



**LONDON PUBLIC LIBRARY
MADISON COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999 - 1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**LONDON PUBLIC LIBRARY
MADISON COUNTY**

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**STATE OF OHIO
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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, 1999 and December 31, 1998. 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 generally accepted auditing standards 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, 1999 and December 31, 1998, 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 June 13, 2000 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.

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

A handwritten signature in black ink, appearing to read "Jim Petro".

JIM PETRO
Auditor of State

June 13, 2000

**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, 1999**

	<u>Governmental Fund Types</u>			<u>Fiduciary Fund Type</u>	Totals (Memorandum Only)
	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
Cash Receipts:					
Property and Other Local Taxes	\$766,978	\$155,889	\$0	\$0	\$922,867
Patron Fines and Fees	14,904	0	0	0	14,904
Earnings on Investments	29,322	0	0	286	29,608
Contributions, Gifts and Donations	7,540	0	0	0	7,540
Miscellaneous Receipts	2,078	0	0	0	2,078
Total Cash Receipts	<u>820,822</u>	<u>155,889</u>	<u>0</u>	<u>286</u>	<u>976,997</u>
Cash Disbursements:					
Current:					
Salaries and Benefits	354,233	0	0	0	354,233
Supplies	16,479	0	0	150	16,629
Purchased and Contracted Services	109,087	0	8,317	50	117,454
Materials and Information	93,926	0	0	0	93,926
Other Objects	1,917	0	0	0	1,917
Debt Service:					
Redemption of Principal	0	179,926	0	0	179,926
Interest Payments and Other Financing Fees and Costs	0	18,675	0	0	18,675
Capital Outlay	16,272	0	185,739	0	202,011
Total Cash Disbursements	<u>591,914</u>	<u>198,601</u>	<u>194,056</u>	<u>200</u>	<u>984,771</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>228,908</u>	<u>(42,712)</u>	<u>(194,056)</u>	<u>86</u>	<u>(7,774)</u>
Other Financing Receipts/(Disbursements):					
Transfers-In	119,400	40,127	256,797	0	416,324
Transfers-Out	(185,127)	(119,400)	(111,797)	0	(416,324)
Total Other Financing Receipts/(Disbursements)	<u>(65,727)</u>	<u>(79,273)</u>	<u>145,000</u>	<u>0</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	163,181	(121,985)	(49,056)	86	(7,774)
Fund Cash Balances, January 1	<u>73,205</u>	<u>166,988</u>	<u>227,563</u>	<u>492</u>	<u>468,248</u>
Fund Cash Balances, December 31	<u>\$236,386</u>	<u>\$45,003</u>	<u>\$178,507</u>	<u>\$578</u>	<u>\$460,474</u>
Reserves for Encumbrances, December 31	<u>\$18,749</u>	<u>\$0</u>	<u>\$19,343</u>	<u>\$0</u>	<u>\$38,092</u>

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 NONEXPENDABLE TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 1999**

	Fiduciary Fund Types
	Nonexpendable Trust
Operating Cash Receipts:	
Contributions, Gifts, and Donations	\$50,780
Total Operating Cash Receipts	50,780
Operating Cash Disbursements:	
Total Operating Cash Disbursements	0
Operating Income/(Loss)	50,780
Fund Cash Balances, January 1	32,923
Fund Cash Balances, December 31	\$83,703
Reserves for Encumbrances, December 31	\$0

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, 1998**

	Governmental Fund Types				Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
Cash Receipts:						
Property and Other Local Taxes	\$706,627	\$0	\$161,069	\$0	\$0	\$867,696
Other Government Grants-In-Aid	0	2,813	0	0	0	2,813
Patron Fines and Fees	15,259	0	0	0	0	15,259
Earnings on Investments	20,504	0	0	0	290	20,794
Contributions, Gifts and Donations	12,875	0	0	0	0	12,875
Miscellaneous Receipts	1,819	0	0	0	0	1,819
Total Cash Receipts	757,084	2,813	161,069	0	290	921,256
Cash Disbursements:						
Current:						
Salaries and Benefits	305,693	0	0	0	0	305,693
Supplies	15,667	29	0	0	0	15,696
Purchased and Contracted Services	89,560	2,784	0	5,593	84	98,021
Materials and Information	81,304	0	0	0	0	81,304
Other Objects	2,412	0	0	0	0	2,412
Debt Service:						
Redemption of Principal	0	0	214,640	0	0	214,640
Interest Payments and Other Financing Fees and Costs	0	0	30,589	0	0	30,589
Capital Outlay	26,673	0	0	2,005	0	28,678
Total Cash Disbursements	521,309	2,813	245,229	7,598	84	777,033
Total Cash Receipts Over/(Under) Cash Disbursements	235,775	0	(84,160)	(7,598)	206	144,223
Other Financing Receipts/(Disbursements):						
Transfers-In	0	0	10,127	220,000	0	230,127
Transfers-Out	(230,127)	0	0	0	0	(230,127)
Total Other Financing Receipts/(Disbursements)	(230,127)	0	10,127	220,000	0	0
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	5,648	0	(74,033)	212,402	206	144,223
Fund Cash Balances, January 1	67,557	0	241,021	15,161	286	324,025
Fund Cash Balances, December 31	\$73,205	\$0	\$166,988	\$227,563	\$492	\$468,248
Reserves for Encumbrances, December 31	\$6,550	\$0	\$0	\$0	\$0	\$6,550

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 NONEXPENDABLE TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 1998**

	Fiduciary Fund Types
	Nonexpendable Trust
Operating Cash Receipts:	
Contributions, Gifts, and Donations	\$25,315
Total Operating Cash Receipts	25,315
Operating Cash Disbursements:	
Total Operating Cash Disbursements	0
Operating Income/(Loss)	25,315
Fund Cash Balances, January 1	7,608
Fund Cash Balances, December 31	\$32,923

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

**LONDON PUBLIC LIBRARY
MADISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The London Public Library, Madison County, Ohio, (the Library) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Library is directed by a six-member Board of Trustees appointed by the 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. Except 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. Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The State Grant fund received the proceeds of a state grant from the Ohio Humanities Council

**LONDON PUBLIC LIBRARY
MADISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

3. Debt Service Funds

The debt service fund is used to accumulate resources for the payment of bonds and note indebtedness. The Bond Retirement fund receives property tax monies for the repayment of the Library's bonded debt.

4. 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 Capital Improvement fund accumulates monies for capital improvement projects.

5. 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 that each fund be budgeted annually.

1. Appropriations

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

Estimated Resources

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

2. 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 re-appropriated.

A summary of 1999 and 1998 budgetary activity appears in Note 3.

**LONDON PUBLIC LIBRARY
MADISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(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. Unpaid Vacation Leave

Employees are entitled to cash payments for unused vacation leave in certain circumstances, such as upon leaving employment. Unpaid vacation leave is not reflected as a liability under the cash basis of accounting used by the Library.

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>1999</u>	<u>1998</u>
Demand deposits	\$4,892	\$3,295
Total deposits	4,892	3,295
STAR Ohio	539,285	497,876
Total investments	539,285	497,876
Total deposits and investments	\$544,177	\$501,171

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

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, 1999 and December 31, 1998 follows:

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$783,171	\$940,222	\$157,051
Debt Service	274,102	196,016	(78,086)
Capital Projects	414,351	256,797	(157,554)
Fiduciary	1,600	51,066	49,466
Total	\$1,473,224	\$1,444,101	(\$29,123)

**LONDON PUBLIC LIBRARY
MADISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

1999 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$807,771	\$795,790	\$11,981
Debt Service	318,006	318,001	5
Capital Projects	346,851	325,196	21,655
Fiduciary	600	200	400
Total	<u>\$1,473,228</u>	<u>\$1,439,187</u>	<u>\$34,041</u>

1998 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$687,677	\$757,084	\$69,407
Special Revenue	0	2,813	2,813
Debt Service	165,570	171,196	5,626
Capital Projects	100,000	220,000	120,000
Fiduciary	700	25,605	24,905
Total	<u>\$953,947</u>	<u>\$1,176,698</u>	<u>\$222,751</u>

1998 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$767,795	\$757,986	\$9,809
Special Revenue	2,813	2,813	0
Debt Service	247,732	245,229	2,503
Capital Projects	23,905	7,598	16,307
Fiduciary	200	84	116
Total	<u>\$1,042,445</u>	<u>\$1,013,710</u>	<u>\$28,735</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 on account of any additional revenues realized by the Library.

**LONDON PUBLIC LIBRARY
MADISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(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.

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, 1999 was as follows:

	Principal	Interest Rate
Mortgage Loan	83,974	6%
Total	\$83,974	

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 this debt, including interest, is as follows:

Year Ending December 31:	Land Mortgage
2000	\$10,126
2001	10,126
2002	10,126
2003	10,126
2004	10,126
Subsequent	65,819
Total	\$116,449

**LONDON PUBLIC LIBRARY
MADISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(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 also prescribed by the Ohio Revised Code. The Library's PERS members contributed 8.5% of their gross salaries. The Library contributed an amount equal to 13.55% of participants' gross salaries. The Library has paid all contributions required through December 31, 1999.

7. RISK MANAGEMENT

The Library has obtained commercial insurance for the following risks:

- General Liability and casualty
- Public official's liability
- Property

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



**STATE OF OHIO
OFFICE OF THE AUDITOR**

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

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, 1999 and December 31, 1998, and have issued our report thereon dated June 13, 2000. We conducted our audit in accordance with generally accepted auditing standards 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 a certain immaterial instance of noncompliance that we have reported to management of the Library in a separate letter dated June 13, 2000.

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 another matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the Library in a separate letter dated June 13, 2000.

This report is intended for the information and use of management and the Board of Trustees, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is fluid and cursive, with a large loop at the end.

JIM PETRO
Auditor of State

June 13, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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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
JULY 6, 2000**