



**Auditor of State
Betty Montgomery**

LONDON PUBLIC LIBRARY
MADISON COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report.....	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types and Similar Fiduciary Fund Type - For the Year Ended December 31, 2003.....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – Non-Expendable Trust Funds - For the Year Ended December 31, 2003.....	4
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types and Similar Fiduciary Fund Type- For the Year Ended December 31, 2003.....	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – Non-Expendable Trust Funds For the Year Ended December 31, 2003.....	6
Notes to the Financial Statements	7
Independent Accountants' Report on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	11

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

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, 2003, and December 31, 2002. These financial statements are the responsibility of the Library's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. 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, 2003, and December 31, 2002, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 16, 2004, on our consideration of the Library's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

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

Betty Montgomery
Auditor of State

April 16, 2004

LONDON PUBLIC LIBRARY
MADISON COUNTY

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2003**

	Governmental Fund Types			Fiduciary Fund Type	Totals (Memorandum Only)
	General	Debt Service	Capital Projects	Expendable Trust	
Cash Receipts:					
Property and Other Local Taxes	\$876,619	\$0	\$0	\$0	\$876,619
Patron Fines and Fees	19,055	0	0	0	19,055
Earnings on Investments	14,289	0	0	72	14,361
Contributions, Gifts and Donations	7,713	0	0	0	7,713
Miscellaneous Receipts	1,668	0	0	0	1,668
Total Cash Receipts	919,344	0	0	72	919,416
Cash Disbursements:					
Current:					
Salaries and Benefits	565,573	0	0	0	565,573
Supplies	23,978	0	0	0	23,978
Purchased and Contracted Services	95,260	0	0	100	95,360
Materials and Information	136,284	0	0	0	136,284
Other Objects	2,469	0	0	0	2,469
Debt Service:					
Redemption of Principal	0	67,296	0	0	67,296
Interest Payments and Other Financing Fees and Costs	0	670	0	0	670
Capital Outlay	21,682	0	6,886	0	28,568
Total Cash Disbursements	845,246	67,966	6,886	100	920,198
Total Cash Receipts Over/(Under) Cash Disbursements	74,098	(67,966)	(6,886)	(28)	(782)
Other Financing Receipts/(Disbursements):					
Transfers-In	5,267	0	30,000	0	35,267
Transfers-Out	(30,000)	(5,267)	0	0	(35,267)
Total Other Financing Receipts/(Disbursements)	(24,733)	(5,267)	30,000	0	0
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	49,365	(73,233)	23,114	(28)	(782)
Fund Cash Balances, January 1	251,071	73,233	185,637	1,176	511,117
Fund Cash Balances, December 31	\$300,436	\$0	\$208,751	\$1,148	\$510,335
Reserves for Encumbrances, December 31	\$0	\$0	\$37,900	\$0	\$37,900

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
NON-EXPENDABLE TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2003**

	Fiduciary Fund Type
	Nonexpendable Trust
Operating Cash Receipts:	
Contributions, Gifts, and Donations	\$2,875
Total Operating Cash Receipts	2,875
Operating Cash Disbursements:	
Total Operating Cash Disbursements	0
Operating Income	2,875
Fund Cash Balances, January 1	85,853
Fund Cash Balances, December 31	\$88,728

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 TYPE
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Governmental Fund Types</u>			<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
Cash Receipts:					
Property and Other Local Taxes	\$810,368	\$0	\$0	\$0	\$810,368
Patron Fines and Fees	15,395	0	0	0	15,395
Earnings on Investments	13,761	0	0	115	13,876
Contributions, Gifts and Donations	4,425	0	0	0	4,425
Miscellaneous Receipts	1,373	0	0	0	1,373
Total Cash Receipts	<u>845,322</u>	<u>0</u>	<u>0</u>	<u>115</u>	<u>845,437</u>
Cash Disbursements:					
Current:					
Salaries and Benefits	532,828	0	0	0	532,828
Supplies	30,732	0	0	0	30,732
Purchased and Contracted Services	132,245	0	0	50	132,295
Materials and Information	124,043	0	0	0	124,043
Other Objects	2,477	0	0	0	2,477
Debt Service:					
Redemption of Principal		5,895	0	0	5,895
Interest Payments and Other Financing Fees and Costs		4,231	0	0	4,231
Capital Outlay	39,817	0	0	0	39,817
Total Cash Disbursements	<u>862,142</u>	<u>10,126</u>	<u>0</u>	<u>50</u>	<u>872,318</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(16,820)</u>	<u>(10,126)</u>	<u>0</u>	<u>65</u>	<u>(26,881)</u>
Other Financing Receipts/(Disbursements):					
Transfers-In	0	10,127	22,500	0	32,627
Transfers-Out	(32,627)	0	0	0	(32,627)
Total Other Financing Receipts/(Disbursements)	<u>(32,627)</u>	<u>10,127</u>	<u>22,500</u>	<u>0</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(49,447)	1	22,500	65	(26,881)
Fund Cash Balances, January 1	300,518	73,232	163,137	1,111	537,998
Fund Cash Balances, December 31	<u>\$251,071</u>	<u>\$73,233</u>	<u>\$185,637</u>	<u>\$1,176</u>	<u>\$511,117</u>
Reserves for Encumbrances, December 31	<u>\$12,591</u>	<u>\$0</u>	<u>\$3,400</u>	<u>\$0</u>	<u>\$15,991</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
NON-EXPENDABLE TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>Fiduciary Fund Type</u>
	<u>Nonexpendable Trust</u>
Operating Cash Receipts:	
Contributions, Gifts, and Donations	\$85
Total Operating Cash Receipts	<u>85</u>
Operating Cash Disbursements:	
Total Operating Cash Disbursements	<u>0</u>
Operating Income	85
Fund Cash Balances, January 1	<u>85,768</u>
Fund Cash Balances, December 31	<u><u>\$85,853</u></u>

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, 2003 AND 2002**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

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 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 receives monies from the General Fund to pay for the mortgage loan. The Library had a Mortgage 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. As of February 2003, the Library paid off this debt.

**LONDON PUBLIC LIBRARY
MADISON COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

3. Capital Projects Fund

The Capital Improvement Fund fund is 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).

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 Library had both expendable and nonexpendable trust funds.

E. Budgetary Process

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

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 2003 and 2002 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

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:

**LONDON PUBLIC LIBRARY
MADISON COUNTY**

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

2. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)

	2003	2002
Demand deposits	\$367,965	\$338,727
Total deposits	367,965	338,727
STAR Ohio	231,098	258,243
Total investments	231,098	258,243
Total deposits and investments	\$599,063	\$596,970

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 ending December 31, 2003 and 2002 follows:

2003 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$906,855	\$875,246	\$31,609
Debt Service	83,319	72,563	10,756
Capital Projects	50,000	44,786	5,214
Fiduciary	100	100	0
Total	\$1,040,274	\$992,695	\$47,579

2002 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$943,677	\$907,360	\$36,317
Debt Service	77,424	10,126	67,298
Capital Projects	50,000	3,400	46,600
Fiduciary	50	50	0
Total	\$1,071,151	\$920,936	\$150,215

4. 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 THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

4. 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 taxes. Payments are due to the County by December 31. If the property owner elects to make semiannual payments, 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. 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 2002 and 2003. The Library has paid all contributions required through December 31, 2003.

6. RISK MANAGEMENT

Commercial Insurance

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

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

Medical Insurance

Library employees participate in a cafeteria plan for medical and dental insurance.



**Auditor of State
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT 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, 2003, and December 31, 2002, and have issued our report thereon dated April 16, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Library's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Library's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted a 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 April 16, 2004.

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

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

Betty Montgomery
Auditor of State

April 16, 2004



**Auditor of State
Betty Montgomery**

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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
MAY 25, 2004**