



Dave Yost • Auditor of State



**SOUTHWEST PUBLIC LIBRARY  
FRANKLIN COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Auditor's Report .....	1
Management's Discussion and Analysis.....	5
Basic Financial Statements:	
Statement of Net Position – Cash Basis, December 31, 2013 .....	13
Statement of Activities – Cash Basis, For the Year Ended December 31, 2013.....	14
Statement of Cash Basis Assets and Fund Balances – Governmental Funds, December 31, 2013 .....	15
Statement of Cash Receipts, Disbursements, and Changes in Cash Basis Fund Balances - Governmental Funds, For the Year Ended December 31, 2013.....	16
Statement of Receipts, Disbursements, and Changes in Fund Balance - Budget and Actual (Budget Basis) – General Fund, For the Year Ended December 31, 2013.....	17
Statement of Net Position – Cash Basis, December 31, 2012 .....	18
Statement of Activities – Cash Basis, For the Year Ended December 31, 2012.....	19
Statement of Cash Basis Assets and Fund Balances – Governmental Funds, December 31, 2012 .....	20
Statement of Cash Receipts, Disbursements, and Changes in Cash Basis Fund Balances - Governmental Funds, For the Year Ended December 31, 2012.....	21
Statement of Receipts, Disbursements, and Changes in Fund Balance - Budget and Actual (Budget Basis) – General Fund, For the Year Ended December 31, 2012.....	22
Notes to the Basic Financial Statements .....	23
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	37

**THIS PAGE INTENTIONALLY LEFT BLANK**



# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

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

To the Board of Trustees:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities and each major fund of Southwest Public Library, Franklin County, Ohio (the Library), as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with the cash accounting basis Note 2 describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Library's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Library's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities and each major fund of Southwest Public Library, Franklin County, Ohio, as of December 31, 2013 and 2012, and the respective changes in cash financial position and the budgetary comparison for the General Fund thereof for the years then ended in accordance with the accounting basis described in Note 2.

***Accounting Basis***

We draw attention to Note 2 of the financial statements, which describes the accounting basis, which differs from generally accepted accounting principles. We did not modify our opinion regarding this matter.

***Other Matters***

*Supplemental and Other Information*

We audited to opine on the Library's financial statements that collectively comprise its basic financial statements.

*Management's Discussion & Analysis* includes tables of net position, changes in net position, and governmental activities. This information provides additional analysis and is not a required part of the basic financial statements.

These tables are management's responsibility, and derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected these tables to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling these tables directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and in accordance with auditing standards generally accepted in the United States of America. In our opinion, these tables are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other than the aforementioned procedures applied to the tables, we applied no procedures to any other information in Management's Discussion & Analysis, and we express no opinion or any other assurance on it.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated July 7, 2014, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Library's internal control over financial reporting and compliance.

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  
Columbus, Ohio

July 7, 2014

**THIS PAGE INTENTIONALLY LEFT BLANK**



**SOUTHWEST PUBLIC LIBRARY  
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012  
UNAUDITED**

This discussion and analysis of Southwest Public Library's (the Library) financial performance provides an overall review of the Library's financial activities for the years ended December 31, 2013 and 2012, within the limitations of the Library's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Library's financial performance.

**Highlights**

Key highlights for 2013 are as follows:

Net position of governmental activities increased \$638,529 or 19 percent, a significant change from the prior year. The General Fund increased by \$191,290 and the Capital Projects Fund increased \$447,239 from year-end 2012. The increase in the General Fund was the net result of revenue in excess of General Fund expenditures. The increase to the Capital Projects Fund resulted from a transfer of \$800,000 from the General Fund to the Capital Projects Fund to fund future capital expenditures. General Fund expenditures decreased from 2012 to 2013, caused primarily by a drop in capital expenditures related to the completion of a building expansion at the Library's Westland Area location and partially offset by an increase in expenditures incurred to upgrade the Library's information technology infrastructure to facilitate the move to a new integrated library system which tracks Library materials and patron use of them. General Fund Expenditures decreased \$227,517.

The Library's general receipts in 2013 were primarily from the State of Ohio and a local one mill property tax levy that was approved by voters in November 2010. The Library, along with 250 other public libraries in Ohio, receives a portion of the General Revenue Fund taxes collected by the State of Ohio. These funds are distributed through the Public Library Fund (PLF). These receipts represent 55 percent of the total cash received for governmental activities during the year. The PLF was established to provide libraries with 2.2% of all General Revenue Fund Taxes. The list of taxes included in the PLF is as follows: Auto Sales and Use, Non-Auto Sales and Use, Personal Income, Corporate Franchise, Public Utility, Kilowatt-Hour, Domestic Insurance, Misc. Business and Property, Cigarette, Alcoholic Beverage, Liquor Gallonage, Estate, and Commercial Activity. However, due to ongoing budget difficulties, the Ohio General Assembly reduced the percentage of General Revenue Fund taxes allocated to public libraries to 1.97% in August, 2009 and they reduced it further in 2013 to 1.66 %. The one mill property tax passed in 2010 represents 36 percent of the total cash received for governmental activities during the year. The State of Ohio reimburses political subdivisions for reductions in property taxes granted to certain property owners. These receipts are classified as Intergovernmental Receipts and represented four percent of the total cash received for governmental activities during the year. The remaining revenue received by the Library comes from fines and fees levied on patrons, interest earned on funds invested, donations to the Library, and other miscellaneous sources.

The number of people employed by the Library decreased from 87 to 86. It is not likely that employment will increase significantly for the foreseeable future.

**SOUTHWEST PUBLIC LIBRARY  
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012  
UNAUDITED**

Key highlights for 2012 are as follows:

Net position of governmental activities increased \$244,364 or eight percent, a significant change from the prior year. The General Fund increased by \$38,406 and the Capital Projects Fund increased \$205,958 from the previous year. The increase in the General Fund came in spite of the fact that revenue declined significantly due to a decrease in receipts from the Public Library Fund as well as a decline in property tax collected as a result of a downward revision of property values in the Library's taxing district by the Franklin County Auditor in 2011. Overall revenue in 2012 declined \$419,643, primarily from declines in the Public Library Fund and property tax revenue.

General Fund expenditures increased \$614,477 from 2011, primarily as the result of capital spending for the addition of a community education center and other building improvements at the Library's Westland Area location.

The Library's general receipts in 2012 were primarily from the State of Ohio and a local one mill property tax levy that was approved by voters in November 2010. The Library, along with 250 other public libraries in Ohio, receives a portion of the General Revenue Fund taxes collected by the State of Ohio. These funds are distributed through the Public Library Fund (PLF). These receipts represent 55 percent of the total cash received for governmental activities during the year. The PLF was established to provide libraries with 2.2% of all General Revenue Fund Taxes. The list of taxes included in the PLF is as follows: Auto Sales and Use, Non-Auto Sales and Use, Personal Income, Corporate Franchise, Public Utility, Kilowatt-Hour, Domestic Insurance, Misc. Business and Property, Cigarette, Alcoholic Beverage, Liquor Gallonage, Estate, and Commercial Activity. However, due to ongoing budget difficulties, the Ohio General Assembly reduced the percentage of General Revenue Fund taxes allocated to public libraries to 1.97% in August, 2009. The one mill property tax passed in 2010 represents 37 percent of the total cash received for governmental activities during the year. The State of Ohio reimburses political subdivisions for reductions in property taxes granted to certain property owners. These receipts are classified as Intergovernmental Receipts and represented four percent of the total cash received for governmental activities during the year. The remaining revenue received by the Library comes from fines and fees levied on patrons, interest earned on funds invested, donations to the Library, and other miscellaneous sources.

The number of people employed by the Library increased from 85 to 87. It is not likely that employment will increase significantly for the foreseeable future.

**Using the Basic Financial Statements**

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Library's cash basis of accounting.

**Report Components**

The Statement of Net Position and the Statement of Activities provide information about the cash activities of the Library as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Library as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

**SOUTHWEST PUBLIC LIBRARY  
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012  
UNAUDITED**

The notes to the basic financial statements are an integral part of the library-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

**Basis of Accounting**

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Library has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Library's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

**Reporting the Library as a Whole**

The Statement of Net Position and the Statement of Activities reflect how the Library did financially during 2013 and 2012, within the limitations of cash basis accounting. The Statement of Net Position presents the cash balances and investments of the governmental activities of the Library at year end. The Statement of Activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Library's general receipts.

These statements report the Library's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, one can think of these changes as one way to measure the Library's financial health. Over time, increases or decreases in the Library's cash position is one indicator of whether the Library's financial health is improving or deteriorating. When evaluating the Library's financial condition, you should also consider other factors as well such as the Library's recent diversification of its revenue sources with the passage of the property tax levy in November 2010 and the condition of the Library's capital assets and infrastructure.

The Statement of Net Position and the Statement of Activities are comprised of governmental activities only.

Governmental Activities. The Library's basic services are reported here, including personnel required to conduct programming and assist patrons, purchase of library materials, and the acquisition of goods and services required to provide basic library service to patrons. Receipts from the PLF and a one mill property tax levy financed most of these activities in 2013 and 2012. Services provided through governmental activities are not necessarily paid for by the people receiving them.

**SOUTHWEST PUBLIC LIBRARY  
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012  
UNAUDITED**

**Reporting the Library's Most Significant Funds**

Fund financial statements provide detailed information about the Library's major funds – not the Library as a whole. The Library establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Library are all classified as governmental.

Governmental Funds – All of the Library's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Library's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Library's programs. The Library's significant governmental funds are presented on the financial statements in separate columns. The Library's only major governmental funds are the General Fund and the Capital Projects Fund. The programs reported in governmental funds are identical to those reported in the governmental activities section of the entity-wide statements.

**The Library as a Whole**

Table 1 provides a summary of the Library's net position for 2013 compared to 2012 and 2012 compared to 2011 on a cash basis:

(Table 1)  
**Net Position**

	<u>Governmental Activities</u>		
	2013	2012	2011
<b>Assets</b>			
Cash and Cash Equivalents	<u>\$4,045,412</u>	<u>\$3,406,883</u>	<u>\$3,162,519</u>
<b>Net Position</b>			
Unrestricted	<u>\$ 4,045,412</u>	<u>\$3,406,883</u>	<u>\$3,162,519</u>

As mentioned previously, net position of governmental activities increased \$638,529 or 19 percent during 2013 and increased \$244,364 or 8 percent during 2012. The primary factors contributing to the increase in cash balances are as follows:

- Revenue in 2013 from the PLF increased \$77,573 from 2012 levels and revenue in 2012 from the PLF decreased \$187,972 from 2011 levels. These fluctuations were the results of changes to the formula used to allocate these funds to libraries in Ohio. Property tax receipts in 2013 increased \$50,465 from 2012 levels and property tax receipts in 2012 decreased \$192,458 from 2011 levels. These fluctuations resulted from changes to real estate valuations during the audit period. Revenue from 2013 intergovernmental receipts increased \$1,004 from 2012 levels and revenue from 2012 intergovernmental receipts decreased \$23,319 from 2011 levels. These fluctuations were the result of the changes to the amount of homestead/rollback received due to property tax revenue changes noted previously. Other revenue sources increased \$96,325 from 2012 levels and decreased \$15,894 from 2011 levels. These fluctuations resulted mainly from changes in the amount of donations and fine revenue received during the audit period.
- Expenditures for governmental activities decreased by \$168,798 from 2012 levels and increased by \$908,519 from 2011 levels. This was primarily due to a decrease in 2013 and an increase in 2012, respectively, in expenditures for salaries, employee benefits, supplies, purchased and contracted services, library materials, and capital equipment as mentioned earlier.

**SOUTHWEST PUBLIC LIBRARY  
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012  
UNAUDITED**

Table 2 reflects the changes in net position in 2013 and 2012.

(Table 2)  
**Changes in Net Position**

	Governmental Activities 2013	Governmental Activities 2012	Governmental Activities 2011
Receipts:			
Program Receipts:			
Patron Fines and Fees	\$121,480	\$138,583	\$ 149,942
Total Program Receipts	<u>121,480</u>	<u>138,583</u>	<u>149,942</u>
General Receipts:			
Property and Other Local Taxes	2,127,427	2,076,962	2,269,420
Intergovernmental	252,021	251,017	274,336
PLF Receipts	3,208,831	3,131,258	3,319,230
Grants and Donations Not Restricted to Specific Programs	104,994	8,831	9,760
Interest	425	764	553
Miscellaneous	68,313	50,709	54,526
Total General Receipts	<u>5,762,011</u>	<u>5,519,541</u>	<u>5,927,825</u>
Total Receipts	<u>5,883,491</u>	<u>5,658,124</u>	<u>6,077,767</u>
Cash Disbursements:			
Current:			
Library Services:			
Public Services and Programs	2,072,082	1,810,857	1,594,818
Collection Development and Processing	692,545	664,333	660,604
Support Services:			
Facilities Operation and Maintenance	1,072,921	1,011,057	958,946
Information Services	301,913	214,323	187,791
Business Administration	651,558	915,926	800,920
Capital Outlay	453,943	797,264	302,162
Total Disbursements	<u>5,244,962</u>	<u>5,413,760</u>	<u>4,505,241</u>
Increase in Net Position	638,529	244,364	1,572,526
Net Assets, January 1	<u>3,406,883</u>	<u>3,162,519</u>	<u>1,589,993</u>
Net Assets, December 31	<u>\$4,045,412</u>	<u>\$3,406,883</u>	<u>\$3,162,519</u>

**SOUTHWEST PUBLIC LIBRARY  
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012  
UNAUDITED**

Program receipts represent only 2.06 percent of total receipts for 2013 and 2.45 percent for 2012 and are primarily comprised of overdue fines and fees for using photocopiers and printers.

General receipts represent 97.94 percent of the Library's total receipts for 2013, and of this amount, 56 percent is from the PLF, 37 percent is from local property taxes and 4 percent is from Intergovernmental receipts. Donations, interest, and miscellaneous receipts make up the balance of the Library's general receipts (3 percent).

General receipts represent 97.55 percent of the Library's total receipts for 2012, and of this amount, 57 percent is from the PLF, 38 percent is from local property taxes and 4.6 percent is from Intergovernmental receipts. Donations, interest, and miscellaneous receipts make up the balance of the Library's general receipts (less than 1 percent).

Current disbursements for salary and benefits and purchased and contracted services represent the overhead costs of running the Library. These include salaries and benefits of staff members required to acquire and circulate library materials, conduct library related programming for children and adults, provide reference and computer services, and to provide logistical, administrative, and operational support for public service activities. Also included in these expenditures is the purchase of supplies required for the operation of the Library. Purchased services represent a large percentage of the total expenditures and are comprised of maintenance agreements on buildings and equipment, communications, insurance, property and equipment leases, building and site repair, library materials control, and contracted building security. Disbursements for library materials represent the purchase of books, DVDs, books on CD, electronic databases, music CDs, and electronic books for the use of and checkout by library patrons. Capital expenditures are for permanent improvements and the purchase of major equipment.

If you look at the Statement of Activities on pages 12 and 17, you will see that the first column lists the major services provided by the Library. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for Library Services – Public Services and Programs, which account for 39.5 and 33.4 percent, respectively, of all governmental disbursements, for both 2013 and 2012. The next column of the statement entitled program receipt identifies amounts paid by people who are directly charged for the service by the Library that must be used to provide a specific service. The net receipt(disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by locals. These net costs are paid from the general receipts, which are presented at the bottom of the statement. A comparison between the total cost of services and the net cost is presented in Table 3.\*\*

**SOUTHWEST PUBLIC LIBRARY  
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012  
UNAUDITED**

(Table 3)  
**Governmental Activities**

	Total Cost of Services 2013	Net Cost of Services 2013	Total Cost of Services 2012	Net Cost of Services 2012	Total Cost of Services 2011	Net Cost of Services 2011
Library Services:						
Public Services and Programs	2,072,082	1,950,602	1,810,857	1,672,274	1,594,818	1,444,876
Collection Development and Processing	692,545	692,545	663,333	664,333	660,604	660,604
Support Services: Facilities Operation and Maintenance	1,072,921	1,072,921	1,011,057	1,011,057	958,946	958,946
Information Services	301,913	301,913	214,323	214,323	187,791	187,791
Business Administration	651,558	651,558	915,926	915,926	800,920	800,920
Capital Outlay	453,943	453,943	797,264	797,264	302,162	302,162
Total Expenses	5,244,962	5,123,482	5,413,760	5,275,177	4,505,241	4,355,299

**The Library's Funds**

For 2013, total governmental funds had receipts of \$5,883,491 and disbursements of \$5,244,962. The General Fund increased by \$191,290 and the Capital Projects Fund increased by \$447,239 from 2012. The fund balance of the General Fund increased as a result of revenue exceeding expenditure for the year. The Capital Projects Funds increase as a result of an \$800,000 inter-fund transfer from the General Fund to fund future capital projects.

For 2012, total governmental funds had receipts of \$5,658,124 and disbursements of \$5,413,760. The General Fund increased by \$38,406 as a result of revenues exceeding expenditures for the year. The fund balance of the Capital Projects Fund increased by \$205,958; the result of an inter-fund transfer from the General Fund of \$500,000, which was offset by capital expenditures during the year.

**General Fund Budgeting Highlights**

The Library's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During 2013 and 2012, the Library passed temporary appropriations and a final appropriations measure. The temporary appropriations are set in December of the prior year based on the Board's best estimates. The final appropriations are set during the fiscal year when they Board has a better understanding of its fiscal needs for the year. There were no amendments to the budget after the final appropriations were passed. For 2013, actual General Fund receipts were above final budgeted receipts due to an unexpected donation which offset decreases in projected receipts from the PLF, property tax collections and patron fines and fees. For 2012, General Fund receipts were below budgeted receipts, primarily the result of decreased property tax collection and patron fines and fees.

**SOUTHWEST PUBLIC LIBRARY  
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012  
UNAUDITED**

For 2013, final disbursements were budgeted at \$7,272,185 while actual expenditures were \$5,789,270. Since expenditures were significantly below the total amount appropriated, no reduction in appropriations occurred. The Library has kept spending below budgeted amounts as demonstrated by the positive variance between the amount budgeted and the amount expended.

For 2012, final disbursements were budgeted at \$7,722,506 while actual expenditures were \$5,691,903. Since expenditures were significantly below the total amount appropriated, no reduction in appropriations occurred. The Library has kept spending below budgeted amounts as demonstrated by the positive variance between the amount budgeted and the amount expended.

**Capital Assets and Debt Administration**

**Capital Assets**

The Library does not currently keep track of its capital assets and infrastructure.

**Debt**

At December 31, 2013 and 2012, the Library had no outstanding debt.

**Current Issues**

The challenge for all libraries is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases substantially shrinking funding. Until November 2010, the Library relied heavily on the PLF to fund library operations. The passage of a property tax levy provides the Library with significant funding flexibility. However, the Library must remain vigilant in the control of expenditures in light of possible future weak economic conditions in the State of Ohio and the possibility of future reductions in the PLF by the State of Ohio and declines in property tax collections resulting from declining property valuations. The future of library funding from the State of Ohio is extremely uncertain and libraries must remain cautious when determining expenditure levels as a result. It is possible that the Ohio General Assembly will reduce library funding further for political or economic reasons. In response to these pressures, the Library will maintain stringent cost controls and continuously look for ways to reduce expenses without materially impacting service to library patrons.

**Contacting the Library's Financial Management**

This financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the Library's finances and to reflect the Library's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Mark M. Shaw, Director/Fiscal Officer, Southwest Public Library, 3359 Park Street, Grove City, Ohio 43123.



**SOUTHWEST PUBLIC LIBRARY  
FRANKLIN COUNTY**

**STATEMENT OF NET POSITION - CASH BASIS  
DECEMBER 31, 2013**

---

---

	<u>Governmental Activities</u>
<b>Assets</b>	
Cash and Cash Equivalents	<u>\$ 4,045,412</u>
<i>Total Assets</i>	<u><u>\$ 4,045,412</u></u>
<b>Net Position</b>	
Unrestricted	<u>\$ 4,045,412</u>
<i>Total Net Position</i>	<u><u>\$ 4,045,412</u></u>

See accompanying notes to the basic financial statements

**SOUTHWEST PUBLIC LIBRARY  
FRANKLIN COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Cash Disbursements	Program Cash Receipts Charges for Services and Sales	Net (Disbursements) Receipts and Changes in Net Position Governmental Activities
<b>Governmental Activities</b>			
Current:			
Library Services:			
Public Services and Programs	\$ 2,072,082	\$ 121,480	\$ (1,950,602)
Collection Development and Processing	692,545	-	(692,545)
Support Services:			
Facilities Operation and Maintenance	1,072,921	-	(1,072,921)
Information Services	301,913	-	(301,913)
Business Administration	651,558	-	(651,558)
Capital Outlay	453,943	-	(453,943)
<i>Total Governmental Activities</i>	<u>\$ 5,244,962</u>	<u>\$ 121,480</u>	<u>(5,123,482)</u>
General Receipts:			
			2,127,427
			3,208,831
			252,021
			104,994
			425
			68,313
			<u>5,762,011</u>
			638,529
			<u>3,406,883</u>
			<u>\$ 4,045,412</u>

See accompanying notes to the basic financial statements

**SOUTHWEST PUBLIC LIBRARY  
FRANKLIN COUNTY**

**STATEMENT OF ASSETS AND FUND BALANCES - CASH BASIS  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2013**

	General	Capital Projects Funds	Total Governmental Funds
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$ 1,752,373	\$ 2,293,039	\$ 4,045,412
<i>Total Assets</i>	<u>\$ 1,752,373</u>	<u>\$ 2,293,039</u>	<u>\$ 4,045,412</u>
<b>Fund Balances</b>			
Committed	\$ -	\$ 14,894	\$ 14,894
Assigned	97,069	2,278,145	2,375,214
Unassigned	1,655,304	-	1,655,304
<i>Total Fund Balances</i>	<u>\$ 1,752,373</u>	<u>\$ 2,293,039</u>	<u>\$ 4,045,412</u>

See accompanying notes to the basic financial statements

**SOUTHWEST PUBLIC LIBRARY  
FRANKLIN COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES - CASH BASIS  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	General	Capital Projects Fund	Total Governmental Funds
<b>Receipts</b>			
Property and Other Local Taxes	\$ 2,127,427	\$ -	\$ 2,127,427
Public Library	3,208,831	-	3,208,831
Intergovernmental	252,021	-	252,021
Patron Fines and Fees	121,480	-	121,480
Contributions, Gifts and Donations	104,994	-	104,994
Earnings on Investments	425	-	425
Miscellaneous	68,313	-	68,313
<i>Total Receipts</i>	<u>5,883,491</u>	<u>-</u>	<u>5,883,491</u>
<b>Disbursements</b>			
Current:			
Library Services:			
Public Services and Programs	2,072,082	-	2,072,082
Collection Development and Processing	692,545	-	692,545
Support Services:			
Facilities Operation and Maintenance	1,072,921	-	1,072,921
Information Services	301,913	-	301,913
Business Administration	651,558	-	651,558
Capital Outlay	101,182	352,761	453,943
<i>Total Disbursements</i>	<u>4,892,201</u>	<u>352,761</u>	<u>5,244,962</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>991,290</u>	<u>(352,761)</u>	<u>638,529</u>
<b>Other Financing Sources (Uses)</b>			
Transfers In	-	800,000	800,000
Transfers Out	(800,000)	-	(800,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(800,000)</u>	<u>800,000</u>	<u>-</u>
<i>Net Change in Fund Balances</i>	191,290	447,239	638,529
<i>Fund Balances Beginning of Year</i>	<u>1,561,083</u>	<u>1,845,800</u>	<u>3,406,883</u>
<i>Fund Balances End of Year</i>	<u>\$ 1,752,373</u>	<u>\$ 2,293,039</u>	<u>\$ 4,045,412</u>

See accompanying notes to the basic financial statements

**SOUTHWEST PUBLIC LIBRARY  
FRANKLIN COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Receipts</b>				
Property and Other Local Taxes	\$ 2,056,531	\$ 2,145,868	\$ 2,127,427	\$ (18,441)
Public Library	3,228,826	3,228,825	3,208,831	(19,994)
Intergovernmental	301,959	241,806	252,021	10,215
Patron Fines and Fees	150,000	150,000	121,480	(28,520)
Contributions, Gifts and Donations	20,000	20,000	104,994	84,994
Earnings on Investments	-	-	425	425
Miscellaneous	26,000	26,000	68,313	42,313
<i>Total Receipts</i>	<u>5,783,316</u>	<u>5,812,499</u>	<u>5,883,491</u>	<u>70,992</u>
<b>Disbursements</b>				
Current:				
Library Services:				
Public Services and Programs	2,061,310	2,114,866	2,072,082	42,784
Collection Development and Processing	825,747	835,639	748,933	86,706
Support Services:				
Facilities Operation and Maintenance	1,121,680	1,235,097	1,074,987	160,110
Information Services	329,155	354,980	301,913	53,067
Business Administration	742,361	804,673	690,173	114,500
Capital Outlay	128,582	128,582	101,182	27,400
Contingency	2,063,350	998,348	-	998,348
<i>Total Disbursements</i>	<u>7,272,185</u>	<u>6,472,185</u>	<u>4,989,270</u>	<u>1,482,915</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(1,488,869)</u>	<u>(659,686)</u>	<u>894,221</u>	<u>1,553,907</u>
<b>Other Financing Uses</b>				
Transfers Out	-	(800,000)	(800,000)	-
<i>Total Other Financing Uses</i>	<u>-</u>	<u>(800,000)</u>	<u>(800,000)</u>	<u>-</u>
<i>Net Change in Fund Balance</i>	(1,488,869)	(1,459,686)	94,221	1,553,907
<i>Fund Balance Beginning of Year</i>	1,488,898	1,488,898	1,488,898	-
Prior Year Encumbrances Appropriated	72,185	72,185	72,185	-
<i>Fund Balance End of Year</i>	<u>\$ 72,214</u>	<u>\$ 101,397</u>	<u>\$ 1,655,304</u>	<u>\$ 1,553,907</u>

See accompanying notes to the basic financial statements

**SOUTHWEST PUBLIC LIBRARY  
FRANKLIN COUNTY**

**STATEMENT OF NET POSITION - CASH BASIS  
DECEMBER 31, 2012**

---

---

	<u>Governmental Activities</u>
<b>Assets</b>	
Cash and Cash Equivalents	<u>\$ 3,406,883</u>
<i>Total Assets</i>	<u><u>\$ 3,406,883</u></u>
<b>Net Position</b>	
Unrestricted	<u>\$ 3,406,883</u>
<i>Total Net Position</i>	<u><u>\$ 3,406,883</u></u>

See accompanying notes to the basic financial statements

**SOUTHWEST PUBLIC LIBRARY  
FRANKLIN COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	Cash Disbursements	Program Cash Receipts Charges for Services and Sales	Net (Disbursements) Receipts and Changes in Net Position Governmental Activities
<b>Governmental Activities</b>			
Current:			
Library Services:			
Public Services and Programs	\$ 1,810,857	\$ 138,583	\$ (1,672,274)
Collection Development and Processing	664,333	-	(664,333)
Support Services:			
Facilities Operation and Maintenance	1,011,057	-	(1,011,057)
Information Services	214,323	-	(214,323)
Business Administration	915,926	-	(915,926)
Capital Outlay	797,264	-	(797,264)
<b>Total Governmental Activities</b>	<b>\$ 5,413,760</b>	<b>\$ 138,583</b>	<b>(5,275,177)</b>
General Receipts:			
Property Taxes Levied for General Purposes			2,076,962
Public Library Fund			3,131,258
Grants and Entitlements Not Restricted			251,017
Unrestricted Gifts and Contributions			8,831
Earnings on Investments			764
Miscellaneous			50,709
<b>Total General Receipts</b>			<b>5,519,541</b>
Change in Net Position			244,364
<b>Net Position Beginning of Year</b>			<b>3,162,519</b>
<b>Net Position End of Year</b>			<b>\$ 3,406,883</b>

See accompanying notes to the basic financial statements

**SOUTHWEST PUBLIC LIBRARY  
FRANKLIN COUNTY**

**STATEMENT OF ASSETS AND FUND BALANCES - CASH BASIS  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2012**

	General	Capital Projects Funds	Total Governmental Funds
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$ 1,561,083	\$ 1,845,800	\$ 3,406,883
<i>Total Assets</i>	<u>\$ 1,561,083</u>	<u>\$ 1,845,800</u>	<u>\$ 3,406,883</u>
<b>Fund Balances</b>			
Committed	\$ -	\$ 49,481	\$ 49,481
Assigned	72,185	1,796,319	1,868,504
Unassigned	1,488,898	-	1,488,898
<i>Total Fund Balances</i>	<u>\$ 1,561,083</u>	<u>\$ 1,845,800</u>	<u>\$ 3,406,883</u>

See accompanying notes to the basic financial statements



**SOUTHWEST PUBLIC LIBRARY  
FRANKLIN COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES - CASH BASIS  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	General	Capital Projects Fund	Total Governmental Funds
<b>Receipts</b>			
Property and Other Local Taxes	\$ 2,076,962	\$ -	\$ 2,076,962
Public Library	3,131,258	-	3,131,258
Intergovernmental	251,017	-	251,017
Patron Fines and Fees	138,583	-	138,583
Contributions, Gifts and Donations	8,831	-	8,831
Earnings on Investments	764	-	764
Miscellaneous	50,709	-	50,709
<i>Total Receipts</i>	<u>5,658,124</u>	<u>-</u>	<u>5,658,124</u>
<b>Disbursements</b>			
Current:			
Library Services:			
Public Services and Programs	1,810,857	-	1,810,857
Collection Development and Processing	664,333	-	664,333
Support Services:			
Facilities Operation and Maintenance	1,011,057	-	1,011,057
Information Services	214,323	-	214,323
Business Administration	915,926	-	915,926
Capital Outlay	503,222	294,042	797,264
<i>Total Disbursements</i>	<u>5,119,718</u>	<u>294,042</u>	<u>5,413,760</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>538,406</u>	<u>(294,042)</u>	<u>244,364</u>
<b>Other Financing Sources (Uses)</b>			
Transfers In	-	500,000	500,000
Transfers Out	(500,000)	-	(500,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(500,000)</u>	<u>500,000</u>	<u>-</u>
<i>Net Change in Fund Balances</i>	38,406	205,958	244,364
<i>Fund Balances Beginning of Year</i>	<u>1,522,677</u>	<u>1,639,842</u>	<u>3,162,519</u>
<i>Fund Balances End of Year</i>	<u>\$ 1,561,083</u>	<u>\$ 1,845,800</u>	<u>\$ 3,406,883</u>

See accompanying notes to the basic financial statements

**SOUTHWEST PUBLIC LIBRARY  
FRANKLIN COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Receipts</b>				
Property and Other Local Taxes	\$ 2,217,891	\$ 2,121,461	\$ 2,076,962	\$ (44,499)
Public Library Fund	3,151,910	3,131,258	3,131,258	-
Intergovernmental	324,132	240,110	251,017	10,907
Patron Fines and Fees	160,000	160,000	138,583	(21,417)
Contributions, Gifts and Donations	10,000	10,000	8,831	(1,169)
Earnings on Investments	1,000	1,000	764	(236)
Miscellaneous	36,000	36,000	50,709	14,709
<i>Total receipts</i>	<u>5,900,933</u>	<u>5,699,829</u>	<u>5,658,124</u>	<u>(41,705)</u>
<b>Disbursements</b>				
Current:				
Library Services:				
Public Services and Programs	1,793,800	1,827,195	1,810,887	16,308
Collection Development and Processing	781,080	792,929	722,479	70,450
Support Services:				
Facilities Operation and Maintenance	1,005,332	1,123,134	1,012,390	110,744
Information Services	196,028	236,628	214,323	22,305
Business Administration	2,967,385	2,693,739	920,020	1,773,719
Capital Outlay	478,881	548,881	511,804	37,077
<i>Total Disbursements</i>	<u>7,222,506</u>	<u>7,222,506</u>	<u>5,191,903</u>	<u>2,030,603</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(1,321,573)</u>	<u>(1,522,677)</u>	<u>466,221</u>	<u>(2,072,308)</u>
<b>Other Financing Uses</b>				
Transfers Out	-	(500,000)	(500,000)	-
<i>Total Other Financing Uses</i>	<u>-</u>	<u>(500,000)</u>	<u>(500,000)</u>	<u>-</u>
<i>Net Change in Fund Balance</i>	<u>(1,321,573)</u>	<u>(2,022,677)</u>	<u>(33,779)</u>	<u>(2,072,308)</u>
<i>Fund Balance Beginning of Year</i>	1,112,149	1,112,149	1,112,149	-
Prior Year Encumbrances Appropriated	410,528	410,528	410,528	-
<i>Fund Balance End of Year</i>	<u>\$ 201,104</u>	<u>\$ (500,000)</u>	<u>\$ 1,488,898</u>	<u>\$ (2,072,308)</u>

See accompanying notes to the basic financial statements

**SOUTHWEST PUBLIC LIBRARY  
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012**

**Note 1 – Description of the Library and Reporting Entity**

The Southwest Public Library, Franklin County (the Library) was organized as a school district public library (boundaries are coterminous with South-Western City Schools) in 1923 under the laws of the State of Ohio. The Library has its own seven-member Board of Trustees appointed by the South-Western City School District Board of Education. Appointments are for seven-year terms and members serve without compensation. Under Ohio statutes, the Library is a body politic and corporate capable of suing and being sued, contracting, acquiring, holding, possessing, and disposing of real property, and of exercising such other powers and privileges conferred upon it by law. The Library also determines and operates under its own budget. Control and management of the Library is governed by sections 3375.33 to 3375.39 of the Ohio Revised Code with the administration of the day-to-day operations of the Library being the responsibility of the Director and financial accountability being solely that of the Treasurer.

The Library is fiscally independent of the Board of Education, although the Board of Education serves in a ministerial capacity as the taxing authority for the Library. The determination to request approval of a tax levy, the role and purpose of the levy, are discretionary decisions made solely by the Board of Library Trustees. Once those decisions are made, the Board of Education must put the levy on the ballot. There is no potential for the Library to provide a financial benefit to or impose a financial burden on the Board of Education.

Component units are legally separate organizations for which the Library is financially accountable. The Library is financially accountable for an organization if the Library appoints a voting majority of the organization's governing board; and (1) the Library is able to significantly influence the programs or services performed or provided by the organization; or (2) the Library is legally entitled to or can otherwise access the organization's resources; the Library is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Library is obligated for the debt of the organization. Component units may also include organizations for which the Library authorizes the issuance of debt or the levying of taxes or determines the budget if there is also the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the Library. The Library has no component units.

The Friends of the Southwest Public Library, Inc. is a not-for-profit organization with a self-appointing board. The Library is not financially accountable for the organization, nor does the Library approve the budget or the issuance of debt of the organization. The economic resources received or held by the organization that the Library is entitled to, or has the ability to otherwise access, are not significant to the Library. Therefore, this organization has been excluded from the reporting entity of the Library.

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

**Note 2 - Summary of Significant Accounting Policies**

As discussed further in the Basis of Accounting section of this note, the financial statements of the Southwest Public Library have been prepared on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. The most significant of the Library's accounting policies are described below.

**SOUTHWEST PUBLIC LIBRARY  
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

**Note 2 - Summary of Significant Accounting Policies – (continued)**

A. Basis of Presentation

The Library's basic financial statements consist of government-wide statements, including a Statement of Net Position and a Statement of Activities, and fund financial statements, which provide a more detailed level of financial information.

Government-wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the Library as a whole. Governmental activities generally are financed through taxes, intergovernmental receipts and other nonexchange transactions.

The Statement of Net Position presents the cash and investment balances of the governmental activities of the Library at year end. The Statement of Activities compares disbursements with program receipts for each of the Library's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Library is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program, and receipts of interest earned on grants that are required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function or business-type activity is self-financing on a modified cash basis or draws from the Library's general receipts.

Fund Financial Statements

During the year, the Library segregates transactions related to certain Library functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Library at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column.

Fund Accounting

The Library uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The Library's funds are all classified as governmental.

Governmental Funds

Governmental funds are financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions. Monies are assigned to the various governmental funds according to the purposes for which they may or must be used. The following are the Library's major governmental funds

**General Fund** The General Fund accounts for and reports all financial resources not accounted for and reported in another fund. The General Fund balance is available to the Library for any purpose provided it is expended or transferred according to the general laws of Ohio.

**SOUTHWEST PUBLIC LIBRARY  
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

**Note 2 - Summary of Significant Accounting Policies – (continued)**

***Capital Projects Fund*** The Capital Projects Fund accounts for and reports resources committed or assigned by the Board of Library Trustees specifically for major capital and technology improvements.

**B. Basis of Accounting**

The Library's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Library's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Library are described in the appropriate section in this note.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued liabilities and the related expenses) are not recorded in these financial statements.

**C. Budgetary Process**

All funds are legally required to be appropriated. The appropriations resolution is the Trustee's authorization to spend resources and sets limits on cash disbursements plus encumbrances at the level of control selected by the Trustees. The legal level of control has been established at the fund and major category of the object code level for all funds. Budgetary modifications at the legal level of control may only be made by resolution of the Board of Library Trustees.

For control purposes, the Library estimates cash receipts for the year. These estimated receipts, together with the unencumbered carry-over balances from the prior year, set a limit on the amount the Trustees may appropriate. The estimated receipts may be revised during the year if projected increases or decreases in receipts are identified by the Clerk Treasurer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts of estimated resources at the time final appropriations were enacted by the Trustees.

The appropriations resolution is subject to amendment throughout the year with the restriction that appropriations should not exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Trustees during the year.

**D. Cash and Cash Equivalents**

To improve cash management, cash received by the Library is pooled and invested. Individual fund integrity is maintained through the Library's records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents."

**SOUTHWEST PUBLIC LIBRARY  
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

**Note 2 - Summary of Significant Accounting Policies – (continued)**

**D. Cash and Cash Equivalents (continued)**

Investments with original maturities of three months or less at the time they are purchased and investments of the cash management pool are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as 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 negative receipts (contra revenue), respectively.

During 2013 and 2012, investments were limited to STAR Ohio.

STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31, 2013 and 2012.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue credited to the General Fund during 2013 amounted to \$425, of which \$241 represents interest assigned from other funds. Interest revenue credited to the General Fund during 2012 amounted to \$764, of which \$414 represents interest assigned from other funds.

**E. Restricted Assets**

Cash, cash equivalents, and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, laws of other governments, or imposed by enabling legislation. There were no restricted assets as of December 31, 2013 or 2012.

**F. Inventory and Prepaid Items**

The Library reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

**G. Capital Assets**

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

**H. Accumulated Leave**

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Library's cash basis of accounting.

**SOUTHWEST PUBLIC LIBRARY  
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

**Note 2 - Summary of Significant Accounting Policies – (continued)**

**I. Employer Contributions to Cost-Sharing Pension Plans**

The Library recognizes the disbursement for its employer contributions to cost-sharing pension plans when they are paid. As described in Notes 7 and 8, the employer contributions include portions for pension benefits and for postretirement health care benefits.

**J. Long-Term Obligations**

The Library's cash basis financial statements do not report liabilities for long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither other financing source nor capital outlay are reported at inception. Lease payments are reported when paid. At December 31, 2013 and 2012, the Library had no long-term obligations.

**K. Net Position**

Net position is reported as restricted when there are limitations imposed on its use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes include resources restricted for capital projects. The Library's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net position is available. As of December 31, 2013 and 2012, the Library had no restricted net position.

**L. Fund Balance**

Fund balance is divided into five classifications based primarily on the extent to which the Library is bound to observe constraints imposed upon the use of its governmental funds. The classifications are as follows:

***Nonspendable*** The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

***Restricted*** Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

***Committed*** The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (resolution) of Library Trustees. Those committed amounts cannot be used for any other purpose unless the Library Trustees remove or change the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

**SOUTHWEST PUBLIC LIBRARY  
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

**Note 2 - Summary of Significant Accounting Policies – (continued)**

L. Fund Balance – (continued)

**Assigned** Amounts in the assigned fund balance classification are intended to be used by the Library for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Library Trustees or a Library official delegated that authority by resolution, or by State Statute.

**Unassigned** Unassigned fund balance is the residual classification for the General Fund and includes amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Library applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

The Library does not have a formal minimum fund balance policy.

K. Interfund Transfers

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

**Note 3 – Budgetary Basis of Accounting**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the General Fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as a committed or assigned fund balance (cash basis). The encumbrances outstanding at year end (budgetary basis) amounted to \$97,069 and \$72,185 for 2013 and 2012, respectively, for the General Fund.



**SOUTHWEST PUBLIC LIBRARY  
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

**Note 4 - Deposits and Investments**

Monies held by the Library are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Library treasury. Active monies must be maintained either as cash in the Library treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Board has identified as not required for use within the current five-year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

Interim monies held by the Library can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

**SOUTHWEST PUBLIC LIBRARY  
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

**Note 4 - Deposits and Investments – (continued)**

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the Library, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

At year end 2013 and year end 2012, the Library had \$850 in undeposited cash on hand, which is included on the Balance Sheet of the Library as part of "Equity in Pooled Cash and Cash Equivalents."

**Deposits**

Custodial credit risk for deposits is the risk that in the event of bank failure, the Library will not be able to recover deposits or collateral securities that are in the possession of an outside party. At December 31, 2013, \$2,814,740 of the Library's bank balance of \$3,064,740 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Library's name. At December 31, 2012, \$2,202,321 of the Library's bank balance of \$2,452,321 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Library's name.

The Library has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Library or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

**Investments**

As of December 31, 2013 and 2012, the Library had the following investments:

Investment Type	2013 Carrying Value	2012 Carrying Value
STAR Ohio	\$996,099	\$995,690
2013 Total Investments	\$996,099	\$995,690

**SOUTHWEST PUBLIC LIBRARY  
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

**Note 4 - Deposits and Investments – (continued)**

Investments – (continued)

Interest Rate Risk – Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The Library's investment policy addresses interest rate risk by requiring that the Library's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments, thereby avoiding the need to sell securities on the open market prior to maturity, and by investing operating funds primarily in short-term investments. The Library investment policy also limits security purchases to those that of an overnight repurchase agreement which matures daily. To date, no investments have been purchased with a life greater than one year.

Credit Risk – The Library has no investment policy dealing with investment credit risk beyond the requirements in State statute. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The investment in STAR Ohio carries a rating of AAAm by Standard and Poor's rating service. .

Concentration of Credit Risk – The Library places no limit on the amount it may invest in any one issuer; however, investments are limited to low risk securities, with the expectation of earning the market rate of return. At December 31, 2013 and 2012, the Library's investment in STAR Ohio represents 100 percent of the Library's total investments.

**Note 5 – Public Library Fund Revenues 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 county's prior intangible tax of PLF 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 any additional revenues the Library receives.

The Library passed a property tax levy in 2010, effective for 2011. 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 Intergovernmental Revenue. 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.

**SOUTHWEST PUBLIC LIBRARY  
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

**Note 5 – Public Library Fund Revenues and Tax Receipts – (continued)**

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.

**Note 6 - Risk Management**

The Library is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2013 and 2012, the Library contracted with Auto-Owners and United States Liability Insurance companies to provide insurance coverage for comprehensive property and general liability, auto, commercial property, employer liability, and Directors and Officers Liability.

There were no claims in any of the last three years and there was no significant reduction in coverage from the prior year.

The Library pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs. The System administers and pays all claims.

**Note 7 - Defined Benefit Pension Plan**

Plan Description - The Library participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member-directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member-directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the traditional and combined plans. Members of the member-directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

For the years ended December 31, 2013 and 2012, the members of all three plans were required to contribute 10 percent of their annual covered salaries. The Library's contribution rate for pension benefits for the years ended December 31, 2013 and 2012 was 14 percent. The Ohio Revised Code provides statutory authority for member and employer contributions.

**SOUTHWEST PUBLIC LIBRARY  
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

**Note 7 - Defined Benefit Pension Plan – (continued)**

The Library's required contributions for pension obligations for all plans for the years ended December 31, 2013, 2012, and 2011 were \$307,409, \$304,830, and \$270,308 respectively. The full amount has been contributed for 2013, 2012 and 2011.

**Note 8 - Postemployment Benefits**

Plan Description - OPERS maintains a cost-sharing multiple-employer defined benefit postemployment healthcare plan for qualifying members of both the traditional and combined pension plans. Members of the member-directed plan do not qualify for ancillary benefits, including postemployment healthcare. The plan includes a medical plan, a prescription drug program and Medicare Part B premium reimbursement.

To qualify for postemployment healthcare coverage, age and service retirees under the traditional and combined plans must have ten years or more of qualifying Ohio service credit. Healthcare coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised code permits, but does not require, OPERS to provide healthcare benefits to eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the healthcare plan are provided separately in the OPERS financial report which may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or (800) 222 – 7377.

Funding Policy – The postemployment healthcare plan was established under, and is administered in accordance with, Internal Revenue Code 401 (h). State statute requires that public employers fund postemployment healthcare through contributions to OPERS. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postemployment healthcare.

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2011 and 2010, local government employers contributed 14 percent of covered payroll. Each year, The OPERS retirement board determines the portion of the employer contribution that will be set aside for funding postemployment healthcare benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 4 percent for 2013 and 2012.

The retirement board is also authorized to establish rules for the payment of a portion of the healthcare benefits by the retiree or retiree's surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and selected coverage.

The Library's contributions allocated to fund postemployment healthcare benefits for the years ended December 31, 2013, 2012, and 2011 were \$12,296, \$12,193, and \$13,515 respectively; 100 percent has been contributed for 2013, 2012 and 2011.

**SOUTHWEST PUBLIC LIBRARY  
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

**Note 8 - Postemployment Benefits – (continued)**

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) which was effective January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007, and January 1, 2008, which allowed additional funds to be allocated to the healthcare plan.

The Library's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2013 and 2012, 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, 2013.

**Note 9 – Operating Lease**

The Library leases the building that houses the Westland Area Library located at 4740 West Broad Street, Columbus, Ohio 43228. The building is part of the Lincoln Village Shopping Center and was owned by Nationwide Development Corporation of Columbus Ohio until September 2009, when it was acquired by Echo Property Development of Pittsburgh, Pennsylvania. The terms of the original lease agreement with Nationwide Development continue to be in effect; however, a modification to that lease agreement went into effect on April 1, 2011. The modification extends the lease agreement another five years and six months. The Library disbursed \$325,575 to pay lease costs for the year ended December 31, 2013 and disbursed \$322,222 to pay lease costs for the year ended December 31, 2012. Future lease payments are as follows:

<u>Year</u>	<u>Amount</u>
2014	\$220,810
2015	220,810
2016	220,810
2017	220,810
2018	220,810
2019-2021	662,430
Total	<u>\$1,766,480</u>

Part of the Library's lease payment is for property taxes incurred by Echo Property Development and reimbursement of common area maintenance charges for the shopping center. Future additional property taxes will cause the amounts listed above to increase by the amount of the property tax attributable to the 4740 West Broad Street location. It is not possible to predict when these increases may occur or what the amounts of the increases will be. Common area maintenance charges fluctuate based on the maintenance needs of the shopping center. It is not possible to predict what these charges will be in the future.

**SOUTHWEST PUBLIC LIBRARY  
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

**Note 10 – Contingent Liabilities**

The Library was not a party to any lawsuits or any litigation as of December 31, 2013 or 2012, and is not currently a defendant in any legal case.

**Note 11 – Changes in Accounting Principle**

The Library has implemented Governmental Accounting Standard Board (GASB) *Statement No. 61, "The Financial Reporting Entity: Omnibus," Statement No.62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989, FASB and AICPA Pronouncements," Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position,"* and *Statement No. 65, "Items Previously Reported as Assets and Liabilities."*

GASB *Statement No. 61* modifies existing requirements for the assessment of potential component units in determining what should be included in the financial reporting entity, and financial reporting entity display and disclosure requirements. The implementation of this statement did not result in any change in the Library's financial statements.

*GASB Statement No. 62* incorporates into GASB's authoritative literature certain FASB and AICPA pronouncements issued on or before November 30, 1989. The implementation of this statement did not result in any change in the Library's financial statements.

*GASB Statement No. 63* provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related note disclosures. These changes were incorporated in the Library's 2012 and 2013 financial statements; however, there was no effect on beginning net position/fund balance.

*GASB Statement No. 65* properly classifies certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources or recognizes certain items that were previously reported as assets and liabilities as outflows of resources (expenses or expenditures) or inflows of resources (revenues). These changes were incorporated in the Library's 2012 and 2013 financial statements; however, there was no effect on beginning net position/fund balance.

**Note 12 – Interfund Transfers**

The General Fund transferred \$800,000 and \$500,000 to the Capital Projects Fund during 2013 and 2012, respectively, for the payment of capital projects undertaken by the Library.

**Note 13 – Fund Balances**

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Library is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds are presented below:

**SOUTHWEST PUBLIC LIBRARY  
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

**Note 13 – Fund Balances – (continued)**

2013			
Fund Balances	General	Capital Projects Fund	Total
<b>Committed to</b>			
Capital Projects	0	14,894	14,894
<b>Assigned to</b>			
Encumbrances	97,069	0	97,069
Capital Projects	0	2,278,145	2,278,145
<i>Total Assigned</i>	<u>97,069</u>	<u>2,278,145</u>	<u>2,375,214</u>
<b>Unassigned</b>	<u>1,655,304</u>	<u>0</u>	<u>1,655,304</u>
<i>Total Fund Balances</i>	<u><u>\$1,752,373</u></u>	<u><u>\$2,293,039</u></u>	<u><u>\$4,045,412</u></u>
2012			
Fund Balances	General	Capital Projects Fund	Total
<b>Committed to</b>			
Capital Projects	0	49,481	49,481
<b>Assigned to</b>			
Encumbrances	72,185	0	72,185
Capital Projects	0	1,796,319	1,796,319
<i>Total Assigned</i>	<u>72,185</u>	<u>1,796,319</u>	<u>1,868,504</u>
<b>Unassigned</b>	<u>1,488,898</u>	<u>0</u>	<u>1,488,898</u>
<i>Total Fund Balances</i>	<u><u>\$1,561,083</u></u>	<u><u>\$1,845,800</u></u>	<u><u>\$3,406,883</u></u>





# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS 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, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities and each major fund of Southwest Public Library, Franklin County, (the Library) as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements and have issued our report thereon dated July 7, 2014, wherein we noted the Library uses a special purpose framework other than generally accepted accounting principles.

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

As part of our financial statement audit, we considered the Library's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Library's internal control. Accordingly, we have not opined on it.

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 a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Library's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

***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, opining 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*.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Library's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Library's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**Dave Yost**  
Auditor of State  
Columbus, Ohio

July 7, 2014



# Dave Yost • Auditor of State

**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  
JULY 22, 2014**