

Mary Taylor, CPA Auditor of State

Bulletin 2007-012

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TO: Libraries
Independent Public Accountants

FROM: Mary Taylor, CPA
Ohio Auditor of State

SUBJECT: New Library Program Classifications

Many libraries have decided to prepare their year-end cash basis financial statements using a format that imitates the presentation required for statements that conform to generally accepted accounting principles. These are commonly called OCBOA (other comprehensive basis of accounting) or look-alike statements. These statements include a statement of activities that is intended to present cash disbursements classified by program or function.¹ The problem with this presentation for libraries is that most libraries were only using one program for all operating activities, Current Library Service. This generates a statement of activities that is not very informative.

Working with the Ohio Library Council, the Auditor of State's Office has developed expanded program classifications that will appear in the chart of accounts for libraries in the Uniform Accounting Network beginning in January, 2008. The new classifications are:

- 100 Library Services:
 - 110 Public Service and Programs
 - 120 Collection Development and Processing
- 200 Support Services:
 - 210 Facilities Operation and Maintenance
 - 220 Information Services
 - 230 Business Administration

The use of these new programs is not mandatory. You may continue to use a single program (100 – Library Services) to account for all operational activities. You also have the option of just using the 100 and 200 level programs or using the more detailed accounts (110, 120, 210, 220 and 230).

¹ The use of objects for classifying cash disbursements on the Statement of Activities is not an acceptable alternative. Objects describe what was purchased such as salaries, supplies etc.

If you decide to use the new accounts, you may either begin using them to record activities January 1, 2008, or you may elect to begin using them by creating your budget at a more detailed level for 2009.

These new codes are an expansion of the program that tracks and reports current operations. The programs for Capital Outlay, Debt Service, Transfers, Advances and Other Financing Uses remain unchanged.

For those of you who do not use UAN to maintain your financial records, the Auditor of State's Office notified the other library software providers of our intent to expand the chart of accounts effective January, 2008. You may want to check with your provider to see what will be available.

Information concerning the new accounts is available on the Auditor of State's website (www.auditor.state.oh.us) under the heading Local Government Resources. The information includes a letter from the Ohio Library Council soliciting recommendations regarding the upcoming changes, a spreadsheet that presents the new programs and the accounts that are associated with each, and a sample Statement of Activities.

Questions and Comments

If you have any questions regarding this Bulletin or the financial reporting requirements, please contact the AOS Local Government Services Section at (800) 345-2519.

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