



**Auditor of State  
Betty Montgomery**



**SOUTHWEST PUBLIC LIBRARY  
FRANKLIN COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Accountants' Report.....	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2003.....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2002.....	4
Notes to the Financial Statements .....	5
Independent Accountants' Report on Compliance and on Internal Control Required by <i>Government Auditing Standards</i> .....	9

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

Southwest Public Library  
Franklin County  
3359 Park Street  
Grove City, Ohio 43123

To the Board of Trustees:

We have audited the accompanying financial statements of the Southwest Public Library, Franklin County, Ohio, (the Library) as of and for the years ended December 31, 2003, and December 31, 2002. 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 accounting principles than generally accepted in the United States of America.

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 the Southwest Public Library, Franklin County, Ohio, as of December 31, 2003, and December 31, 2002, and its combined 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 February 21, 2004, 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.

35 N. Fourth St. / Second Floor / Columbus, OH 43215  
Telephone: (614) 466-3402 (800) 443-9275 Fax: (614) 728-7199  
[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

This report is intended solely for the information and use of management, the 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**

February 21, 2004

**SOUTHWEST PUBLIC LIBRARY  
FRANKLIN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<b>Governmental Fund Types</b>		<b>Totals (Memorandum Only)</b>
	<b>General</b>	<b>Capital Projects</b>	
<b>Cash Receipts:</b>			
Library and Local Government Support	\$4,041,210	\$0	\$4,041,210
Patron Fines and Fees	152,614	0	152,614
Earnings on Investments	13,339	0	13,339
Contributions, Gifts and Donations	11,476	0	11,476
Miscellaneous Receipts	24,637	0	24,637
 Total Cash Receipts	 4,243,276	 0	 4,243,276
<b>Cash Disbursements:</b>			
Current:			
Salaries and Benefits	2,860,377	0	2,860,377
Purchased and Contracted Services	868,022	0	868,022
Library Materials and Information	578,759	11,630	590,389
Supplies	86,464	0	86,464
Other Objects	13,582	0	13,582
Capital Outlay	27,269	25,874	53,143
 Total Cash Disbursements	 4,434,473	 37,504	 4,471,977
 Total Cash Receipts (Under) Cash Disbursements	 (191,197)	 (37,504)	 (228,701)
 Fund Cash Balances, January 1, 2003	 1,113,651	 206,494	 1,320,145
 <b>Fund Cash Balances, December 31, 2003</b>	 <b>\$922,454</b>	 <b>\$168,990</b>	 <b>\$1,091,444</b>
 Reserves for Encumbrances, December 31, 2003	 \$59,598	 \$19	 \$59,617

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

**SOUTHWEST PUBLIC LIBRARY  
FRANKLIN COUNTY**

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

	<b>Governmental Fund Types</b>		<b>Totals (Memorandum Only)</b>
	<b>General</b>	<b>Capital Projects</b>	
<b>Cash Receipts:</b>			
Library and Local Government Support	\$4,158,077	\$0	\$4,158,077
Other Government Grants-In-Aid	15,000	0	15,000
Patron Fines and Fees	165,787	0	165,787
Earnings on Investments	26,545	0	26,545
Contributions, Gifts and Donations	14,770	0	14,770
Miscellaneous Receipts	20,043	0	20,043
 Total Cash Receipts	 4,400,222	 0	 4,400,222
<b>Cash Disbursements:</b>			
Current:			
Salaries and Benefits	2,893,297	0	2,893,297
Purchased and Contracted Services	940,448	0	940,448
Library Materials and Information	613,787	232,776	846,563
Supplies	93,246	0	93,246
Other Objects	14,019	0	14,019
Capital Outlay	26,693	143,790	170,483
 Total Cash Disbursements	 4,581,490	 376,566	 4,958,056
 Total Cash Receipts (Under) Cash Disbursements	 (181,268)	 (376,566)	 (557,834)
 Fund Cash Balances, January 1, 2002	 1,294,919	 583,060	 1,877,979
 <b>Fund Cash Balances, December 31, 2002</b>	 <b>\$1,113,651</b>	 <b>\$206,494</b>	 <b>\$1,320,145</b>
 Reserves for Encumbrances, December 31, 2002	 \$156,872	 \$14,255	 \$171,127

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



**SOUTHWEST PUBLIC LIBRARY  
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Southwest Public Library, Franklin County, (the Library) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of Ohio. The Library is directed by a seven-member Board of Trustees appointed by the Board of Education of the Southwestern City School District. The Library provides the community with various educational and literary resources.

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.

The investment in STAR Ohio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer. Repurchase agreements are valued at cost.

**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.

**2. Capital Projects Fund**

This fund is used to account for receipts that are restricted for the acquisition or construction of major capital projects. The Library had the following Capital Projects Fund:

Permanent Improvement and Capital Equipment Fund – This fund is used to account for receipts that are restricted for the acquisition or construction of major capital projects and equipment purchases.

**SOUTHWEST PUBLIC LIBRARY  
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

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

**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.

Effective January 1, 2001, the Ohio Administrative Code amended library budgetary requirements. Libraries are not required to estimate resources or encumber appropriations. However, the Library chooses to encumber appropriations.

A summary of 2003 and 2002 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:

	2003	2002
Demand deposits	\$12,158	\$30,818
Total deposits	12,158	30,818
STAR Ohio	837,648	976,798
Repurchase agreement	241,638	312,529
Total investments	1,079,286	1,289,327
Total deposits and investments	\$1,091,444	\$1,320,145

**Deposits:** Deposits are either insured 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. The Library's agent holds securities collateralizing repurchase agreements. The securities are not in the Library's name.

**SOUTHWEST PUBLIC LIBRARY  
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2003 and December 31, 2002 follows:

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$5,613,541	\$4,494,071	\$1,119,470
Capital Projects	192,238	37,523	154,715
Total	\$5,805,779	\$4,531,594	\$1,274,185

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$5,804,324	\$4,738,362	\$1,065,962
Capital Projects	518,603	390,821	127,782
Total	\$6,322,927	\$5,129,183	\$1,193,744

**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.

**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 2002 and 2003. The Library has paid all contributions required through December 31, 2003.

**SOUTHWEST PUBLIC LIBRARY  
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

**6. RISK MANAGEMENT**

**Commercial Insurance**

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

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



**Auditor of State  
Betty Montgomery**

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

Southwest Public Library  
Franklin County  
3359 Park Street  
Grove City, Ohio 43123

To the Board of Trustees:

We have audited the accompanying financial statements of the Southwest Public Library, Franklin County, Ohio (the Library) as of and for the years ended December 31, 2003, and December 31, 2002, and have issued our report thereon dated February 21, 2004. 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. However, we noted a matter involving the internal control over financial reporting, which we have reported to management of the Library in a separate letter dated February 21, 2004.

35 N. Fourth St. / Second Floor / Columbus, OH 43215  
Telephone: (614) 466-3402 (800) 443-9275 Fax: (614) 728-7199  
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Southwest Public Library  
Franklin County  
Independent Accountants' Report on Compliance and on Internal Control  
Required by *Government Auditing Standards*  
Page 2

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.

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

**Betty Montgomery**  
**Auditor of State**

February 21, 2004



**Auditor of State  
Betty Montgomery**

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140

Telephone 614-466-4514  
800-282-0370

Facsimile 614-466-4490

**SOUTHWEST 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 11, 2004**