



**Auditor of State
Betty Montgomery**

UPPER ARLINGTON PUBLIC LIBRARY
FRANKLIN COUNTY

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Upper Arlington Public Library
Franklin County
2800 Tremont Road
Upper Arlington, Ohio 43221

To the Board of Trustees:

We have audited the accompanying financial statements of the Upper Arlington Public Library, Franklin County, Ohio (the Library) as of and for the years ended December 31, 2002, and December 31, 2001. These financial statements are the responsibility of the Library's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As discussed in Note 1, the Library prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the fund cash balances and reserves for encumbrances of the Library as of December 31, 2002, and December 31, 2001, and its cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 10, 2003, on our consideration of the Library's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

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

BETTY MONTGOMERY
Auditor of State

April 10, 2003

**UPPER ARLINGTON PUBLIC LIBRARY
FRANKLIN COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Capital Projects</u>	
Cash Receipts:			
Property and Other Local Taxes	\$884,023	\$0	\$884,023
Other Government Grants-In-Aid	3,099,662	0	3,099,662
Intergovernmental	119,767	0	119,767
Patron Fines and Fees	166,174	0	166,174
Earnings on Investments	40,541	0	40,541
Contributions, Gifts and Donations	3,779	0	3,779
Miscellaneous Receipts	6,196	0	6,196
	<u>4,320,142</u>	<u>0</u>	<u>4,320,142</u>
Total Cash Receipts			
Cash Disbursements:			
Current:			
Salaries and Benefits	3,045,063	0	3,045,063
Purchased and Contracted Services	523,599	10,850	534,449
Library Materials and Information	648,794	0	648,794
Supplies	122,521	0	122,521
Other	11,245	0	11,245
Capital Outlay	199,443	0	199,443
	<u>4,550,665</u>	<u>10,850</u>	<u>4,561,515</u>
Total Cash Disbursements			
Total Cash Receipts (Under) Cash Disbursements	(230,523)	(10,850)	(241,373)
Fund Cash Balances, January 1, 2002	<u>907,468</u>	<u>470,847</u>	<u>1,378,315</u>
Fund Cash Balances, December 31, 2002	<u>\$676,945</u>	<u>\$459,997</u>	<u>\$1,136,942</u>
Reserves for Encumbrances, December 31, 2002	<u><u>\$114,654</u></u>	<u><u>\$68,639</u></u>	<u><u>\$183,293</u></u>

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

**UPPER ARLINGTON PUBLIC LIBRARY
FRANKLIN COUNTY**

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

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Capital Projects</u>	
Cash Receipts:			
Property and Other Local Taxes	\$884,641	\$0	\$884,641
Other Government Grants-In-Aid	3,469,895	0	3,469,895
Intergovernmental	114,457	0	114,457
Patron Fines and Fees	192,389	0	192,389
Earnings on Investments	67,369	0	67,369
Contributions, Gifts and Donations	2,072	0	2,072
Miscellaneous Receipts	16,276	0	16,276
Total Cash Receipts	<u>4,747,099</u>	<u>0</u>	<u>4,747,099</u>
Cash Disbursements:			
Current:			
Salaries and Benefits	2,955,359	0	2,955,359
Purchased and Contracted Services	557,730	75,391	633,121
Library Materials and Information	610,892	0	610,892
Supplies	121,865	0	121,865
Other	12,583	0	12,583
Capital Outlay	213,798	0	213,798
Total Cash Disbursements	<u>4,472,227</u>	<u>75,391</u>	<u>4,547,618</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>274,872</u>	<u>(75,391)</u>	<u>199,481</u>
Other Financing Receipts/(Disbursements):			
Transfers-In	0	50,000	50,000
Transfers-Out	(50,000)	0	(50,000)
Total Other Financing Receipts/(Disbursements)	<u>(50,000)</u>	<u>50,000</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>224,872</u>	<u>(25,391)</u>	<u>199,481</u>
Fund Cash Balances, January 1, 2001	<u>682,596</u>	<u>496,238</u>	<u>1,178,834</u>
Fund Cash Balances, December 31, 2001	<u>\$907,468</u>	<u>\$470,847</u>	<u>\$1,378,315</u>
Reserves for Encumbrances, December 31, 2001	<u>\$119,415</u>	<u>\$65,447</u>	<u>\$184,862</u>

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

**UPPER ARLINGTON PUBLIC LIBRARY
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Upper Arlington Public Library, Franklin County, Ohio (the Library) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Library is directed by a six-member Board of Trustees appointed by the Mayor of Upper Arlington. The Library provides the community with various educational and literary resources.

The Upper Arlington Public Library Foundation (the Foundation) is also associated with the Library. The Library Board of Trustees appoint the governing board of the Foundation, however, the Library Board cannot influence the Foundation's operations nor does the Foundation represent a potential financial benefit nor burden to the Library.

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

B. Basis of Accounting

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

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

C. Cash and Investments

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

Certificates of deposit are valued at cost. Money market mutual funds (including STAR Ohio) are recorded at share values reported by the mutual fund.

D. Fund Accounting

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

1. General Fund

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

**UPPER ARLINGTON PUBLIC LIBRARY
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Capital Projects Fund

This fund is used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Library had the following significant capital project fund:

Building and Repair Fund – This fund is used to account for monies set aside for building construction and repair.

E. Budgetary Process

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

A summary of 2002 and 2001 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the basis of accounting the Library uses.

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Library maintains a cash and investments pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 follows:

	2002	2001
Demand deposits	\$119,250	\$278,315
Certificates of deposit	0	1,100,000
Total deposits	119,250	1,378,315
STAR Ohio	1,017,692	0
Total deposits and investments	\$1,136,942	\$1,378,315

**UPPER ARLINGTON PUBLIC LIBRARY
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

2. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)

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

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2002 and December 31, 2001 follows:

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$5,030,915	\$4,665,319	\$365,596
Capital Projects	470,282	79,489	390,793
Total	\$5,501,197	\$4,744,808	\$756,389

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$5,191,291	\$4,641,642	\$549,649
Capital Projects	545,795	140,838	404,957
Total	\$5,737,086	\$4,782,480	\$954,606

4. GRANTS-IN-AID AND TAX RECEIPTS

The primary source of revenue for Ohio public libraries is the State Library and Local Government Support Fund (LLGSF). The LLGSF is allocated to each county based on the county's prior intangibles tax of LLGSF revenues, and its population. The County Budget Commission allocates these funds to the Library based on its needs such as for the construction of new library buildings, improvements, operation, maintenance, or other expenses. The Budget Commission cannot reduce its allocation of these funds to the Library based on of any additional revenues the Library receives.

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

**UPPER ARLINGTON PUBLIC LIBRARY
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

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

The second half payment is due the following June 20.

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

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

5. RETIREMENT SYSTEM

The Public Employees Retirement System of Ohio (PERS) is a state operated, cost-sharing, multiple employer public employee retirement system. PERS provides retirement benefits to vested employees who are eligible to retire based upon years of service. PERS also provides survivor and disability benefits to vested employees.

Contribution rates are prescribed by the Ohio Revised Code. The Library's PERS members contributed 8.5% of their gross salaries. The Library contributed an amount equal to 13.55% of participants' gross salaries for 2001 and 2002. The Library has paid all contributions required through December 31, 2002.

6. RISK MANAGEMENT

Commercial Insurance

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

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

The Library also provides health insurance and dental coverage to full-time employees through a private carrier.



**Auditor of State
Betty Montgomery**

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

Upper Arlington Public Library
Franklin County
2800 Tremont Road
Upper Arlington, Ohio 43221

To the Board of Trustees:

We have audited the accompanying financial statements of the Upper Arlington Public Library, Franklin County, Ohio, (the Library) as of and for the years ended December 31, 2002, and December 31, 2001 and have issued our report thereon dated April 10, 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 be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Upper Arlington Public Library
Franklin County
Independent Accountants' Report on Compliance and on Internal Control
Required by *Government Auditing Standards*
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This report is intended solely for the information and use of the finance committee, management, and the Board of Trustees, and is not intended to be and should not be used by anyone other than these specified parties.

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

BETTY MONTGOMERY
Auditor of State

April 10, 2003



**Auditor of State
Betty Montgomery**

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UPPER ARLINGTON PUBLIC 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
MAY 8, 2003**