

COLUMBUS METROPOLITAN LIBRARY

FRANKLIN COUNTY

**AUDIT IN ACCORDANCE WITH GOVERNMENT
AUDITING STANDARDS**

January 1, 2002 through December 31, 2002



**Auditor of State
Betty Montgomery**

Board of Trustees
Columbus Metropolitan Library
Columbus, Ohio

We have reviewed the Independent Auditor's Report of the Columbus Metropolitan Library, Franklin County, prepared by Wilson, Shannon & Snow, Inc., for the audit period January 1, 2002 through December 31, 2002. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Columbus Metropolitan Library is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

July 1, 2003

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**Columbus Metropolitan Library
Franklin County**

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

Board of Trustees
Columbus Metropolitan Library
96 South Grant Avenue
Columbus, Ohio 43215-4781

We have audited the financial statements of the Columbus Metropolitan Library (the Library) as of and for the year ended December 31, 2002, and have issued our report thereon dated May 19, 2003. 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

Wilson, Shannon & Snow, Inc.

CERTIFIED PUBLIC ACCOUNTANTS
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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 operations that we consider to be material weaknesses.

This report is intended solely 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.

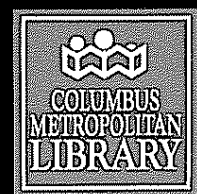
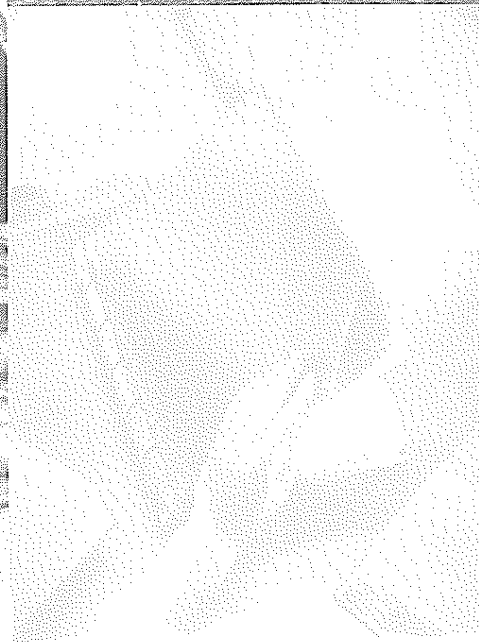
Very truly yours,

Wilson, Shuman & Snow, Inc.

May 19, 2003

C O M P R E H E N S I V E
ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2002
COLUMBUS METROPOLITAN LIBRARY COLUMBUS, OHIO



Certificate of Achievement for Excellence in Financial Reporting

Presented to

Columbus Metropolitan Library, Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2001

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

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Columbus Metropolitan Library

Columbus, Ohio

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For Fiscal Year Ended December 31, 2002

Issued by:

ROBERT JOHNSON

Clerk-Treasurer/Director of Finance

Columbus Metropolitan Library

LIBRARY OFFICIALS AS OF DECEMBER 31, 2002

BOARD OF TRUSTEES

Mr. Philip C. Johnston,	President of the Board
Dr. Terry A. Boyd,	Vice President of the Board
Ms. Cynthia A. Hilsheimer,	Secretary of the Board
Ms. Jacqueline F. Woods,	Member
Ms. Charlotte P. Kessler,	Member
Mr. Samuel H. Porter,	Member
Mr. David C. Swaddling,	Member

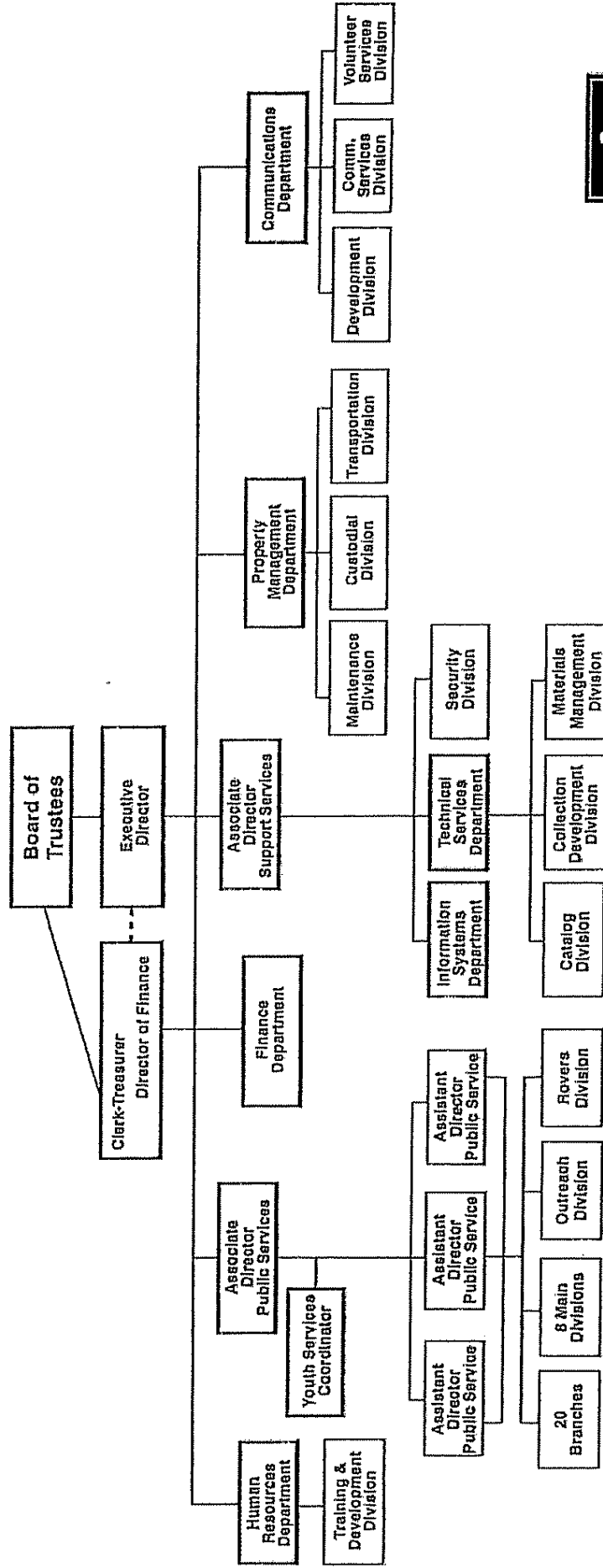
EXECUTIVE STAFF

Mr. Patrick Losinski,	Executive Director
Mr. Robert Johnson,	Clerk-Treasurer/Director of Finance

ADMINISTRATIVE STAFF

Mr. Larry S. Allen,	Director of Communications
Ms. Andrea L. Hoy,	Director of Human Resources
Ms. Deb A. McWilliam,	Director of Support Services
Mr. Stephen K. Prater,	Director of Property Management
Ms. Susan N. Studebaker,	Director of Public Services

CML Organizational Chart



Columbus Metropolitan Library

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED DECEMBER 31, 2002

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COLUMBUS METROPOLITAN LIBRARY

96 S. Grant Ave. Columbus, OH 43215-4781 • 614/645-2800 • Fax: 614/645-2050 • www.columbuslibrary.org

May 19, 2003

To the Citizens of the City of Columbus and Franklin County and The Board of Trustees and Executive Director of the Columbus Metropolitan Library

As Clerk-Treasurer of the Columbus Metropolitan Library (Library), it is with great pleasure that I submit to you the Comprehensive Annual Financial Report (CAFR) of the Library. This CAFR for the fiscal year ended December 31, 2002, conforms to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental entities.

Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the management of the Library. This report will provide the citizens of the District with comprehensive financial data in a format that enables them to obtain a better understanding of the Library's financial affairs.

The comprehensive annual financial report is presented in three sections: introductory, financial, and statistical. The introductory section includes this transmittal letter, the Library's organizational chart and a list of principal officials. The financial section includes the general purpose financial statements, the related notes to the general purpose financial statements, required supplementary information, and the combining and individual fund and account group financial statements and schedules, as well as the independent auditors' report on the financial statements and schedules. The statistical section provides pertinent financial, economic and demographic information indicating ten year historical trends.

THE HISTORY OF THE LIBRARY

During the early history of Columbus, a series of libraries existed which operated on a subscription or membership fee basis. With the support of a group of public-spirited citizens, a permanent tax-supported free public library was established by the Columbus City Council in 1872. This library opened its doors to the public in a room in the newly constructed City Hall in 1873 and was officially designated by the City Council as the Public Library and Reading Room of Columbus.

This was officially changed to the Columbus Public Library thirty years later when plans were commenced to construct a separate building. With a gift from philanthropist Andrew Carnegie of \$200,000, the Board succeeded in constructing a building that is part of the present Main Library on South Grant Avenue. At the same time this building was opened to the public in 1907, the Library initiated a series of deposit collections in various locations throughout the community. Out of these collections grew the current branch library system, expanding with the growth of Columbus and Franklin County.

ADMINISTRATION:

Executive Director: Patrick A. Losinski
Clerk-Treasurer: Robert L. Johnson

The Columbus Metropolitan Library includes the Main Library, Outreach Services, the Driving Park, Dublin, Franklinton, Gahanna, Hilliard, Hilltop, Karl Road, Linden, Livingston, Martin Luther King, New Albany, Northern Lights, Northside, Parsons, Reynoldsburg, Shepard, South High, Southeast, Whetstone and Whitehall branches and the Northwest Library

BOARD OF TRUSTEES:

President: Terry A. Boyd
Vice President: Cynthia A. Hillsheimer
Secretary: Jacqueline F. Woods
Philip C. Johnston, Charlotte P. Kessler,
Samuel H. Porter, David C. Swaddling

Columbus Metropolitan Library

In 1976, the Library became a county district library and changed its name to the Public Library of Columbus and Franklin County. Its legal service district was then defined as all of Franklin County, except for those legal service areas of the other six library systems within the county.

A milestone in the Library's history occurred in 1986, when the Library Board of Trustees (the Board) voted to seek funds and implement a comprehensive services and capital improvements package. Thanks to the support of library customers and thousands of volunteers throughout Franklin County, a combination renewal and new fifteen-year General Property tax levy totaling 2.2 mills was approved by library district voters in November 1986. In November 2000, the voters of Franklin County renewed the 2.2 mills for an additional ten years.

After the tax levy was approved, one of the first service improvements included additional public service hours at many of the library locations. Sunday hours, requested by the public for years, were added in September of that year at the Main Library and the system's regional branch locations. The materials budget was increased significantly, allowing the Library to purchase additional books, magazines, newspapers, databases, audio and video cassettes, and other items to meet the burgeoning demand.

As the Public Library of Columbus and Franklin County continued to enhance services and facilities to Columbus' suburbs, there was an increasing awareness that the Library's name did not accurately describe the system's responsibilities to many Central Ohio residents.

In June of 1989, the Board approved a new name for the system, the "Columbus Metropolitan Library," to better reflect the organization's mission to the communities within the Library's service district, including Brice, Canal Winchester, Columbus, Dublin, Gahanna, Hilliard, Lockbourne, New Albany, Obetz, Reynoldsburg, Valleyview, and Whitehall. The Board also adopted a new logo for the Library, designed to increase customers' awareness of the system's libraries and services.

The construction of new library branches, or the renovation and expansion of existing facilities, has created an excitement which has drawn thousands of new customers into the Library.

Today the Library consists of a Main Library and 21 branches located throughout Franklin County, Ohio. One of the branches is leased from the New Albany/Plain Local Schools. The contract stipulates that the Library can use the New Albany High School Library facilities during non-school hours. Additionally, the Library entered into a contract in 1993 with Worthington Public Library, a separate legal entity, to contribute to the operation of a library facility that services the citizens of both library districts.

LIBRARY MATERIALS AND SERVICES

Mission

At the Columbus Metropolitan Library, our mission is to promote lifelong learning among residents of Central Ohio by ensuring access to information, providing a diverse collection, and advancing literacy by encouraging children and families to read. We are committed to providing exceptional service to all.

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Materials and Services

The Library's collection contains approximately three million items, including books, magazines, newspapers, audio and video tapes, compact discs, interactive multimedia, books-on-tape, pamphlets, maps, annual reports, sheet music and circulating visuals. The Library also maintains an extensive microfilm collection of the past issues of many magazines.

The Library also provides a number of high-technology services. Librarians can access hundreds of databases for current information. Customers can also access the Internet at all Library locations. In addition, customers with internet access can connect to the Library's website and view the Library's collection, electronic resources, and the system's Internet site. Customers can reach the Library Internet site at <www.columbuslibrary.org>.

The Library offers workshops, book discussions and author visits for adults, and story hours and an annual summer reading program for children and young adults.

The Outreach Services Division provides library service to customers who are not able to visit a library facility. These services include a talking books program, special service to the homebound, jail services, lobby stops at adult extended care facilities, and the MetroMouse Mobiles, which will serve children at risk of growing up illiterate.

Service Priorities

The Columbus Metropolitan Library currently has three service priorities:

- Circulation
- Reference/Reader's Advisory Service
- Children's Programming

REPORTING ENTITY

The Library's reporting entity has been defined in accordance with Section 3375.20 (E) of the Ohio Revised Code, and thus reaffirms the boundaries of the Columbus Metropolitan Library, a county library district, to be composed of all of the land area within Franklin County, Ohio, except for the land area lying within the boundaries of other public library districts in the County.

The land area lying within the Columbus Metropolitan Library is composed of the following:

Canal Winchester Local School District, Columbus City School District, Dublin Local School District, Gahanna-Jefferson City School District, Groveport-Madison Local School District, Hamilton Local School District, Hilliard City School District, Licking Heights Local School District, Plain Local School District, Reynoldsburg City School District, Upper Arlington City School District (outside of the municipality boundaries), and Whitehall City School District.

The Library, which is a separate legal entity, is under the control and management of a seven (7) member Board of Trustees. Three Board members are appointed by the Judges of the Court of Common Pleas and four are appointed by the Franklin County Commissioners. Board members are appointed for a term of seven (7) years with one term expiring each year. Since the Library is a separate legal entity, it is financially and operationally independent from Franklin County and the City of Columbus. The Library does not provide a financial benefit or impose a financial burden to the County. The County Commissioners can not influence the programs, activities or level of

Columbus Metropolitan Library

services provided by the Library. Although the County Commissioners serve as the Library's taxing authority, any decision to request approval of a tax, the rate and purpose(s) of a levy lies solely with the Board of Trustees. Based on a formal request from the Board, the County Commissioners, in accordance with the Ohio Revised Code, shall place the issue on the ballot.

The general purpose financial statements included in the financial section of this report, comply with provisions of Governmental Accounting Standards Board (GASB) Statement No. 14, "The Financial Reporting Entity," in that the financial statements include all the organizations, activities and functions for which the Library (the reporting entity) is financially accountable. Financial accountability is defined as either (1) the Library's ability to impose its will over the component units or (2) the possibility that the component units will provide a financial benefit to or impose a specific financial burden on the Library. The accompanying financial statements include all organizations for which the Library is financially accountable.

Based on the preceding criteria, the financial activities of the Friends of the Columbus Metropolitan Library Inc. (Friends), a nonprofit Ohio corporation, and the Carnegie Society (Society) are being reported as blended component units of the Library. Although the Friends is a separate legal entity, the sole purpose of the Friends is to provide financial support for the Library. This component unit is independently audited, and the 2002 audited figures are included in the Special Revenue Funds section of the Library's financial report. A copy of the audited financial statements can be obtained at the Library's Finance Department located at 96 South Grant Avenue, Columbus, Ohio 43215. The operation of the Society, a non-profit Ohio Corporation, is also accounted for as a Special Revenue fund. The purpose of the Society is to receive, hold, invest funds, and make expenditures for the exclusive benefit of the Library. Separate, audited statements are not available for the Society.

ECONOMIC CONDITIONS AND OUTLOOK

The Library is located entirely within the City of Columbus and Franklin County, Ohio. Columbus, the largest city in the state, is one of the top growth areas of the country. The population of the county has grown steadily as evidenced by the following chart:

<u>Population Growth</u>	<u>City of Columbus</u>	<u>Franklin County, Ohio</u>
1980	566,800	871,900
1990	638,500	970,000
2000	711,470	1,068,978

Sales & Marketing Management (1981, 1991); U S Department of Commerce, Bureau of Census (2000)

The usually diverse and strong economy of central Ohio continued to show signs of weakness during 2002. Unemployment in Franklin County, which ended 2001 at 3.2%, increased to 4.0% by December 2002. Difficulty at the State level further compounded the depressed local economy as unemployment rates increased from 5.1% to 5.6% by December 2002 (source: Ohio Job & Family Services).

MAJOR INITIATIVES AND SIGNIFICANT EVENTS OF 2002

- Hired a new Executive Director.
- Completed construction and began move to the new Operations Center.
- Broke ground and started construction of the New Albany Branch building.
- Completed the design and development stages of the new Linden Branch building.

Columbus Metropolitan Library

- Re-structured the organization chart of the Library, including the establishment of the Public Services and Support Services Departments to consolidate similar services.
- Hosted the annual Celebration of Learning, honoring Donald and Thekla Shackelford, community activists and literacy advocates, and featuring Pulitzer Prize-winner Michael Cunningham.
- Hosted 18 author programs including children's authors Denise Fleming, Eric Kimmel, Mem Fox, and Laura Numeroff.
- Introduces the Library's staff intranet (CMLsi) to provide staff with online access to policies and procedures, benefit information, a staff directory, forms, and much more.
- Purchased new financial software system.
- Purchased and installed new Tandem computer system.

PLANS FOR 2003 AND BEYOND:

The following Goals and Objectives have been established for 2003:

SYSTEM-WIDE

In order to proactively seek to create maximum efficiency and relevance in the pursuit of its mission, the following objectives have been established:

- Develop a plan that identifies additional opportunities to integrate more volunteers into the system.
- Establish an "innovation incubator" for the review and possible redesign of Library operations.
- Shape, organize and participate in county-wide meetings with all other public library directors for the purpose of creating new opportunities for all library users.
- Identify strategic Columbus-area activities, events and meetings to enhance visibility, viability and versatility of the Library.
- Develop a plan to produce a 48-hour turnaround time for all new library materials requisitions.
- Develop and implement a central selection model for the Library's collection development needs.
- Implement a "Reading Off Fines" program in coordination with the Summer Reading Program.
- Reshape the Summer Reading Program to attract and motivate traditional users and at-risk children.
- Develop a plan to proactively share Library information throughout the community via presentations to groups, businesses and schools.

ADMINISTRATION

In order to provide inspiring leadership and managerial effectiveness for all Library operations, the following objectives have been established:

- Completion of a five year strategic plan.
- Consult with and review committee work to insure the new organization structure of the Library is working effectively and committees have the resources they need to succeed.
- Implement approved recommendations of the Materials Security Task Force.
- Implement approved recommendations of the Safety Task Force.
- Establish a task force to study and recommend changes to Young Adult Services.
- Begin redesign of Youth Services by addressing literacy needs in those areas of our district that are most affected.

Columbus Metropolitan Library

- Complete move into the New Albany and Linden Branch buildings with minimal interruptions in customer service.
- Review and negotiate contract extensions with Library partners, Southwest and Worthington Libraries.

INFORMATION SYSTEMS

In order to provide leading-edge technology to meet the ever-evolving needs of customers and staff, the following objectives have been established:

- Development of a three-year, cascading strategic plan.
- Establish a task force to investigate Integrated Library Systems and develop a Request for Proposal.
- Develop a plan to reduce the cost of notifications and enhance services through e-mail options.
- Complete conversion of local database from SiteSearch.
- Conduct a feasibility analysis to determine interim and long-term goals to increase usage of self-checkout.
- Complete a needs assessment of hardware and software for staff workstations.
- Upgrade current network.
- Develop and implement a system-wide security policy.
- Upgrade current public workstations, including “Kid” PCs.
- Investigate remote network access.
- Establish a task force to develop a plan for implementing online training solutions.
- Develop a plan for redesigning the CML website to include personalization options and comply with accessibility standards.
- Investigate the feasibility of implementing Radio Frequency Identification (RFID) technology.

COMMUNICATIONS

In order to deploy effective communication strategies to inform stakeholders, the following objectives have been established:

- Develop and institute Library card sign-up campaign targeting elementary school students.
- Continue to promote specific services, programs and initiatives.
- Refine and implement a long-term development plan.

FINANCE

In order to properly manage financial resources for the short and long-term benefit of community residents, the following objectives have been established:

- Design and deploy the new Integrated Fund Accounting System (IFAS), including staff training.
- Conduct a review of all Library financial policies and provide necessary revisions.

HUMAN RESOURCES

In order to value employees and develop them to their maximum potential, the following objectives have been established:

- Complete the work of the Benefits Review Task Force and make recommendation(s).
- Establish a task force to review current Staff Handbook.
- Develop a coordinated training plan for Library staff and technology needs.
- Arrange and conduct the first annual “All Staff Development Day”.
- Establish a task force to review current staff evaluation forms and procedures.

Columbus Metropolitan Library

- Minimize liability by involving legal counsel in a proactive manner for all significant personnel matters.
- Educate all staff on expectations and responsibilities related to the Library's new model of empowerment and participation.

FINANCIAL INFORMATION

The Library's accounting system is organized on a "fund" basis. Each fund is a separate self-balancing accounting entity. Records for all Library funds, except the Proprietary Fund and Nonexpendable Trust Funds, are maintained on the modified accrual basis whereby revenues are recognized when measurable and available, and expenditures are recognized when goods and services are received. Proprietary Fund and Nonexpendable Trust Funds are accounted for on the full accrual basis of accounting. These bases of accounting are in accordance with generally accepted accounting principles (GAAP).

The governmental fund types for which the Library budgets annual revenues and expenditures are the General Fund and selected non-project type Special Revenue Funds. The Library prepares an annual budget for the Internal Service Fund, the Library's only proprietary fund. The Library's revenue estimates are based upon: (1) estimates (tax revenue sources) provided to the Library by the Franklin County Budget Commission and the Ohio Library Council and (2) estimates (all other revenue sources) prepared by the Library's Clerk-Treasurer. The budget specifies expenditure/expense amounts by function within these funds at the major expenditure/expense level. All other Special Revenue Fund and Capital Project Fund revenues and expenditures are not budgeted on an annual basis since budgetary control over these fund types is established on a project basis.

For daily accounting record keeping, the Library utilizes a fully automated fund accounting system as well as automated systems for fixed assets, human resources, and acquisition of library materials. The accounting/human resources systems operate on a Compaq Server, using a UNIX operating system and an Informix relational database. These systems, coupled with a manual review of each accounting transaction and payment voucher by the accounting division, ensure that the financial information generated is both accurate and reliable.

Internal Control Structure

In developing and revising the Library's accounting and reporting control system, consideration is given to the adequacy of the internal control structure to provide reasonable but not absolute assurance regarding:

1. the safeguarding of assets against loss from unauthorized use or disposition, and
2. the reliability of financial records for preparing financial statements and maintaining accountability for assets.

The concept of reasonable assurance recognizes that:

1. the cost of a control should not exceed the benefits likely to be derived, and
2. the evaluation of costs and benefits requires estimates and judgments by management.

Management believes that the Library's current internal control structure adequately meets these objectives.

Columbus Metropolitan Library

Budgetary Controls

The Board reviews and approves the budget by fund at the beginning of each year. In addition, the Board establishes the appropriations for each fund based on the following expenditure categories:

- o Salaries and Benefits
- o Supplies
- o Purchased and Contracted Services
- o Library Materials and Information
- o Capital Outlay
- o Debt Service:
- o Other Objects
- o Contingency
- o Interfund Transfers

For financial presentation purposes, the Library has provided an additional breakdown of the legal reporting level by function. Any appropriation change, which will increase or decrease any of the above major appropriation classifications, requires approval of the Board. The Board has delegated purchase and expenditure/expense approval to the Library Administration for the daily operational needs of the Library. Generally, all major expenditures must be approved by the Board.

General Governmental Functions:

Revenue Narrative:

The Library receives nearly all of its revenue from the State of Ohio and Franklin County by way of the Franklin County Budget Commission (Budget Commission). The Budget Commission certifies the budget (tax revenue estimates) to the Library by September 1st prior to the start of the budget year (January 1 - December 31). As part of this certification, the Library receives the Official Certificate of Estimated Resources, which states the projected revenue of each fund. On or about January 1, this certificate is amended to include any unencumbered balances from the preceding year. The total estimated revenues, including any prior year carry-over of unencumbered cash, become the basis for the annual appropriation. The combination of expenditures and encumbrances from any fund during the ensuing fiscal year must not exceed the amount stated in the Amended Certificate of Estimated Resources.

The major sources of these taxes and other revenues are described below:

General Property Tax Levies:

A major source of revenue for the Library is the revenue generated by the 2.2 mill property tax levy. In November 2000, this levy was renewed by the voters in the Library's taxing district for another ten-year period, by a margin of 67% to 33%.

Library and Local Government Support Fund (State Income Taxes):

Another major source of funding for the Library is money received from the State of Ohio's Library and Local Government Support Fund (LLGSF). The source of money for this fund is derived from a percentage of the state income taxes collected in Ohio. Based on a formula, as established in state law, a percentage of this fund is annually distributed to each county for use by the public library district(s) within that county. Within Franklin County, the revenue is distributed among eight (8) public library districts. The Budget Commission uses a formula to determine the amount distributed to each library. The use of a formula to calculate the distribution is not mandatory under Ohio law. This formula was negotiated

Columbus Metropolitan Library

and agreed to by each of the library districts within the County and will expire in the year 2003. Based on the formula, the Library received 59.92% of this fund in 2002, compared to 59.82% in 2001. In 2001, the level of support from the Library and Local Government Support Fund was reduced by the State of Ohio for the next two state fiscal years beginning July 1, 2001. Since this revenue source makes up more than 50% of the Library's General Fund, this reduction will have an impact on the level of funding available in the future for Library programs.

Other Revenues:

Other revenue is received from investment earnings, fines and fees, charges for services, contractual services, and individual gifts.

Revenues for all Governmental Fund Types totaled \$49,997,982 in 2002, as compared to \$52,127,035 in 2001 which represents a decrease of 4.1%. The following table summarizes the composition of the 2002 and 2001 revenues by source:

<u>Revenues by Source:</u>	<u>2002</u>		<u>2001</u>		<u>Increase (Decrease)</u>
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>	
Intergovernmental	\$ 24,845,572	50%	\$ 26,909,882	52%	\$ (2,064,310)
Property taxes	20,427,733	41	19,665,370	38	762,363
Fines and fees	2,201,380	5	2,085,581	4	115,799
Investment earnings	606,177	1	1,342,387	3	(736,210)
Charges for services	1,575,048	3	1,559,283	3	15,765
Miscellaneous	152,081	-	486,496	-	(334,415)
Contributions and donations	<u>189,991</u>	<u>-</u>	<u>78,036</u>	<u>-</u>	<u>111,955</u>
Total Revenues by Source	<u>\$ 49,997,982</u>	<u>100%</u>	<u>\$ 52,127,035</u>	<u>100%</u>	<u>\$ (2,129,053)</u>

Intergovernmental revenues decreased by 7.7% over the previous year. This increase was attributed to a decrease in the amount allocated by the State of Ohio to Franklin County for the LLGSF. The Library's other major revenue source, property taxes, experienced an increase of 3.9% over the previous year.

Fines and fees include payments for overdue or lost books and money received from debit cards. The fines and fees account showed an increase over the previous year. The increase is due to increased usage of Library services.

Charges for services include fees for providing online catalog, one-time fees for equipment purchased, rents collected from the Grant-Oak apartments, and circulation services to other library systems within Franklin County. The increase in revenues was attributed to an increase in the amount of rents collected from the Grant-Oak apartments and equipment fees collected from other libraries.

The decrease in investment earnings is due to unprecedented low interest rates and current economic conditions. The Library's average yield on investments during the year was 2.85% in 2002 compared to 4.71% in 2001.

Miscellaneous revenue's increase was due to the amount of E-Rate communication refunds and insurance proceeds received in the current year compared to the previous year.

Columbus Metropolitan Library

Expenditure Narrative:

Expenditures for all Governmental Fund Types totaled \$56,292,448 in 2002, as compared to \$47,920,308 in 2001, which represents an increase of \$8,372,140. Due to the nature of the Library's operations, the only current expenditure functions are Public Service and Administration and Support Services.

The following table summarizes the composition of the 2002 and 2001 expenditures by major function:

<u>Expenditures by Function</u>	<u>2002</u>		<u>2001</u>		<u>Increase (Decrease)</u>
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>	
Current:					
Public service	\$27,569,604	49%	\$27,035,365	56%	\$ 534,239
Administration and support services	18,594,176	33	17,287,713	36	1,306,463
Capital outlay	<u>10,128,668</u>	<u>18</u>	<u>3,597,230</u>	<u>8</u>	<u>6,531,438</u>
TOTAL	<u>\$56,292,448</u>	<u>100%</u>	<u>\$47,920,308</u>	<u>100%</u>	<u>\$ 8,372,140</u>

The comparative schedule indicates that the total "Current" expenditures increased by 4.2% (\$1,840,702) over the previous year. Current expenditures include salaries, leave benefits, supplies, purchased and contracted services, and library materials.

- A majority of the increase to the current expenditures was attributed to the salaries and leave benefits expenditure category. The salaries and leave account increased by approximately \$1,258,000. The increase was attributed to the 12.8 full-time equivalent positions added during 2002, and merit increases. Health and dental insurance contributions increased by \$262,000 over the previous year.
- The library materials category experienced a decrease of approximately \$790,000 from the prior year. Audio-visual purchases increased by approximately \$230,000 and periodical purchases decreased by approximately \$466,000. Book purchases decreased by approximately \$275,000 and computer services and information decreased by approximately \$114,000.

A significant portion of the increase to capital outlay expenditures was due to the increase of approximately \$6,605,143 in activity within the capital projects in the current year. Furniture and equipment purchases decreased approximately \$73,394 in the General Fund and approximately \$311 in the Special Revenue Funds.

Proprietary Operations

The Library's proprietary operation consists of the Library's Self-Insurance Fund. This fund was established to account for all health insurance premiums or fees credited to the fund and pay all expenditures associated with the Library's medical plan.

Fiduciary Operations

The Library has two types of trust funds, expendable and nonexpendable. The primary use of both of these funds is to account for donations and/or bequests to the Library, where the use of the funds is restricted for the purchase of library materials.

Columbus Metropolitan Library

Cash Management

The Library pools its cash, except for that held by bond trustees, fiscal agents and funds held in perpetuity, to obtain the maximum investing efficiency. Each fund type's portion of the pool is reported on the combined balance sheet as "Cash and investments." During the year, the Library invested in demand deposits, certificates of deposits, and StarOhio, an investment pool managed by the Treasurer of the State of Ohio. The average yield on investments held at year end was 2.85%.

The Library's investment performance ranks consistent with the average yield rates of 2.73% for 6 month U.S. Treasury bills and 3.06% for 1-year U.S. Treasury bills in 2002 (Source: Federal Reserve). The Library's total investment earnings equaled \$622,945 for the year ended December 31, 2002.

The Library's Clerk-Treasurer, as custodian of all Library monies, is responsible for investing idle funds and directing the investment policies of the Library.

The Library's depository and investment policy is governed by the Ohio Uniform Depository laws and limits the types of investment available to the Library. Investments purchased by the Library are limited to maturities of less than two years from date of settlement. Generally, it is the Library's intent to hold all investments until maturity. The Library's policy also minimizes credit and market risks while maintaining a competitive yield on its portfolio. Accordingly, deposits were either insured by federal depository insurance or collateralized in accordance with State requirements. Substantially all collateral on deposits was held either by the Library's agent or a financial institution's trust department, not in the Library's name.

As of December 31, 2002, the Library's cash deposits and investments, except for investments with StarOhio, were held by several financial institutions' trust departments in the Library's name or in the name of the respective depository bank. The Library has not invested derivatives in 2002 and has no plans to utilize derivatives in 2003.

Risk Management

The Library is part of a statewide plan for workers' compensation insurance coverage. Additionally, the Library carries property insurance, liability and excess liability insurance coverage as well as officers' and directors' liability insurance. In addition, all employees are bonded.

The Library is self-insured for employee health care. To account for and finance its uninsured health claims, the Library established the Self-Insurance Fund (an internal service fund). All departments of the Library participate in the program and make payments to the Self-Insurance Fund based on actuarial estimates of the amounts needed to pay current and future claims. The Library has purchased specific stop loss insurance for claims which exceed \$100,000 per covered individual in one year and aggregate stop loss coverage at 125% of annual estimated claims.

INDEPENDENT AUDITORS

The general purpose financial statements of the Library for the year ended December 31, 2002, were audited under contract with the Auditor of State of Ohio by Wilson, Shannon & Snow, Inc., independent Certified Public Accountants, whose opinion thereon is included at the beginning of the Financial Section of this report.

Columbus Metropolitan Library

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

The notes to the general purpose financial statements which follow the general purpose financial statements contain additional information and are an integral part of such statements.

CERTIFICATE OF ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada (GFOA) has awarded a Certificate of Achievement for Excellence in Financial Reporting to the Columbus Metropolitan Library for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2001. This is the sixteenth (16th) consecutive year that the Library has achieved this prestigious award.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of only one year. We believe our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

ACKNOWLEDGMENTS

While many individuals have contributed to the preparation of this report, special thanks are extended to Patrick Losinski, Executive Director; Todd Daughenbaugh, Assistant Director of Finance; Jan Smith, Finance Specialist; Kimberly Hampton, Chief Accountant, Anna Clendenen, Accountant; and Jean Bowling, Secretary. I also wish to express our appreciation to the members of the Board of Trustees for their continued interest and support in planning and conducting the financial operations of the Library in a responsible and progressive manner.

Sincerely,



ROBERT L. JOHNSON
Clerk-Treasurer/Director of Finance

Financial Section

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May 19, 2003

Board of Trustees
Columbus Metropolitan Library

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying general purpose financial statements of the Columbus Metropolitan Library (the Library), Franklin County, Ohio as of and for the year ended December 31, 2002, as listed in the table of contents. These general purpose financial statements are the responsibility of the Library's management. Our responsibility is to express an opinion on these general purpose 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 general purpose 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.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Columbus Metropolitan Library, Franklin County, Ohio as of December 31, 2002, and the results of its operations and the cash flows of its proprietary and similar fiduciary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated May 19, 2003 on our consideration of the Government'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.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements of the Library, taken as a whole. The combining and individual fund and account group financial statements and schedules listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented, in all material respects, in relation to the general purpose financial statements taken as a whole.

We did not audit the data included in the introductory and statistical section of this report and therefore express no opinion thereon.

Wilson, Shannon & Snow, Inc.

Wilson, Shannon & Snow, Inc.

May 19, 2003

CERTIFIED PUBLIC ACCOUNTANTS
Ten West Locust Street
Newark, Ohio 43055
(740) 345-6611
1-800-523-6611
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COLUMBUS METROPOLITAN LIBRARY

Combined Balance Sheet - All Fund Types and Account Groups

**December 31, 2002
(with comparative totals for 2001)**

	Governmental Fund Types			Proprietary Fund Type
	General	Special Revenue	Capital Projects	Internal Service
<u>Assets and other debits</u>				
Cash and investments (note 3)	\$ 11,711,423	\$ 1,735,879	\$ 10,153,250	\$ 436,402
Cash and investments - Nonexpendable trust fund (note 3)	-	-	-	-
Cash with fiscal agents (note 3)	-	-	167,458	-
Receivables (note 4)	23,060,648	5,543	37,254	1,679
Due from other governments	68,511	-	23,649	-
Inventory	-	38,452	-	-
Prepaid items	353,241	14,827	-	-
Advances to other funds	350,000	-	-	-
Net property, plant and equipment (note 5)	-	-	-	-
Other assets (note 6)	61,405	-	-	-
Amount to be provided for retirement of general long-term obligations	-	-	-	-
Total assets and other debits	\$ 35,605,228	\$ 1,794,701	\$ 10,381,611	\$ 438,081

Exhibit 1 (cont.)

Fiduciary Fund Types	Account Groups		Totals	
	General Fixed Assets	General Long-Term Obligations	(Memorandum Only) 2002	2001
\$ 1,045,828	\$ -	\$ -	\$ 25,082,782	\$ 29,966,769
86,375	-	-	86,375	87,573
-	-	-	167,458	104,827
1,341	-	-	23,106,465	20,984,838
-	-	-	92,160	68,454
-	-	-	38,452	151,020
-	-	-	368,068	832,328
-	-	-	350,000	350,000
-	100,792,743	-	100,792,743	91,045,037
-	-	-	61,405	-
-	-	1,311,745	1,311,745	1,976,449
<u>\$ 1,133,544</u>	<u>\$ 100,792,743</u>	<u>\$ 1,311,745</u>	<u>\$ 151,457,653</u>	<u>\$ 145,567,295</u>

(Continued)

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COLUMBUS METROPOLITAN LIBRARY
Combined Balance Sheet - All Fund Types and Account Groups

	Governmental Fund Types			Proprietary Fund Type
	General	Special Revenue	Capital Projects	Internal Service
<u>Liabilities</u>				
Accounts payable	\$ 1,100,783	\$ 77,481	\$ 832,840	\$ 236,415
Accrued liabilities (note 7)	1,138,881	46,659	-	-
Due to others	-	-	167,458	-
Deferred revenue	20,481,436	15,555	-	-
Advance from other funds	-	-	-	350,000
Total liabilities	22,721,100	139,695	1,000,298	586,415
<u>Fund equity and other credits</u>				
Investment in general fixed assets	-	-	-	-
Contributed capital	-	-	-	-
Retained deficit				
Reserved for insurance claims	-	-	-	-
Unreserved	-	-	-	(148,334)
Fund balances:				
Reserved for encumbrances	1,704,272	789	2,866,007	-
Reserved for advance	350,000	-	-	-
Reserved for prepaid items	353,241	14,827	-	-
Reserved for endowments	-	-	-	-
Reserved for inventory	-	38,452	-	-
Unreserved:				
Designated for capital	-	-	6,515,306	-
Undesignated	10,476,615	1,600,938	-	-
Total fund balances/ retained earnings	12,884,128	1,655,006	9,381,313	(148,334)
Total fund equity and other credits	12,884,128	1,655,006	9,381,313	(148,334)
Total liabilities, fund equity and other credits	\$ 35,605,228	\$ 1,794,701	\$ 10,381,611	\$ 438,081

The accompanying notes are an integral part of these general purpose financial statements.

Exhibit 1

Fiduciary Fund Types Trust and Agency	Account Groups		Totals (Memorandum Only)	
	General Fixed Assets	General Long-Term Obligations	2002	2001
\$ 203	\$ -	\$ -	\$ 2,247,722	\$ 1,285,235
768,472	-	1,311,745	3,265,757	3,412,573
-	-	-	167,458	145,315
-	-	-	20,496,991	20,031,715
-	-	-	350,000	350,000
<u>768,675</u>	<u>-</u>	<u>1,311,745</u>	<u>26,527,928</u>	<u>25,224,838</u>
-	100,792,743	-	100,792,743	91,037,934
-	-	-	-	145,081
-	-	-	-	137,596
-	-	-	(148,334)	312,491
6,167	-	-	4,577,235	7,877,477
-	-	-	350,000	350,000
-	-	-	368,068	832,328
67,742	-	-	67,742	67,742
-	-	-	38,452	32,402
-	-	-	6,515,306	11,917,997
290,960	-	-	12,368,513	7,631,409
<u>364,869</u>	<u>-</u>	<u>-</u>	<u>24,136,982</u>	<u>29,159,442</u>
<u>364,869</u>	<u>100,792,743</u>	<u>-</u>	<u>124,929,725</u>	<u>120,342,457</u>
<u>\$ 1,133,544</u>	<u>\$ 100,792,743</u>	<u>\$ 1,311,745</u>	<u>\$ 151,457,653</u>	<u>\$ 145,567,295</u>

COLUMBUS METROPOLITAN LIBRARY

**Combined Statement of Revenues, Expenditures and Changes in Fund Balances -
All Governmental Fund Types and Expendable Trust Fund**

**Year ended December 31, 2002
(with comparative totals for 2001)**

	Governmental Fund Types		
	General	Special Revenue	Capital Projects
Revenues:			
Intergovernmental	\$ 24,845,572	\$ -	\$ -
Property taxes (note 13)	20,427,733	-	-
Fines and fees	2,201,380	-	-
Charges for services	316,968	1,117,521	140,559
Investment earnings	288,782	29,067	288,328
Contributions and donations	122,061	6,930	61,000
Miscellaneous	125,221	26,860	-
Total revenues	<u>48,327,717</u>	<u>1,180,378</u>	<u>489,887</u>
Expenditures:			
Current:			
Public service	27,569,604	-	-
Administration and support	17,507,917	1,086,259	-
Capital outlay	763,431	13,686	9,351,551
Total expenditures	<u>45,840,952</u>	<u>1,099,945</u>	<u>9,351,551</u>
Excess (deficiency) of revenues over expenditures	<u>2,486,765</u>	<u>80,433</u>	<u>(8,861,664)</u>
Other financing sources (uses):			
Operating transfers in	-	-	1,670,000
Operating transfers out	(250,000)	-	(1,420,000)
Proceeds from sale of property	-	-	-
Total other financing sources (uses)	<u>(250,000)</u>	<u>-</u>	<u>250,000</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>2,236,765</u>	<u>80,433</u>	<u>(8,611,664)</u>
Fund balances at beginning of year (restated, note 8)	10,196,894	1,574,573	17,992,977
Residual Equity Transfer in from Central Stores Fund	<u>450,469</u>	<u>-</u>	<u>-</u>
Fund balances at end of year	<u>\$ 12,884,128</u>	<u>\$ 1,655,006</u>	<u>\$ 9,381,313</u>

The accompanying notes are an integral part of these general purpose financial statements.

Exhibit 2

Fiduciary Fund Types Expendable Trust	Totals (Memorandum Only)	
	2002	2001
\$ -	\$ 24,845,572	\$ 26,909,882
-	20,427,733	19,665,370
-	2,201,380	2,085,581
-	1,575,048	1,559,283
5,538	611,715	1,351,384
12,655	202,646	291,157
-	152,081	486,496
<u>18,193</u>	<u>50,016,175</u>	<u>52,349,153</u>
8,941	27,578,545	27,038,038
-	18,594,176	17,287,713
-	10,128,668	3,597,230
<u>8,941</u>	<u>56,301,389</u>	<u>47,922,981</u>
9,252	(6,285,214)	4,426,172
-	1,670,000	12,674,700
-	(1,670,000)	(12,674,700)
-	-	212,199
<u>-</u>	<u>-</u>	<u>212,199</u>
9,252	(6,285,214)	4,638,371
269,145	30,033,589	23,983,805
-	450,469	-
<u>\$ 278,397</u>	<u>\$ 24,198,844</u>	<u>\$ 28,622,176</u>

COLUMBUS METROPOLITAN LIBRARY

**Combined Statement of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual - General and Budgeted Special Revenue Funds
Non GAAP Budgetary Basis (note 15)**

	General Fund		Variance - Favorable (Unfavorable)
	Revised Budget	Actual	
Revenues:			
Property taxes	\$ 20,448,734	\$ 20,154,931	\$ (293,803)
Intergovernmental	24,831,936	25,032,701	200,765
Fines and fees	2,004,545	2,189,725	185,180
Investment earnings	225,000	305,333	80,333
Charges for services	271,740	281,948	10,208
Contributions and donations	20,000	27,575	7,575
Miscellaneous	168,700	306,737	138,037
Total revenues	<u>47,970,655</u>	<u>48,298,950</u>	<u>328,295</u>
Expenditures:			
Current:			
Public service	27,854,716	27,255,487	599,229
Administration and support	21,062,127	17,376,085	3,686,042
Capital outlay	917,345	614,375	302,970
Total expenditures	<u>49,834,188</u>	<u>45,245,947</u>	<u>4,588,241</u>
Excess (deficiency) of revenues over expenditures	<u>(1,863,533)</u>	<u>3,053,003</u>	<u>4,916,536</u>
Other financing sources (uses):			
Operating transfers in	331,851	331,851	-
Operating transfers (out)	(3,451,182)	(250,000)	3,201,182
Total other financing sources (uses)	<u>(3,119,331)</u>	<u>81,851</u>	<u>3,201,182</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>(4,982,864)</u>	<u>3,134,854</u>	<u>8,117,718</u>
Fund balances at beginning of year	<u>4,982,864</u>	<u>4,982,864</u>	<u>-</u>
Fund balances at end of year	<u>\$ -</u>	<u>\$ 8,117,718</u>	<u>\$ 8,117,718</u>

The accompanying notes are an integral part of these general purpose financial statements.

Budgeted Special Revenue Funds			Totals (Memorandum Only)		
Revised Budget	Actual	Variance - Favorable (Unfavorable)	Revised Budget	Actual	Variance - Favorable (Unfavorable)
\$ -	\$ -	\$ -	\$ 20,448,734	\$ 20,154,931	\$ (293,803)
-	-	-	24,831,936	25,032,701	200,765
159,000	173,996	14,996	2,163,545	2,363,721	200,176
21,255	23,607	2,352	246,255	328,940	82,685
-	-	-	271,740	281,948	10,208
500	500	-	20,500	28,075	7,575
540,600	560,179	19,579	709,300	866,916	157,616
<u>721,355</u>	<u>758,282</u>	<u>36,927</u>	<u>48,692,010</u>	<u>49,057,232</u>	<u>365,222</u>
-	-	-	27,854,716	27,255,487	599,229
1,628,367	658,631	969,736	22,690,494	18,034,716	4,655,778
88,100	10,490	77,610	1,005,445	624,865	380,580
<u>1,716,467</u>	<u>669,121</u>	<u>1,047,346</u>	<u>51,550,655</u>	<u>45,915,068</u>	<u>5,635,587</u>
(995,112)	89,161	1,084,273	(2,858,645)	3,142,164	6,000,809
-	-	-	331,851	331,851	-
-	-	-	(3,451,182)	(250,000)	3,201,182
-	-	-	(3,119,331)	81,851	3,201,182
(995,112)	89,161	1,084,273	(5,977,976)	3,224,015	9,201,991
995,112	995,112	-	5,977,976	5,977,976	-
<u>\$ -</u>	<u>\$ 1,084,273</u>	<u>\$ 1,084,273</u>	<u>\$ -</u>	<u>\$ 9,201,991</u>	<u>\$ 9,201,991</u>

COLUMBUS METROPOLITAN LIBRARY

**Combined Statement of Revenues, Expenses and Changes in Retained
Earnings/Fund Balances -
Proprietary Fund and Similar Trust Fund**

**Year ended December 31, 2002
(with comparative totals for 2001)**

	Proprietary Fund Type	Fiduciary Fund Type	Totals	
	Internal Service	Nonexpendable Trust	(Memorandum Only)	
			2002	2001
Operating revenues:				
Charges for services	\$ 2,179,289	\$ -	\$ 2,179,289	\$ 2,701,742
Interest	-	1,684	1,684	5,137
Total operating revenues	<u>2,179,289</u>	<u>1,684</u>	<u>2,180,973</u>	<u>2,706,879</u>
Operating expenses:				
Materials and supplies	-	2,390	2,390	561,857
Personnel services	-	-	-	62,701
Contractual services	446,086	-	446,086	396,476
Depreciation	-	-	-	599
Claims	2,028,679	-	2,028,679	1,573,655
Total operating expenses	<u>2,474,765</u>	<u>2,390</u>	<u>2,477,155</u>	<u>2,595,288</u>
Operating income (loss)	<u>(295,476)</u>	<u>(706)</u>	<u>(296,182)</u>	<u>111,591</u>
Nonoperating revenues				
Interest	9,546	-	9,546	31,906
Total nonoperating revenues	<u>9,546</u>	<u>-</u>	<u>9,546</u>	<u>31,906</u>
Net income (loss)	<u>(285,930)</u>	<u>(706)</u>	<u>(286,636)</u>	<u>143,497</u>
Retained earnings/fund balances at beginning of year (restated, note 8)	595,168	87,178	682,346	393,768
Residual equity transfers to General Fund	(450,469)	-	(450,469)	-
Transfer of net fixed assets to General Fixed Assets Account Group	(7,103)	-	(7,103)	-
Retained earnings (deficit)/fund balances at end of year	<u>\$ (148,334)</u>	<u>\$ 86,472</u>	<u>\$ (61,862)</u>	<u>\$ 537,265</u>

The accompanying notes are an integral part of these general purpose financial statements.

COLUMBUS METROPOLITAN LIBRARY

**Combined Statement of Cash Flows
Proprietary Fund and Similar Trust Fund**

**Year ended December 31, 2002
(with comparative totals for 2001)**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals</u>	
	<u>Internal Service</u>	<u>Nonexpendable Trust</u>	<u>(Memorandum Only)</u> <u>2002</u>	<u>2001</u>
Cash flows from operating activities:				
Operating net income (loss)	\$ (295,476)	\$ (706)	\$ (296,182)	\$ 111,591
Adjustments to reconcile operating net income (loss) to net cash provided (used) by operating activities:				
Depreciation		-	-	599
Interest income		(1,684)	(1,684)	(5,137)
(Increase) decrease in receivables	1,658	28	1,686	(3,106)
(Increase) decrease in inventory	-	-	-	236,046
Increase (decrease) in accounts payable	92,047	(520)	91,527	116,073
Increase (decrease) in accrued liabilities	-	-	-	(1,061)
Total adjustments	<u>93,705</u>	<u>(2,176)</u>	<u>91,529</u>	<u>343,414</u>
Net cash flows provided (used) by operating activities	<u>(201,771)</u>	<u>(2,882)</u>	<u>(204,653)</u>	<u>455,005</u>
Cash flows from noncapital financing activities -				
Advance from General Fund				350,000
Transfer to General Fund	<u>(331,851)</u>	<u>-</u>	<u>(331,851)</u>	<u>-</u>
Cash flows from investing activities -				
Interest income	<u>9,546</u>	<u>1,684</u>	<u>11,230</u>	<u>37,043</u>
Net increase (decrease) in cash and cash equivalents	(524,076)	(1,198)	(525,274)	842,048
Cash and cash equivalents at beginning of year	<u>960,478</u>	<u>87,573</u>	<u>1,048,051</u>	<u>206,003</u>
Cash and cash equivalents at end of year	<u>\$ 436,402</u>	<u>\$ 86,375</u>	<u>\$ 522,777</u>	<u>\$ 1,048,051</u>

The accompanying notes are an integral part of these general purpose financial statements.

COLUMBUS METROPOLITAN LIBRARY

Notes to the General Purpose Financial Statements, Continued

December 31, 2002

(1) **Description of Reporting Entity**

The Columbus Metropolitan Library (Library) was founded in 1872. The Library is a county district library established in accordance with Section 3375.20 of the Ohio Revised Code. The Library lends books, periodicals and audiovisual materials to residents and certain others at no charge. The Library, which is a separate legal entity, is financially, managerially and operationally independent from both Franklin County and the City of Columbus.

The general purpose financial statements comply with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14, "The Financial Reporting Entity," in that the financial statements include all the organizations, activities and functions for which the Library (the reporting entity) is financially accountable. Determination of financial accountability includes appointment of a voting majority of the component's governing body and (1) its ability to impose its will over the component unit or (2) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the Library.

Based on the preceding criteria, the financial activities of the Friends of the Columbus Metropolitan Library (Friends) and the Carnegie Society (Society) are included as blended component units in the accompanying financial statements. The operation of the Friends, a non-profit Ohio Corporation, is accounted for as a separate Special Revenue fund. Although the Friends is a separate legal entity, the Library is including the Friends based on the fact that its sole purpose is providing financial support for the Library. Copies of the Friends' audited financial statements can be obtained from the Library's Finance Department located at 96 South Grant Avenue, Columbus, Ohio 43215. The operation of the Society, a non-profit Ohio Corporation, is also accounted for as a Special Revenue fund. The sole purpose of the Society is to receive, hold, invest funds, and make expenditures for the exclusive benefit of the Library. Separate, audited statements are not available for the Society.

(2) **Summary of Significant Accounting Policies**

The accounting policies and financial reporting practices of the Library conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of its significant accounting policies:

(a) **Basis of Presentation - Fund Accounting**

The accounting system is organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures (expenses). The various funds are summarized by type in the general purpose financial statements. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources. The following fund types and account groups are used by the Library:

COLUMBUS METROPOLITAN LIBRARY

Notes to the General Purpose Financial Statements, Continued

(2) Summary of Significant Accounting Policies (Continued)

(a) Basis of Presentation - Fund Accounting (Continued)

GOVERNMENTAL FUNDS

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the Library's governmental fund types:

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

Special Revenue Funds - Special Revenue Funds are used to account for revenues derived from specific taxes, grants or other restricted revenue sources. The uses and limitations of each special revenue fund are specified by Library Board policies, federal and state statutes or other external donors.

Capital Project Funds - Capital Project Funds are used to account for financial resources to be used for the acquisition of major fixed assets or the construction of major capital facilities (other than those financed by the internal service fund and the nonexpendable trust fund).

PROPRIETARY FUND

Internal Service Fund - The Internal Service Fund is used to account for the financing of services provided by one department to another department on a cost reimbursement basis.

FIDUCIARY FUNDS

Trust and Agency Funds - Trust and Agency Funds are used to account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. Expendable trust funds are accounted for and reported as governmental funds. Nonexpendable trust funds are accounted for on the full accrual basis of accounting, i.e., revenues are recorded when earned and expenses are recorded when incurred. Agency funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations.

ACCOUNT GROUPS

General Fixed Assets Account Group - This account group is established to account for fixed assets of the Library other than those accounted for in the proprietary or trust funds.

General Long-Term Obligations Account Group - This account group is established to account for all unmatured long-term indebtedness of the Library that is not a specific liability of any proprietary fund or nonexpendable trust fund.

COLUMBUS METROPOLITAN LIBRARY

Notes to the General Purpose Financial Statements, Continued

(2) Summary of Significant Accounting Policies (Continued)

(b) Basis of Accounting (Continued)

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds and expendable trust funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

All governmental fund types, expendable trust funds and agency funds utilize the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term obligations which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

The proprietary fund and nonexpendable trust funds are reported on the accrual basis of accounting using an economic resources measurement focus. Under this method of accounting, revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred. Fund equity, net assets, is segregated into contributed capital and retained earnings.

Pursuant to GASB Statement 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting*, the Library follows GASB guidance as applicable to its proprietary funds, and Financial Accounting Standards Boards Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins issued on or before November 30, 1989, that do not conflict with or contradict GASB Pronouncements.

Revenues - Exchange and Non-exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available.

Nonexchange transactions, in which the Library receives value without directly giving equal value in return, include state-levied locally shared taxes, property taxes and donations. On an accrual basis, revenue from state-levied locally shared taxes is recognized in the period in which the amounts are appropriated by the state. Revenue from property taxes is recognized in the year for which the taxes are levied (See Note 10). Revenue from donations is recognized in the year in which all eligibility requirements have been satisfied. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

COLUMBUS METROPOLITAN LIBRARY

Notes to the General Purpose Financial Statements, Continued

(2) Summary of Significant Accounting Policies (Continued)

(b) Basis of Accounting (Continued)

Governmental funds record the provision for pension cost when the obligation is incurred and will be liquidated with available and measurable resources; otherwise, those amounts are provided for in the general long-term obligations account group. Pension cost for proprietary fund types is recorded when incurred.

(c) Budgetary Data

Budget

A budget of estimated cash receipts and disbursements, including encumbrances, is submitted to the County Auditor, as secretary of the County Budget Commission, by July 20 of each year for the fiscal year commencing the following January 1.

Estimated Resources

The County Budget Commission certifies the budget to the Library by September 1. As part of this certification, the Library receives the official Certificate of Estimated Resources which states the projected receipts of each fund. On or about January 1, this certificate is amended to include any unencumbered balances from the preceding year. The total estimated receipts together with prior year carry over of unencumbered cash then serves as the basis for the annual appropriation. Expenditures and encumbrances from any fund during the ensuing fiscal year must not exceed the amount stated in the Amended Certificate of Estimated Resources.

Appropriations

The Library is required by state statute to adopt an annual appropriation cash basis budget. A temporary appropriation measure to control cash disbursements is passed by the Library's Board of Trustees in December of each year to be effective as of January 1. The permanent appropriation measure then must be passed by April 1 of each year for the period January 1 to December 31. The permanent appropriation measure then may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources. Unencumbered appropriations lapse at year-end except in the Special Revenue (project related funds) and Capital Projects Funds which have continuing appropriations. Any budget change that increases or decreases expenditures at the major expenditure (object) level requires Board authorization. Several supplementary appropriations resulting in a reduction of \$3,570,321 were made during the year. A breakdown of the appropriation adjustments is as follows:

General Fund	(\$1,597,494)
Special Revenue Fund:	
Carnegie Society Fund Raising Event Fund	355
Capital Project Funds:	
Building and Repair Fund	(2,223,182)
Computer Replacement Fund	<u>250,000</u>
Total	<u><u>(\$3,570,321)</u></u>

COLUMBUS METROPOLITAN LIBRARY

Notes to the General Purpose Financial Statements, Continued

(2) Summary of Significant Accounting Policies (Continued)

(c) Budgetary Data (Continued)

The governmental fund types for which the Library budgets annual expenditures are the General, certain Special Revenue (Carnegie Society, Land Development and Parking Garage Funds) and Debt Service Funds. The budget specifies expenditure amounts by function within these funds. Expenditures cannot exceed appropriations at the major expenditure (object) level. In the supplemental reports, the Library has provided a further breakdown of the legal reporting level by function. All other Special Revenue Funds and Capital Projects Funds revenues and expenditures are not budgeted on an annual basis; budgetary control over these fund types is established on a project basis. Blended component units are not budgeted.

The Library budgets annual expenses for one nongovernmental fund type, the Internal Service Fund. The budget specifies expense amounts by function within the fund. Expenses can not exceed appropriations at the major expense (object) level. The Expendable and Nonexpendable Trust Funds are not budgeted on an annual basis. Cumulative expenses for the Nonexpendable Trust Funds can not exceed cumulative interest earned on invested donations.

In addition to the annual expenditures/expenses budgeting described in the preceding paragraphs, all revenues, except for tax revenues, for the General Fund are estimated by the Clerk-Treasurer in conjunction with the annual budgeting process. However, the annual appropriations should not exceed the estimated resources as certified by the County Budget Commission in the annual Certificate of Estimated Resources.

The Board has delegated purchase and expenditure approval to the Library administration for daily operational needs of the Library. Generally, all expenditures over \$25,000 must be approved by the Board. Any appropriation change which will increase or decrease any of the major appropriation classifications requires approval of the Board. Expenditures did not exceed appropriations in any fund type.

The Library's budgetary process is based upon accounting for certain transactions on a basis other than GAAP. To provide a meaningful comparison of actual results with the budget, the actual results of operations for governmental funds are presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General and Budgeted Special Revenue Funds in accordance with the budget basis of accounting.

The major differences between the budget basis and the GAAP basis are as follows:

- A. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
- B. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
- C. Encumbrances are recorded as the equivalent of expenditures (budget basis), as opposed to a reservation of fund balance (GAAP basis).

COLUMBUS METROPOLITAN LIBRARY

Notes to the General Purpose Financial Statements, Continued

(2) Summary of Significant Accounting Policies (Continued)

(d) Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed by the Library. Encumbrances are reported as reservations of fund balances since they do not constitute expenditures or liabilities.

(e) Investments

Investments are stated at fair value.

(f) Inventory

Inventory in the Special Revenue funds consists of materials and supplies. This inventory is stated at cost and recorded on a first in-first out basis.

(g) Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2002, are recorded as prepaid items. Prepaid items consist primarily of insurance premiums and library material subscriptions.

(h) Fixed Assets

Fixed assets purchased for general governmental purposes are recorded as expenditures in the governmental funds and capitalized at cost (or estimated historical cost) in the General Fixed Assets Account Group. Contributed fixed assets are recorded at fair market value at the time received.

(i) Depreciation

No depreciation has been provided on general fixed assets, nor has interest on construction in progress been capitalized.

(j) Interfund Transactions

During the course of normal operations, the Library has numerous transactions between funds, most of which are in the form of transfers of resources to provide services, construct assets and service debt. The accompanying financial statements generally reflect such transactions as operating transfers. Operating subsidies are also recorded as operating transfers.

All interfund transactions, except reimbursements and internal service fund charges for services, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers.

In 2001, \$350,000 was advanced from the General fund to the Self-Insurance Fund to cover the initial costs of operation. No repayment schedule has been determined.

COLUMBUS METROPOLITAN LIBRARY

Notes to the General Purpose Financial Statements, Continued

(2) Summary of Significant Accounting Policies (Continued)

(k) Endowments

Endowments are subject to the restrictions of gift instruments requiring that the principal be invested in perpetuity and that only the income be utilized. The reserve for endowments indicates that portion of the fund balance which is not available for future expenditures.

(l) Fund Balance - Designated for Capital

Fund balance designated for subsequent years' expenditures has been established to indicate the Library's tentative plans for future capital improvement purchases.

(m) Library Books

Library books and materials purchased by the Library are reflected as expenditures when purchased and are not capitalized as assets of the Library. The Library currently has a library materials collection of approximately 2,818,195 volumes.

(n) Insurance

The Library is insured by private carriers for property damage, personal injury and public official liability. Judgments and claims in excess of policy limits are recorded when it is probable that an asset has been impaired or a liability has been incurred and the amount of loss can be reasonably estimated. At December 31, 2002, 2001 and 2000, there were no outstanding judgments or claims in excess of policy limits. There were no significant changes in insurance coverage from the previous year and no insurance settlement has exceeded insurance coverage during the last three years.

The Library provides dental, life and disability insurance coverage for employees through a private insurance carrier. The Library is part of the state-wide plan for Worker's Compensation insurance coverage.

Beginning in 2001, the Library established self-insured employee health care. To account for and finance its uninsured health claims, the Library established the Self Insurance Fund (an internal service fund). All departments of the Library participate in the program and make payments to the Self Insurance Fund based on actuarial estimates of the amounts needed to pay current and future claims. The Library has purchased specific stop loss insurance for claims which exceed \$100,000 per covered individual in one year and aggregate stop loss coverage at 125% of annual estimated claims.

	<u>2001</u>	<u>2002</u>
Unpaid Claims January 1,	\$ 0	\$ 144,368
Incurred Claims	1,573,655	2,028,680
Payment of Claims	<u>(1,429,287)</u>	<u>(1,936,633)</u>
Unpaid Claims December 31,	<u>\$ 144,368</u>	<u>\$ 236,415</u>

The \$236,415 of unpaid claims are reflected in the internal service fund's accounts payable line item.

COLUMBUS METROPOLITAN LIBRARY

Notes to the General Purpose Financial Statements, Continued

(2) Summary of Significant Accounting Policies (Continued)

(o) Compensated Absences

Library employees accumulate one "bank" of hours for both sick and vacation called Paid Time Off (PTO). These hours are vested at 100% when earned. Payment is dependent upon many factors; therefore, timing of future payments was not readily determinable. However, management believes that payment of compensated absences will not have a materially adverse impact on the availability of the Library's fund balances. Payment of leave benefits is accrued when incurred in proprietary funds and reported as a fund liability. Leave benefits that are expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the government fund that will pay it. The Library's calculation of compensated absences for estimated sick leave used was based on the vesting method. Amounts not expected to be liquidated with expendable available financial resources are reported in the General Long-Term Obligations Account Group. No expenditure is reported for these amounts.

(p) Statement of Cash Flows

For purposes of the statement of cash flows, the Proprietary Fund and Similar Trust Funds consider all highly liquid investments, with purchased maturities of three months or less, to be cash equivalents. In addition, all pooled cash and investments with the Clerk-Treasurer are considered to be cash equivalents since they are available to the Proprietary Fund and Similar Trust Funds on demand.

(q) Total Columns on General Purpose Financial Statements

Total columns on the general purpose financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations or changes in cash flows in conformity with GAAP, nor is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

(r) Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities in the financial statements and accompanying notes. Actual results may differ from those estimates.

(t) New Accounting Pronouncements

In June 1999, the GASB issued Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. This statement represents a significant change in the way state and local governments present basic financial information. This statement is effective for periods beginning after June 15, 2002, and the Library has not adopted the provisions of this statement in the accompanying financial statements. Management has not completed the process of evaluating the impact that will result from adopting this statement, and therefore is unable to disclose the impact that adopting the statement will have on its financial position and results of operations when the statement is adopted.

COLUMBUS METROPOLITAN LIBRARY

Notes to the General Purpose Financial Statements, Continued

(2) Summary of Significant Accounting Policies (Continued)

(t) New Accounting Pronouncements (Continued)

In June 2001, the GASB issued Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus – an amendment of GASB Statements No. 21 and No. 34*. The provisions of this statement should be simultaneously implemented with Statement No. 34. The Library has not adopted the provisions of this statement in the accompanying financial statements. Management has not completed the process of evaluating the impact that will result from adopting this statement, and therefore is unable to disclose the impact that adopting the statement will have on its financial position and results of operations when the statement is adopted.

In June 2001, the GASB issued Statement No. 38, *Certain Financial Statement Note Disclosures*. This statement modifies, establishes and rescinds certain financial statement disclosure requirements and is generally required to be implemented with Statement No. 34. The Library has not adopted the provisions of this statement in the accompanying financial statements. Management has not completed the process of evaluating the impact that will result from adopting this statement, and therefore is unable to disclose the impact that adopting the statement will have on its financial position and results of operations when the statement is adopted.

In May 2002, the GASB issued Statement No. 39, *Determining Whether Certain Organizations are Component Units – an amendment of GASB Statement No. 14*. This statement provides criteria for determining whether certain organizations should be reported as component units and to clarify requirements for those organizations. This statement is effective for period beginning after June 15, 2003, and the Library has not adopted the provisions of this statement in the accompanying financial statements. Management has not completed the process of evaluating the impact that will result from adopting this statement, and therefore is unable to disclose the impact that adopting the statement will have on its financial position and results of operations when the statement is adopted.

(3) Cash and Investments

The Library pools all individual fund cash balances for investment purposes, except for cash with fiscal agents, restricted investments and blended component units. According to state statutes, all earnings received from pooled investments must be credited to the Library's General Fund, unless specified by resolution. Interest income earned on investments held in perpetuity is credited to the Library's Nonexpendable Trust Fund.

Deposits:

At December 31, 2002, the carrying amount of all the Library's deposits (includes non-negotiable certificate of deposits) was \$6,227,970 and the bank balance was \$6,636,130. Of the bank balance, \$900,000 was covered by Federal Depository Insurance and \$6,536,130 was collateralized with securities held by the financial institution or by its trust department or agent but not in the Library's name.

Investments:

The Library adopted a formal investment policy. The objectives of the policy shall be the preservation of capital and protection of principal while earning investment interest. Safety of principal is the primary objective of the investment program. This policy covers all funds under the direct control of the Clerk-Treasurer. Funds are invested in accordance with Section 135 "Uniform Depository Act" of the Ohio Revised Code as revised by Senate Bill 81. This investment policy does not apply to funds held by the Friends or the Society.

COLUMBUS METROPOLITAN LIBRARY

Notes to the General Purpose Financial Statements, Continued

(3) Cash and Investments (Continued)

The types of obligations eligible for investment and deposits are:

1. Bonds, notes or other obligations of or guaranteed by the United States or those for which the faith of the United States is pledged for the payment of principal and interest;
2. Bonds, notes, debentures, or other obligations or securities issued by any federal government agency or instrumentality;
3. Repurchase agreements in the securities enumerated above;
4. Interim deposits in the eligible institutions applying for interim monies;
5. Bonds and other obligations of the State of Ohio;
6. The State Treasurer's investment pool (STAR Ohio); and
7. No-load money market mutual funds consisting exclusively of obligations described in number (1) and (2) above.

The Library's portfolio shall be deposited among several financial institutions, not more than 50% shall be deposited in any one financial institution, except that 100% of the portfolio may be invested in the State Treasurer's Investment Pool (StarOhio). No investment will be purchased which matures beyond two (2) years of the settlement date unless the investment is matched to a specific obligation.

GASB Statement No. 3 "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements" requires that the Library's investments be classified in categories of risk. Category 1 includes investments that are insured or registered or for which the securities are held by the Library or its agent in the Library's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the Library's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the Library's name. STAR Ohio, an investment fund operated by the Ohio State Treasurer, is unclassified since it is not evidenced by securities that exist in physical or book entry form. At December 31, 2002, the Library had no investments that were required to be categorized as above.

Cash and investment balances at year-end were as follows:

	<u>Carrying/Fair Value</u>
STAROhio (State Treasurer's Asset Reserve)	\$ 19,102,964
Carrying amount of deposits	6,227,970
Petty cash and change fund	<u>5,681</u>
Total	<u>\$ 25,336,615</u>
Per combined balance sheet:	
Cash and investments	\$ 25,082,782
Cash and investments - Nonexpendable trust	86,375
Cash with fiscal agent	<u>167,458</u>
Total	<u>\$ 25,336,615</u>

COLUMBUS METROPOLITAN LIBRARY

Notes to the General Purpose Financial Statements, Continued

(3) **Cash and Investments (Continued)**

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 Securities Exchange Commission as an investment company, but does operate in a manner similar to Rule 2a-7 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, 2002.

In addition, approximately \$626,350 of cash and investments are at the Columbus Foundation, an Ohio not-for profit corporation, for the purpose of furthering the Library's mission. Since the Library does not have legal rights to these assets, it is not included in the financial statements. The Library does have the right to suggest to the Columbus Foundation how the monies are to be expended.

(4) **Receivables**

Receivables at December 31, 2002, consist of the following:

	<u>Taxes</u>	<u>Interest</u>	<u>Other</u>	<u>Total</u>
General	\$ 22,996,889	\$ 48,379	\$ 15,380	\$ 23,060,648
Special Revenue	-	3,995	1,548	5,543
Capital Projects	-	37,254	-	37,254
Internal Service	-	1,679	-	1,679
Trust and Agency	-	1,091	250	1,341
Total	<u>\$ 22,996,889</u>	<u>\$ 92,398</u>	<u>\$ 17,178</u>	<u>\$ 23,106,465</u>

(5) **Property, Plant and Equipment**

A summary of changes in general fixed assets for the year ended December 31, 2002, follows:

	Balance January 1, 2002	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	Balance December 31, 2002
Land	\$ 7,939,872	\$ 2,165	\$ -	\$ -	\$ 7,942,037
Buildings and improvements	66,944,114	260,526	-	-	67,204,640
Machinery and equipment	14,627,755	2,544,465	121,294	-	17,050,926
Construction in progress	<u>1,526,193</u>	<u>7,068,947</u>	<u>-</u>	<u>-</u>	<u>8,595,140</u>
Total general fixed assets	<u>\$ 91,037,934</u>	<u>\$ 9,876,103</u>	<u>\$ 121,294</u>	<u>\$ -</u>	<u>\$100,792,743</u>

COLUMBUS METROPOLITAN LIBRARY

Notes to the General Purpose Financial Statements, Continued

(5) Property, Plant and Equipment (Continued)

Construction in progress at December 31, 2002, consists of:

Project	Balance			Balance December 31, 2002	Project	
	January 1, 2002	Additions	Transfers		Commit- ments	Remaining Balance
Southeast Br Expan.	\$ 165,618	\$ 90,793	\$ -	\$ 256,411	\$ 4,193	\$ 11,434
Operations Center	1,331,258	5,749,600	-	7,080,858	449,729	441,312
Linden Branch	-	123,111	-	123,111	56,857	2,362,734
New Albany Branch	-	863,091	-	863,091	2,733,813	961,578
Main Library Remodel	<u>29,316</u>	<u>242,353</u>	<u>-</u>	<u>271,669</u>	<u>39,379</u>	<u>1,283,691</u>
	<u>\$ 1,526,192</u>	<u>\$ 7,068,948</u>	<u>\$ -</u>	<u>\$ 8,595,140</u>	<u>\$ 3,283,971</u>	<u>\$ 5,060,749</u>

These projects were funded through the Capital Projects Fund by monies transferred from the General Fund. The balance of these Capital projects will be funded by available financial resources.

(6) Other Assets

In 2002, \$100,000 worth of gift certificates were donated to the Library to purchase library materials. As of December 31, 2002, \$61,405 worth of certificates remain unused. In the accompanying statements, \$100,000 has been included as donation revenues and \$38,595 has been included as expenditures.

(7) Long-Term Obligations

A summary of changes in long-term obligations for the year ended December 31, 2002, follows:

General Long-Term Obligations Account Group	Balance		Deletions	Balance
	January 1, 2002 (Restated)	Additions		December 31, 2002
Accrued liabilities (compensated absences)	\$ 1,545,521	\$ -	\$ 233,776	\$ 1,311,745

Accrued liabilities are composed of accrued vacation, sick leave and compensatory time earned. Additions and deletions for these accrued liabilities are shown net since it is impracticable for the Library to determine these amounts separately. Beginning balance was restated by \$(430,928) due to a correction in the recording of the current portion of the compensated absences (see note 8)

(8) Prior Period Adjustments

Beginning Retained Earnings/Fund Balance has been restated for the following reasons:

General Fund:

Fund Balance as reported	\$ 8,785,481
Record Tax Receivable accrual	1,842,341
Record current portion of Compensated Absences liability	<u>(430,928)</u>
Beginning Fund Balance (restated)	<u>\$10,196,894</u>

Internal Service:

Retained Earnings as reported	\$ 450,087
Reclassification of Contributed Capital to Retained Earnings in the Central Stores Fund prior to 2002 residual equity transfer to close fund	<u>145,081</u>
Beginning Retained Earnings (restated)	<u>\$ 595,168</u>

COLUMBUS METROPOLITAN LIBRARY

Notes to the General Purpose Financial Statements, Continued

(9) **Fund Equity**

The following fund had a deficit retained earnings at December 31, 2002:

Self-Insurance Fund	\$(155,334)
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This deficit reflects the accrual of liabilities required by generally accepted accounting principles. This fund has a positive cash balance as required by Ohio law.

(10) **Joint Ventures**

In April 1992, the Library's Board of Trustees adopted a resolution to participate with the Worthington Public Library (Worthington), a separate legal entity, to construct and operate a library facility, containing approximately 23,000 square feet of public service space, at a location which will serve both library districts. On October 13, 1993, a written contract was entered into between the two library districts.

According to the terms of the agreement, the Library will not assume any responsibility for the daily management, operation and maintenance of the building. In addition, the agreement states that the Library will contribute, based on a formula, to the operational needs of the facility. In 2002, the Library contributed \$696,402 to the operational costs of Worthington. The funds were appropriated and paid from the General Fund. In 2003, the Library has appropriated \$670,000 in the General Fund to be paid to Worthington. The activity of this operation is contained in the financial statements of the Worthington Public Library, which can be obtained from the Worthington Library's Finance Department located at 805 Hartford Street, Worthington, Ohio 43085.

In 1997, the Library entered into the lease agreement with the New Albany/Plain Local Schools. The contract stipulates that the Library can use the New Albany High School library facilities during non-school hours at no cost to the Library.

(11) **Defined Benefit Pension Plan**

All employees of the Library are required to participate in the Ohio Public Employees Retirement System (OPERS), a cost-sharing, multiple employer defined benefit pension plan. OPERS provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. PERS has the authority to establish and amend benefits as provided by Chapter 145 of the Ohio Revised Code. OPERS issues a publicly available financial report that includes the financial statements and required supplementary information. Any parties interested in obtaining a copy must submit a written request to OPERS at 277 East Town Street, Columbus, Ohio 43215-4642 or call (614) 466-2085 or 1800-222-PERS (7377) or on the internet at www.opers.org.

The Ohio Revised Code provides statutory authority for employee and employer contributions. Employees are required to contribute 8.5% of their annual covered salary. The Library's required contributions to OPERS are equal to 100% of the dollar amount billed (13.55% of the covered payroll). The Library's contributions to OPERS for the years ending December 31, 2002, 2001 and 2000, were approximately \$3,125,801, \$2,994,000 and \$2,227,000, respectively, which were equal to the required contributions for each year.

COLUMBUS METROPOLITAN LIBRARY

Notes to the General Purpose Financial Statements, Continued

(12) Postemployment Benefits

In addition to the pension benefits described in note 11, OPERS also provides postemployment health care benefits (OPEB) to all age and service retirees with 10 or more years of qualifying Ohio service credit. Health care coverage for disability recipients and primary survivor recipients is available. The Ohio Revised Code provides the statutory authority requiring public employers to fund postretirement health care through their contributions to OPERS. At December 31, 2001, the number of active contributing participants was 402,041.

As required by state statute, a portion of each employer's contribution to OPERS is used for the funding of the postemployment health care. Based on the employer's contribution of 13.55% of covered payroll; 5.00% was used to fund health care for the year. The amount of actuarially determined Library contributions actually made to fund postemployment benefits was approximately \$1,153,421 in 2002 and \$950,000 in 2001. Employer contributions are advance-funded on an actuarially determined basis and are determined by state statute.

OPERS (assuming the number of active employees remains constant) assumes an annual increase of 4.00% compounded annually for the base portion of an individual's pay increase. Additionally, annual pay increases, over and above the 4.00% base increase, were assumed to range from 0.50% to 6.3%.

OPEB are financed through employer contributions and investment earnings thereon. The investment assumption rate for 2001 was 8.00%. All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach assets are adjusted annually to reflect 25% of unrealized market appreciation or depreciation on investment assets.

An entry age normal actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of unfunded actuarial accrued liability.

As of December 31, 2001, the actuarial value of the net assets available for future OPEB payments was \$11.6 billion. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$16.4 billion and \$4.8 billion, respectively.

In December 31, 2001, OPERS adopted the Health Care "Choices" Plan in its continuing effort to respond to the rising cost of health care. The Choices Plan will be offered to all persons newly hired under OPERS after January 1, 2003, with no prior service credit accumulated toward health care coverage. Choices, as its name suggests, will incorporate a cafeteria approach, offering a more broad range of health care options. The plan uses a graded scale from ten to thirty years to calculate a monthly health care benefit. This is in contrast to the ten-year eligibility standard for the present plan. The benefit recipient will be free to select the option that best meets their needs. Recipients will fund health care costs in excess of their monthly health care benefit. The plan will also offer a spending account feature, enabling the benefit recipient to apply their allowance toward specific medical expenses, much like a medical spending account.

COLUMBUS METROPOLITAN LIBRARY

Notes to the General Purpose Financial Statements, Continued

(13) **Real and Personal Property Taxes**

Property taxes include amounts levied against all real, public utility and tangible (used in business) property located in the Library district.

Real property taxes and public utility taxes collected during 2002 were levied after October 1 on the assessed value listed as of the prior January 1, the lien date. These taxes are payable annually or semi-annually. If paid annually, payment is due by January 20; if paid semi-annually, the first payment is due by January 20 with remainder payable by June 20. Under certain circumstances, state statutes permit earlier or later payment dates to be established.

Assessed values are established by State law at 35% of appraised market value. A revaluation of all property is required to be completed no less than every six years. The last revaluation was completed in 2000. Public utility property taxes are assessed on tangible personal property, as well as land and improvements, at true value, which is a certain percentage of cost. Percentages vary according to the type of utility involved. Tangible personal property assessments were 25% of true value for personal property. The assessed values upon which the 2002 taxes were collected were approximately \$15.0 million.

Ohio law prohibits taxation of property from all taxing authorities in excess of 1% of assessed value without a vote of the people. Increases in the property tax rate are restricted only by voter willingness to approve such increases. In 1986, voters approved taxation of property for the Library of .22% (2.2 mills) of assessed value effective January 1, 1986, for collection in 1987. This levy is to be collected for a period of 15 years and expired after the collection year 2001. In November 2000, the voters in Franklin County approved renewing the existing 2.2 levy. The collection year for the new levy began in 2002.

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

Property taxes with both a lien and levy date prior to fiscal year end are recorded as deferred revenue and receivables. However, property taxes including delinquent property taxes that were measurable at December 31, 2002, and available to the Library within the first 60 days of 2003, are recorded as revenues and receivables.

(14) **Commitments and Contingencies**

The Library is currently the defendant in several legal cases for which management and legal counsel are unable to determine the likelihood or range of loss, if any. However, in the opinion of the management, the resolution of these matters will not have a material adverse effect on the financial condition of the Library.

COLUMBUS METROPOLITAN LIBRARY

Notes to the General Purpose Financial Statements, Continued

(15) Budgetary Basis of Accounting

The adjustments necessary to convert the results of operations and fund balances at end of year on the GAAP basis to the budgetary basis are as follows:

	Excess (deficiency) of revenues and other financing sources over <u>expenditures and other financing uses</u>		<u>Fund balances at end of year</u>	
	<u>General</u>	<u>Special Revenue</u>	<u>General</u>	<u>Special Revenue</u>
GAAP basis	\$ 2,236,765	\$ 80,433	\$12,884,128	\$ 1,655,006
Increase (decrease):				
Due to revenues:				
Received in cash during 2002, but accrued at December 31, 2001	20,934,613	6,571		
Accrued at December 31, 2002, not yet received in cash	(23,129,159)	(5,543)	(23,129,159)	(5,543)
Deferred at December 31, 2001, but not recognized in budget	(20,018,628)	(13,087)		
Deferred at December 31, 2002, but recognized in budget	20,481,436	15,555	20,481,436	15,555
Due to expenditures:				
Paid in cash during 2002, accrued at December 31, 2001	(1,471,442)	(60,848)	-	-
Accrued at December 31, 2002, not yet paid in cash	2,239,664	64,270	2,239,664	64,270
Due to encumbrances:				
Expenditures of amounts encumbered during the year ended December 31, 2002	3,150,414	10,721	-	-
Recognized as expenditures in budget	(3,510,325)	(14,420)	(3,510,325)	(14,420)
Restatement of Beginning Fund Balance	1,411,413	-	-	-
Residual Equity Transfer	450,469	-	-	-
Others, net	359,634	(11,323)	(848,026)	(72,225)
Funds not budgeted	<u>-</u>	<u>16,832</u>	<u>-</u>	<u>(558,370)</u>
Budgetary Basis	<u>\$ 3,134,854</u>	<u>\$ 89,161</u>	<u>\$ 8,117,718</u>	<u>\$ 1,084,273</u>

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Supplemental Data

Columbus Metropolitan Library

GENERAL FUND

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

Columbus Metropolitan Library

Exhibit A-1

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General Fund - Non GAAP Budgetary Basis Year Ended December 31, 2002

	Revised Budget	Actual	Variance - Favorable (Unfavorable)
Revenues:			
Property taxes	\$ 20,448,734	\$ 20,154,931	\$ (293,803)
Intergovernmental	24,831,936	25,032,701	200,765
Fines and fees	2,004,545	2,189,725	185,180
Investment earnings	225,000	305,333	80,333
Charges for services	271,740	281,948	10,208
Contributions and donations	20,000	27,575	7,575
Miscellaneous	168,700	306,737	138,037
Total revenues	47,970,655	48,298,950	328,295
Expenditures:			
Public service:			
Salaries and benefits	19,915,236	19,480,526	434,710
Supplies	451,224	383,366	67,858
Purchased and contract service	105,896	96,251	9,645
Library materials	7,379,685	7,293,673	86,012
Capital outlay	152,186	137,694	14,492
Other	2,675	1,671	1,004
Total public service	28,006,902	27,393,181	613,721
Administration and support:			
Salaries and benefits	9,951,765	9,684,844	266,921
Supplies	1,253,796	925,500	328,296
Purchased and contract service	7,057,927	5,903,251	1,154,676
Library materials	431,314	123,552	307,762
Capital outlay	765,159	476,681	288,478
Other	792,325	738,938	53,387
Contingency	1,575,000	-	1,575,000
Total administration and support	21,827,286	17,852,766	3,974,520
Total expenditures	49,834,188	45,245,947	4,588,241
Excess of revenues over expenditures	(1,863,533)	3,053,003	4,916,536
Other financing sources (uses):			
Operating transfers in	331,851	331,851	-
Operating transfers out	(3,451,182)	(250,000)	3,201,182
Total other financing sources (uses)	(3,119,331)	81,851	3,201,182
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(4,982,864)	3,134,854	8,117,718
Fund balances at beginning of year	4,982,864	4,982,864	-
Fund balances at end of year	\$ -	\$ 8,117,718	\$ 8,117,718

Columbus Metropolitan Library

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for types of resources for which specific uses are mandated by Library Board policies, federal and/or state statutes, or other external donors. The title of the fund is descriptive of the activities accounted for therein. The Special Revenue Funds are:

- Carnegie Society Fundraising Event Fund
- Friends of the Library Fund
- Land Development Fund
- Parking Garage Fund
- Carnegie Society Fund

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Columbus Metropolitan Library

Combining Balance Sheet

All Special Revenue Funds

December 31, 2002

(with comparative totals for 2001)

	Carnegie Society Fundraising Event Fund	Friends of the Library Fund
<u>Assets</u>		
Cash and investments	\$ -	\$ 514,518
Receivables	-	-
Inventory	-	38,452
Prepaid items	-	-
	<hr/>	<hr/>
Total assets	<u>\$ -</u>	<u>\$ 552,970</u>
<u>Liabilities</u>		
Accounts payable	\$ -	\$ 13,211
Accrued liabilities	-	3,687
Due to others	-	-
Deferred revenue	-	-
	<hr/>	<hr/>
Total liabilities	<u>-</u>	<u>16,898</u>
<u>Fund equity</u>		
Fund balances:		
Reserved for encumbrances	-	-
Reserved for inventory	-	38,452
Reserved for prepaid items	-	-
Unreserved:		
Undesignated	-	497,620
	<hr/>	<hr/>
Total fund balances	<u>-</u>	<u>536,072</u>
	<hr/>	<hr/>
Total fund equity	<u>-</u>	<u>536,072</u>
	<hr/>	<hr/>
Total liabilities and fund equity	<u>\$ -</u>	<u>\$ 552,970</u>

Land Development Fund	Parking Garage Fund	Carnegie Society Fund	Totals	
			2002	2001
\$ 811,889	\$ 387,174	\$ 22,298	\$ 1,735,879	\$ 1,642,862
3,498	2,045	-	5,543	6,864
-	-	-	38,452	32,402
14,827	-	-	14,827	14,286
<u>\$ 830,214</u>	<u>\$ 389,219</u>	<u>\$ 22,298</u>	<u>\$ 1,794,701</u>	<u>\$ 1,696,414</u>
\$ 50,587	\$ 13,683	\$ -	\$ 77,481	\$ 66,646
42,972	-	-	46,659	1,620
-	-	-	-	40,488
8,715	6,840	-	15,555	13,087
<u>102,274</u>	<u>20,523</u>	<u>-</u>	<u>139,695</u>	<u>121,841</u>
-	789	-	789	38
-	-	-	38,452	32,402
14,827	-	-	14,827	14,286
<u>713,113</u>	<u>367,907</u>	<u>22,298</u>	<u>1,600,938</u>	<u>1,527,847</u>
<u>727,940</u>	<u>368,696</u>	<u>22,298</u>	<u>1,655,006</u>	<u>1,574,573</u>
<u>727,940</u>	<u>368,696</u>	<u>22,298</u>	<u>1,655,006</u>	<u>1,574,573</u>
<u>\$ 830,214</u>	<u>\$ 389,219</u>	<u>\$ 22,298</u>	<u>\$ 1,794,701</u>	<u>\$ 1,696,414</u>

Columbus Metropolitan Library

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

All Special Revenue Funds

Year Ended December 31, 2002

(with comparative totals for year ended 2001)

	Carnegie Society Fundraising Event Fund	Friends of the Library Fund
Revenues:		
Intergovernmental	\$ -	\$ -
Charges for services	-	320,153
Investment earnings	163	6,048
Contributions and donations	-	1,476
Miscellaneous	-	3,666
Total revenues	<u>163</u>	<u>331,343</u>
Expenditures:		
Current:		
Supplies	-	-
Administration and support		
Salaries and benefits	-	59,354
Supplies	4,173	118,219
Purchased and contract service	10,000	36,166
Library materials	22	-
Capital outlay	-	3,196
Other	-	23,703
Total expenditures	<u>14,195</u>	<u>240,638</u>
Excess (deficiency) of revenue over expenditures	<u>(14,032)</u>	<u>90,705</u>
Other financing sources :		
Operating transfers in	-	-
Total other financing sources	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>(14,032)</u>	<u>90,705</u>
Fund balances at beginning of year	<u>14,032</u>	<u>445,367</u>
Fund balances at end of year	<u>\$ -</u>	<u>\$ 536,072</u>

Land Development Fund	Parking Garage Fund	Carnegie Society Fund	Totals	
			2002	2001
\$ -	\$ -	\$ -	\$ -	\$ 15,000
544,835	175,428	77,105	1,117,521	1,061,409
14,203	7,913	740	29,067	75,741
-	-	5,454	6,930	9,211
23,194	-	-	26,860	33,492
<u>582,232</u>	<u>183,341</u>	<u>83,299</u>	<u>1,180,378</u>	<u>1,194,853</u>
-	-	-	-	20,700
-	-	-	59,354	54,982
25,741	-	5,970	154,103	151,570
393,906	184,588	4,866	629,526	555,965
-	-	-	22	2,432
10,490	-	-	13,686	13,997
39,551	-	180,000	243,254	56,437
<u>469,688</u>	<u>184,588</u>	<u>190,836</u>	<u>1,099,945</u>	<u>856,083</u>
<u>112,544</u>	<u>(1,247)</u>	<u>(107,537)</u>	<u>80,433</u>	<u>338,770</u>
-	-	-	-	5,700
-	-	-	-	5,700
112,544	(1,247)	(107,537)	80,433	344,470
615,396	369,943	129,835	1,574,573	1,230,103
<u>\$ 727,940</u>	<u>\$ 368,696</u>	<u>\$ 22,298</u>	<u>\$ 1,655,006</u>	<u>\$ 1,574,573</u>

Columbus Metropolitan Library

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - All Budgeted Special Revenue Funds - Non GAAP Budgetary Basis Year Ended December 31, 2002

	Carnegie Society Fundraising Event Fund		
	Revised Budget	Actual	Variance - Favorable (Unfavorable)
Revenues:			
Fines and fees	\$ -	\$ -	\$ -
Investment earnings	255	255	-
Contributions and donations	500	500	-
Miscellaneous	-	-	-
Total revenues	<u>755</u>	<u>755</u>	<u>-</u>
Expenditures:			
Current:			
Administration and support			
Supplies	4,174	4,174	-
Purchased and contract service	10,000	10,000	-
Library materials	(47)	(47)	-
Capital outlay	-	-	-
Other	-	-	-
Contingency	-	-	-
Total expenditures	<u>14,127</u>	<u>14,127</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	(13,372)	(13,372)	-
Fund balances at beginning of year	<u>13,372</u>	<u>13,372</u>	<u>-</u>
Fund balances at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Land Development Fund			Parking Garage Fund		
Revised Budget	Actual	Variance - Favorable (Unfavorable)	Revised Budget	Actual	Variance - Favorable (Unfavorable)
\$ -	\$ 1,042	\$ 1,042	\$ 159,000	\$ 172,954	\$ 13,954
15,000	14,842	(158)	6,000	8,510	2,510
-	-	-	-	-	-
540,600	560,179	19,579	-	-	-
<u>555,600</u>	<u>576,063</u>	<u>20,463</u>	<u>165,000</u>	<u>181,464</u>	<u>16,464</u>
28,600	25,861	2,739	7,000	-	7,000
405,350	393,128	12,222	217,000	185,457	31,543
-	-	-	-	-	-
43,100	10,490	32,610	45,000	-	45,000
41,750	40,058	1,692	-	-	-
643,435	-	643,435	271,105	-	271,105
<u>1,162,235</u>	<u>469,537</u>	<u>692,698</u>	<u>540,105</u>	<u>185,457</u>	<u>354,648</u>
(606,635)	106,526	713,161	(375,105)	(3,993)	371,112
<u>606,635</u>	<u>606,635</u>	<u>-</u>	<u>375,105</u>	<u>375,105</u>	<u>-</u>
<u>\$ -</u>	<u>\$ 713,161</u>	<u>\$ 713,161</u>	<u>\$ -</u>	<u>\$ 371,112</u>	<u>\$ 371,112</u>

Columbus Metropolitan Library

Exhibit B-3

**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual - All Budgeted Special Revenue Funds - Non GAAP Budgetary Basis
Year Ended December 31, 2002**

	Totals		
	Revised Budget	Actual	Variance - Favorable (Unfavorable)
Revenues:			
Fines and fees	\$ 159,000	\$ 173,996	\$ 14,996
Investment earnings	21,255	23,607	2,352
Contributions and donations	500	500	-
Miscellaneous	540,600	560,179	19,579
Total revenues	721,355	758,282	36,927
Expenditures:			
Current:			
Administration and support			
Supplies	39,774	30,035	9,739
Purchased and contract service	632,350	588,585	43,765
Library materials	(47)	(47)	-
Capital outlay	88,100	10,490	77,610
Other	41,750	40,058	1,692
Contingency	914,540	-	914,540
Total expenditures	1,716,467	669,121	1,047,346
Excess (deficiency) of revenues over expenditures	(995,112)	89,161	1,084,273
Fund balances at beginning of year	995,112	995,112	-
Fund balances at end of year	\$ -	\$ 1,084,273	\$ 1,084,273

Columbus Metropolitan Library

CAPITAL PROJECTS FUNDS

Capital Projects Funds are used to account for financial resources used for the acquisition or construction of major capital facilities and equipment other than those financed by Proprietary Funds and Trust Funds. The titles of the funds and their related projects are descriptive of the activities involved.

The Capital Projects Funds and their related projects classified by the primary source of funding are:

Building and Repair Fund:

- Non Project Related
- Southeast Branch Expansion/Remodeling Project
- Operations Center Construction Project
- New Albany Construction Project
- Linden Branch Replacement Project
- Main Library Remodeling Project

Computer System Replacement Fund:

- Non Project Related
- Communication Equipment 2001 Project
- Tandem Computer Equipment 2001 Project
- New Financial System Project
- Discovery Place Library Project
- Computer Equipment 2002 Project

Columbus Metropolitan Library

Combining Balance Sheet

All Capital Projects Funds

December 31, 2002

(with comparative totals for 2001)

	Building and Repair Fund		
	Non Project Related	Southeast Branch Expansion Remodeling Project	Operations Center Construction Project
<u>Assets</u>			
Cash and investments	\$ 465,612	\$ 15,627	\$ 891,041
Cash with fiscal agents	-	70,751	96,707
Receivables	32,031	-	-
Due from other governments	-	-	-
Total assets	<u>\$ 497,643</u>	<u>\$ 86,378</u>	<u>\$ 987,748</u>
<u>Liabilities</u>			
Accounts payable	\$ -	\$ 911	\$ 135,783
Due to others	-	70,751	96,707
Total liabilities	<u>-</u>	<u>71,662</u>	<u>232,490</u>
<u>Fund equity</u>			
Fund balances:			
Reserved for encumbrances	-	3,282	313,962
Unreserved:			
Designated for subsequent years' expenditures	<u>497,643</u>	<u>11,434</u>	<u>441,296</u>
Total fund balances	<u>497,643</u>	<u>14,716</u>	<u>755,258</u>
Total fund equity	<u>497,643</u>	<u>14,716</u>	<u>755,258</u>
Total liabilities and fund equity	<u>\$ 497,643</u>	<u>\$ 86,378</u>	<u>\$ 987,748</u>

Exhibit C-1 (cont.)

Building and Repair Fund		
New Albany Construction Project	Linden Branch Replacement Project	Main Library Remodeling Project
\$ 3,695,390	\$ 2,525,591	\$ 1,323,071
-	-	-
-	-	-
-	-	-
\$ 3,695,390	\$ 2,525,591	\$ 1,323,071
\$ 558,481	\$ 10,167	\$ 752
-	-	-
558,481	10,167	752
2,175,332	46,690	13,052
961,577	2,468,734	1,309,267
3,136,909	2,515,424	1,322,319
3,136,909	2,515,424	1,322,319
\$ 3,695,390	\$ 2,525,591	\$ 1,323,071

(Continued)

Columbus Metropolitan Library

Combining Balance Sheet

All Capital Projects Funds

December 31, 2002

(with comparative totals for 2001)

	Computer System Replacement Fund		
	Non Project Related	Communication Equipment 2001 Project	Tandem Computer Equipment 2001 Project
<u>Assets</u>			
Cash and investments	\$ 375,338	\$ 117,905	\$ 2,400
Cash with fiscal agents	-	-	-
Receivables	5,223	-	-
Due from other governments	23,649	-	-
Total assets	<u>\$ 404,210</u>	<u>\$ 117,905</u>	<u>\$ 2,400</u>
<u>Liabilities</u>			
Accounts payable	\$ -	\$ -	\$ -
Due to others	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>
<u>Fund equity</u>			
Fund balances:			
Reserved for encumbrances	-	-	-
Unreserved:			
Designated for subsequent years' expenditures	404,210	117,905	2,400
Total fund balances	<u>404,210</u>	<u>117,905</u>	<u>2,400</u>
Total fund equity	<u>404,210</u>	<u>117,905</u>	<u>2,400</u>
Total liabilities and fund equity	<u>\$ 404,210</u>	<u>\$ 117,905</u>	<u>\$ 2,400</u>

Computer System Replacement Fund				
New Financial System Project	Discovery Place Lib Project	Computer Equipment 2002 Project	Totals	
			2002	2001
\$ 550,000	\$ 50,000	\$ 141,275	\$ 10,153,250	\$ 18,159,950
-	-	-	167,458	104,827
-	-	-	37,254	91,924
-	-	-	23,649	14,411
<u>\$ 550,000</u>	<u>\$ 50,000</u>	<u>\$ 141,275</u>	<u>\$ 10,381,611</u>	<u>\$ 18,371,112</u>
\$ 126,746	\$ -	\$ -	\$ 832,840	\$ 273,308
-	-	-	167,458	104,827
<u>126,746</u>	<u>-</u>	<u>-</u>	<u>1,000,298</u>	<u>378,135</u>
274,384	-	39,305	2,866,007	6,074,980
<u>148,870</u>	<u>50,000</u>	<u>101,970</u>	<u>6,515,306</u>	<u>11,917,997</u>
<u>423,254</u>	<u>50,000</u>	<u>141,275</u>	<u>9,381,313</u>	<u>17,992,977</u>
<u>423,254</u>	<u>50,000</u>	<u>141,275</u>	<u>9,381,313</u>	<u>17,992,977</u>
<u>\$ 550,000</u>	<u>\$ 50,000</u>	<u>\$ 141,275</u>	<u>\$ 10,381,611</u>	<u>\$ 18,371,112</u>

Columbus Metropolitan Library

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

All Capital Projects Funds

Year Ended December 31, 2002

(with comparative totals for 2001)

	Building and Repair Fund		
	Non Project Related	Southeast Branch Expansion Remodeling Project	Operations Center Construction Project
Revenues:			
Interest income	\$ 248,092	\$ -	\$ -
Charges for services	-	-	-
Donations	-	-	-
Total revenues	248,092	-	-
Expenditures:			
Capital outlay	-	90,793	6,166,024
Total expenditures	-	90,793	6,166,024
Excess (deficiency) of revenues over expenditures	248,092	(90,793)	(6,166,024)
Other financing sources (uses):			
Operating transfers in	-	-	-
Operating transfers out	(425,000)	-	-
Proceeds from sale of property	-	-	-
Total other financing sources (uses)	(425,000)	-	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(176,908)	(90,793)	(6,166,024)
Fund balances at beginning of year	674,551	105,509	6,921,282
Fund balances at end of year	\$ 497,643	\$ 14,716	\$ 755,258

Building and Repair Fund		
New Albany Construction Project	Linden Branch Replacement Project	Main Library Remodeling Project
\$ -	\$ -	\$ -
-	-	-
-	61,000	-
-	61,000	-
863,091	123,111	198,366
863,091	123,111	198,366
(863,091)	(62,111)	(198,366)
-	-	425,000
-	-	-
-	-	-
-	-	425,000
(863,091)	(62,111)	226,634
4,000,000	2,577,535	1,095,685
<u>\$ 3,136,909</u>	<u>\$ 2,515,424</u>	<u>\$ 1,322,319</u>

Columbus Metropolitan Library

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

All Capital Projects Funds

Year Ended December 31, 2002

(with comparative totals for 2001)

	Computer System Replacement Fund		
	Non Project Related	Communication Equipment 2001 Project	Tandem Computer Equipment 2001 Project
Revenues:			
Interest income	\$ 40,236	\$ -	\$ -
Charges for services	140,559	-	-
Donations	-	-	-
Total revenues	180,795	-	-
Expenditures:			
Capital outlay	-	532,095	997,600
Total expenditures	-	532,095	997,600
Excess (deficiency) of revenues over expenditures	180,795	(532,095)	(997,600)
Other financing sources (uses):			
Operating transfers in	250,000	-	-
Operating transfers out	(995,000)	-	-
Proceeds from sale of property	-	-	-
Total other financing sources (uses)	(745,000)	-	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(564,205)	(532,095)	(997,600)
Fund balances at beginning of year	968,415	650,000	1,000,000
Fund balances at end of year	\$ 404,210	\$ 117,905	\$ 2,400

Computer System Replacement Fund				
New Financial System Project	Discovery Place Lib Project	Computer Equipment 2002 Project	Totals	
			2002	2001
\$ -	\$ -	\$ -	\$ 288,328	\$ 1,054,107
-	-	-	140,559	157,697
-	-	-	61,000	45,000
-	-	-	489,887	1,256,804
126,746	-	253,725	9,351,551	2,746,408
126,746	-	253,725	9,351,551	2,746,408
(126,746)	-	(253,725)	(8,861,664)	(1,489,604)
550,000	50,000	395,000	1,670,000	12,669,000
-	-	-	(1,420,000)	(9,869,000)
-	-	-	-	212,199
550,000	50,000	395,000	250,000	3,012,199
423,254	50,000	141,275	(8,611,664)	1,522,595
-	-	-	17,992,977	16,470,382
<u>\$ 423,254</u>	<u>\$ 50,000</u>	<u>\$ 141,275</u>	<u>\$ 9,381,313</u>	<u>\$ 17,992,977</u>

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Columbus Metropolitan Library

INTERNAL SERVICE FUND

The Internal Service Fund is used to account for goods or services provided by one department to other departments of the Library. The title of the fund is descriptive of the activities accounted for therein. The Internal Service Fund is:

Central Stores
Self Insurance

Columbus Metropolitan Library

Exhibit D-1

Combining Balance Sheet

Internal Service Funds

December 31, 2002

(with comparative totals for 2001)

	Central Stores Fund	Self Insurance Fund	Totals	
			2002	2001
<u>Assets</u>				
Cash and investments	\$ -	\$ 436,402	\$ 436,402	\$ 960,478
Receivables	-	1,679	1,679	3,337
Inventory	-	-	-	118,618
Net property, plant and equipment	-	-	-	7,103
Total assets	\$ -	\$ 438,081	\$ 438,081	\$ 1,089,536
<u>Liabilities</u>				
Accounts payable	\$ -	\$ 236,415	\$ 236,415	\$ 144,368
Accrued liabilities	-	-	-	-
Advance from other funds	-	350,000	350,000	350,000
Total liabilities	-	586,415	586,415	494,368
<u>Fund equity</u>				
Contributed Capital	-	-	-	145,081
Retained Earnings (Deficit)				
Reserved for Insurance Claims	-	(148,334)	(148,334)	137,596
Reserved for Encumbrances	-	-	-	-
Unreserved	-	-	-	312,491
Total fund balances/ retained earnings	-	(148,334)	(148,334)	450,087
Total fund equity	-	(148,334)	(148,334)	595,168
Total liabilities and fund equity	\$ -	\$ 438,081	\$ 438,081	\$ 1,089,536

Columbus Metropolitan Library

Exhibit D-2

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Internal Service Funds

Year Ended December 31, 2002

(with comparative totals for year ended 2001)

	Central Stores Fund	Self Insurance Fund	Totals	
			2002	2001
Operating revenues:				
Charges for services	\$ -	\$ 2,179,289	\$ 2,179,289	\$ 2,701,742
Total revenues	-	2,179,289	2,179,289	2,701,742
Operating expenses:				
Materials and supplies	-	-	-	559,161
Personnel services	-	-	-	62,701
Contractual services	-	446,086	446,086	396,476
Depreciation	-	-	-	599
Claims paid	-	2,028,679	2,028,679	1,573,655
Total operating expenses	-	2,474,765	2,474,765	2,592,592
Operating income (loss)	-	(295,476)	(295,476)	109,150
Non-operating revenues				
Interest	-	9,546	9,546	31,906
Total nonoperating revenues	-	9,546	9,546	31,906
Net income (loss)	-	(285,930)	(285,930)	141,056
Retained earnings/fund balances				
at beginning of year (restated, note 8)	457,572	137,596	595,168	309,031
Residual equity transfer to General Fund	(450,469)	-	(450,469)	
Transfer of Net Fixed Assets to General Fixed Assets Account Group	(7,103)	-	(7,103)	-
Retained earnings(deficit)/fund balances at end of year	\$ -	\$ (148,334)	\$ (148,334)	\$ 450,087

Columbus Metropolitan Library

Internal Service Funds

Combining Schedule of Revenues, Expenses and Changes in Retained Earnings - Budget and Actual - Non GAAP Budgetary Basis

Year Ended December 31, 2002

	Central Stores Fund		
	Budget	Actual	Variance Favorable (Unfavorable)
Operating revenues:			
Charges for services	\$ -	\$ -	\$ -
Total operating revenues	-	-	-
Operating expenses:			
Contractual services	-	-	-
Claims	-	-	-
Contingency	-	-	-
Total operating expenses	-	-	-
Operating income (loss)	-	-	-
Nonoperating revenues (expenses):			
Interest	-	-	-
Advance from General Fund			
Transfer to General Fund	(83,811)	(83,811)	-
Total nonoperating revenues	(83,811)	(83,811)	-
Net income (loss)	(83,811)	(83,811)	-
Retained earnings at beginning of year	83,811	83,811	-
Retained earnings at end of year	\$ -	\$ -	\$ -

Self Insurance Fund			Totals		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ 2,200,000	\$ 2,179,289	\$ (20,711)	\$ 2,200,000	\$ 2,179,289	\$ (20,711)
2,200,000	2,179,289	(20,711)	\$ 2,200,000	\$ 2,179,289	\$ (20,711)
453,100	453,086	14	453,100	453,086	14
2,150,000	1,936,633	213,367	2,150,000	1,936,633	213,367
230,204	-	230,204	230,204	-	230,204
2,833,304	2,389,719	443,585	2,833,304	2,389,719	443,585
(633,304)	(210,430)	422,874	(633,304)	(210,430)	422,874
5,000	11,124	6,124	5,000	11,124	6,124
-	-	-	(83,811)	(83,811)	-
5,000	11,124	6,124	(78,811)	(72,687)	6,124
(628,304)	(199,306)	428,998	(712,115)	(283,117)	428,998
628,304	628,304	-	712,115	712,115	-
\$ -	\$ 428,998	\$ 428,998	\$ -	\$ 428,998	\$ 428,998

Columbus Metropolitan Library

Exhibit D-4

Combining Statement of Cash Flows

Internal Service Funds

Year Ended December 31, 2002

(with comparative totals for year ended 2001)

	Central Stores	Self Insurance	Totals	
	Fund	Fund	2002	2001
Cash flows from operating activities:				
Operating net income (loss)	\$ -	\$ (295,476)	\$ (295,476)	\$ 109,150
Adjustments to reconcile operating net income to net cash provided (used) by operating activities:				
Depreciation	-	-	-	599
Decrease (increase) in receivables	-	1,658	1,658	(3,337)
(Increase) decrease in inventory	-	-	-	236,046
Increase (decrease) in accounts payable	-	92,047	92,047	115,580
Decrease in accrued liabilities	-	-	-	(1,061)
Total adjustments	-	93,705	93,705	347,827
Net cash flows provided (used) by operating activities	-	(201,771)	(201,771)	456,977
Cash flows from noncapital financing activities -				
Transfer to General Fund	(331,851)	-	(331,851)	-
Advance from General Fund	-	-	-	350,000
Cash flows from investing activities -				
Interest income	-	9,546	9,546	31,906
Net increase (decrease) in cash and cash equivalents	(331,851)	(192,225)	(524,076)	838,883
Cash and cash equivalents at beginning of year	331,851	628,627	960,478	121,595
Cash and cash equivalents at end of year	\$ -	\$ 436,402	\$ 436,402	\$ 960,478

The accompanying notes are an integral part of these general purpose financial statements.

Columbus Metropolitan Library

Exhibit D-5

Reconciliation Between GAAP and Budgetary Basis of Accounting

Internal Service Fund

Year Ended December 31, 2002

	Net Income	Retained Earnings at end of year
	<u> </u>	<u> </u>
GAAP Basis	\$ (285,930)	\$ (148,334)
Increase (decrease):		
Due to revenues:		
Received in cash during 2002, accrued at December 31, 2001	3,337	
Accrued as of December 31, 2002, not received to date	(1,679)	(1,679)
Due to expenses:		
Paid in cash during 2002 accrued at December 31, 2001	(144,368)	-
Accrued at December 31, 2002 not yet paid in cash	236,415	236,415
Due to encumbrances:		
Expenditures of amounts encumbered during the year ended December 31, 2001	-	-
Recognized as expenses in budget during the year ended December 31, 2002	(7,000)	(7,000)
Due to advance:		
Accrued at December 31, 2002 not yet paid in cash		350,000
Other	(83,892)	(404)
Budgetary basis	<u>\$ (283,117)</u>	<u>\$ 428,998</u>

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Columbus Metropolitan Library

FIDUCIARY FUND TYPE

EXPENDABLE TRUST, NONEXPENDABLE TRUST AND AGENCY FUNDS

Trust funds are used to account for assets held by the government in a trustee capacity. The expendable and nonexpendable trust funds account primarily for donations or bequests to the Library for a specific purpose. Agency funds are used to account for assets held by the government as an agent for individuals, private organizations, other governments and/or other funds.

In 2002 the Library received the following cash gifts of \$500 or more from donors who restricted the use of the gifts to purchase library materials, but did not specify that the monies be held in perpetuity. These were gifts deposited into the Library's Expendable Trust Fund.

Columbus Foundation	
– Robert Stephenson Fund	\$600.00
Barnes and Noble	\$1,000.00
The Chase Manhattan Foundation	\$2,500.00
Raymond A. Strohl	\$900.00
SBC Foundation	\$600.00

The following donors have given at least \$1,000 to the Library in honor of a particular person and have requested that these monies be held in perpetuity with only the interest being spent on library materials. These gifts were deposited into the Library's Nonexpendable Trust Fund. In many cases the person being honored is listed rather than the actual individual(s) who donated the money.

Walter Braun	John W. Mooney
William D. Brickell	Edgar H. Moore
David W. Deshler	John Noble
William Hubbard	Marjorie H. Peterson
Edward A. Kemmler	Francis C. Sessions
James R. Kilbourne	Mary S. Stevens
John M. Lewis	Charles F. Weiler
Adeline H. Meckstroth	Women's Music Club
Edward C. Mills	

Agency Fund:
Payroll Liability

Columbus Metropolitan Library

Exhibit E-1

Combining Balance Sheet

Expendable Trust, Nonexpendable Trust and Agency Funds

December 31, 2002

(with comparative totals for 2001)

	Expendable	Nonexpendable	Agency	Totals	
	Trust Fund	Trust Fund	Fund	2002	2001
	Library	Library Materials	Payroll		
	Materials	Collection	Liability		
	Expendable	Development	Fund		
	Trust Fund	Fund			
Assets					
Cash and investments	\$ 277,356	\$ 86,375	\$ 768,472	\$ 1,132,203	\$ 1,118,156
Receivables	1,244	97	-	1,341	2,143
Total assets	<u>\$ 278,600</u>	<u>\$ 86,472</u>	<u>\$ 768,472</u>	<u>\$ 1,133,544</u>	<u>\$ 1,120,299</u>
Liabilities					
Accounts payable	\$ 203	\$ -	\$ -	\$ 203	\$ 941
Accrued liabilities	-	-	768,472	768,472	763,034
Total liabilities	<u>203</u>	<u>-</u>	<u>768,472</u>	<u>768,675</u>	<u>763,975</u>
Fund equity					
Fund balances:					
Reserved for encumbrances	6,032	135	-	6,167	5,662
Reserved for endowments	-	67,742	-	67,742	67,742
Unreserved:					
Undesignated	<u>272,365</u>	<u>18,595</u>	<u>-</u>	<u>290,960</u>	<u>282,920</u>
Total fund balances	<u>278,397</u>	<u>86,472</u>	<u>-</u>	<u>364,869</u>	<u>356,324</u>
Total fund equity	<u>278,397</u>	<u>86,472</u>	<u>-</u>	<u>364,869</u>	<u>356,324</u>
Total liabilities and fund equity	<u>\$ 278,600</u>	<u>\$ 86,472</u>	<u>\$ 768,472</u>	<u>\$ 1,133,544</u>	<u>\$ 1,120,299</u>

Note: No statement of revenues, expenditures and changes in fund balances - Expendable and Nonexpendable Trust funds and statement of cash flows - Nonexpendable Trust fund are presented since there are only one Expendable and Nonexpendable Trust Fund. Those statements are included in the general purpose financial statements.

Columbus Metropolitan Library

Exhibit E-2

Combining Statement of Changes in Assets and Liabilities - Agency Fund For the Fiscal Year Ended December 31, 2002

	<u>Balance January 1, 2002</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance December 31, 2002</u>
<u>Payroll Liability Fund</u>				
<u>Assets</u>				
Cash and investments	\$ 763,034	\$ 13,132,639	\$ 13,127,201	\$ 768,472
<u>Liabilities</u>				
Accrued liabilities	\$ 763,034	\$ 13,132,639	\$ 13,127,201	\$ 768,472

Columbus Metropolitan Library

GENERAL FIXED ASSETS ACCOUNT GROUP

The General Fixed Assets Account Group is used to account for all general fixed assets of the Library, other than those fixed assets accounted for in the Proprietary Fund Type.

Columbus Metropolitan Library

Exhibit F-1

Schedule of General Fixed Assets

By Source

December 31, 2002

(with comparative totals for 2001)

	<u>2002</u>	<u>2001</u>
General Fixed Assets:		
Land	\$ 7,942,037	\$ 7,939,871
Buildings	64,482,448	64,221,922
Improvements other than buildings	2,722,192	2,722,192
Machinery and equipment	17,050,926	14,627,757
Construction in progress	<u>8,595,140</u>	<u>1,526,192</u>
Total general fixed assets	<u>\$ 100,792,743</u>	<u>\$ 91,037,934</u>
Investment in general fixed assets from:		
General revenues	\$ 65,948,586	\$ 56,193,777
Grants	474,537	474,537
Proceeds from capital leases	33,897,136	33,897,136
Gifts and other revenues	<u>472,484</u>	<u>472,484</u>
Total investment in general fixed assets	<u>\$ 100,792,743</u>	<u>\$ 91,037,934</u>

Columbus Metropolitan Library

Schedule of General Fixed Assets

By Function and Activity

December 31, 2002

<u>Function and Activity</u>	<u>Total</u>	<u>Land</u>
Public services:		
Main Library	\$ 41,819,697	\$ 1,549,706
Extension (branches and outreach)	<u>37,818,118</u>	<u>5,217,706</u>
Total public services	<u>79,637,815</u>	<u>6,767,412</u>
Administration and support:		
Administration	1,792,003	1,174,625
Finance	287,567	-
Human Resources	41,456	-
Information Systems	8,817,260	-
Communications	345,099	-
Property Management	1,126,654	-
Technical Services	<u>149,749</u>	<u>-</u>
Total administration and support	<u>12,559,788</u>	<u>1,174,625</u>
Construction in progress	<u>8,595,140</u>	<u>-</u>
Total general fixed assets	<u>\$ 100,792,743</u>	<u>\$ 7,942,037</u>

<u>Buildings</u>	<u>Improvements Other Than Buildings</u>	<u>Machinery and Equipment</u>	<u>Construction in Progress</u>
\$ 36,913,357	\$ 1,326,110	\$ 2,030,524	\$ -
<u>27,569,091</u>	<u>1,396,082</u>	<u>3,635,239</u>	<u>-</u>
<u>64,482,448</u>	<u>2,722,192</u>	<u>5,665,763</u>	<u>-</u>
-	-	617,378	-
-	-	287,567	-
-	-	41,456	-
-	-	8,817,260	-
-	-	345,099	-
-	-	1,126,654	-
<u>-</u>	<u>-</u>	<u>149,749</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>11,385,163</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>8,595,140</u>
<u>\$ 64,482,448</u>	<u>\$ 2,722,192</u>	<u>\$ 17,050,926</u>	<u>\$ 8,595,140</u>

Columbus Metropolitan Library

Exhibit F-3

Schedule of Changes in General Fixed Assets

By Function and Activity

Year Ended December 31, 2002

Function and Activity	General Fixed Assets January 1, 2002	Additions	Deletions	Transfers	General Fixed Assets December 31, 2002
Public services:					
Main library	\$ 41,760,616	\$ 59,081	\$ -	\$ -	\$ 41,819,697
Extension (branches and outreach)	37,472,514	371,780	(18,326)	(7,850)	37,818,118
Total public services	79,233,130	430,861	(18,326)	(7,850)	79,637,815
Administration and support:					
Administration	1,445,825	338,328	-	7,850	1,792,003
Finance	142,219	145,348	-	-	287,567
Human resources	40,428	1,028	-	-	41,456
Information systems	7,105,250	1,813,946	(101,936)	-	8,817,260
Communications	322,222	22,877	-	-	345,099
Property management	1,072,919	54,767	(1,032)	-	1,126,654
Technical services	149,749	-	-	-	149,749
Total administration and support	10,278,612	2,376,294	(102,968)	7,850	12,559,788
Construction in progress	1,526,192	7,068,948	-	-	8,595,140
	<u>\$ 91,037,934</u>	<u>\$ 9,876,103</u>	<u>\$ (121,294)</u>	<u>\$ -</u>	<u>\$ 100,792,743</u>

Statistical Section

The statistical section provides pertinent financial, economic and demographic information indicating 10-year historical trends. The following tables have been excluded since they do not provide relevant information regarding the library's operations:

- Special Assessments Billings and Collections-Last Ten Years
- Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita-Last Ten Fiscal Years;
- Computation of Legal Debt Margin
- Computation of Overlapping Debt:
- Ratio of Annual Debt Service for General Bonded Debt to Total General Expenditures-Last Ten Fiscal Years; and
- Revenue Bond Coverage-Last Ten Fiscal Years.

Table 1

Columbus Metropolitan Library
 General Government Expenditures by Function
 Last Ten Fiscal Years

Fiscal Year	Public Service/ Administration and Support	Capital Outlay	Debt Service	Total
1993	\$ 26,387,548	\$ 3,784,321	\$ 4,011,077	\$ 34,182,946
1994	28,221,150	5,387,418	3,913,769	37,522,337
1995	29,854,285	5,611,575	3,706,680	39,172,540
1996	32,149,237	3,357,442	3,604,413	39,111,092
1997	33,298,764	6,687,859	3,506,195	43,492,818
1998	36,251,082	2,672,423	3,403,744	42,327,249
1999	38,399,609	3,031,634	3,297,858	44,729,101
2000	41,099,587	3,360,156	3,008,889	47,468,632
2001	44,323,078	3,597,230	-	47,920,308
2002	46,163,780	10,128,668	-	56,292,448

Note: Includes General, Special Revenue, Debt Service and Capital Projects Funds.

Columbus Metropolitan Library
 General Revenues and Other Financing Sources by Source
 Last Ten Fiscal Years

Fiscal Year	Property Taxes	Inter- governmental	Fines and Fees	Charges for Services	Investment Earnings
1993	\$ 15,890,763	\$ 14,794,846	\$ 1,452,009	\$ 1,240,917	\$ 743,564
1994	16,389,496	15,415,836	1,483,228	1,130,863	831,068
1995	16,685,996	16,679,864	1,574,104	1,430,327	1,103,415
1996	17,369,084	18,009,456	1,737,408	1,487,945	947,572
1997	17,386,512	19,937,688	1,836,243	1,490,319	1,055,711
1998	18,120,467	22,733,284	1,848,922	1,419,861	994,467
1999	18,596,196	24,477,146	1,874,421	1,473,797	1,129,029
2000	19,401,783	26,612,381	1,924,045	1,501,421	1,635,419
2001	19,665,370	26,909,882	2,085,581	1,559,283	1,342,387
2002	20,427,733	24,845,572	2,201,380	1,575,048	606,177

Note: Includes General, Special Revenue, Debt Service and Capital Projects Funds.

Table 2

<u>Contributions and Donations</u>	<u>Miscellaneous</u>	<u>Operating Transfers</u>	<u>Sale of Property</u>	<u>Total</u>
\$ 105,685	\$ 72,567	\$ 5,177,971	-	\$ 39,478,322
78,529	75,550	4,863,500	-	40,268,070
104,092	105,478	6,179,451	-	43,862,727
129,345	104,822	9,100,310	666,470	49,552,412
160,168	127,096	4,214,312	-	46,208,049
161,924	233,553	6,198,100	-	51,710,578
118,657	180,357	15,468,551	21,950	63,340,104
112,514	161,675	4,468,552	721,345	56,539,135
78,036	486,496	12,674,700	212,199	65,013,934
189,991	152,081	1,670,000	-	51,667,982

Columbus Metropolitan Library
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections
1993	\$ 15,791,558	\$ 15,189,531	96.2%	\$ 599,141
1994	16,123,518	15,676,531	97.2	811,126
1995	16,538,713	16,100,779	97.4	627,378
1996	17,094,502	16,494,573	96.5	568,558
1997	17,117,709	16,687,134	97.5	580,894
1998	18,171,335	17,618,062	97.0	711,454
1999	18,613,893	18,116,382	97.3	652,402
2000	19,359,943	18,422,396	95.2	681,859
2001	20,405,600	19,166,841	93.9	735,808
2002	20,696,448	19,205,525	92.8	949,406

Note: This table is prepared on a cash basis directly from information provided by the Franklin County Auditor.

Table 3

Total Tax Collections	Percent of Total Tax Collections To Tax Levy	Outstanding Delinquent Taxes	Percent of Delinquent Taxes To Tax Levy
\$ 15,788,672	100.0%	\$ 1,321,282	8.4%
16,487,657	102.3	1,216,339	7.5
16,728,157	101.1	1,267,953	7.7
17,063,131	99.8	2,110,005	12.3
17,268,028	100.9	1,195,695	7.0
18,329,516	100.9	1,253,104	6.9
18,768,784	100.8	1,409,322	7.6
19,104,255	98.7	1,730,799	8.9
19,902,649	97.5	2,158,900	10.6
20,154,931	97.4	2,249,210	10.9

Columbus Metropolitan Library
 Assessed and Estimated Actual Value of Taxable Property
 Last Ten Fiscal Years
 (in thousands)

Tax Year	For	Real Property		Personal Property	
		Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value
1993	1994	\$ 7,508,041	\$ 21,451,546	\$ 1,382,552	\$ 4,767,421
1994	1995	8,341,840	23,833,829	1,388,777	4,959,918
1995	1996	8,513,470	24,324,200	1,449,585	5,368,833
1996	1997	8,817,064	25,191,611	1,559,442	5,997,854
1997	1998	9,535,298	27,243,709	1,637,427	6,549,708
1998	1999	9,881,847	28,233,849	1,690,361	6,761,444
1999	2000	10,415,332	29,758,091	1,760,418	7,041,672
2000	2001	12,038,975	34,397,071	1,881,401	7,525,604
2001	2002	12,439,564	35,541,611	1,908,473	7,633,892
2002	2003	12,877,239	36,792,111	1,970,966	7,883,864

Source: Franklin County Auditor

Table 4

Public Utilities		Total	
Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value
\$ 628,051	\$ 1,794,431	\$ 9,518,644	\$ 28,013,398
654,314	1,869,469	10,384,931	30,663,216
687,896	1,965,417	10,650,951	31,658,450
655,107	1,871,734	11,031,613	33,061,199
663,944	1,896,983	11,836,669	35,690,400
682,557	1,950,163	12,254,765	36,945,456
695,294	1,986,554	12,871,044	38,786,317
712,261	2,035,031	14,632,637	43,957,706
696,282	1,989,377	15,044,319	45,164,880
581,963	1,662,751	15,430,168	46,338,726

Table 5

Columbus Metropolitan Library
Property Tax Rates - All Direct and Overlapping Governments
 Last Ten Fiscal Years
 (Per \$1,000 of Assessed Value)

	1992 for 1993	1993 for 1994	1994 for 1995	1995 for 1996	1996 for 1997	1997 for 1998	1998 for 1999	1999 for 2000	2000 for 2001	2001 for 2002
COUNTY -										
Franklin County	14.32	14.02	14.02	14.27	14.57	14.67	16.99	16.99	16.99	16.99
SCHOOL DISTRICT:										
Canal Winchester	48.15	46.99	45.86	44.99	51.10	56.46	55.86	55.91	55.91	62.80
Columbus	53.28	53.10	53.01	52.98	58.11	58.04	57.95	57.57	57.37	57.37
Dublin	51.42	50.51	58.41	58.41	57.90	57.90	65.50	65.22	65.22	65.22
Gahanna-Jefferson	49.01	48.23	49.44	55.43	54.85	54.69	62.09	61.35	61.21	61.24
Groveport-Madison	48.58	48.58	48.26	48.14	48.05	56.85	56.33	55.40	55.05	54.50
Hamilton	39.19	47.57	47.40	47.32	47.26	47.20	47.13	47.09	54.10	54.11
Hilliard	51.58	50.37	52.15	60.65	60.28	59.96	59.71	59.71	65.61	65.61
Licking Heights	41.10	41.00	41.00	40.70	40.70	40.70	40.10	39.60	48.50	48.10
Reynoldsburg	52.18	51.57	51.34	51.13	50.45	55.30	55.12	55.49	55.39	55.28
Upper Arlington	68.15	74.66	74.65	78.12	77.82	77.86	84.03	83.95	83.32	89.52
Whitehall	61.20	52.72	52.72	65.72	65.62	65.61	65.61	65.49	65.52	65.49

(Continued)

Table 5 (Continued)

	1992 for 1993	1993 for 1994	1994 for 1995	1995 for 1996	1996 for 1997	1997 for 1998	1998 for 1999	1999 for 2000	2000 for 2001	2001 for 2002
JOINT VOCATIONAL SCHOOL DISTRICT:										
Central Ohio	1.60	1.60	1.60	1.60	1.60	1.60	1.60	1.60	1.10	1.10
Eastland	1.24	1.23	1.20	1.20	1.20	1.20	2.00	2.00	2.00	2.00
Licking County	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
MUNICIPAL CORPORATIONS:										
Brice	3.20	3.20	3.20	3.20	3.20	3.20	3.20	3.20	3.20	3.20
Canal Winchester	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Columbus	3.14	3.14	3.14	3.14	3.14	3.14	3.14	3.14	3.14	3.14
Dublin	2.99	2.98	2.98	2.98	2.98	2.97	2.97	2.97	2.97	2.97
Gahanna	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40
Groveport	2.90	2.90	1.40	1.40	1.40	1.40	1.40	1.40	1.40	1.40
Hilliard	1.60	1.60	1.60	1.60	1.60	1.60	1.60	1.60	1.60	1.60
Lockbourne	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50
New Albany	1.20	1.20	1.95	1.95	1.95	1.71	1.70	1.57	1.23	1.72
Obetz	1.70	2.65	2.05	1.70	1.70	1.70	1.70	1.70	1.70	1.70
Reynoldsburg	2.94	2.93	2.91	2.90	0.79	0.78	0.77	0.76	0.76	0.70
Valleyview	27.34	27.34	27.34	24.53	24.53	24.53	24.53	24.53	24.53	24.53
Whitehall	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50
Lithopolis	N/A	N/A	N/A	N/A	N/A	N/A	N/A	5.90	5.90	5.90

(Continued)

Table 5 (Continued)

Columbus Metropolitan Library
Property Tax Rates - All Direct and Overlapping Governments
Last Ten Fiscal Years
(Per \$1,000 of Assessed Value)

	1992 for 1993	1993 for 1994	1994 for 1995	1995 for 1996	1996 for 1997	1997 for 1998	1998 for 1999	1999 for 2000	2000 for 2001	2001 for 2002
TOWNSHIPS:										
Blendon	16.50	16.50	19.00	19.00	21.45	22.60	22.43	22.41	22.16	22.00
Brown	7.60	1.60	9.60	9.60	9.60	9.60	9.60	9.60	9.60	9.60
Clinton	22.64	22.64	25.64	25.64	25.64	25.64	25.64	25.64	25.64	25.64
Franklin	13.05	13.05	13.05	13.05	13.05	13.05	13.05	13.05	13.05	13.05
Hamilton	11.80	11.80	11.80	12.30	14.55	14.55	14.55	15.05	15.55	15.80
Jefferson	20.20	9.20	9.20	9.20	9.20	9.85	10.82	10.59	10.53	10.50
Madison	21.80	21.80	21.80	21.80	21.80	21.80	21.80	21.80	21.80	21.80
Mifflin	20.80	20.80	20.80	20.80	22.80	20.80	20.80	20.80	21.80	21.80
Norwich	12.80	12.80	12.80	12.80	12.80	12.80	18.80	18.80	18.80	18.80
Perry	23.80	23.80	23.80	23.80	23.80	23.80	23.80	23.80	20.50	23.80
Plain	8.20	8.20	8.20	9.16	9.21	9.42	9.34	10.72	13.58	13.52
Prairie	11.80	14.00	14.00	14.00	14.00	14.20	14.20	14.20	16.20	14.20
Sharon	11.10	8.10	8.10	13.10	13.10	13.10	13.10	19.10	19.08	19.00
Truro	10.40	10.40	10.40	12.65	12.65	12.65	12.65	12.65	12.65	12.65
Washington	17.07	15.80	17.05	18.54	18.53	18.52	18.51	20.01	20.00	20.00
OTHER ENTITIES:										
Columbus Metropolitan Library	2.20	2.20	2.20	2.20	2.20	2.20	2.20	2.20	2.20	2.20
Metropolitan Park District	0.55	0.55	0.55	0.55	0.55	0.55	0.55	0.65	0.65	0.65

Source: Franklin County Auditor

Table 6

Columbus Metropolitan Library
Demographic Statistics
and Average Unemployment Rates
Last Ten Fiscal Years
(Franklin County)

Fiscal Year	Population (3)	Per Capita Income (1)	Median Age (1)	K-12 School Enrollment (2)
1993	N/A	20,932	31.7	180,018
1994	1,013,100	21,875	32.0	180,479
1995	1,009,800	23,242	32.2	185,071
1996	1,016,700	24,197	32.4	185,795
1997	1,016,300	25,247	32.7	185,719
1998	1,017,400 (4)	N/A	N/A	191,141
1999	1,025,742 (8)	N/A	32.9 (8)	194,036
2000	1,033,293 (8)	31,527	33.7 (8)	193,618
2001	1,081,784 (8)	32,664	32.9 (8)	200,462
2002	1,094,050 (1)	33,144	32.9	203,724

Sources: (1) Woods & Poole Economics, Inc., Washington, D.C.
(2) Quality Education Data, Inc., School Guide
(3) Sales & Marketing Management, Survey of Buying Power
(4) Market Statistics
(8) ESRI Business Information Solutions (formerly CACI Marketing Systems)

Average Unemployment Rates

Fiscal Year	Franklin County (5)	State of Ohio (5)	United States (6)
1993	4.4 (7)	6.1 (7)	6.8
1994	2.9 (7)	4.2 (7)	6.1
1995	3.6	5.3	5.6
1996	2.6	4.8	5.4
1997	2.4	4.3	4.9
1998	2.1	3.9	4.3 (5)
1999	2.1 (7)	3.8 (7)	3.7 (7)
2000	2.1 (7)	3.7 (7)	3.7 (7)
2001	3.1 (9)	4.8 (9)	5.8 (9)
2002	3.9 (9)	5.3 (9)	6.0 (9)

Source: (5) Ohio Bureau of Employment Services, Division of Research and Statistics
(6) U.S. Bureau Labor Statistics, Employment and Earnings
(7) LMI Ohio Labor Market Information, Ohio Bureau of Employment Services
(9) Ohio Department of Job and Family Services

Table 7

Columbus Metropolitan Library
Construction, Bank Deposits and Property Value
Last Ten Fiscal Years

Fiscal Year	Construction (1)	Bank Deposits (2)	Total Property Value (3)
1993	\$ 540,425,036	\$ 18,074,035,000	\$ 9,518,644,000
1994	679,086,644	19,065,256,000	10,384,931,000
1995	749,610,571	21,808,752,000	10,650,951,000
1996	863,499,378	20,550,916,000	11,031,613,000
1997	1,423,716,982	40,755,867,000	11,836,669,000
1998	N/A	40,572,415,000	12,254,765,000
1999	N/A	39,568,044,000	12,871,044,000
2000	N/A	36,996,496,000	14,632,637,000
2001	N/A	39,419,916,000 (4)	15,044,319,000
2002	N/A	37,026,042,000 (4)	15,430,168,000

Source: (1) City of Columbus, Ohio

(2) Total deposits of all banks headquartered in Franklin County (includes national and state chartered banks), State of Ohio, Department of Commerce, Banks Division.

(3) Franklin County Auditor

(4) FDIC Website

Note: This table includes information for all of Franklin County, even though the Library's service district does not comprise all of the land within Franklin County. Therefore a portion of the deposits and property values do not relate to the Library's service district. A breakdown of the above information by individual library service districts within Franklin County is not available.

Columbus Metropolitan Library
Principal Property Taxpayers
December 31, 2002

Name of Taxpayer	Real Property	Personal Property	Total Assessed Valuation	% of Total Assessed Valuation (1)
1. Columbus Southern Power	\$ -	\$ 284,620,350	\$ 284,620,350	1.66%
2. Ohio Bell Telephone Company	-	134,144,610	134,144,610	0.78
3. Nationwide Mutual Insurance Co.	101,732,770		101,732,770	0.59
4. Lucent Technologies Inc (AT&T)		77,551,010	77,551,010	0.45
5. Huntington Center Associates	58,450,000		58,450,000	0.34
6. Capitol South Community	43,704,400		43,704,400	0.25
7. Columbia Gas of Ohio, Inc.		43,070,210	43,070,210	0.25
8. Distribution Land Corp	42,892,790		42,892,790	0.25
9. Techneglas Inc.		43,919,760	43,919,760	0.26
10. Abbott Laboratories		36,436,760	36,436,760	0.21
TOTAL	<u>\$ 246,779,960</u>	<u>\$ 619,742,700</u>	<u>\$ 866,522,660</u>	<u>5.05%</u>

Source: Franklin County Auditor

(1) The total assessed valuation for 2002 equals \$17,150,111,054

Table 9

**Columbus Metropolitan Library
Miscellaneous Statistics
December 31, 2002**

Date of Formation March 4, 1872

Population of County 1,094,050

<u>Year</u>	<u>Number of Employees</u>	<u>Number of Volumes Owned</u>
1993	688	2,169,823
1994	717	2,212,476
1995	743	2,310,808
1996	770	2,669,243
1997	808	2,746,846
1998	853	2,860,804
1999	845	2,907,305
2000	898	2,931,689
2001	938	2,940,037
2002	943	2,818,195

<u>Year</u>	<u>Number of Library Materials Circulated</u>	<u>Number of Registered Borrowers</u>
1993	10,684,651	402,627
1994	10,918,703	390,970
1995	11,158,107	386,066
1996	11,862,449	399,187
1997	11,811,189	408,553
1998	11,171,752	409,234
1999	11,411,499	401,192
2000	12,364,216	404,018
2001	14,372,353	423,167
2002	14,851,071	427,137

Source: Columbus Metropolitan Library

Source for County Population: ESRI Business Information Solutions



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COLUMBUS METROPOLITAN LIBRARY

FRANKLIN 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 24, 2003**