



Dave Yost • Auditor of State



UPPER ARLINGTON PUBLIC LIBRARY  
FRANKLIN COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Cover Letter .....	1
Independent Accountants' Report.....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Fund Types - For the Year Ended December 31, 2010.....	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Fund Types - For the Year Ended December 31, 2009.....	6
Notes to the Financial Statements .....	7
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	13
Schedule of Prior Audit Findings .....	15

**This page intentionally left blank.**



# Dave Yost • 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.

A handwritten signature in black ink that reads "Dave Yost".

**Dave Yost**  
Auditor of State

September 7, 2011

**This page intentionally left blank.**



# Dave Yost • 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 the Upper Arlington Public Library, Franklin County, Ohio, (the Library) as of and for the years ended December 31, 2010 and 2009. 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.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Library's larger (i.e. major) funds separately. 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, 2010 and 2009 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, 2010 and 2009, 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 combined fund cash balances and reserves for encumbrances of Upper Arlington Public Library, Franklin County, Ohio as of December 31, 2010 and 2009, and its combined 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 September 7, 2011, 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.



**Dave Yost**  
Auditor of State

September 7, 2011



**UPPER ARLINGTON PUBLIC LIBRARY  
FRANKLIN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2010**

	All Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	
<b>Cash Receipts:</b>				
Property and Other Local Taxes	\$ 2,739,921	\$ -	\$ -	\$ 2,739,921
Public Library Fund	2,431,769	-	-	2,431,769
Intergovernmental	446,401	-	-	446,401
Patron Fines and Fees	169,540	-	-	169,540
Contributions, Gifts and Donations	5,429	64,030	-	69,459
Earnings on Investments	34,218	-	-	34,218
Miscellaneous	22,774	-	5,684	28,458
	5,850,052	64,030	5,684	5,919,766
<b>Total Cash Receipts</b>	<b>5,850,052</b>	<b>64,030</b>	<b>5,684</b>	<b>5,919,766</b>
<b>Cash Disbursements:</b>				
Current:				
Salaries	2,416,616	-	-	2,416,616
Employee Fringe Benefits	876,657	-	-	876,657
Purchased and Contractual Services	569,401	28,075	86,235	683,711
Library Materials and Information	766,590	5,847	-	772,437
Supplies	91,350	-	-	91,350
Other	8,570	-	-	8,570
Capital Outlay	65,361	21,223	191,156	277,740
	4,794,545	55,145	277,391	5,127,081
<b>Total Cash Disbursements</b>	<b>4,794,545</b>	<b>55,145</b>	<b>277,391</b>	<b>5,127,081</b>
Total Receipts Over/(Under) Disbursements	1,055,507	8,885	(271,707)	792,685
Fund Cash Balances, January 1	1,369,012	-	1,875,990	3,245,002
<b>Fund Cash Balances, December 31</b>	<b>\$ 2,424,519</b>	<b>\$ 8,885</b>	<b>\$ 1,604,283</b>	<b>\$ 4,037,687</b>
Reserve for Encumbrances, December 31	\$ 184,720	\$ 2,574	\$ 21,634	\$ 208,928

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

**UPPER ARLINGTON PUBLIC LIBRARY  
FRANKLIN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<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	\$ 2,698,325	\$ -	\$ 2,698,325
Public Library Fund	2,588,425	-	2,588,425
Intergovernmental	448,737	-	448,737
Patron Fines and Fees	177,807	-	177,807
Contributions, Gifts and Donations	22,197	-	22,197
Earnings on Investments	17,028	-	17,028
Miscellaneous	31,892	-	31,892
	<u>5,984,411</u>	<u>-</u>	<u>5,984,411</u>
<b>Total Cash Receipts</b>			
	<u>5,984,411</u>	<u>-</u>	<u>5,984,411</u>
<b>Cash Disbursements:</b>			
Current:			
Salaries	2,794,770	-	2,794,770
Employee Fringe Benefits	962,550	-	962,550
Purchased and Contractual Services	604,738	112,544	717,282
Library Materials and Information	920,344	-	920,344
Supplies	98,863	-	98,863
Other	11,357	-	11,357
Capital Outlay	125,245	131,725	256,970
	<u>5,517,867</u>	<u>244,269</u>	<u>5,762,136</u>
<b>Total Cash Disbursements</b>			
	<u>5,517,867</u>	<u>244,269</u>	<u>5,762,136</u>
<b>Total Receipts Over/(Under) Disbursements</b>	<u>466,544</u>	<u>(244,269)</u>	<u>222,275</u>
<b>Other Financing Receipts / (Disbursements):</b>			
Transfers-In	-	40,034	40,034
Transfers-Out	-	(40,034)	(40,034)
	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Other Financing Receipts / (Disbursements)</b>			
	<u>-</u>	<u>-</u>	<u>-</u>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<u>466,544</u>	<u>(244,269)</u>	<u>222,275</u>
<b>Fund Cash Balances, January 1</b>	<u>902,468</u>	<u>2,120,259</u>	<u>3,022,727</u>
<b>Fund Cash Balances, December 31</b>	<u>\$ 1,369,012</u>	<u>\$ 1,875,990</u>	<u>\$ 3,245,002</u>
<b>Reserve for Encumbrances, December 31</b>	<u>\$ 91,993</u>	<u>\$ 4,000</u>	<u>\$ 95,993</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, 2010 AND 2009**

**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 7.

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) 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 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. Deposits 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, 2010 AND 2009  
(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. Special Revenue Funds**

These funds account for proceeds from specific sources (other than for capital projects) that are restricted to expenditure for specific purposes. The Library had the following significant Special Revenue Fund:

UAPL Friends - This fund receives contributions made by the Friends of the Upper Arlington Library and accounts for the related expenditures.

**3. Capital Project Funds**

These funds account for receipts restricted to acquiring or constructing major capital projects. The Library had the following significant capital project fund:

Building Improvement - This fund is used to account for monies set aside for building construction and improvements.

**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 and function level of control.

A summary of 2010 and 2009 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.

**UPPER ARLINGTON PUBLIC LIBRARY  
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009  
(Continued)**

**2. Equity in Pooled Deposits and Investments**

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

	2010	2009
Demand deposits	\$4,037,687	\$1,395,002
Certificates of deposit	0	1,850,000
Total deposits	\$4,037,687	\$3,245,002

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

**3. Budgetary Activity**

Budgetary activity for the years ending December 31, 2010 and 2009 follows:

2010 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$5,559,724	\$5,850,052	\$290,328
Special Revenue	100,000	64,030	(35,970)
Capital Projects	0	5,684	5,684
Total	\$5,659,724	\$5,919,766	\$260,042

2010 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$5,452,293	\$4,979,265	\$473,028
Special Revenue	100,000	57,719	42,281
Capital Projects	324,000	299,025	24,975
Total	\$5,876,293	\$5,336,009	\$540,284

2009 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$5,947,850	\$5,984,411	\$36,561
Capital Projects	40,034	40,034	0
Total	\$5,987,884	\$6,024,445	\$36,561

**UPPER ARLINGTON PUBLIC LIBRARY  
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009  
(Continued)**

**3. Budgetary Activity (Continued)**

2009 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$6,550,854	\$5,609,860	\$940,994
Capital Projects	619,128	288,303	330,825
Total	\$7,169,982	\$5,898,163	\$1,271,819

**4. Grants-in-aid and Tax Receipts**

The primary source of revenue for Ohio public libraries is the Public Library Fund (PLF). The State allocates PLF to each county based on the total tax revenue credited to the State's general revenue fund during the preceding month. The County Budget Commission bases the amount for distribution on the needs of such library for the construction of new library buildings, parts of buildings, improvements, operation, maintenance, or other expenses. The County 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 Systems**

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 prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2010 and 2009, OPERS members contributed 10% of their gross salaries and the Library contributed an amount equaling 14% of participants' gross salaries. The Library has paid all contributions required through December 31, 2010.

**UPPER ARLINGTON PUBLIC LIBRARY  
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009  
(Continued)**

**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. 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 on the Foundation, contact, Barbara Mullen, Treasurer, at 4171 Clairmont Road, Upper Arlington, Ohio 43220.

**8. Subsequent Events**

At January 1, 2011, the Upper Arlington Public Library Foundation disbanded. The Foundation was a component unit to the Library, as disclosed in Note 7. At the time the Foundation disbanded, remaining funds held by the Foundation totaled \$299,893. Of this balance, \$281,326 was transferred to the Library. The remainder was transferred to the Columbus Foundation.

**This page intentionally left blank.**





# Dave Yost • 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 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, 2010 and 2009, and have issued our report thereon dated September 7, 2011, 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 the purpose of expressing our opinion on the financial statements, but not for the purpose of opining 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 *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Library's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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.

### 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*.

88 E. Broad St. / Tenth Floor / Columbus, OH 43215-3506  
Telephone: (614) 466-3402    (800) 443-9275    Fax: (614) 728-7199  
[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

Upper Arlington Public School District  
Franklin County  
Independent Accountants' Report on Internal Control Over  
Financial Reporting and on Compliance and Other Matters  
Required by *Government Auditing Standards*  
Page 2

We did note a certain matter not requiring inclusion in this report that we reported to the Library's management in a separate letter dated September 7, 2011.

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

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State

September 7, 2011

UPPER ARLINGTON PUBLIC LIBRARY  
FRANKLIN COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2010 AND 2009

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2008-001	Budgetary expenditures exceeded appropriations	Yes	Fully Corrected

**This Page is Intentionally Left Blank.**



# Dave Yost • 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  
SEPTEMBER 27, 2011