



Dave Yost • Auditor of State

**FRANKLIN PUBLIC LIBRARY
WARREN COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report.....	1
Management's Discussion and Analysis.....	3
Basic Financial Statements:	
2010 Government-wide Financial Statements:	
Statement of Net Assets – Cash Basis as of December 31, 2010.....	9
Statement of Activities – Cash Basis For the Year Ended December 31, 2010	10
2010 Fund Financial Statements:	
Statement of Cash Basis Assets and Fund Balances –Governmental Funds as of December 31, 2010	11
Statement of Cash Receipts, Disbursements, and Changes In Cash Basis Fund Balances – Governmental Funds For the Year Ended December 31, 2010	12
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis – General Fund For the Year Ended December 31, 2010	13
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis – Hankinson Fund For the Year Ended December 31, 2010	14
Basic Financial Statements:	
2009 Government-wide Financial Statements:	
Statement of Net Assets – Cash Basis as of December 31, 2009.....	15
Statement of Activities – Cash Basis For the Year Ended December 31, 2009	16
2009 Fund Financial Statements:	
Statement of Cash Basis Assets and Fund Balances –Governmental Funds as of December 31, 2009	17
Statement of Cash Receipts, Disbursements, and Changes In Cash Basis Fund Balances – Governmental Funds For the Year Ended December 31, 2009	18
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis – General Fund For the Year Ended December 31, 2009	19
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis – Hankinson Fund For the Year Ended December 31, 2009	20

FRANKLIN PUBLIC LIBRARY
WARREN COUNTY

TABLE OF CONTENTS
(Continued)

TITLE	PAGE
Notes to the Basic Financial Statements	21
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	29



Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Franklin Public Library
Warren County
44 East Fourth 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, 2010 and 2009, 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(A) mandates 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 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, 2010 and 2009, and the respective changes in financial position thereof and the respective budgetary comparisons for the General and Hankinson Trust Special Revenue Fund for the years 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 June 29, 2011, 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.

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, as listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any other assurance.



Dave Yost
Auditor of State

June 29, 2011

Franklin Public Library
Management's Discussion and Analysis
For the Years Ended December 31, 2010 & 2009
Unaudited

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, 2010 and 2009, 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 2010 and 2009 are as follows:

Net assets of governmental activities increased \$697,464 or 42 percent in 2010 (this increase due to passing a 1-mill operating levy beginning in 2010). In 2009, the decrease amounted to \$73,456 or 3 percent.

The Library's General Fund receipts are primarily from Public Library Fund (PLF), which is 2.2% of the state General Fund tax revenues. These receipts represent 91 percent of the total cash received for governmental activities during 2009 and 45% in 2010.

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 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 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 Years Ended December 31, 2010 & 2009
Unaudited

Reporting the Library as a Whole

The statement of net assets and the statement of activities reflect how the Library did financially during 2010 & 2009, 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 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 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 Years Ended December 31, 2010 & 2009
Unaudited

The Library as a Whole

Table 1 provides a summary of the Library's net assets for 2010 compared to 2009 and 2008 on a cash basis:

(Table 1)
Net Assets

	Governmental Activities		
	2010	2009	Restated 2008
Assets			
Cash and Cash Equivalents	\$2,351,162	\$1,653,698	\$1,727,154
Total Assets	2,351,162	1,653,698	1,727,154
Net Assets			
Restricted for:			
Capital Projects	990,902	776,966	987,627
Debt Service			
Other Purposes	565,670	557,534	560,944
Unrestricted	794,590	319,198	178,583
Total Net Assets	\$2,351,162	\$1,653,698	\$1,727,154

As mentioned previously, net assets of governmental activities increased \$697,464 during 2010. The decrease for 2009 amounted to \$73,456.

Franklin Public Library
Management's Discussion and Analysis
For the Years Ended December 31, 2010 & 2009
Unaudited

Table 2 reflects the changes in net assets in 2010, 2009 and 2008.

(TABLE 2)
CHANGES IN NET ASSETS

	2010	2009	Restated 2008
Receipts:			
Program Receipts:			
Charges for Services and Sales	\$42,422	\$43,436	\$ 54,224
Operating Grants and Contributions	13,904	5,091	112,192
Total Program Receipts	<u>56,326</u>	<u>48,527</u>	<u>166,416</u>
General Receipts:			
Property Taxes	1,136,727	0	-
Unrestricted Gifts and Contributions	11,090	53,114	5,719
Grants and Entitlements Not Restricted to Specific Programs	968,717	1,049,355	1,299,028
Interest	2,179	4,594	44,546
Miscellaneous	189	405	252
Total General Receipts	<u>2,118,902</u>	<u>1,107,468</u>	<u>1,349,545</u>
Total Receipts	<u>2,175,228</u>	<u>1,155,995</u>	<u>1,515,961</u>
Disbursements:			
Library Services	1,381,949	1,224,629	1,550,120
Capital Outlay	82,999	2,926	16,683
Other	12,816	1,896	17,861
Total Disbursements	<u>1,477,764</u>	<u>1,229,451</u>	<u>1,584,664</u>
Increase (Decrease) in Net Assets	697,464	(73,456)	(68,703)
Net Assets, January 1, Restated	<u>1,653,698</u>	<u>1,727,154</u>	<u>1,795,857</u>
Net Assets, December 31	<u>\$2,351,162</u>	<u>\$1,653,698</u>	<u>\$1,727,154</u>

General receipts represent 95 percent of the Library's total receipts in 2009 and 97% in 2010. Of these amounts, over 91 percent are local taxes (this includes levy proceeds). Other receipts are very insignificant and somewhat unpredictable revenue sources.

Disbursements for 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 Years Ended December 31, 2010 & 2009
Unaudited

The Library's Funds

	Fund Cash Balance	Fund Cash Balance	Increase/ Decrease	Fund Cash Balance
	12/31/10	12/31/09		Restated-12/31/08
General Fund	\$ 794,590	\$ 319,197	\$ 475,393	178,583
Building Fund	973,070	759,153	213,917	969,863
Technology Fund	17,832	17,813	19	17,764
Coleman Trust Fund	40,210	40,166	44	40,055
Springboro/Garland Trust Fund	32,254	24,694	7,560	26,196
Hankinson Trust Fund	353,199	352,817	382	353,782
Thomson Trust Fund	38,319	38,280	39	38,178
Sellers Trust Fund	101,688	101,578	110	102,733
Total All Funds	\$ 2,351,162	\$ 1,653,698	\$ 697,464	\$ 1,727,154

The significant increase in the General Fund is due to the 5-year, 1-mill operating levy beginning in 2010. Building Fund increased due to a transfer (\$213,000) from General Fund.

Current Issues

The challenge for the 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; however temporary law has restricted PLF to receiving 1.97% in fiscal years 2010 and 2011. A one-mill operating levy began in 2010, and will continue for five years.

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.

This page intentionally left blank.

FRANKLIN PUBLIC LIBRARY
WARREN COUNTY
Statement Of Net Assets - Cash Basis
December 31, 2010

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$ 2,351,162</u>
<i>Total Assets</i>	<u><u>2,351,162</u></u>
Net Assets	
Restricted for:	
Capital Projects	990,902
Other Purposes	565,670
Unrestricted	<u>794,590</u>
<i>Total Net Assets</i>	<u><u>\$ 2,351,162</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, 2010

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
Library Services	\$1,381,949	\$42,422	\$13,904	(\$1,325,623)
Capital Outlay	82,999	0	0	(\$82,999)
Other	12,816	0	0	(12,816)
<i>Total Governmental Activities</i>	<u>\$1,477,764</u>	<u>\$42,422</u>	<u>\$13,904</u>	<u>(1,421,438)</u>
		General Receipts		
		Property Taxes		1,136,727
		Unrestricted Gifts and Contributions		11,090
		Grants and Entitlements not Restricted		968,717
		Earnings on Investments		2,179
		Miscellaneous		189
		<i>Total General Receipts</i>		<u>2,118,902</u>
		Change in Net Assets		697,464
		<i>Net Assets Beginning of Year</i>		<u>1,653,698</u>
		<i>Net Assets End of Year</i>		<u>\$2,351,162</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, 2010

	General	Hankinson Trust Fund	Building Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$794,590	\$353,199	\$973,070	\$230,303	\$2,351,162
<i>Total Assets</i>	<u>794,590</u>	<u>353,199</u>	<u>973,070</u>	<u>230,303</u>	<u>2,351,162</u>
Fund Balances					
Reserved:					
Reserved for Encumbrances	2,500	0	0	0	2,500
Unreserved:					
Undesignated, Reported in:					
General Fund	792,090	0	0	212,471	1,004,561
Special Revenue Funds	0	353,199	0	0	353,199
Capital Projects Funds	0	0	973,070	17,832	990,902
<i>Total Fund Balances</i>	<u>\$794,590</u>	<u>\$353,199</u>	<u>\$973,070</u>	<u>\$230,303</u>	<u>\$2,351,162</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, 2010

	General	Hankinson Trust Fund	Building Fund	Other Governmental Funds	Total Governmental Funds
Receipts					
Property and Other Local Taxes	\$1,000,328	\$0	\$0	\$0	\$1,000,328
Public Library	968,717	0	0	0	\$968,717
Intergovernmental	136,400	0	0	0	136,400
Patron Fines and Fees	42,422	0	0	0	42,422
Contributions, Gifts and Donations	12,449	0	0	12,544	24,993
Earnings on Investments	652	382	917	228	2,179
Miscellaneous	189	0	0	0	189
<i>Total Receipts</i>	<u>2,161,157</u>	<u>382</u>	<u>917</u>	<u>12,772</u>	<u>2,175,228</u>
Disbursements					
Current:					
Library Services	1,376,949	0	0	5,000	1,381,949
Capital Outlay	82,999	0	0	0	82,999
<i>Total Disbursements</i>	<u>1,459,948</u>	<u>0</u>	<u>0</u>	<u>5,000</u>	<u>1,464,948</u>
<i>Excess of Receipts Over Disbursements</i>	<u>701,209</u>	<u>382</u>	<u>917</u>	<u>7,772</u>	<u>710,280</u>
Other Financing Sources (Uses)					
Transfers In	0	0	213,000	0	213,000
Transfers Out	(213,000)	0	0	0	(213,000)
Other Financing Uses	(12,816)	0	0	0	(12,816)
<i>Total Other Financing Sources (Uses)</i>	<u>(225,816)</u>	<u>0</u>	<u>213,000</u>	<u>0</u>	<u>(12,816)</u>
<i>Net Change in Fund Balances</i>	475,393	382	213,917	7,772	697,464
<i>Fund Balances Beginning of Year</i>	<u>319,197</u>	<u>352,817</u>	<u>759,153</u>	<u>222,531</u>	<u>1,653,698</u>
<i>Fund Balances End of Year</i>	<u>\$794,590</u>	<u>\$353,199</u>	<u>\$973,070</u>	<u>\$230,303</u>	<u>\$2,351,162</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, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$1,150,000	\$1,150,000	\$1,000,328	(\$149,672)
Public Library	936,130	944,197	968,717	24,520
Intergovernmental	0	0	136,400	136,400
Patron Fines and Fees	61,800	61,800	42,422	(19,378)
Contributions, Gifts and Donations	7,499	7,499	12,449	4,950
Earnings on Investments	1,000	1,000	652	(348)
Miscellaneous	150	150	189	39
<i>Total Receipts</i>	<u>2,156,579</u>	<u>2,164,646</u>	<u>2,161,157</u>	<u>(3,489)</u>
Disbursements				
Current:				
Library Services	1,629,300	1,669,300	1,379,449	289,851
Capital Outlay	75,000	82,999	82,999	0
<i>Total Disbursements</i>	<u>1,704,300</u>	<u>1,752,299</u>	<u>1,462,448</u>	<u>289,851</u>
<i>Excess of Receipts Over Disbursements</i>	<u>452,279</u>	<u>412,347</u>	<u>698,709</u>	<u>286,362</u>
Other Financing Uses				
Transfers Out	(213,000)	(213,000)	(213,000)	0
Other Financing Uses	(20,000)	(20,000)	(12,816)	7,184
<i>Total Other Financing Uses</i>	<u>(233,000)</u>	<u>(233,000)</u>	<u>(225,816)</u>	<u>7,184</u>
<i>Net Change in Fund Balance</i>	219,279	179,347	472,893	293,546
<i>Unencumbered Cash Balance Beginning of Year</i>	<u>319,197</u>	<u>319,197</u>	<u>319,197</u>	<u>0</u>
<i>Unencumbered Cash Balance End of Year</i>	<u><u>\$538,476</u></u>	<u><u>\$498,544</u></u>	<u><u>\$792,090</u></u>	<u><u>\$293,546</u></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, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Earnings on Investments	<u>\$1,616</u>	<u>\$1,616</u>	<u>\$382</u>	<u>(\$1,234)</u>
<i>Total receipts</i>	<u>1,616</u>	<u>1,616</u>	<u>382</u>	<u>(1,234)</u>
Disbursements				
Current:				
Library Services	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Total Disbursements</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>1,616</u>	<u>1,616</u>	<u>382</u>	<u>(1,234)</u>
<i>Unencumbered Cash Balance Beginning of Year</i>	<u>352,817</u>	<u>352,817</u>	<u>352,817</u>	<u>0</u>
<i>Unencumbered Cash Balance End of Year</i>	<u>\$354,433</u>	<u>\$354,433</u>	<u>\$353,199</u>	<u>(\$1,234)</u>

See accompanying notes to the basic financial statements

FRANKLIN PUBLIC LIBRARY
WARREN COUNTY
Statement Of Net Assets - Cash Basis
December 31, 2009

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$ 1,653,698</u>
<i>Total Assets</i>	<u><u>1,653,698</u></u>
Net Assets	
Restricted for:	
Capital Projects	776,966
Other Purposes	557,534
Unrestricted	<u>319,198</u>
<i>Total Net Assets</i>	<u><u>\$ 1,653,698</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, 2009

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
Library Services	\$1,224,629	\$43,436	\$5,091	(\$1,176,102)
Capital Outlay	2,926	0	0	(\$2,926)
Other	1,896	0	0	(1,896)
<i>Total Governmental Activities</i>	<u>\$1,229,451</u>	<u>\$43,436</u>	<u>\$5,091</u>	<u>(1,180,924)</u>
		General Receipts		
		Unrestricted Gifts and Contributions	53,114	
		Grants and Entitlements not Restricted	1,049,355	
		Earnings on Investment	4,594	
		Miscellaneous	405	
		<i>Total General Receipts</i>	<u>1,107,468</u>	
		Change in Net Assets		(73,456)
		<i>Net Assets Beginning of Year, Restated</i>		<u>1,727,154</u>
		<i>Net Assets End of Year</i>		<u>\$1,653,698</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, 2009

	General	Hankinson Trust Fund	Building Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$319,197	\$352,817	\$759,153	\$222,531	\$1,653,698
<i>Total Assets</i>	<u>319,197</u>	<u>352,817</u>	<u>759,153</u>	<u>222,531</u>	<u>1,653,698</u>
Fund Balances					
Unreserved:					
Undesignated, Reported in:					
General Fund	319,197	0	0	204,718	523,915
Special Revenue Funds	0	352,817	0	0	352,817
Capital Projects Funds	0	0	759,153	17,813	776,966
<i>Total Fund Balances</i>	<u>\$319,197</u>	<u>\$352,817</u>	<u>\$759,153</u>	<u>\$222,531</u>	<u>\$1,653,698</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, 2009

	General	Hankinson Trust Fund	Building Fund	Other Governmental Funds	Total Governmental Funds
Receipts					
Public Library	\$1,049,355	\$0	\$0	\$0	\$1,049,355
Patron Fines and Fees	43,436	0	0	0	43,436
Contributions, Gifts and Donations	58,205	0	0	0	58,205
Earnings on Investments	747	974	2,290	583	4,594
Miscellaneous	405	0	0	0	405
<i>Total Receipts</i>	<u>1,152,148</u>	<u>974</u>	<u>2,290</u>	<u>583</u>	<u>1,155,995</u>
Disbursements					
Current:					
Library Services	1,219,712	1,939	0	2,978	1,224,629
Capital Outlay	2,926	0	0	0	2,926
<i>Total Disbursements</i>	<u>1,222,638</u>	<u>1,939</u>	<u>0</u>	<u>2,978</u>	<u>1,227,555</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(70,490)</u>	<u>(965)</u>	<u>2,290</u>	<u>(2,395)</u>	<u>(71,560)</u>
Other Financing Sources (Uses)					
Transfers In	213,000	0	0	0	213,000
Transfers Out	0	0	(213,000)	0	(213,000)
Other Financing Uses	(1,896)	0	0	0	(1,896)
<i>Total Other Financing Sources (Uses)</i>	<u>211,104</u>	<u>0</u>	<u>(213,000)</u>	<u>0</u>	<u>(1,896)</u>
<i>Net Change in Fund Balances</i>	140,614	(965)	(210,710)	(2,395)	(73,456)
<i>Fund Balances Beginning of Year, Restated</i>	<u>178,583</u>	<u>353,782</u>	<u>969,863</u>	<u>224,926</u>	<u>1,727,154</u>
<i>Fund Balances End of Year</i>	<u>\$319,197</u>	<u>\$352,817</u>	<u>\$759,153</u>	<u>\$222,531</u>	<u>\$1,653,698</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, 2009

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Receipts				
Public Library	\$1,189,283	\$1,047,654	\$1,049,355	\$1,701
Patron Fines and Fees	61,800	61,800	43,436	(18,364)
Contributions, Gifts and Donations	10,199	11,199	58,205	47,006
Earnings on Investments	6,000	6,000	747	(5,253)
Miscellaneous	200	200	405	205
<i>Total Receipts</i>	<u>1,267,482</u>	<u>1,126,853</u>	<u>1,152,148</u>	<u>25,295</u>
Disbursements				
Current:				
Library Services	1,607,818	1,482,568	1,219,712	262,856
Capital Outlay	30,000	10,000	2,926	7,074
<i>Total Disbursements</i>	<u>1,637,818</u>	<u>1,492,568</u>	<u>1,222,638</u>	<u>269,930</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(370,336)</u>	<u>(365,715)</u>	<u>(70,490)</u>	<u>295,225</u>
Other Financing Sources (Uses)				
Transfers In	213,000	213,000	213,000	0
Other Financing Uses	(20,000)	(20,000)	(1,896)	18,104
<i>Total Other Financing Sources (Uses)</i>	<u>193,000</u>	<u>193,000</u>	<u>211,104</u>	<u>18,104</u>
<i>Net Change in Fund Balance</i>	<u>(177,336)</u>	<u>(172,715)</u>	<u>140,614</u>	<u>313,329</u>
<i>Unencumbered Cash Balance Beginning of Year</i>	159,551	159,551	159,551	0
<i>Prior Year Encumbrances Appropriated</i>	<u>19,032</u>	<u>19,032</u>	<u>19,032</u>	<u>0</u>
<i>Unencumbered Cash Balance End of Year</i>	<u>\$1,247</u>	<u>\$5,868</u>	<u>\$319,197</u>	<u>\$313,329</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, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Earnings on Investments	<u>\$12,800</u>	<u>\$12,800</u>	<u>\$974</u>	<u>(\$11,826)</u>
<i>Total receipts</i>	<u>12,800</u>	<u>12,800</u>	<u>974</u>	<u>(11,826)</u>
Disbursements				
Current:				
Library Services	<u>20,000</u>	<u>20,000</u>	<u>1,939</u>	<u>18,061</u>
<i>Total Disbursements</i>	<u>20,000</u>	<u>20,000</u>	<u>1,939</u>	<u>18,061</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(7,200)</u>	<u>(7,200)</u>	<u>(965)</u>	<u>6,235</u>
 <i>Unencumbered Cash Balance Beginning of Year</i>	 <u>353,782</u>	 <u>353,782</u>	 <u>353,782</u>	 <u>0</u>
<i>Unencumbered Cash Balance End of Year</i>	<u>\$346,582</u>	<u>\$346,582</u>	<u>\$352,817</u>	<u>\$6,235</u>

See accompanying notes to the basic financial statements

**FRANKLIN PUBLIC LIBRARY
WARREN COUNTY**

*Notes to the Basic Financial Statements
For the Years Ended December 31, 2010 & 2009*

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 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, 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 in 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 Years Ended December 31, 2010 & 2009
(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 Years Ended December 31, 2010 & 2009
(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. 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 2009 & 2010, 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, 2010 and 2009.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest receipt credited to the General Fund during 2010 amounted to \$652 (2009: \$747), to the Building Fund: \$917 (2009: \$2,290), to the Hankinson Trust Fund: \$382 (2009: \$974) and to other governmental funds: \$228 (2009: \$583).

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 Years Ended December 31, 2010 & 2009
(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 \$0 (2009) and \$2,500 (2010) for the General Fund.

**FRANKLIN PUBLIC LIBRARY
WARREN COUNTY**

*Notes to the Basic Financial Statements
For the Years Ended December 31, 2010 & 2009
(Continued)*

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.

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.

**FRANKLIN PUBLIC LIBRARY
WARREN COUNTY**

*Notes to the Basic Financial Statements
For the Years Ended December 31, 2010 & 2009
(Continued)*

Note 4 - Deposits and Investments (Continued)

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: 2010: \$90,436; 2009: \$78,043. The entire bank balance was covered by federal depository insurance.

Investments

The following deposit/investment objectives will be applied in the management of funds of the 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>2010</u>	<u>2009</u>
STAR Ohio	\$2,260,726	\$1,575,655

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 2010 & 2009, the Library contracted with several companies for various types of insurance coverage as follows:

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

**FRANKLIN PUBLIC LIBRARY
WARREN COUNTY**

*Notes to the Basic Financial Statements
For the Years Ended December 31, 2010 & 2009
(Continued)*

Note 5 - Risk Management (Continued)

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.

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 costsharing, 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 years ended December 31, 2010 and 2009, 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 2010 and 2009 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, 2010, 2009, and 2008 were \$155,957, \$154,388, and \$115,514 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 2010 and 2009 local government employer contribution rate was 14 percent of covered payroll. In 2010, the portion of employer contributions allocated to health care for members in the Traditional Plan was 5.5 percent from January 1 through February 28, 2010, and 5 percent from March 1 through December 31, 2010. The portion of employer contributions allocated to health care for members in the Combined

**FRANKLIN PUBLIC LIBRARY
WARREN COUNTY**

*Notes to the Basic Financial Statements
For the Years Ended December 31, 2010 & 2009
(Continued)*

Note 7 - Postemployment Benefits (Continued)

Plan was 4.73 percent from January 1 through February 28, 2010, and 4.23 percent from March 1 through December 31, 2010. In 2009, the portion of employer contributions allocated to health care for the Traditional Plan and Combined Plan was 7.00% from January 1 through March 31, 2009 and 5.5% from April 1 through December 31, 2009.

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 Public Library Fund (PLF), which is 2.2% of the stat General Fund tax revenues (temporary law has restricted PLF to receiving 1.97% in fiscal years 2010 and 2011). 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.

A one-mill operating tax levy was passed beginning January, 2010 and will continue for the period of five years.

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. 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.

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 9 – Prior Period Adjustment

In 2009, the Library voided a prior year warrant within the General Fund which resulted in a prior period adjustment:

Governmental Activities-Net Assets at 12/31/08	\$ 1,726,524
Voided Warrant	630
Governmental Activities-Net Assets at 12/31/08, as restated	<u>1,727,154</u>



Dave Yost • 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 Fourth 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 the Franklin Public Library, Warren County, Ohio (the Library), as of and for the years ended December 31, 2010 and 2009, which collectively comprise the Library's basic financial statements and have issued our report thereon dated June 29, 2011 wherein we noted the Library uses a comprehensive accounting basis other than generally accepted accounting principles. We also noted 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(A) mandates 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 the purpose of expressing our opinions on the financial statements, but not for the purpose of opining 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 *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 more than a reasonable possibility that a material misstatement of the Government's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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, the Board of Trustees, and others within the Library. We intend it for no one other than these specified parties.

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

June 29, 2011



Dave Yost • 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
JULY 14, 2011