



Mary Taylor, CPA  
Auditor of State



**FRANKLIN PUBLIC LIBRARY  
WARREN COUNTY**

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FRANKLIN PUBLIC LIBRARY  
WARREN COUNTY

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Franklin Public Library  
Warren County  
44 East 4<sup>th</sup> Street  
Franklin, Ohio 45005

To the Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Franklin Public Library, Warren County, Ohio (the Library), as of and for the years ended December 31, 2008 and 2007, which collectively comprise the Library's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Library's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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. The Library processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Library because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinions.

As discussed in Note 2, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund and the aggregate remaining fund information of Franklin Public Library, Warren County, Ohio, as of December 31, 2008 and 2007, the respective changes in cash financial position and the respective budgetary comparison for the General Fund, and the Hankinson Trust Special Revenue fund thereof for the year then ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 23, 2009, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

A handwritten signature in cursive script that reads "Mary Taylor".

**Mary Taylor, CPA**  
Auditor of State

September 23, 2009

Franklin Public Library  
Management's Discussion and Analysis  
For the Year Ended December 31, 2007 & 2008  
Unaudited

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This discussion and analysis of the Franklin Public Library's financial performance provides an overall review of the Library's financial activities for the years ending December 31, 2007 and 2008, 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 2007 and 2008 are as follows:

Net assets of governmental activities decreased \$69,332.70 or 3.9 percent in 2008. In 2007, the decrease amounted to \$156,633 or 8 percent.

The Franklin Public Library's general fund receipts are primarily from LLF (Local Libraries Fund), which is 2.2% of the state General Fund tax revenues. These receipts represent 88 percent of the total cash received for governmental activities during the year, and decreased compared to 2007 as mandated by state law.

### **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 Government's cash basis of accounting.

#### **Report Components**

The statement of net assets 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.

The notes to the financial statements are an integral part of the government-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 Franklin Public 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.

Franklin Public Library  
Management's Discussion and Analysis  
For the Year Ended December 31, 2007 & 2008  
Unaudited

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**Reporting the Library as a Whole**

The statement of net assets and the statement of activities reflect how the Library did financially during 2007 & 2008, within the limitations of cash basis accounting. The statement of net assets presents the cash balances 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, you 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 nonfinancial factors as well such as the Library's property tax base, the condition of the Library's capital assets and infrastructure, the extent of the Library's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property and income taxes.

In the statement of net assets and the statement of activities, the Library's activities are represented as Governmental activities: All of the Franklin Public Library's basic services are reported here. State income taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

**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 governmental.

Governmental Funds - All of the Franklin Public 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 information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Library's major governmental funds are the General Fund, Building Fund, and Hankinson Trust Special Revenue Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements. We describe this relationship in reconciliations presented with the governmental fund financial statements.



Franklin Public Library  
Management's Discussion and Analysis  
For the Year Ended December 31, 2007 & 2008  
Unaudited

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**The Library as a Whole**

Table 1 provides a summary of the Library's net assets for 2008 compared to 2007 and 2006 on a cash basis:

(TABLE 1)

**NET ASSETS**

	Governmental Activities		
	2008	2007	2006
<b>Assets</b>			
Cash and Cash Equivalents	1,726,524	1,795,857	1,952,490
Total Assets	\$1,726,524	\$1,795,857	\$1,952,490
<b>Net Assets</b>			
Restricted for:			
Capital Projects	987,627	1,131,002	1,100,040
Debt Service			
Other Purposes	560,944	457,801	463,088
Unrestricted	177,953	207,054	389,362
Total Net Assets	\$1,726,524	\$1,795,857	\$1,952,490

As mentioned previously, net assets of governmental activities decreased \$69,332.70 during 2008. The decrease for 2007 amounted to \$156,633.

Table 2 reflects the changes in net assets in 2006, 2007 and 2008.

Franklin Public Library  
Management's Discussion and Analysis  
For the Year Ended December 31, 2007 & 2008  
Unaudited

(TABLE 2)  
**CHANGES IN NET ASSETS**

	Governmental Activities 2008	Governmental Activities 2007	Governmental Activities 2006
Receipts:			
Program Receipts:			
Charges for Services and Sales	\$54,224	\$57,308	\$61,662
Operating Grants and Contributions	112,192	9,337	7,054
Total Program Receipts	<u>166,416</u>	<u>66,645</u>	<u>68,716</u>
General Receipts:			
Unrestricted Gifts and Contributions	5,719	5,271	1573
Grants and Entitlements Not Restricted to Specific Programs	1,299,028	1,325,554	1,354,828
Interest	44,546	94,997	95,897
Miscellaneous	252	3,620	6,673
Total General Receipts	<u>1,349,545</u>	<u>1,429,442</u>	<u>1,458,971</u>
Total Receipts	<u>1,515,961</u>	<u>1,496,087</u>	<u>1,527,687</u>
Disbursements:			
Library Services	1,550,750	1,594,361	1,465,285
Capital Outlay	16,683	37,939	102,925
Other	17,861	20,420	11,655
Total Disbursements	<u>1,585,294</u>	<u>1,652,720</u>	<u>1,579,865</u>
Excess (Deficiency) Before Transfers	(69,333)	(156,633)	(52,178)
Transfers	0		
Increase (Decrease) in Net Assets	<u>(69,333)</u>	<u>(156,633)</u>	<u>(52,178)</u>
Net Assets, January 1	<u>1,795,857</u>	<u>1,950,490</u>	<u>2,004,668</u>
Net Assets, December 31	<u>\$1,726,524</u>	<u>\$1,793,857</u>	<u>\$1,952,490</u>

General receipts represent 96 percent of the Library's total receipts, and of this amount, over 86 percent are local taxes. Other receipts are very insignificant and somewhat unpredictable revenue sources.

Disbursements for Franklin Public Library represent the overhead costs of running the Library and the support services provided for the other Library activities. These include salaries, library materials, supplies, contracted services, and maintenance expenses.

Franklin Public Library  
Management's Discussion and Analysis  
For the Year Ended December 31, 2007 & 2008  
Unaudited

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**The Library's Funds**

	<u>Fund Cash Balance</u> 12/31/07	<u>Fund Cash Balance</u> 12/31/08	<u>Increase/Decrease</u>	<u>Fund Cash Balance</u> 12/31/06
General Fund	\$ 207,054	\$ 177,953	\$ (29,101)*	\$ 264,648
Building Fund	1,095,367	969,862	(125,505)*	1,114,559
Technology Fund	35,634	17,763	(17,728)*	148,036
Coleman Trust Fund	40,032	40,055	23	36,257
Springboro/Garland Trust Fund	23,463	26,195	2732	30,657
Hankinson Trust Fund	356,960	353,781	(3,179)*	346,688
Thomson Trust Fund	37,344	38,178	834	33,823
Sellers Trust Fund	<u>                    </u>	<u>102,733</u>	<u>102,733</u>	
 Total All Funds	 \$ 1,795,857	 \$ 1,726,524	 \$ (69,323)	 \$2,004,668

\*Disbursements were made from the Building Fund to supplement the General Fund budget. Disbursements were made from the Technology Fund to pay for maintenance on computer system. Disbursements were made from the Hankinson Trust Fund to support the summer reading program.

**Current Issues**

The challenge for the Franklin Public Library is to provide quality services to the public while staying within the restrictions imposed by limited, shrinking, funding. We rely almost exclusively on state funding. Ohio law set library funding at a fixed percent (2.2) of state General Fund tax revenues.

**Contacting the Library's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors, 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 Teresa Kohl, Fiscal Officer, Franklin Public Library, 44 East Fourth Street, Franklin, Ohio 45005.

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**FRANKLIN PUBLIC LIBRARY**  
**WARREN COUNTY**  
*Statement Of Net Assets - Cash Basis*  
*December 31, 2008*

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	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$1,726,524</u>
<i>Total Assets</i>	<u><u>1,726,524</u></u>
<b>Net Assets</b>	
Restricted for:	
Capital Projects	987,627
Other Purposes	560,944
Unrestricted	<u>177,953</u>
<i>Total Net Assets</i>	<u><u>\$1,726,524</u></u>

See accompanying notes to the basic financial statements

**FRANKLIN PUBLIC LIBRARY**  
**WARREN COUNTY**  
*Statement of Activities - Cash Basis*  
*For the Year Ended December 31, 2008*

	Cash Disbursements	Program Cash Receipts		Net (Disbursements) Receipts and Changes in Net Assets
		Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
<b>Governmental Activities</b>				
Library Services:				
Salaries	\$825,164	\$0	\$0	(\$825,164)
Fringe Benefits	255,248	0	0	(255,248)
Purchased and Contracted Services	149,057	0	0	(149,057)
Library Materials and Information	279,652	54,224	112,192	(113,236)
Supplies	41,628	0	0	(41,628)
Other	17,861	0	0	(17,861)
Capital Outlay	16,683	0	0	(16,683)
<i>Total Governmental Activities</i>	<u>\$1,585,294</u>	<u>\$54,224</u>	<u>\$112,192</u>	(1,418,878)
		<b>General Receipts</b>		
				5,719
				1,299,028
				44,546
				253
			<i>Total General Receipts</i>	1,349,546
			Change in Net Assets	(69,332)
			<i>Net Assets Beginning of Year</i>	1,795,857
			<i>Net Assets End of Year</i>	<u>\$1,726,525</u>

See accompanying notes to the basic financial statements

**FRANKLIN PUBLIC LIBRARY**  
**WARREN COUNTY**  
*Statement of Cash Basis Assets and Fund Balances*  
*Governmental Funds*  
*December 31, 2008*

	General	Hankinson Trust Fund	Building Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Equity in Pooled Cash and Cash Equivalents	\$177,953	\$353,782	\$969,863	\$224,926	\$1,726,524
<i>Total Assets</i>	<u>177,953</u>	<u>353,782</u>	<u>969,863</u>	<u>224,926</u>	<u>1,726,524</u>
<b>Fund Balances</b>					
Reserved:					
Reserved for Encumbrances	19,033			\$3,402	22,434
Unreserved:					
Undesignated, Reported in:					
General Fund	158,921	0	0	0	158,921
Special Revenue Funds	0	353,782	0	203,761	557,542
Capital Projects Funds	0	0	969,863	17,764	987,627
<i>Total Fund Balances</i>	<u>\$177,953</u>	<u>\$353,782</u>	<u>\$969,863</u>	<u>\$224,926</u>	<u>\$1,726,524</u>

See accompanying notes to the basic financial statements

**FRANKLIN PUBLIC LIBRARY  
WARREN COUNTY**

*Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances  
Governmental Funds  
For the Year Ended December 31, 2008*

	General	Hankinson Trust Fund	Building Fund	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>					
Intergovernmental	\$1,299,028	\$0	\$0	\$0	\$1,299,028
Patron Fines and Fees	54,224	0	0	0	54,224
Contributions, Gifts and Donations	111,922	0	0	5,989	117,911
Earnings on Investments	7,135	9,001	24,495	3,915	44,546
Miscellaneous	253	0	0	0	253
<i>Total Receipts</i>	<u>1,472,562</u>	<u>9,001</u>	<u>24,495</u>	<u>9,903</u>	<u>1,515,961</u>
<b>Disbursements</b>					
Current:					
Library Services:					
Salaries	825,164	0	0	0	825,164
Employees Fringe Benefits	255,248	0	0	0	255,248
Purchased and Contractual Services	130,405	0	0	18,651	149,057
Library Materials and Information	273,187	0	0	6,465	279,652
Supplies	35,443	4,480	0	1,705	41,628
Other	7,752	7,700	0	0	15,452
Capital Outlay	16,683	0	0	0	16,683
<i>Total Disbursements</i>	<u>1,543,883</u>	<u>12,180</u>	<u>0</u>	<u>26,821</u>	<u>1,582,885</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(71,322)</u>	<u>(3,179)</u>	<u>24,495</u>	<u>(16,918)</u>	<u>(66,924)</u>
<b>Other Financing Sources (Uses)</b>					
Transfers In	150,000	0	0	105,370	255,370
Transfers Out	(105,370)		(150,000)		(255,370)
Other Financing Uses	(2,409)				(2,409)
<i>Total Other Financing Sources (Uses)</i>	<u>42,221</u>	<u>0</u>	<u>(150,000)</u>	<u>105,370</u>	<u>(2,409)</u>
<i>Net Change in Fund Balances</i>	(29,101)	(3,179)	(125,505)	88,452	(69,333)
<i>Fund Balances Beginning of Year</i>	<u>207,054</u>	<u>356,961</u>	<u>1,095,368</u>	<u>136,474</u>	<u>1,795,857</u>
<i>Fund Balances End of Year</i>	<u>\$177,953</u>	<u>\$353,782</u>	<u>\$969,863</u>	<u>\$224,926</u>	<u>\$1,726,524</u>

See accompanying notes to the basic financial statements



**FRANKLIN PUBLIC LIBRARY**  
**WARREN COUNTY**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual - Budget Basis*  
*General Fund*  
*For the Year Ended December 31, 2008*

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive
				(Negative)
<b>Receipts</b>				
Intergovernmental	\$1,303,398	\$1,303,398	\$1,299,028	(\$4,370)
Patron Fines and Fees	60,000	60,000	54,224	(5,776)
Contributions, Gifts and Donations	2,583	2,583	111,922	109,339
Earnings on Investments	13,000	13,000	7,135	(5,865)
Miscellaneous	2,500	2,500	253	(2,247)
<i>Total receipts</i>	<u>1,381,480</u>	<u>1,381,480</u>	<u>1,472,562</u>	<u>91,082</u>
<b>Disbursements</b>				
Current:				
Library Services:				
Salaries	858,206	858,206	825,164	33,042
Employees Fringe Benefits	287,593	287,593	255,248	32,345
Purchased and Contracted Services	161,700	161,700	130,405	31,295
Library Materials and Information	301,000	301,000	273,187	27,813
Supplies	46,000	46,000	35,443	10,557
Other	8,500	8,500	7,752	748
Capital Outlay	20,000	20,000	16,683	3,317
<i>Total Disbursements</i>	<u>1,682,999</u>	<u>1,682,999</u>	<u>1,543,883</u>	<u>139,116</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(301,519)</u>	<u>(301,519)</u>	<u>(71,321)</u>	<u>230,198</u>
<b>Other Financing Sources</b>				
Transfers In	150,000	150,000	150,000	0
Transfers Out	(105,370)	(105,370)	(105,370)	0
Other Financing Uses	(20,000)	(20,000)	(2,409)	17,591
<i>Total Other Financing Sources</i>	<u>24,630</u>	<u>24,630</u>	<u>42,221</u>	<u>17,591</u>
<i>Net Change in Fund Balance</i>	<u>(276,889)</u>	<u>(276,889)</u>	<u>(29,100)</u>	<u>247,789</u>
<i>Fund Balance Beginning of Year</i>	<u>207,054</u>	<u>207,054</u>	<u>207,054</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>(\$69,835)</u>	<u>(\$69,835)</u>	<u>\$177,954</u>	<u>\$247,789</u>

See accompanying notes to the basic financial statements

**FRANKLIN PUBLIC LIBRARY**  
**WARREN COUNTY**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual - Budget Basis*  
*Hankinson Trust Fund*  
*For the Year Ended December 31, 2008*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Receipts</b>				
Earnings on Investments	\$13,000	\$13,000	\$9,001	(\$3,999)
<i>Total receipts</i>	<u>13,000</u>	<u>13,000</u>	<u>9,001</u>	<u>(3,999)</u>
<b>Disbursements</b>				
Current:				
Supplies	12,300	12,300	4,480	7,820
Other	7,700	7,700	7,700	0
<i>Total Disbursements</i>	<u>20,000</u>	<u>20,000</u>	<u>12,180</u>	<u>7,820</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(7,000)</u>	<u>(7,000)</u>	<u>(3,179)</u>	<u>3,821</u>
<i>Fund Balance Beginning of Year</i>	<u>356,961</u>	<u>356,961</u>	<u>356,961</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$349,961</u>	<u>\$349,961</u>	<u>\$353,782</u>	<u>\$3,821</u>

See accompanying notes to the basic financial statements

**FRANKLIN PUBLIC LIBRARY**  
**WARREN COUNTY**  
*Statement Of Net Assets - Cash Basis*  
*December 31, 2007*

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	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$1,795,857</u>
<i>Total Assets</i>	<u><u>1,795,857</u></u>
<b>Net Assets</b>	
Restricted for:	
Capital Projects	1,131,002
Other Purposes	457,801
Unrestricted	<u>207,054</u>
<i>Total Net Assets</i>	<u><u>\$1,795,857</u></u>

See accompanying notes to the basic financial statements

**FRANKLIN PUBLIC LIBRARY**  
**WARREN COUNTY**  
*Statement of Activities - Cash Basis*  
*For the Year Ended December 31, 2007*

	Cash Disbursements	Program Cash Receipts		Net (Disbursements) Receipts and Changes in Net Assets
		Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
<b>Governmental Activities</b>				
Library Services:				
Salaries	830,847	0	0	(\$830,847)
Fringe Benefits	259,168	0	0	(259,168)
Purchased and Contracted Services	166,141	0	0	(166,141)
Library Materials and Information	287,923	57,308	9,337	(221,278)
Supplies	50,281	0	0	(50,281)
Other	20,420	0	0	(20,420)
Capital Outlay	37,939	0	0	(37,939)
<i>Total Governmental Activities</i>	<u>\$1,652,720</u>	<u>\$57,308</u>	<u>\$9,337</u>	(1,586,075)
		<b>General Receipts</b>		
				5,271
				1,325,554
				94,997
				3,620
				<u>1,429,442</u>
				<u>(156,633)</u>
				<u>1,952,490</u>
				<u>\$1,795,857</u>

See accompanying notes to the basic financial statements

**FRANKLIN PUBLIC LIBRARY**  
**WARREN COUNTY**  
*Statement of Cash Basis Assets and Fund Balances*  
*Governmental Funds*  
*December 31, 2007*

	General	Hankinson Trust Fund	Building Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Equity in Pooled Cash and Cash Equivalents	\$207,054	\$356,961	\$1,095,368	\$136,474	\$1,795,857
<i>Total Assets</i>	<u>\$207,054</u>	<u>\$356,961</u>	<u>\$1,095,368</u>	<u>\$136,474</u>	<u>\$1,795,857</u>
<b>Fund Balances</b>					
Reserved:					
Reserved for Encumbrances	\$24,491			\$0	\$24,491
Unreserved:					
Undesignated Reported in:					
General Fund	182,563	\$0	\$0	0	182,563
Special Revenue Funds	0	356,961	0	100,840	457,801
Capital Projects Funds	0	0	1,095,368	35,634	1,131,002
<i>Total Fund Balances</i>	<u>\$207,054</u>	<u>\$356,961</u>	<u>\$1,095,368</u>	<u>\$136,474</u>	<u>\$1,795,857</u>

See accompanying notes to the basic financial statements

**FRANKLIN PUBLIC LIBRARY  
WARREN COUNTY**

*Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances  
Governmental Funds  
For the Year Ended December 31, 2007*

	General	Hankinson Trust Fund	Building Fund	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>					
Intergovernmental	\$1,325,554	\$0	\$0	\$0	\$1,325,554
Patron Fines and Fees	57,308	0	0	0	57,308
Contributions, Gifts and Donations	8,531	0	0	6,077	14,608
Earnings on Investments	16,061	18,492	53,731	6,713	94,997
Miscellaneous	3,620	0	0	0	3,620
<i>Total Receipts</i>	<u>1,411,073</u>	<u>18,492</u>	<u>53,731</u>	<u>12,790</u>	<u>1,496,086</u>
<b>Disbursements</b>					
Current:					
Library Services:					
Salaries	830,847	0	0	0	830,847
Employees Fringe Benefits	259,168	0	0	0	259,168
Purchased and Contractual Services	131,634	9,506	0	25,000	166,141
Library Materials and Information	282,091	0	0	5,832	287,923
Supplies	50,281	0	0	0	50,281
Other	14,053	0	0	0	14,053
Capital Outlay	18,939	19,000	0	0	37,939
<i>Total Disbursements</i>	<u>1,587,014</u>	<u>28,506</u>	<u>0</u>	<u>30,832</u>	<u>1,646,352</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(175,941)</u>	<u>(10,014)</u>	<u>53,731</u>	<u>(18,042)</u>	<u>(150,266)</u>
<b>Other Financing Sources (Uses)</b>					
Other Financing Uses	<u>(6,367)</u>				<u>(6,367)</u>
<i>Total Other Financing Sources (Uses)</i>	<u>(6,367)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(6,367)</u>
<i>Net Change in Fund Balances</i>	<u>(182,308)</u>	<u>(10,014)</u>	<u>53,731</u>	<u>(18,042)</u>	<u>(156,633)</u>
<i>Fund Balances Beginning of Year</i>	<u>389,362</u>	<u>366,975</u>	<u>1,041,637</u>	<u>154,516</u>	<u>1,952,490</u>
<i>Fund Balances End of Year</i>	<u>\$207,054</u>	<u>\$356,961</u>	<u>\$1,095,368</u>	<u>\$136,474</u>	<u>\$1,795,857</u>

See accompanying notes to the basic financial statements

**FRANKLIN PUBLIC LIBRARY**  
**WARREN COUNTY**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual - Budget Basis*  
*General Fund*  
*For the Year Ended December 31, 2007*

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive
				(Negative)
<b>Receipts</b>				
Intergovernmental	\$1,325,554	\$1,325,554	\$1,325,554	(0)
Patron Fines and Fees	40,364	40,364	57,308	16,944
Contributions, Gifts and Donations	2,508	2,508	8,531	6,023
Earnings on Investments	6,500	6,500	16,061	9,561
Miscellaneous	319	319	3,620	3,301
<i>Total receipts</i>	<u>1,375,244</u>	<u>1,375,244</u>	<u>1,411,073</u>	<u>35,829</u>
<b>Disbursements</b>				
Current:				
Library Services:				
Salaries	866,275	866,275	830,847	35,428
Employees Fringe Benefits	276,540	276,540	259,168	17,372
Purchased and Contracted Services	169,000	169,000	131,634	37,366
Library Materials and Information	314,400	314,400	282,091	32,309
Supplies	60,200	60,200	50,281	9,919
Other	22,633	22,633	14,053	8,580
Capital Outlay	40,000	40,000	18,939	21,061
<i>Total Disbursements</i>	<u>1,749,048</u>	<u>1,749,048</u>	<u>1,587,014</u>	<u>162,034</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(373,804)</u>	<u>(373,804)</u>	<u>(175,941)</u>	<u>197,863</u>
<b>Other Financing Sources</b>				
Other Financing Uses	(6,367)	(6,367)	(6,367)	(0)
<i>Total Other Financing Sources</i>	<u>(6,367)</u>	<u>(6,367)</u>	<u>(6,367)</u>	<u>(0)</u>
<i>Net Change in Fund Balance</i>	<u>(380,171)</u>	<u>(380,171)</u>	<u>(182,308)</u>	<u>197,863</u>
<i>Fund Balance Beginning of Year</i>	<u>387,362</u>	<u>387,362</u>	<u>389,362</u>	<u>2,000</u>
<i>Fund Balance End of Year</i>	<u>\$7,191</u>	<u>\$7,191</u>	<u>\$207,054</u>	<u>\$199,863</u>

See accompanying notes to the basic financial statements

**FRANKLIN PUBLIC LIBRARY  
WARREN COUNTY**

*Statement of Receipts, Disbursements and Changes  
In Fund Balance - Budget and Actual - Budget Basis  
Hankinson Trust Fund  
For the Year Ended December 31, 2007*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Earnings on Investments	\$12,000	\$12,000	\$18,492	\$6,492
<i>Total receipts</i>	<u>12,000</u>	<u>12,000</u>	<u>18,492</u>	<u>6,492</u>
<b>Disbursements</b>				
Current:				
Purchased and Contracted Services	17,000	17,000	9,506	7,494
Capital Outlay	20,000	20,000	19,000	1,000
<i>Total Disbursements</i>	<u>37,000</u>	<u>37,000</u>	<u>28,506</u>	<u>8,494</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(25,000)</u>	<u>(25,000)</u>	<u>(10,014)</u>	<u>14,986</u>
<i>Fund Balance Beginning of Year</i>	<u>366,975</u>	<u>366,975</u>	<u>366,975</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$341,975</u></u>	<u><u>\$341,975</u></u>	<u><u>\$356,961</u></u>	<u><u>\$14,986</u></u>

See accompanying notes to the basic financial statements



**FRANKLIN PUBLIC LIBRARY  
WARREN COUNTY**

*Notes to the Basic Financial Statements  
For the Year Ended December 31, 2007 & 2008*

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

The Franklin Public Library was organized as a school district public library in 1923 under the laws of the State of Ohio. The Library has its own Board of Trustees of seven members who are appointed by the Franklin 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 Fiscal Officer.

The Library is fiscally independent of the Franklin 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(s) of the levy, are discretionary decisions made solely by the Board of Library Trustees. Once those decisions are made, the Franklin 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 Franklin Board of Education.

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

As discussed further in Note 2.C, the financial statements of the Franklin 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. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in Note 2 -Summary of Significant Accounting Policies which case GASB prevails. The most significant of the Library's accounting policies are described below.

A. Basis of Presentation

The Library's basic financial statements consist of government-wide statements, including a statement of net assets 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 assets and the statement of activities display information about the Library as a whole.

The statement of net assets presents the cash balance 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. Direct disbursements are those that are specifically associated with a service, program, or department, and therefore, clearly identifiable to a particular function. Program receipts are charges paid by the recipient of the goods or services offered by the function, grants and contributions restricted to meeting the operational or capital requirements of a particular function and interest earned on grants and contributions that is required to be used to support a particular function. Receipts which are not classified as program receipts are presented as general receipts of the Library. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing or draws from the general receipts of the Library.

**FRANKLIN PUBLIC LIBRARY  
WARREN COUNTY**

*Notes to the Basic Financial Statements  
For the Year Ended December 31, 2007 & 2008  
(Continued)*

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

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. Nonmajor funds are aggregated and presented in a single column.

**B. 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 all financial resources except those required to be accounted for 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.

Building Fund – This Capital Projects fund is used to record the related receipts and expenditures of the Library's Building Fund.

Hankinson Trust Fund – This Special Revenue fund is used to record the related receipts and expenditures per the Mary L.Hankinson Trust Agreement.

The other governmental funds of the Library account for grants and other resources whose use is restricted for a particular purpose.

**C. Basis of Accounting**

The Library's financial statements are prepared using the cash basis of accounting. 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.

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 expenses and liabilities) are not recorded in these financial statements.

**D. 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. Budgetary modifications at the legal level of control may only be made by resolution of the Board of Library Trustees.

**FRANKLIN PUBLIC LIBRARY  
WARREN COUNTY**

*Notes to the Basic Financial Statements  
For the Year Ended December 31, 2007 & 2008  
(Continued)*

**Note 2 - Summary of Significant Accounting Policies (Continued)**

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 Fiscal Officer/Clerk. 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.

**E. 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.

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.

During 2007 & 2008, 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 Rule2a7 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, 2008.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest receipt credited to the General fund during 2008 amounted to \$7,135 (2007:\$16,061), to the Building fund: \$24,495 (2007: \$53,731), to the Hankinson Trust fund \$9,001 in 2008 and \$18,492 in 2007, and to other governmental funds: \$3,915 (2007: \$6,713).

**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.

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

**G. 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.

**FRANKLIN PUBLIC LIBRARY  
WARREN COUNTY**

*Notes to the Basic Financial Statements  
For the Year Ended December 31, 2007 & 2008  
(Continued)*

**Note 2 - Summary of Significant Accounting Policies (Continued)**

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

The Library recognizes the disbursement for their employer contributions to cost-sharing pension plans when they are paid. As described in Note 7, the employer contributions include portions for pension benefits.

**I. Fund Balance Reserves**

The Library reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods.

**J. Capital Assets**

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

**K. Net Assets**

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for trust agreements.

The Library's policy is to first apply restricted resources when an obligation is incurred for purposes for which restricted and unrestricted net assets are available.

**L. Interfund Transactions**

Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds.

**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 reservation of fund balance (cash basis). The encumbrances outstanding at year end (budgetary basis) amounted to \$24,491(2007) and \$22,434(2008) for the general fund.

**Note 4 - Deposits and Investments**

State statutes classify monies held by the Library into three categories.

Active deposits are public deposits necessary to meet current demands on the Library treasury. Such 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.

**FRANKLIN PUBLIC LIBRARY  
WARREN COUNTY**

*Notes to the Basic Financial Statements  
For the Year Ended December 31, 2007 & 2008  
(Continued)*

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

Inactive deposits are public deposits that the Library has identified as not required for use within the current five-year period of designation of depositories. Inactive deposits must either be evidenced by 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 may 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). Protection of the Library's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged to the Library by the financial institution as security for repayment, by surety company bonds deposited with the treasurer by the financial institution or by a collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

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 qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Deposits

Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by the financial institution.

At year end, the carrying amount of the Library's cash deposits was: 2008: \$51,964; 2007: \$13,114. The entire bank balance was covered by federal depository insurance.

**FRANKLIN PUBLIC LIBRARY  
WARREN COUNTY**

*Notes to the Basic Financial Statements  
For the Year Ended December 31, 2007 & 2008  
(Continued)*

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

Investments

The following deposit/investment objectives will be applied in the management of funds of the Franklin Public Library. The deposit/investment program shall preserve capital and protect investment principle within defined parameters. The deposit/investment program shall maintain sufficient liquidity to meet reasonably anticipated fiscal operating requirements on an on-going basis throughout the fiscal cycle. The deposit/investment program shall strive to attain the best total return or yield on deposited and invested funds of the Library as is reasonable and prudently achievable within defined parameters. All attempts shall be made to minimize risks inherent in investment through diversification so as to eliminate the risk of loss resulting from an over-concentration of funds in a specific maturity, issuer, industry, geographical area, or class of securities. All attempts shall be made to minimize the costs of financial transactions related to implementing investment strategies.

As of December 31, the Library had the following investment:

	<u>Carrying Value</u>
STAR Ohio	<u>\$1,674,560 (2008)      \$1,782,743 (2007)</u>

Interest rate risk arises because the fair value of investment changes as interest rates change. The Library's investment policy addresses interest rate risk by limiting maturity dates, or average maturity dates, to no more than five (5) years from date of purchase, unless the investment is matched to a specified obligation or debt of the Library, thereby avoiding the need to sell securities on the open market prior to maturity.

STAR Ohio carries a rating of AAAM by Standard and Poor's. The Library has no investment policy dealing with investment credit risk beyond the requirements in state statutes. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money market fund be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service.

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Library will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Library has no investment policy dealing with investment custodial risk beyond the requirements in ORC 135.14(M)(2) which states, "Payment for investments shall be made only upon the delivery of securities representing such investments to the treasurer, investing authority, or qualified trustee. If the securities transferred are not represented by a certificate, payment shall be made only upon receipt of confirmation of transfer from the custodian by the treasurer, governing board, or qualified trustee."

**Note 5 - 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 2007 & 2008, the Library contracted with several companies for various types of insurance coverage as follows:

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

Settled claims have not exceeded coverage in any of the last three years and there was no significant reduction in coverage from the prior year.

**FRANKLIN PUBLIC LIBRARY  
WARREN COUNTY**

*Notes to the Basic Financial Statements  
For the Year Ended December 31, 2007 & 2008  
(Continued)*

**Note 5 - Risk Management (continued)**

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 6 - Defined Benefit Pension Plan**

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) 222-6705 or (800) 222-7377.

For the year ended December 31, 2008, 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 2008 was 14 percent. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Library's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2008, 2007, and 2006 were \$115,514, \$114,273, and \$106,660 respectively; the full amount has been contributed for these years.

**Note 7 - Postemployment Benefits**

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in *GASB Statement No. 12*. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2006 local government employer contribution rate was 14 percent of covered payroll; 4 percent of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2005, include a rate of return on investments of 6.5 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.30 percent based on additional annual pay increases. Health care premiums were assumed to increase .50 and 6.00 percent annually for the next nine years and 4.00 percent annually after nine years.

**FRANKLIN PUBLIC LIBRARY  
WARREN COUNTY**

*Notes to the Basic Financial Statements  
For the Year Ended December 31, 2007 & 2008  
(Continued)*

**Note 6 - Defined Benefit Pension Plan (continued)**

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually, not to exceed a 12% corridor.

The number of active contributing participants in the traditional and combined plans was 369,214. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2005 were \$11.1 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$31.3 billion and \$20.2 billion, respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP), effective date January 1, 2007. As an additional component of the HCPP, member and contribution rates increased as of January 1, 2006, to allow additional funds to be allocated to the health care plan.

**Note 8 – Library and Local Government Support**

The primary source of revenue for Ohio public libraries is the Local Library Fund (LLF), which is 2.2% of the state General Fund tax revenues. 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 and expenses. The Budget Commission cannot reduce its allocation of these funds to the Library based on any additional revenues the Library receives.





# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Franklin Public Library  
Warren County  
44 East 4<sup>th</sup> Street  
Franklin, Ohio 45005

To the Board of Trustees:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Franklin Public Library, Warren County, Ohio (the Library), as of and for the years ended December 31, 2008 and 2007, which collectively comprise the Library's basic financial statements and have issued our report thereon dated September 23, 2009, wherein we noted the Library followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We also noted the Library uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Library. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Library's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinions on the financial statements, but not to opine on the effectiveness of the Library's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Library's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Library's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Library's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Library's internal control will not prevent or detect a material financial statement misstatement.

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Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

#### **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, providing an opinion 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*.

We intend this report solely for the information and use of management and Board of Trustees. We intend it for no one other than these specified parties.

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

**Mary Taylor, CPA**  
Auditor of State

September 23, 2009



Mary Taylor, CPA  
Auditor of State

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  
NOVEMBER 12, 2009