



**SOUTHWEST PUBLIC LIBRARIES  
FRANKLIN COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 1999 - 1998**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



**SOUTHWEST PUBLIC LIBRARIES  
FRANKLIN COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Report of Independent Accountants .....	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types For the Year Ended December 31, 1999 .....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types For the Year Ended December 31, 1998 .....	4
Notes to the Financial Statements .....	5
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i> .....	11

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## REPORT OF INDEPENDENT ACCOUNTANTS

Board of Trustees  
Southwest Public Libraries  
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 Libraries, Franklin County, Ohio, (the Library) as of and for the years ended December 31, 1999 and December 31, 1998. 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 audits.

We conducted our audits in accordance with generally accepted auditing standards 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 audits 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 audits provide 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 combined fund cash balances and reserves for encumbrances of the Library as of December 31, 1999 and December 31, 1998, 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 April 26, 2000 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.

This report is intended solely for the information and use of the 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, appearing to read "Jim Petro".

**JIM PETRO**  
Auditor of State

April 26, 2000



**SOUTHWEST PUBLIC LIBRARIES  
FRANKLIN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>			
State Income Taxes	\$4,091,634	\$0	\$4,091,634
Other Government Grants-In-Aid	500	0	500
Patron Fines and Fees	136,424	0	136,424
Earnings on Investments	64,122	0	64,122
Contributions, Gifts and Donations	16,409	0	16,409
Miscellaneous Receipts	16,226	0	16,226
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	4,325,315	0	4,325,315
<b>Cash Disbursements:</b>			
Current:			
Salaries and Benefits	2,328,429	0	2,328,429
Supplies	104,205	0	104,205
Purchased and Contracted Services	848,657	0	848,657
Library Materials and Information	648,937	0	648,937
Other Objects	10,295	0	10,295
Capital Outlay	54,472	302,816	357,288
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	3,994,995	302,816	4,297,811
Total Cash Receipts Over/(Under) Cash Disbursements	<hr/>	<hr/>	<hr/>
	330,320	(302,816)	27,504
<b>Other Financing Receipts/(Disbursements):</b>			
Proceeds from Sales of Property	1,882	0	1,882
Transfers-In	0	250,000	250,000
Transfers-Out	(250,000)	0	(250,000)
	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts/(Disbursements)	(248,118)	250,000	1,882
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<hr/>	<hr/>	<hr/>
	82,202	(52,816)	29,386
Fund Cash Balances, January 1	<hr/>	<hr/>	<hr/>
	913,356	517,254	1,430,610
<b>Fund Cash Balances, December 31</b>	<hr/> <b>\$995,558</b> <hr/>	<hr/> <b>\$464,438</b> <hr/>	<hr/> <b>\$1,459,996</b> <hr/>
Reserves for Encumbrances, December 31	<hr/>	<hr/>	<hr/>
	\$127,489	\$44,407	\$171,896

**SOUTHWEST PUBLIC LIBRARIES  
FRANKLIN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>			
State Income Taxes	\$3,809,925	\$0	\$3,809,925
Patron Fines and Fees	128,937	0	128,937
Earnings on Investments	59,105	0	59,105
Contributions, Gifts and Donations	10,717	0	10,717
Miscellaneous Receipts	27,899	0	27,899
<b>Total Cash Receipts</b>	<u>4,036,583</u>	<u>0</u>	<u>4,036,583</u>
<b>Cash Disbursements:</b>			
Current:			
Salaries and Benefits	1,885,456	0	1,885,456
Supplies	82,456	0	82,456
Purchased and Contracted Services	776,416	0	776,416
Library Materials and Information	509,887	0	509,887
Other Objects	11,958	0	11,958
Capital Outlay	55,244	337,905	393,149
<b>Total Cash Disbursements</b>	<u>3,321,417</u>	<u>337,905</u>	<u>3,659,322</u>
<b>Total Cash Receipts Over/(Under) Cash Disbursements</b>	<u>715,166</u>	<u>(337,905)</u>	<u>377,261</u>
<b>Other Financing Receipts/(Disbursements):</b>			
Proceeds from Sales of Property	684	0	684
Transfers-In	0	500,000	500,000
Transfers-Out	(500,000)	0	(500,000)
<b>Total Other Financing Receipts/(Disbursements)</b>	<u>(499,316)</u>	<u>500,000</u>	<u>684</u>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<u>215,850</u>	<u>162,095</u>	<u>377,945</u>
<b>Fund Cash Balances, January 1</b>	<u>697,506</u>	<u>355,159</u>	<u>1,052,665</u>
<b>Fund Cash Balances, December 31</b>	<u><u>\$913,356</u></u>	<u><u>\$517,254</u></u>	<u><u>\$1,430,610</u></u>
<b>Reserves for Encumbrances, December 31</b>	<u><u>\$140,084</u></u>	<u><u>\$4,404</u></u>	<u><u>\$144,488</u></u>



**SOUTHWEST PUBLIC LIBRARIES  
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Southwest Public Libraries, 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 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. Except gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

The overnight sweep investment account (repurchase agreements) is valued at cost. The investment in STAR Ohio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer.

**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 Funds**

These funds are 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 projects funds.

**SOUTHWEST PUBLIC LIBRARIES  
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998  
(Continued)**

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

**D. Fund Accounting (Continued)**

**2. Capital Projects Funds (Continued)**

Permanent Improvement and Capital Equipment Funds - These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects and equipment purchases.

**E. Budgetary Process**

The Ohio Administrative Code requires that each fund be budgeted annually.

**1. Appropriations**

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

**2. Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1.

**3. Encumbrances**

The Ohio Administrative Code requires the Library to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 1999 and 1998 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. Unpaid Vacation and Sick Leave**

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick is not reflected as a liability under the cash basis of accounting used by the Library.

**SOUTHWEST PUBLIC LIBRARIES  
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998  
(Continued)**

**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:

	<u>1999</u>	<u>1998</u>
Demand deposits	<u>\$31,414</u>	<u>\$29,933</u>
Total deposits	<u>31,414</u>	<u>29,933</u>
Overnight Sweep Investment Account	384,883	796,777
STAR Ohio	<u>1,043,699</u>	<u>603,900</u>
Total investments	<u>1,428,582</u>	<u>1,400,677</u>
Total deposits and investments	<u>\$1,459,996</u>	<u>\$1,430,610</u>

**Deposits:** Deposits are either insured by the Federal Depository Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Library.

**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, 1999 and December 31, 1998 follows:

<b>1999 Budgeted vs. Actual Receipts</b>			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$4,093,957	\$4,327,197	\$233,240
Capital Projects	<u>0</u>	<u>250,000</u>	<u>250,000</u>
Total	<u>\$4,093,957</u>	<u>\$4,577,197</u>	<u>\$483,240</u>

<b>1999 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$5,006,605	\$4,372,484	\$634,121
Capital Projects	<u>517,253</u>	<u>347,223</u>	<u>170,030</u>
Total	<u>\$5,523,858</u>	<u>\$4,719,707</u>	<u>\$804,151</u>

**SOUTHWEST PUBLIC LIBRARIES  
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

<b>1998 Budgeted vs. Actual Receipts</b>			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$3,687,073	\$4,037,267	\$350,194
Capital Projects	0	500,000	500,000
Total	\$3,687,073	\$4,537,267	\$850,194

<b>1998 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$4,384,182	\$3,961,501	\$422,681
Capital Projects	355,158	342,309	12,849
Total	\$4,739,340	\$4,303,810	\$435,530

**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 on account of any additional revenues realized by 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 also 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. The Library has paid all contributions required through December 31, 1999.

**SOUTHWEST PUBLIC LIBRARIES  
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998  
(Continued)**

**6. OHIO PUBLIC EMPLOYEES DEFERRED COMPENSATION PROGRAM**

Eligible Library employees have the option to participate in the Ohio Public Employees Deferred Compensation Program by signing and filing a Participation Agreement with the Employer. Investments offered by the Plan must be offered by persons, companies, or entities authorized and duly licensed by the State of Ohio and appropriate federal agencies regulating such investments to do business in the State of Ohio. An account for each Participant shall be credited or charged as the case may be, amounts deferred under the Plan and any increase or decrease on the account value of the Investment Options specified in the Participation Agreement or any amendment thereto. Benefits commence upon the date elected by the Beneficiary. The employee account balance at December 31, 1999 was \$1,418,174 and at December 31, 1998 was \$ 1,057,492.

**7. RISK MANAGEMENT**

The Library has obtained commercial insurance for the following risks:

- Comprehensive property, Boiler, and Inland Marine
- General Liability
- Vehicles
- Errors and omissions

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

**8. CONTINGENT LIABILITIES**

The Library is a defendant in one lawsuit. Although, the outcome of this lawsuit is not presently determinable, counsel believes that the resolution of these matters will not materially adversely affect the Library's financial condition.

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

Southwest Public Libraries  
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 Libraries, Franklin County, Ohio (the Library), as of and for the years ended December 31, 1999 and December 31, 1998, and have issued our report thereon dated April 26, 2000. We conducted our audits in accordance with generally accepted auditing standards 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 audits 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 audits, we considered 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 that does not require inclusion in this report, that we have reported to management of the Library in a separate letter dated April 26, 2000.

Southwest Public Libraries  
Franklin County  
Report of Independent Accountants on Compliance and on  
Internal Control Required by *Government Auditing Standards*  
Page 2

This report is intended for the information and use of the management and 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, appearing to read "Jim Petro". The signature is fluid and cursive, with a large loop at the end.

**JIM PETRO**  
Auditor of State

April 26, 2000





STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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**SOUTHWEST PUBLIC LIBRARIES**

**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  
JULY 6, 2000**