



**FRANKLIN PUBLIC LIBRARY
WARREN COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000-1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

FRANKLIN PUBLIC LIBRARY
WARREN COUNTY

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INDEPENDENT ACCOUNTANTS' REPORT

Franklin Public Library
Warren County
400 Anderson Street
Franklin, Ohio 45005

To the Board of Trustees:

We have audited the accompanying financial statements of Franklin Public Library, Warren County, Ohio (the Library), as of and for the years ended December 31, 2000 and 1999. These financial statements are the responsibility of the Library's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with 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 audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Library prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other 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, 2000 and 1999, 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 March 15, 2001, on our consideration of the Library's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of management, the Board of Trustees and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

March 15, 2001

**FRANKLIN PUBLIC LIBRARY
WARREN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Governmental Fund Types</u>		<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
Cash Receipts:				
Other Government Grants-In-Aid	\$1,443,902			\$1,443,902
Patron Fines and Fees	21,448			21,448
Earnings on Investments	35,044	\$61,775	\$21,013	117,832
Contributions, Gifts and Donations	1,180		11,553	12,733
Miscellaneous Receipts	14,257			14,257
Total Cash Receipts	<u>1,515,831</u>	<u>61,775</u>	<u>32,566</u>	<u>1,610,172</u>
Cash Disbursements:				
Current:				
Salaries and Benefits	603,213			603,213
Purchased and Contracted Services	93,805	81,530		175,335
Other Objects	319,984		5,033	325,017
Capital Outlay	35,384	751	216,078	252,213
Total Cash Disbursements	<u>1,052,386</u>	<u>82,281</u>	<u>221,111</u>	<u>1,355,778</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>463,445</u>	<u>(20,506)</u>	<u>(188,545)</u>	<u>254,394</u>
Other Financing Receipts/(Disbursements):				
Proceeds of Notes Issued by Franklin City School District		3,000,000		3,000,000
Transfers-In		409,000		409,000
Transfers-Out	(409,000)			(409,000)
Total Other Financing Receipts/(Disbursements)	<u>(409,000)</u>	<u>3,409,000</u>	<u>0</u>	<u>3,000,000</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>54,445</u>	<u>3,388,494</u>	<u>(188,545)</u>	<u>3,254,394</u>
Fund Cash Balances, January 1	<u>326,809</u>	<u>930,758</u>	<u>335,087</u>	<u>1,592,654</u>
Fund Cash Balances, December 31	<u>\$381,254</u>	<u>\$4,319,252</u>	<u>\$146,542</u>	<u>\$4,847,048</u>
Reserves for Encumbrances, December 31	<u>\$30,689</u>	<u>\$45,591</u>	<u>\$2,555</u>	<u>\$78,835</u>

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

**FRANKLIN PUBLIC LIBRARY
WARREN COUNTY**

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

	<u>Governmental Fund Types</u>		<u>Fiduciary</u> <u>Fund Type</u>	<u>Totals</u> <u>(Memorandum</u> <u>Only)</u>
	<u>General</u>	<u>Capital</u> <u>Projects</u>	<u>Expendable</u> <u>Trust</u>	
Cash Receipts:				
Other Government Grants-In-Aid	\$1,306,607			\$1,306,607
Patron Fines and Fees	23,285			23,285
Earnings on Investments	40,984	\$12,665	\$17,317	70,966
Contributions, Gifts and Donations	1,225		650	1,875
Miscellaneous Receipts	11,062			11,062
Total Cash Receipts	<u>1,383,163</u>	<u>12,665</u>	<u>17,967</u>	<u>1,413,795</u>
Cash Disbursements:				
Current:				
Salaries and Benefits	577,262	2,235		579,497
Purchased and Contracted Services	89,647	6,880		96,527
Other Objects	247,657		5,326	252,983
Capital Outlay	35,808	163,016	35,420	234,244
Total Cash Disbursements	<u>950,374</u>	<u>172,131</u>	<u>40,746</u>	<u>1,163,251</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>432,789</u>	<u>(159,466)</u>	<u>(22,779)</u>	<u>250,544</u>
Other Financing Receipts/(Disbursements):				
Transfers-In		482,000		482,000
Transfers-Out	<u>(482,000)</u>			<u>(482,000)</u>
Total Other Financing Receipts/(Disbursements)	<u>(482,000)</u>	<u>482,000</u>	<u>0</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(49,211)	322,534	(22,779)	250,544
Fund Cash Balances, January 1	<u>376,020</u>	<u>608,224</u>	<u>357,866</u>	<u>1,342,110</u>
Fund Cash Balances, December 31	<u>\$326,809</u>	<u>\$930,758</u>	<u>\$335,087</u>	<u>\$1,592,654</u>
Reserves for Encumbrances, December 31	<u>\$57,420</u>	<u>\$750</u>	<u>\$888</u>	<u>\$59,058</u>

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

**FRANKLIN PUBLIC LIBRARY
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

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

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash and Investments

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

The investment in STAROhio (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 Project 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 project funds:

Building Fund - Used to record the related receipts and expenditures of the Library's building fund.

**FRANKLIN PUBLIC LIBRARY
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Fiduciary Funds (Expendable Trust Funds)

These funds are used to account for resources restricted by legally binding trust agreements. The Library had the following significant fiduciary funds:

Springboro Garland Fund - Used to record the monies received from the City of Springboro earmarked on customer water and sewer bills.

Hankinson Fund - Used to record the receipts and expenditures of the Hankinson Trust Fund.

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 2000 and 1999 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as 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 leave are not reflected as liabilities under the basis of accounting used by the Library.

**FRANKLIN PUBLIC LIBRARY
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(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 was as follows:

	<u>2000</u>	<u>1999</u>
Demand deposits	\$ 81,816	\$ 31,029
Total deposits	81,816	31,029
STAROhio	4,765,232	1,561,625
Total investments	4,765,232	1,561,625
Total deposits and investments	\$4,847,048	\$1,592,654

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation, or (2) collateralized by the financial institution's public entity deposit pool.

Investments: Investments in STAROhio are not evidenced by securities that exist in physical or book-entry form.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2000 and 1999 follows:

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,448,650	\$1,515,831	\$ 67,181
Capital Projects	85,190	3,470,775	3,385,585
Fiduciary	23,245	32,566	9,321
Total	\$1,557,085	\$5,019,172	\$3,462,087

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,775,459	\$1,492,075	\$283,384
Capital Projects	141,310	127,872	13,438
Fiduciary	235,601	223,666	11,935
Total	\$2,152,370	\$1,843,613	\$308,757

**FRANKLIN PUBLIC LIBRARY
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,347,835	\$1,383,163	\$ 35,328
Capital Projects	75,000	494,665	419,665
Fiduciary	27,050	17,967	(9,083)
Total	\$1,449,885	\$1,895,795	\$445,910

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,661,986	\$1,489,794	\$172,192
Capital Projects	185,018	172,881	12,137
Fiduciary	44,861	41,634	3,227
Total	\$1,891,865	\$1,704,309	\$187,556

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.

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the taxing authority of the subdivision to whose jurisdiction the Library is subject. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Other Governments Grants In Aid. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, 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.

Tangible personal property tax is assessed by the property owners, who must file a list of such 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.

**FRANKLIN PUBLIC LIBRARY
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

5. RETIREMENT SYSTEMS

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. Subsequent to June 30, 2000, the Library contributed an amount equal to 8.13% of participants' gross salaries. The Library has paid all contributions required through December 31, 2000.

6. RISK MANAGEMENT

The Library has obtained commercial insurance for the comprehensive property and general liability risks. The Library also provides health insurance and dental and vision coverage to full-time employees through a private carrier.

7. DEBT

Franklin City School District is the taxing authority for the Library. In December 2000, Franklin City School District issued \$3,000,000 of bond anticipation notes on the Library's behalf. The proceeds of this note issuance are to be used to finance the construction costs of a new public library building. The Library has no obligation for repayment of these notes.

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS

Franklin Public Library
Warren County
400 Anderson Street
Franklin, Ohio 45005

To the Board of Trustees:

We have audited the accompanying financial statements of Franklin Public Library, Warren County, Ohio (the Library), as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated March 15, 2001. We conducted our audit 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 audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered 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 March 15, 2001.

Franklin Public Library
Warren County
Report on Compliance and on Internal Control Required by
Government Auditing Standards
Page 2

This report is intended for the information and use of management and the Board of Trustees, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

March 15, 2001



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JIM PETRO, AUDITOR OF STATE

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FRANKLIN PUBLIC LIBRARY

WARREN 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
APRIL 10, 2001**