Salaries and Benefits	493,527	0	0	0	493,527
Supplies	21,300	0	0	0	21,300
Purchased and Contracted Services	105,016	0	2,131	50	107,197
Materials and Information	118,928	0	0	0	118,928
Other Objects	1,854	0	0	0	1,854
Debt Service:					
Redemption of Principal	0	5,553	0	0	5,553
Interest Payments and Other Financing Fees and Costs	0	4,574	0	0	4,574
Capital Outlay	43,434	0	66,678	0	110,112
Total Cash Disbursements	784,059	10,127	68,809	50	863,045
Total Cash Receipts Over/(Under) Cash Disbursements	146,574	(10,127)	(68,809)	207	67,845
Other Financing Receipts/(Disbursements):					
Transfers-In	0	23,319	35,000	0	58,319
Transfers-Out	(58,319)	0	0	0	(58,319)
Total Other Financing Receipts/(Disbursements)	(58,319)	23,319	35,000	0	0
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	88,255	13,192	(33,809)	207	67,845
Fund Cash Balances, January 1	212,263	60,040	196,946	904	470,153
Fund Cash Balances, December 31	\$300,518	\$73,232	\$163,137	\$1,111	\$537,998
Reserves for Encumbrances, December 31	\$3,900	\$0	\$0	\$0	\$3,900

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

**LONDON PUBLIC LIBRARY
MADISON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN FUND CASH BALANCES
ALL NON-EXPENDABLE TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2001**

	Fiduciary Fund Type
	Nonexpendable Trust
Operating Cash Receipts:	
Contributions, Gifts and Donations	\$415
Total Operating Cash Receipts	415
Operating Cash Disbursements:	
Total Operating Cash Disbursements	0
Operating Income/(Loss)	415
Fund Cash Balances, January 1	85,353
Fund Cash Balances, December 31	\$85,768

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

**LONDON PUBLIC LIBRARY
MADISON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000**

	Governmental Fund Types			Fiduciary Fund Type	Totals (Memorandum Only)
	General	Debt Service	Capital Projects	Expendable Trust	
Cash Receipts:					
Property and Other Local Taxes	\$696,054	\$0	\$0	\$0	\$696,054
Patron Fines and Fees	16,751	0	0	0	16,751
Earnings on Investments	35,943	0	0	376	36,319
Contributions, Gifts and Donations	7,706	0	0	0	7,706
Miscellaneous Receipts	945	0	0	0	945
Total Cash Receipts	757,399	0	0	376	757,775
Cash Disbursements:					
Current:					
Salaries and Benefits	415,375	0	0	0	415,375
Supplies	23,519	0	0	0	23,519
Purchased and Contracted Services	105,508	0	9,822	50	115,380
Materials and Information	99,501	0	0	0	99,501
Other Objects	2,148	0	0	0	2,148
Debt Service:					
Redemption of Principal	0	5,230	0	0	5,230
Interest Payments and Other Financing Fees and Costs	0	4,896	0	0	4,896
Capital Outlay	70,308	0	11,739	0	82,047
Total Cash Disbursements	716,359	10,126	21,561	50	748,096
Total Cash Receipts Over/(Under) Cash Disbursements	41,040	(10,126)	(21,561)	326	9,679
Other Financing Receipts/(Disbursements):					
Transfers-In	14,963	40,127	40,000	0	95,090
Transfers-Out	(80,127)	(14,963)	0	0	(95,090)
Total Other Financing Receipts/(Disbursements)	(65,164)	25,164	40,000	0	0
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(24,124)	15,038	18,439	326	9,679
Fund Cash Balances, January 1	236,387	45,002	178,507	578	460,474
Fund Cash Balances, December 31	\$212,263	\$60,040	\$196,946	\$904	\$470,153
Reserves for Encumbrances, December 31	\$19,000	\$0	\$0	\$0	\$19,000

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

**LONDON PUBLIC LIBRARY
MADISON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN FUND CASH BALANCES
ALL NON-EXPENDABLE TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2000**

	Fiduciary Fund Type
	Nonexpendable Trust
Operating Cash Receipts:	
Contributions, Gifts and Donations	\$1,650
Total Operating Cash Receipts	1,650
Operating Cash Disbursements:	
Total Operating Cash Disbursements	0
Operating Income/(Loss)	1,650
Fund Cash Balances, January 1	83,703
Fund Cash Balances, December 31	\$85,353

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

**LONDON PUBLIC LIBRARY
MADISON COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The London Public Library, Madison 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 directed by a seven-member Board of Trustees appointed by London City School District Board of Education. The Library provides the community with various educational and literary resources.

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

B. Basis of Accounting

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

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

C. Cash and Investments

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

The investment in Star Ohio (the State Treasurer's Investment Pool) is valued at amounts reported by the State Treasurer.

D. Fund Accounting

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

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Debt Service Fund

The debt service fund is used to accumulate resources for the payment of bonds and note indebtedness. The debt service fund receives monies from the General Fund to pay for the mortgage loan.

**LONDON PUBLIC LIBRARY
MADISON COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

3. Capital Projects 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 Capital Improvement Fund accumulates monies for capital improvement projects.

4. Fiduciary Funds (Trust Funds)

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Library to maintain the corpus of the trust, the fund is classified as a nonexpendable trust fund. Other trust funds are classified as expendable. The Endowment Fund was established during 1998 to accumulate resources for an endowed trust. Interest earned from this trust is to be used for future operating expenses of 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 object 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.

**LONDON PUBLIC LIBRARY
MADISON COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

G. 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.

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:

	2001	2000
Demand deposits	\$20,490	\$4,509
Total deposits	20,490	4,509
STAR Ohio		
Total investments	603,276	550,997
Total deposits and investments	\$623,766	\$555,506

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

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

3. BUDGETARY ACTIVITY

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

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$902,702	\$930,633	\$27,931
Debt Service	23,292	23,319	27
Capital Projects	35,000	35,000	0
Fiduciary	0	672	672
Total	\$960,994	\$989,624	\$28,630

**LONDON PUBLIC LIBRARY
MADISON COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Budgeted Appropriations	Actual Disbursements	Variance
General	\$917,567	\$846,278	\$71,289
Debt Service	83,322	10,127	73,195
Capital Projects	72,700	68,809	3,891
Fiduciary	300	50	250
Total	<u>\$1,073,889</u>	<u>\$925,264</u>	<u>\$148,625</u>

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$771,980	\$772,362	\$382
Debt Service	40,127	40,127	0
Capital Projects	40,000	40,000	0
Fiduciary	2,100	2,026	(74)
Total	<u>\$854,207</u>	<u>\$854,515</u>	<u>\$308</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Budgeted Appropriations	Actual Disbursements	Variance
General	\$828,690	\$815,486	\$13,204
Debt Service	25,089	25,089	0
Capital Projects	21,843	21,561	282
Fiduciary	200	50	150
Total	<u>\$875,822</u>	<u>\$862,186</u>	<u>\$13,636</u>

4. GRANTS-IN-AID AND TAX 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.

**LONDON PUBLIC LIBRARY
MADISON COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

4. GRANTS-IN-AID AND TAX RECEIPTS (Continued)

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the taxing authority of the subdivision to whose jurisdiction the Library is subject. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Other Governments Grants In Aid. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the taxing district.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

5. DEBT

Debt outstanding at December 31, 2001 was as follows:

	Principal	Interest Rate
Mortgage Loan	73,191	6.00%
Total	\$73,191	

The Mortgage Loan is for a land contract loan for the purchase of land for the Library expansion project in 1996 for \$125,000. The mortgage amount was \$100,000 and was required to be paid in 15 years in a monthly installment of \$844 including interest.

Amortization of the above debt, including interest, is scheduled as follows:

	Mortgage Loan
Year ending December 31:	
2002	\$10,126
2003	10,126
2004	10,126
2005	10,126
2006	10,126
2007 – 2011	45,567
Total	\$96,197

**LONDON PUBLIC LIBRARY
MADISON COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

6. 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 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.

7. RISK MANAGEMENT

Commercial Insurance

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

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



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35 North Fourth Street
Columbus, Ohio 43215
Telephone 614-466-3402
800-443-9275
Facsimile 614-728-7199
www.auditor.state.oh.us

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

London Public Library
Madison County
20 East First Avenue
London, Ohio 43140

To the Board of Trustees:

We have audited the accompanying financial statements of the London Public Library, Madison County, Ohio (the Library) as of and for the years ended December 31, 2001 and December 31, 2000, and have issued our report thereon dated May 7, 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 May 7, 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 May 7, 2002.

London Public Library
Madison 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.

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is stylized with a large, looping initial "J" and a cursive "Petro".

JIM PETRO
Auditor of State

May 7, 2002



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

LONDON PUBLIC LIBRARY

MADISON 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
JUNE 25, 2002**