



**UPPER ARLINGTON PUBLIC LIBRARY  
FRANKLIN COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2006-2005**



**Mary Taylor, CPA**  
Auditor of State



UPPER ARLINGTON PUBLIC LIBRARY  
FRANKLIN COUNTY

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# Mary Taylor, CPA

Auditor of State

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

To the Board of Trustees:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your Library to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

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**Mary Taylor, CPA**  
Auditor of State

August 15, 2007

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# Mary Taylor, CPA

Auditor of State

## 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 Upper Arlington Public Library, Franklin County, Ohio (the Library) as of and for the years ended December 31, 2006 and December 31, 2005. 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Library has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

While the Library does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require Libraries to reformat their statements. The Library has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2006 and December 31, 2005 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Library as of December 31, 2006 and December 31, 2005, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the fund cash balances and reserves for encumbrances of Upper Arlington Public Library, Franklin County, Ohio as of December 31, 2006 and December 31, 2005, and its cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Library has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 15, 2007, on our consideration of the Library's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



**Mary Taylor, CPA**  
Auditor of State

August 15, 2007



**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, 2006**

	<u>All Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>			
Property and Other Local Taxes	\$2,001,574	\$0	\$2,001,574
Library and Local Government Support	3,200,659	0	3,200,659
Intergovernmental	256,129	0	256,129
Patron Fines and Fees	191,470	0	191,470
Contributions, Gifts and Donations	8,015	700,000	708,015
Earnings on Investments	168,700	0	168,700
Miscellaneous	5,293	17,110	22,403
	<u>5,831,840</u>	<u>717,110</u>	<u>6,548,950</u>
<b>Total Cash Receipts</b>			
<b>Cash Disbursements:</b>			
Current:			
Salaries	2,475,355	0	2,475,355
Employee Fringe Benefits	808,463	0	808,463
Purchased and Contractual Services	559,723	94,697	654,420
Library Materials and Information	927,624	0	927,624
Supplies	144,065	0	144,065
Other	11,801	0	11,801
Capital Outlay	268,315	817,009	1,085,324
	<u>5,195,346</u>	<u>911,706</u>	<u>6,107,052</u>
<b>Total Cash Disbursements</b>			
Total Receipts Over/(Under) Disbursements	<u>636,494</u>	<u>(194,596)</u>	<u>441,898</u>
<b>Other Financing Receipts / (Disbursements):</b>			
Transfers-In	0	291,500	291,500
Transfers-Out	(291,500)	0	(291,500)
	<u>(291,500)</u>	<u>291,500</u>	<u>0</u>
<b>Total Other Financing Receipts / (Disbursements)</b>			
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Disbursements	344,994	96,904	441,898
Fund Cash Balances, January 1	<u>1,535,866</u>	<u>1,317,988</u>	<u>2,853,854</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$1,880,860</u></b>	<b><u>\$1,414,892</u></b>	<b><u>\$3,295,752</u></b>
Reserve for Encumbrances, December 31	<u>\$319,330</u>	<u>\$504,453</u>	<u>\$823,783</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, 2005**

	<u>All Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>			
Property and Other Local Taxes	\$1,977,829	\$0	\$1,977,829
Library and Local Government Support	3,200,657	0	3,200,657
Intergovernmental	266,519	0	266,519
Patron Fines and Fees	203,793	0	203,793
Contributions, Gifts and Donations	3,647	0	3,647
Earnings on Investments	82,236	0	82,236
Miscellaneous	5,733	0	5,733
	<u>5,740,414</u>	<u>0</u>	<u>5,740,414</u>
<b>Cash Disbursements:</b>			
Current:			
Salaries	2,454,594	0	2,454,594
Employee Fringe Benefits	839,052	0	839,052
Purchased and Contractual Services	531,736	68,331	600,067
Library Materials and Information	798,072	0	798,072
Supplies	142,158	0	142,158
Other	11,246	0	11,246
Capital Outlay	217,512	59,612	277,124
	<u>4,994,370</u>	<u>127,943</u>	<u>5,122,313</u>
Total Receipts Over/(Under) Disbursements	<u>746,044</u>	<u>(127,943)</u>	<u>618,101</u>
<b>Other Financing Receipts / (Disbursements):</b>			
Transfers-In	0	160,000	160,000
Transfers-Out	(160,000)	0	(160,000)
	<u>(160,000)</u>	<u>160,000</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	586,044	32,057	618,101
Fund Cash Balances, January 1	<u>949,822</u>	<u>1,285,931</u>	<u>2,235,753</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$1,535,866</u></b>	<b><u>\$1,317,988</u></b>	<b><u>\$2,853,854</u></b>
Reserve for Encumbrances, December 31	<u>\$182,774</u>	<u>\$72,893</u>	<u>\$255,667</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, 2006 AND 2005**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Upper Arlington Public Library, Franklin County, Ohio (the Library) as a body corporate and politic. The mayor of the City of Upper Arlington appoints a six-member Board of Trustees to govern the Library. The Library provides the community with various educational and literary resources.

Under the provisions of Statement No. 39 of the Governmental Accounting Standards Board. "The Financial Reporting Entity," the Upper Arlington Public Library Foundation is considered to be a component unit of the Upper Arlington Public Library. The Upper Arlington Public Library Foundation is further discussed in Note 8.

Component units are legally separate organizations for which the Library is financially accountable. The Library is financially accountable for an organization if the Library meets all three of the following criteria (1) the economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the Library (2) the Library is entitled to, or has the ability to access a majority of the economic resources received or held by the separate organization and (3) the economic resources received or held by an individual organization that the Library is entitled to, or has the ability to otherwise access, are significant to that of the Library.

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

**B. Accounting Basis**

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Library recognizes receipts when received in cash rather than when earned, and recognizes disbursements 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 the Auditor of State prescribes or permits.

**C. Cash and Investments**

The Library's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

The Library values certificates of deposit at cost. Money market mutual funds (including STAR Ohio) are recorded at share values the mutual funds report.

**UPPER ARLINGTON PUBLIC LIBRARY  
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2006 AND 2005  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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 reports all financial resources except those required to be accounted for in another fund.

**2. Capital Project Funds**

These funds account for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The Library had the following significant capital project funds:

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

Miller Park Renovation Fund – This fund is used to account for monies set aside for building construction and repair for the Miller Park Library Branch.

**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 2006 and 2005 budgetary activity appears in Note 3.

**F. Property, Plant, and Equipment**

The Library records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

**G. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

**2. EQUITY IN POOLED CASH AND INVESTMENTS**

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

	<u>2006</u>	<u>2005</u>
Demand deposits	\$357,968	\$334,771
STAR Ohio	2,937,784	2,519,083
Total deposits and investments	<u>\$3,295,752</u>	<u>\$2,853,854</u>

**UPPER ARLINGTON PUBLIC LIBRARY  
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2006 AND 2005  
(Continued)**

**2. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)**

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

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

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2006 and 2005 follows:

2006 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$5,817,670	\$5,831,840	\$14,170
Capital Projects	1,067,110	1,008,610	(58,500)
Total	\$6,884,780	\$6,840,450	(\$44,330)

2006 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$6,145,399	\$5,806,176	\$339,223
Capital Projects	1,492,354	1,416,159	76,195
Total	\$7,637,753	\$7,222,335	\$415,418

2005 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$5,719,393	\$5,740,414	\$21,021
Capital Projects	160,000	160,000	0
Total	\$5,879,393	\$5,900,414	\$21,021

2005 Budgeted vs. Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Actual Expenditure	Variance
General	\$5,606,606	\$5,337,144	\$269,462
Capital Projects	1,495,755	200,836	1,294,919
Total	\$7,102,361	\$5,537,980	\$1,564,381

**UPPER ARLINGTON PUBLIC LIBRARY  
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2006 AND 2005  
(Continued)**

**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 State allocates LLGSF 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 the taxing authority of the subdivision to whose jurisdiction the Library is subject adopts rates. The State Department of Taxation, Division of Tax Equalization, adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Other Governments' Grants In Aid. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the taxing district.

Property owners assess tangible personal property tax. These owners must file a list of tangible 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 Library's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribe this plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2006 and 2005, OPERS members contributed 9% and 8.5%, respectively, of their gross salaries and the Library contributed an amount equaling 13.7% and 13.55%, respectively, of participants' gross salaries. The Library has paid all contributions required through December 31, 2006.

**6. RISK MANAGEMENT**

**Commercial Insurance**

The Library has obtained commercial insurance for the following risks:

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

**7. CONTINGENT LIABILITIES**

The Library is a defendant in several lawsuits. Although management cannot presently determine the outcome of these suits, management believes that the resolution of these matters will not materially adversely affect the Library's financial condition.

**UPPER ARLINGTON PUBLIC LIBRARY  
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2006 AND 2005  
(Continued)**

**8. COMPONENT UNIT**

Upper Arlington Public Library Foundation (the "Foundation") is a non-for-profit corporation organized and operated as a component part to operate exclusively for the benefit of, to perform the functions of, or to carry out the purposes of the Upper Arlington Public Library, so long as it remains a qualified organization, including, but not limited to providing an alternative funding source for the acquisition of materials and equipment, staff training and development, and facilities improvement. To obtain the information of the Foundation, contact Barbara Mullen, Treasurer, at 4171 Clairmont Road, Upper Arlington, Ohio 43220.

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# Mary Taylor, CPA

## Auditor of State

### INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

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

To the Library Board of Trustees:

We have audited the financial statements of the Upper Arlington Public Library, Franklin County, Ohio (the Library) as of and for the years ended December 31, 2006 and December 31, 2005, and have issued our report thereon dated August 15, 2007, wherein we noted the Library followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

#### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Library's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Library's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Library's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Library's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Library's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Library's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

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### **Compliance and Other Matters**

As part of reasonably assuring whether the Library's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We intend this report solely for the information and use of the audit committee, management, and the Board of Trustees.

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

**Mary Taylor, CPA**  
Auditor of State

August 15, 2007



**Mary Taylor, CPA**  
Auditor of State

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  
OCTOBER 11, 2007