



**Mary Taylor, CPA**  
Auditor of State



LONDON PUBLIC LIBRARY  
MADISON COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report.....	1
Management's Discussion and Analysis.....	3
Basic Financial Statements:	
Statement of Net Assets – Cash Basis – December 31, 2007 .....	9
Statement of Activities – Cash Basis – For the Year Ended December 31, 2007.....	10
Statement of Cash Basis Assets and Fund Balances – Governmental Funds December 31, 2007.....	11
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances – Governmental Funds For the Year Ended December 31, 2007 .....	12
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis – General Fund For the Year Ended December 31, 2007 .....	13
Statement of Net Assets – Cash Basis – December 31, 2006 .....	14
Statement of Activities – Cash Basis – For the Year Ended December 31, 2006 .....	15
Statement of Cash Basis Assets and Fund Balances – Governmental Funds December 31, 2006.....	16
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances – Governmental Funds For the Year Ended December 31, 2006.....	17
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis – General Fund For the Year Ended December 31, 2006 .....	18
Notes to the Basic Financial Statements .....	19
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	29

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

London Public Library  
Madison County  
20 E. First Street  
London, Ohio 43140

To the Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of London Public Library, Madison 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 as listed in the table of contents. These financial statements are the responsibility of the Library's management. Our responsibility is to express opinions 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. We believe our audit provides a reasonable basis for our opinions.

As discussed in Note 2, the accompanying 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, each major fund, and the aggregate remaining fund information of London Public Library, Madison County, Ohio, as of December 31, 2007 and December 31, 2006, and the respective changes in cash financial position and the budgetary comparison for the General Fund 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 August 1, 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.

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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

August 1, 2008

**LONDON PUBLIC LIBRARY  
MADISON COUNTY**

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

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This discussion and analysis of the London Public Library's (the Library) financial performance provides an overall review of the Library's financial activities for the years ended December 31, 2007 and 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 are as follows:

The Library's general receipts are primarily Library and Local Library Support Fund (LLGSF) receipts and property taxes from a local levy. These receipts respectively represent 62 and 30 percent, respectively, of the total cash received for Library operations during 2006 and 2007.

Net assets as of December 31, 2007 were \$1,152,547, an increase of \$196,491 or 21 percent from 2006. As of December 31, 2006, net assets totaled \$956,057, an increase of \$143,312 or 18 percent from 2005.

**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.

The notes to the 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.

**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.

**LONDON PUBLIC LIBRARY  
MADISON COUNTY**

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

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**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 and investments of the governmental activities of the Library at year end. The statement of activities compares cash disbursements with program receipts for each Library's 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 or 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 indication of whether the Library's financial health is improving or deteriorating. When evaluating the Library's financial condition, you should also consider other nonfinancial factors as well the Library's reliance on Library and Local Library Support Fund funding, and the extent of the Library's debt obligations, or absence thereof and the need for continued growth in the local revenue sources such as property and other local taxes.

In the statement of net assets and the statement of activities, the assets and activity of the Library are presented as Governmental Activities. All of the Library's basic services are reported here.

**Reporting the Library's Most Significant Funds**

Fund financial statements provide detailed information about the Library's major funds – not the Library as a whole. The Library establishes separate funds to better manage its many activities and to help account for and report money that management intends to be used for specific purposes.

All of the Library's financial activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Library's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Library's programs. The Library's significant governmental funds are presented on the financial statements in separate columns. The information for non-major funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Library's major governmental funds are: the General and Capital Improvement Funds. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.



LONDON PUBLIC LIBRARY  
MADISON COUNTY

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

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**The Library as a Whole**

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

(Table 1)

**Net Assets**

	<u>2007</u>	<u>2006</u>	<u>2005</u>
<b>Assets</b>			
Cash and Cash Equivalents	\$1,152,547	\$956,057	\$812,745
Total Assets	<u>1,152,547</u>	<u>956,057</u>	<u>812,745</u>
<b>Net Assets</b>			
Unrestricted	<u>1,152,547</u>	<u>956,057</u>	<u>812,745</u>
Total Net Assets	<u>\$1,152,547</u>	<u>\$956,057</u>	<u>\$812,745</u>

As mentioned previously, total net assets increased \$ 143,312 or 18% during 2006 and \$ 196,491 or 21% during 2007. These increases are due to a continued effort by the Library in reducing expenditures annually.

**LONDON PUBLIC LIBRARY  
MADISON COUNTY**

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

Table 2 reflects the changes in net assets in 2007, 2006 and 2005.

**(Table 2)  
Changes in Net Assets**

	Governmental Activities		
	2007	2006	2005
Receipts:			
Program Receipts:			
Charges for Services and Sales	\$23,987	\$23,004	21,460
Capital Grants and Contributions	0	0	20,000
Total Program Receipts	<u>23,987</u>	<u>23,004</u>	<u>41,460</u>
General Receipts:			
Library and Local Government Support	608,300	608,300	608,300
Property Taxes Levied for General Purposes	293,859	297,347	285,168
Unrestricted Contributions, Gifts and Donations	1,285	1,395	10,910
Earnings on Investments	55,942	47,200	25,860
Miscellaneous	1,788	4,356	1,185
Total General Receipts	<u>961,174</u>	<u>958,598</u>	<u>931,423</u>
Total Receipts	<u>985,161</u>	<u>981,602</u>	<u>972,883</u>
Disbursements:			
Library Services:			
Public Service and Programs	753,848	798,602	759,315
Capital Outlay	34,822	39,688	105,793
Total Disbursements	<u>788,670</u>	<u>838,290</u>	<u>865,108</u>
Increase in Net Assets	196,491	143,312	107,775
Net Assets, January 1	<u>956,057</u>	<u>812,745</u>	<u>704,970</u>
Net Assets, December 31	<u>\$1,152,548</u>	<u>\$956,057</u>	<u>812,745</u>

**LONDON PUBLIC LIBRARY  
MADISON COUNTY**

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

Receipts from Local Library Government Support Fund (LLGSF), property taxes, and grants and entitlements not restricted to specific programs, in total, represent 92% of the Library's total receipts for 2006 and 2007. All other receipts are insignificant in comparison. The receipt and expenditure activity from 2006 to 2007 remained fairly consistent for all material receipt sources and disbursement categories.

**Governmental Activities**

As indicated in the columns entitled Cash Disbursements of each Statement of Activities, the majority of the Library's disbursements are for public service and programs, which are Library Services. In other words, besides capital outlay, all of the disbursements of the Library are costs to provide public service and programs. This totaled \$753,848 or 96%, of the total Library disbursements in 2007, and \$798,602 or 95 % in 2006. Capital Outlay accounts for the remaining disbursements of \$34,822 or 4% in 2007 and \$39,688 or 5% in 2006.

The Program Receipts portion of each Statement of Activities identifies amounts of revenues directly received and generated for a specific program of the Library. In general, the charges for services and sales are the fines and fees paid by Library patrons. The net Receipts (Disbursements) column on each statement compares the program receipts to the costs of the service. This "net cost" amount represents the cost of the service which ends up being paid from the money provided by general receipts, which for the Library and primarily LLGSF and local property taxes, as presented at the bottom of the statement. 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 2007	Net Cost of Services 2007	Total Cost of Services 2006	Net Cost of Services 2006
Library Services:				
Public Service and Programs	\$753,848	\$729,861	\$798,602	\$775,598
Capital Outlay	34,822	34,822	39,688	\$39,688
Total Disbursements	<u>\$788,670</u>	<u>\$764,683</u>	<u>\$838,290</u>	<u>\$815,286</u>

The dependence upon property tax receipts and LLGSF is apparent as nearly 89 percent of governmental activities were supported through these general receipts in both 2006 and 2007.

**The Library's Funds**

Total governmental funds had receipts and other financing sources of \$1,307,461 in 2007 and \$1,133,902 in 2006 and disbursements and other financing uses of \$1,110,970 in 2007 and \$990,590 in 2006. The greatest change within governmental funds occurred within the General and Capital Improvement Funds. The fund balance of the General Fund decreased \$98,470 and Capital Improvement Fund increased \$288,337 in 2007 as the result of increased transfers out from the General Fund to the Capital Improvement Fund.

The fund balance of the General Fund increased \$ 23,916 in 2006. The General Fund began in 2006 with a fund balance of \$ 345,385 and ended the year with a fund balance of \$369,301. Overall, General Fund cash disbursements and other financing uses increased from 2005 to 2006.

**LONDON PUBLIC LIBRARY  
MADISON COUNTY**

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

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The Fund balance of the Capital Improvement Fund increased \$124,276 in 2006; from \$ 354,626 at the beginning of the year to \$ 478,902 on December 31, 2006. The increase in the Capital Improvement Fund are primarily from transfers in from the General Fund.

**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. The most significant budgeted fund is the General Fund.

There were no significant variances between final budget amounts and actual budget results. Actual receipts in 2006 totaled \$ 981,482, which was \$ 28,280 or 3 percent more than budgeted. In 2007, actual receipts totaled \$985,011, which was \$ 5,489 or 1 percent less than budgeted. Actual disbursements in 2006 were \$957,565, which was \$ 3,235 or less than 1 percent under budget. In 2007, actual disbursements and other financing sources were \$1,083,481, which was \$7,018 or 1 percent under budget.

**Capital Assets and Debt Administration**

**Capital Assets**

The Library does not currently included capital assets in its financial report and does not have intent to do so in the future.

Debt: As of December 31, 2007 and, 2006, the Library had no debt.

**Current Issues**

The challenge for all Library's is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. The condition of the economy in the State of Ohio, and the many priorities of the legislators and their constituencies when biennial budgets are approved, make library funding tenuous at best. The Library's management has developed contingencies to address funding shortfalls should they occur.

**Contacting the Library's Financial Management**

This financial report is designed to provide our citizens, taxpayers, 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 Gary Branson, Fiscal Officer, London Public Library, 20 E. First Street, London, Ohio 43410.

LONDON PUBLIC LIBRARY  
MADISON COUNTY

STATEMENT OF NET ASSETS - CASH BASIS  
DECEMBER 31, 2007

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	Governmental Activities
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$1,152,547</u>
<i>Total Assets</i>	<u><u>1,152,547</u></u>
<b>Net Assets</b>	
Unrestricted	<u>1,152,547</u>
<i>Total Net Assets</i>	<u><u>\$1,152,547</u></u>

See accompanying notes to the basic financial statements

**LONDON PUBLIC LIBRARY  
MADISON 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
<b>Governmental Activities</b>			
Library Services:			
Public Service and Programs	\$753,848	\$23,987	(\$729,861)
Capital Outlay	34,822		(34,822)
<i>Total Governmental Activities</i>	<u>\$788,670</u>	<u>\$23,987</u>	(764,683)
<b>General Receipts</b>			
Property Taxes Levied for General Purposes			293,859
Unrestricted Grants and Entitlements			608,300
Unrestricted Gifts and Contributions			1,285
Interest			55,942
Miscellaneous			1,788
<i>Total General Receipts</i>			961,174
Change in Net Assets			196,491
<i>Net Assets Beginning of Year</i>			956,056
<i>Net Assets End of Year</i>			<u>\$1,152,547</u>

See accompanying notes to the basic financial statements

**LONDON PUBLIC LIBRARY  
MADISON COUNTY**

**STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2007**

	General	Capital Improvement	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$270,830	\$767,238	\$114,479	\$1,152,547
<i>Total Assets</i>	<u>270,830</u>	<u>767,238</u>	<u>114,479</u>	<u>1,152,547</u>
<b>Fund Balances</b>				
Unreserved:				
Undesignated (Deficit), Reported in:				
General Fund	270,830	0	0	270,830
Special Revenue Funds	0	0	91,067	91,067
Capital Projects Funds	0	767,238	23,412	790,650
<i>Total Fund Balances</i>	<u>\$270,830</u>	<u>\$767,238</u>	<u>\$114,479</u>	<u>\$1,152,547</u>

See accompanying notes to the basic financial statements

**LONDON PUBLIC LIBRARY  
MADISON COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BASIS FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	General	Capital Improvement	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>				
Property and Other Local Taxes	\$293,859	\$0	\$0	\$293,859
Intergovernmental	608,300	0	0	608,300
Patron Fines and Fees	23,987	0	0	23,987
Contributions, Gifts and Donations	1,135	100	50	1,285
Earnings on Investments	55,942	0	0	55,942
Miscellaneous	1,788	0	0	1,788
<i>Total Receipts</i>	<u>985,011</u>	<u>100</u>	<u>50</u>	<u>985,161</u>
<b>Disbursements</b>				
Current:				
Library Services:				
Public Service and Programs	726,360	24,063	3,425	753,848
Capital Outlay	34,822	0	0	34,822
<i>Total Disbursements</i>	<u>761,182</u>	<u>24,063</u>	<u>3,425</u>	<u>788,670</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>223,829</u>	<u>(23,963)</u>	<u>(3,375)</u>	<u>196,491</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	0	312,300	10,000	322,300
Transfers Out	(322,300)	0	0	(322,300)
<i>Total Other Financing Sources (Uses)</i>	<u>(322,300)</u>	<u>312,300</u>	<u>10,000</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	(98,471)	288,337	6,625	196,491
<i>Fund Balances Beginning of Year</i>	<u>369,301</u>	<u>478,901</u>	<u>107,854</u>	<u>956,056</u>
<i>Fund Balances End of Year</i>	<u><u>\$270,830</u></u>	<u><u>\$767,238</u></u>	<u><u>\$114,479</u></u>	<u><u>\$1,152,547</u></u>

See accompanying notes to the basic financial statements



**LONDON PUBLIC LIBRARY  
MADISON COUNTY**

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Receipts</b>				
Property and Other Local Taxes	\$295,000	\$295,000	\$293,859	(\$1,141)
Intergovernmental	620,000	620,000	608,300	(11,700)
Patron Fines and Fees	24,000	24,000	23,987	(13)
Contributions, Gifts and Donations	6,000	6,000	1,135	(4,865)
Earnings on Investments	45,000	45,000	55,942	10,942
Miscellaneous	500	500	1,788	1,288
<i>Total receipts</i>	<u>990,500</u>	<u>990,500</u>	<u>985,011</u>	<u>(5,489)</u>
<b>Disbursements</b>				
Current:				
Library Services:				
Public Service and Programs	875,500	733,378	726,360	7,018
Capital Outlay	30,000	34,822	34,822	0
<i>Total Disbursements</i>	<u>905,500</u>	<u>768,200</u>	<u>761,182</u>	<u>7,018</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>85,000</u>	<u>222,300</u>	<u>223,829</u>	<u>1,529</u>
<b>Other Financing Sources (Uses)</b>				
Transfers Out	(185,000)	(322,300)	(322,300)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(185,000)</u>	<u>(322,300)</u>	<u>(322,300)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(100,000)	(100,000)	(98,471)	0
<i>Fund Balance Beginning of Year</i>	<u>369,301</u>	<u>369,301</u>	<u>369,301</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$269,301</u>	<u>\$269,301</u>	<u>\$270,830</u>	<u>(\$137,300)</u>

See accompanying notes to the basic financial statements

LONDON PUBLIC LIBRARY  
MADISON COUNTY

STATEMENT OF NET ASSETS - CASH BASIS  
DECEMBER 31, 2006

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	Governmental Activities
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$956,057
<i>Total Assets</i>	<u>956,057</u>
<b>Net Assets</b>	
Unrestricted	<u>956,057</u>
<i>Total Net Assets</i>	<u>\$956,057</u>

See accompanying notes to the basic financial statements

**LONDON PUBLIC LIBRARY  
MADISON 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
<b>Governmental Activities</b>			
Library Services:			
Public Service and Programs	\$798,602	\$23,004	(\$775,598)
Capital Outlay	39,688		(39,688)
<i>Total Governmental Activities</i>	<u>\$838,290</u>	<u>\$23,004</u>	(815,286)
<b>General Receipts</b>			
Property Taxes Levied for General Purposes			297,347
Unrestricted Grants and Entitlements			608,300
Unrestricted Gifts and Contributions			1,395
Interest			47,200
Miscellaneous			4,356
<i>Total General Receipts</i>			958,598
Change in Net Assets			143,312
<i>Net Assets Beginning of Year</i>			<u>812,745</u>
<i>Net Assets End of Year</i>			<u>\$956,057</u>

See accompanying notes to the basic financial statements

**LONDON PUBLIC LIBRARY  
MADISON COUNTY**

**STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2006**

	<u>General</u>	<u>Capital Improvement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$369,301	\$478,902	\$107,854	\$956,057
<i>Total Assets</i>	<u>369,301</u>	<u>478,902</u>	<u>107,854</u>	<u>956,057</u>
<b>Fund Balances</b>				
Unreserved:				
Undesignated (Deficit), Reported in:				
General Fund	369,301	0	0	369,301
Special Revenue Funds	0	0	91,017	91,017
Capital Projects Funds	0	478,902	16,837	495,739
<i>Total Fund Balances</i>	<u>\$369,301</u>	<u>\$478,902</u>	<u>\$107,854</u>	<u>\$956,057</u>

See accompanying notes to the basic financial statements

**LONDON PUBLIC LIBRARY  
MADISON COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BASIS FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2006**

	General	Capital Improvement	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>				
Property and Other Local Taxes	\$297,347	\$0	\$0	\$297,347
Intergovernmental	608,300	0	0	608,300
Patron Fines and Fees	23,004	0	0	23,004
Contributions, Gifts and Donations	1,395	0	0	1,395
Earnings on Investments	47,080	0	120	47,200
Miscellaneous	4,356	0	0	4,356
<i>Total Receipts</i>	<u>981,482</u>	<u>0</u>	<u>120</u>	<u>981,602</u>
<b>Disbursements</b>				
Current:				
Library Services:				
Public Service and Programs	780,302	18,300	0	798,602
Capital Outlay	24,964	4,724	10,000	39,688
<i>Total Disbursements</i>	<u>805,266</u>	<u>23,024</u>	<u>10,000</u>	<u>838,290</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>176,216</u>	<u>(23,024)</u>	<u>(9,880)</u>	<u>143,312</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	0	147,300	5,000	152,300
Transfers Out	(152,300)	0	0	(152,300)
<i>Total Other Financing Sources (Uses)</i>	<u>(152,300)</u>	<u>147,300</u>	<u>5,000</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	23,916	124,276	(4,880)	143,312
<i>Fund Balances Beginning of Year</i>	<u>345,385</u>	<u>354,626</u>	<u>112,734</u>	<u>812,745</u>
<i>Fund Balances End of Year</i>	<u><u>\$369,301</u></u>	<u><u>\$478,902</u></u>	<u><u>\$107,854</u></u>	<u><u>\$956,057</u></u>

See accompanying notes to the basic financial statements

**LONDON PUBLIC LIBRARY  
MADISON COUNTY**

**STATEMENT OF RECEIPTS, 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		
<b>Receipts</b>				
Property and Other Local Taxes	\$295,000	\$295,000	\$297,347	\$2,347
Intergovernmental	607,700	607,700	608,300	600
Patron Fines and Fees	21,500	21,500	23,004	1,504
Contributions, Gifts and Donations	1,000	1,000	1,395	395
Earnings on Investments	27,500	27,500	47,080	19,580
Miscellaneous	500	500	4,356	3,856
<i>Total receipts</i>	<u>953,200</u>	<u>953,200</u>	<u>981,482</u>	<u>28,282</u>
<b>Disbursements</b>				
Current:				
Library Services:				
Public Service and Programs	863,838	783,538	780,301	3,237
Capital Outlay	25,000	25,000	24,964	36
<i>Total Disbursements</i>	<u>888,838</u>	<u>808,538</u>	<u>805,265</u>	<u>3,273</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>64,362</u>	<u>144,662</u>	<u>176,217</u>	<u>31,555</u>
<b>Other Financing Sources (Uses)</b>				
Transfers Out	(72,000)	(152,300)	(152,300)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(72,000)</u>	<u>(152,300)</u>	<u>(152,300)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(7,638)	(7,638)	23,917	0
<i>Fund Balance Beginning of Year</i>	345,385	345,385	345,385	0
Prior Year Encumbrances Appropriated	7,638	7,638	7,638	0
<i>Fund Balance End of Year</i>	<u>\$345,385</u>	<u>\$345,385</u>	<u>\$376,940</u>	<u>\$31,555</u>

See accompanying notes to the basic financial statements

**LONDON PUBLIC LIBRARY  
MADISON COUNTY**

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

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**Note 1 – Description of the Library and Reporting Entity**

The Library was organized as a school district public library in 1905 under the laws of the State of Ohio. The Library has its own Board of Trustees of seven members who are ratified by the London City School District Board of Education. Appointments are for seven-year terms 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.

The Library is fiscally independent of the Board of Education, although the Board of Education serves in a ministerial capacity as the taxing authority for the Library. The determination to request approval of a tax levy, the role and purpose(s) of the levy, are discretionary decisions made solely by the Board of Library Trustees. Once those decisions are made, the Board of Education must put the levy on the ballot. There is no potential for the Library to provide a financial benefit to or impose a financial burden on the Board of Education.

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 Friends of the London Public Library, Inc. is a not-for-profit organization with a self-appointing board. The Library is not financially accountable for the organization, nor does the Library approve the budget or the issuance of debt of the organization. The Library is not entitled to, or does not have the ability access or majority of the economic resources received or held by the organization. Therefore, this organization has been excluded for the reporting entity of the Library.

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

**LONDON PUBLIC LIBRARY  
MADISON COUNTY**

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

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**Note 2 – Summary of Significant Accounting Policies**

As discussed further in Note 2.C, the financial statements of the London Public 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, 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 taxes, intergovernmental receipts, Library and Local Government Support Funds, and other non-exchange transactions.

The statement of net assets- cash basis presents the cash basis financial condition 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 and grants and contributions restricted to meeting the operational or capital requirements of a particular program. 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 activity 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 present in a separate column. Non-major funds are aggregated and presented in a single column.

**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.



**LONDON PUBLIC LIBRARY  
MADISON COUNTY**

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

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

Governmental funds are financed primarily from taxes, Library and Local Governmental Support Funds, and other non-exchange transactions. Monies are assigned to the various governmental funds according to the purposes for which they may or must be used. The following are the Library's major governmental funds:

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.

Capital Improvement Fund – The capital improvement fund accounts for monies set aside by the Board of Library Trustees specifically for major capital and technology improvements.

The other governmental funds of the Library account for additional activities for which the Library wishes to capture additional financial information.

**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.

**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 fund and major object code level for all funds. 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 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 appropriations amounts passed by the Trustees during the year.

**LONDON PUBLIC LIBRARY  
MADISON COUNTY**

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

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

**E. Cash and Cash Equivalents**

To improve cash management, cash received by the Library is pooled and invested. Individual fund integrity is maintained through the Library's records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents."

During 2007 and 2006, investments were limited to STAROhio. STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio 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 STAROhio are valued at STAROhio's share price, which is the price the investment could be sold for on December 31, 2007 and 2006.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest receipts credited to the General Fund during 2006 and 2007 amounted to \$47,080 and \$55,942 respectively, which included \$28,894 assigned from other funds in 2006, and \$42,797 assigned from other funds for 2007.

**F. Restricted Assets**

Cash and cash equivalents 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 has not restricted assets as of December 31, 2007 and 2006.

**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 its employer contributions to cost-sharing pension plans when they are paid. As described in Notes 7 and 8, the employer contributions include portions for pension benefits and for postretirement health care benefits.

**LONDON PUBLIC LIBRARY  
MADISON COUNTY**

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

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

**K. 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 has no restricted net assets at December 31, 2007 and 2006.

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.

**I. Fund Balance Reserves**

The Library reserves any portion of fund balances 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.

**M. Interfund Transactions**

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

**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 Statements 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.

**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.

**LONDON PUBLIC LIBRARY  
MADISON COUNTY**

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

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**Note 4 – Deposits and Investments (Continued)**

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, 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;
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 (STAROhio)

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. The 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**

At years end of 2006 and 2007, \$60,948 and \$40,937, respectively of the Library's bank balance of \$260,948 and \$240,937 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Library's name.

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.

**LONDON PUBLIC LIBRARY  
MADISON COUNTY**

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

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**Note 4 Deposits and Investments (Continued)**

Investments

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

	2006 Carrying Value	2007 Carrying Value	Maturity
STAROhio	\$ 942,028	\$743,336	Average

Interest Rate Risk – The Library’s investment policy requires that an investment remain sufficiently liquid to enable the Library to meet all operating requirements. Portfolio liquidity is defined as the ability to sell a security on a short notice near the par value of the security. The Investment Policy requires that liquidity shall be assured by keeping an adequate amount of short-term (30 days or less) investments in the portfolio to accommodate the cash needs of the Library.

Credit Risk – STAROhio carries a rating of AAAm by Standard and Poor’s. Ohio law requires that STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service. The Library’s investment policy limits investments to those authorized by State statute.

**Note 5 – Property Taxes/Library and Local Government Support Fund (LLGSF)**

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the London City School District. Property tax receipts received during 2007 for real and public utility taxes represents collections of the 2006 taxes. Property tax receipts received during 2006 for real and public utility property taxes represent collections of the 2005 taxes. Property tax payments received during 2007 for tangible personal property (other than public utility property) are for 2007 taxes. Property tax payments received during 2006 for tangible personal property (other than public utility property) are for 2006 taxes.

2007 real property taxes are levied after October 1, 2007, on the assessed value as of January 1, 2007, the lien date. 2006 real property taxes are levied after October 1, 2006, on the assessed value as of January 1, 2006, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2007 property taxes are collected in and intended to finance 2008. 2006 real property taxes are collected in and intended to finance 2007.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2007 public utility property taxes become a lien December 31, 2006, are levied after October 1, 2007, and are collected in 2008 with real property taxes. 2006 public utility property taxes became a lien December 31, 2005, are levied after October 1, 2005, and are collected in 2006 with real property taxes.

**LONDON PUBLIC LIBRARY  
MADISON COUNTY**

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

**Note 5 – Property Taxes/Library and Local Government Support Fund (LLGSF) (Continued)**

2007 tangible property taxes are levied after October 1, 2006, on the value as of December 31, 2006. Collections are made in 2007. Tangible personal property assessments are being phased out – the assessment percentage for all property including inventory for 2007 is 12.5 percent. This will be reduced to 6.25 percent for 2008, and zero for 2009. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 3, with the remainder due September 20.

The full tax rate for all Library operations for the year ended December 31, 2007 (2008), was \$1.20 per \$1,000 of assessed value. The assessed values of real and personal property upon which 2007 (2008) property tax receipts were based are as follows:

Real Property	2007	2006
Residential & Agriculture	\$ 210,296,350	\$ 206,097,720
Commercial/Industrial/Mineral	50,146,920	48,748,550
Public Utility Property		
Real & Personal	9,702,770	
Tangible Personal Property	26,497,180	41,940,210
<hr/>	<hr/>	<hr/>
Total Assessed Value	\$ 297,273,220	\$ 296,786,480

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the Library. The County Auditor periodically remits to the Library its portion of the taxes collected.

**Note 6 – 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, the Library contracted with Utica National Insurance Group for various types of insurance coverage as follows:

Company	Type of Coverage	Coverage
Utica National Insurance Company	Commercial Property	\$ 1,726,246
	General Liability	2,000,000
	Commercial Crime	20,000
	Inland Marine	652,009
	Vehicle	1,000,000
	Errors and Omissions	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 of per \$100 of salaries. This rate is calculated based on accident history and administrative costs. The System administers and pays all claims.

**LONDON PUBLIC LIBRARY  
MADISON COUNTY**

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

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**Note 7 – Defined Benefit Pension Plan**

Plan Description - 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.

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) 222-5601 or (800) 222-7377.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions. For the years ended December 31, 2007 and 2006, members in state and local classifications contributed 9.5 and 9 percent respectively of covered payroll.

The Library's contribution rate for 2007 and 2006 was 13.85 and 13.7 percent respectively of covered payroll. For the period January 1, through June 30, 2007, a portion of the Library's contribution equal to 5 percent of covered payroll was allocated to fund the postemployment healthcare plan; for the period July 1 through December 31, 2007 this amount was increased to 6 percent. Employer contribution rates are actuarially determined. State statute sets a maximum contribution rate for the Library of 14 percent.

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 \$53,333, \$54,726, and \$36,154 respectively. The full amount has been contributed for 2007, 2006 and 2005. No contributions were made to the member-directed plan.

**Note 8 - Postemployment Benefits**

Plan Description - OPERS maintains a cost-sharing multiple-employer defined benefit postemployment healthcare plan for qualifying members of both the traditional and combined pension plans. Members of the member-directed plan do not qualify for ancillary benefits, including postemployment healthcare. The plan includes a medical plan, a prescription drug program and Medicare Part B premium reimbursement.

To qualify for postemployment healthcare coverage, age and service retirees under the traditional and combined plans must have ten years or more of qualifying Ohio service credit. Healthcare coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised code permits, but does not require, OPERS to provide healthcare benefits to eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

**LONDON PUBLIC LIBRARY  
MADISON COUNTY**

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

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**Note 8 - Postemployment Benefits (Continued)**

Disclosures for the healthcare plan are provided separately in the OPERS financial report which may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or (800) 222 – 7377.

Funding Policy – The postemployment healthcare plan was established under, and is administered in accordance with, Internal Revenue Code 401 (h). State statute requires that public employers fund postemployment healthcare through contributions to OPERS. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postemployment healthcare.

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2007 and 2006, local government employers contributed 13.55 percent of covered payroll. Each year, The OPERS retirement board determines the portion of the employer contribution that will be set aside for funding postemployment healthcare benefits. The amount of the employer contributions which was allocated to fund postemployment healthcare was 5 percent of covered payroll from January 1 through June 30, 2007, and 6 percent from July 1 through December 31, 2007.

The retirement board is also authorized to establish rules for the payment of a portion of the healthcare benefits by the retiree or retiree's surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and selected coverage.

The Library's contributions allocated to fund postemployment healthcare benefits for the years ended December 31, 2007, 2006, and 2005 were \$21,179, \$17,976, and \$15,143 respectively; 100 percent has been contributed for 2007, 2006 and 2005.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) which was effective January 1, 2007. Member and employer contribution rates increased as of January 1, 2006. January 1, 2007, and January 1, 2008, which allowed additional funds to be allocated to the healthcare plan.

**Note 9 – Interfund Transfers**

During 2007 the General Fund transferred \$312,300 to the Capital Improvement Fund and \$10,000 to the Automation Capital Projects Fund. During 2006 the general fund transferred \$147,300 to the Capital Improvement Fund and \$5,000 to the Automation Capital Projects Fund. The transfers were done for the purchase and maintenance of various items throughout the Library.





# 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*

London Public Library  
Madison County  
20 E. First Street  
London, Ohio 43140

To the Board of Trustees:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of London Public Library, Madison 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 August 1, 2008. 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 opinions 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 certain internal control matters that we reported to the Library's management in a separate letter dated August 1, 2008.

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### **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 did note certain noncompliance or other matters that we reported to the Library's management in a separate letter dated August 1, 2008.

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

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

August 1, 2008



**Mary Taylor, CPA**  
Auditor of State

**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  
SEPTEMBER 11, 2008**