



Dave Yost • Auditor of State

**GRANDVIEW HEIGHTS PUBLIC LIBRARY
FRANKLIN COUNTY**

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Dave Yost • Auditor of State

Grandview Heights Public Library
Franklin County
1685 West First Avenue
Columbus, Ohio 43212

To the Board of Trustees:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your Library to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

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Dave Yost
Auditor of State

August 14, 2012

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Grandview Heights Public Library
Franklin County
1685 West First Avenue
Columbus, Ohio 43212

To the Board of Trustees:

We have audited the accompanying financial statements of the Grandview Heights Public Library, Franklin County, Ohio, (the Library) as of and for the years ended December 31, 2011 and 2010. These financial statements are the responsibility of the Library's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with 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. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Library has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Library's larger (i.e. major) funds separately. While the Library does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require libraries to reformat their statements. The Library has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2011 and 2010 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Library as of December 31, 2011 and 2010, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the fund cash balances as of December 31, 2011 and 2010 of the Grandview Heights Public Library, Franklin County, Ohio, and its cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

As described in Note 1, during 2011 the Grandview Heights Public Library adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 14, 2012, 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.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "Y" and "O".

Dave Yost
Auditor of State

August 14, 2012

**GRANDVIEW HEIGHTS PUBLIC LIBRARY
FRANKLIN COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2011**

	<u>Governmental Fund Types</u>			<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property and Other Local Taxes	\$ 1,081,469	\$ -	\$ -	\$ 1,081,469
Library and Local Government Support	1,364,913	-	-	1,364,913
Intergovernmental	218,643	-	-	218,643
Patron Fines and Fees	95,400	-	-	95,400
Services Provided to Other Entities	14,226	-	-	14,226
Contributions, Gifts and Donations	96,640	-	-	96,640
Earnings on Investments	1,653	-	124	1,777
Miscellaneous Receipts	5,852	-	-	5,852
	<u>2,878,796</u>	<u>-</u>	<u>124</u>	<u>2,878,920</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
Salaries	1,221,195	-	-	1,221,195
Employee Fringe Benefits	374,357	-	-	374,357
Purchased and Contracted Services	405,593	-	-	405,593
Library Materials and Information	310,670	-	-	310,670
Supplies	33,944	-	-	33,944
Other	1,262	-	-	1,262
Debt Service:				
Redemption of Principal	-	36,000	-	36,000
Interest Payments	-	2,804	-	2,804
Capital Outlay	-	-	12,439	12,439
	<u>2,347,021</u>	<u>38,804</u>	<u>12,439</u>	<u>2,398,264</u>
Total Cash Disbursements				
Total Cash Receipts Over/(Under) Cash Disbursements	<u>531,775</u>	<u>(38,804)</u>	<u>(12,315)</u>	<u>480,656</u>
Other Financing Receipts/(Disbursements):				
Transfers-In	-	76,050	225,000	301,050
Transfers-Out	(301,050)	-	-	(301,050)
	<u>(301,050)</u>	<u>76,050</u>	<u>225,000</u>	<u>-</u>
Total Other Financing Receipts/(Disbursements)				
Excess of Cash Receipts and Other Financing Receipts (Under) Cash Disbursements and Other Financing Disbursements	<u>230,725</u>	<u>37,246</u>	<u>212,685</u>	<u>480,656</u>
Fund Cash Balances, January 1	<u>816,795</u>	<u>-</u>	<u>223,360</u>	<u>1,040,155</u>
Fund Cash Balances, December 31				
Restricted		37,246		37,246
Assigned			436,045	436,045
Unassigned	1,047,520			1,047,520
Fund Cash Balances, December 31	<u>\$ 1,047,520</u>	<u>\$ 37,246</u>	<u>\$ 436,045</u>	<u>\$ 1,520,811</u>

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

GRANDVIEW HEIGHTS PUBLIC LIBRARY
FRANKLIN COUNTY

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGE IN FUND CASH BALANCE
AGENCY FUND
FOR THE YEAR ENDED DECEMBER 31, 2011

Operating Cash Receipts:	
Services Provided to Other Entities	\$ 477,322
Miscellaneous	6,452
	<hr/>
Total Operating Cash Receipts	483,774
	<hr/>
Operating Cash Disbursements:	
Current:	
Salaries	175,208
Employee Fringe Benefits	47,398
Purchased and Contracted Services	201,140
Library Materials and Information	3,212
Supplies	974
Other	8,160
Capital Outlay	5,943
	<hr/>
Total Operating Cash Disbursements	442,035
	<hr/>
Operating Income	41,739
	<hr/>
Non-Operating Cash Receipts:	
Federal Grants	7,139
Earnings on Investments	421
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Total Non-Operating Cash Receipts	7,560
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Net Receipts Over Disbursements	49,299
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Fund Cash Balance, January 1	272,076
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Fund Cash Balance, December 31	\$ 321,375
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The notes to the financial statements are an integral part of this statement.

**GRANDVIEW HEIGHTS PUBLIC LIBRARY
FRANKLIN COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Capital Projects</u>	
Cash Receipts:			
Property and Other Local Taxes	\$ 801,846	\$ -	\$ 801,846
Library and Local Government Support	1,320,926	-	1,320,926
Intergovernmental	202,331	-	202,331
Patron Fines and Fees	104,332	-	104,332
Services Provided to Other Entities	8,142	-	8,142
Contributions, Gifts and Donations	29,283	-	29,283
Earnings on Investments	1,549	266	1,815
Miscellaneous Receipts	13,882	-	13,882
	<u>2,482,291</u>	<u>266</u>	<u>2,482,557</u>
Total Cash Receipts			
	<u>2,482,291</u>	<u>266</u>	<u>2,482,557</u>
Cash Disbursements:			
Current:			
Salaries	1,113,413	-	1,113,413
Employee Fringe Benefits	463,177	-	463,177
Purchased and Contracted Services	370,203	-	370,203
Library Materials and Information	309,825	-	309,825
Supplies	34,078	-	34,078
Other	807	-	807
Debt Service:			
Redemption of Principal	-	36,000	36,000
Interest Payments	-	4,423	4,423
Capital Outlay	-	29,159	29,159
	<u>2,291,503</u>	<u>69,582</u>	<u>2,361,085</u>
Total Cash Disbursements			
	<u>2,291,503</u>	<u>69,582</u>	<u>2,361,085</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>190,788</u>	<u>(69,316)</u>	<u>121,472</u>
Other Financing Receipts/(Disbursements):			
Transfers-In	-	40,455	40,455
Transfers-Out	(40,455)	-	(40,455)
	<u>(40,455)</u>	<u>40,455</u>	<u>-</u>
Total Other Financing Receipts/(Disbursements)			
	<u>(40,455)</u>	<u>40,455</u>	<u>-</u>
Excess of Cash Receipts and Other Financing Receipts (Under) Cash Disbursements and Other Financing Disbursements	150,333	(28,861)	121,472
Fund Cash Balances, January 1	666,462	252,221	918,683
	<u>\$ 816,795</u>	<u>\$ 223,360</u>	<u>\$ 1,040,155</u>

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

GRANDVIEW HEIGHTS PUBLIC LIBRARY
FRANKLIN COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGE IN FUND CASH BALANCES
AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010

Operating Cash Receipts:	
Services Provided to Other Entities	\$ 554,331
Miscellaneous	1,184
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Total Operating Cash Receipts	555,515
	<hr/>
Operating Cash Disbursements:	
Current:	
Salaries	171,837
Employee Fringe Benefits	65,315
Purchased and Contracted Services	197,763
Library Materials and Information	85,194
Supplies	6,318
Other	350
Capital Outlay	3,008
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Total Operating Cash Disbursements	529,785
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Operating Income	25,730
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Non-Operating Cash Receipts:	
Federal Grants	7,879
Earnings on Investments	443
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Total Non-Operating Cash Receipts	8,322
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Net Receipts Over Disbursements	34,052
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Fund Cash Balance, January 1	238,024
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Fund Cash Balance, December 31	\$ 272,076
	<hr/> <hr/>

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

**GRANDVIEW HEIGHTS PUBLIC LIBRARY
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Grandview Heights Public Library, Franklin County, (the Library) is body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of Ohio. The Library has its own Board of Trustees of seven members who are appointed by the Board of Education of Grandview Heights City School District. 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-Treasurer.

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

A joint venture is a legal entity or other organization that results from a contractual arrangement and that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control, in which the participants retain (a) an ongoing financial interest or (b) an ongoing financial responsibility. The Library is a member of the Central Library Consortium (the "CLC"), a joint venture to provide reduced costs to the individual member libraries through collective efforts and resource sharing. The Library is the administrative and fiscal agent for the CLC. The Library is also a member of the Digital Downloads- A Library Collaboration (DDALC), a joint venture to finance online audio and print books as well as other digital projects for participating libraries. The CLC and DDALC are further discussed in Note 8.

Component units are legally separate organizations for which the Library is financially accountable. The Library is financially accountable for an organization if the Library appoints a voting majority of the organization's governing board and (1) the Library is able to significantly influence the programs or services performed or provided by the organization; or (2) the Library is legally entitled to or can otherwise access the organization's resources; the Library is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Library is obligated for the debt of the organization. The Library is also financially accountable for any organizations for which the Library approves the budget, the issuance of debt or the levying of taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Library, are accessible to the Library and are significant in the amount to the Library. The Grandview Heights Public Library Foundation is a component unit of the Library.

**GRANDVIEW HEIGHTS PUBLIC LIBRARY
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Description of the Entity (Continued)

The Library is the sole beneficiary of an endowment fund from Grandview Heights Public Library Foundation (the Foundation). The Foundation is a legally separate, not-for-profit corporation, served by a board of trustees appointed by the Library. Since the Library is the sole beneficiary of the resources of the Foundation and because it appoints the board of trustees, it is considered a component unit of the Library. Under the regulatory basis of accounting, the Foundation's financial activity is not required to be presented with the Library financial statements. Financial information for the Foundation can be obtained from The Columbus Foundation, 1234 East Broad Street, Columbus, Ohio 43205.

The Friends of the Grandview Heights Public Library, Inc. is a legally separate, not-for-profit organization with a self-appointing board. The Library is not financially accountable for the organization, nor does the Library approve the budget or the issuance of debt of the organization. The Library does not have access to the resources provided by the organization. Therefore, this organization has been excluded from the reporting entity of the Library.

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

B. Basis of Accounting

These financial statements follow the basis of accounting the Auditor of State prescribes or permits. This accounting basis is similar to the cash receipts and disbursements basis. The Library recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred.

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Deposits and Investments

The Library's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Money market mutual funds (including STAR Ohio) are recorded at share values the mutual funds report.

D. Fund Accounting

The Library uses fund accounting to segregate cash that is restricted as to use. The Library classifies its funds into the following types:

1. General Fund

The General Fund is the library's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

**GRANDVIEW HEIGHTS PUBLIC LIBRARY
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Debt Service Fund

This fund is used to account for the resources the Library accumulated to pay the note debt.

3. Capital Projects Fund

This fund is used to finance capital acquisitions approved by the Board of Trustees.

4. Agency Fund

Funds for which the Library is acting in a custodial capacity are classified as agency funds. The Library had the following significant agency funds:

Central Library Consortium (CLC) – This agency fund receives fees from consortium members to finance operating expenditures of the Consortium.

Digital Downloads – A Library Collaboration (DDALC) – This agency fund receives fees from initiative members to finance online audio and print books as well as other digital projects for participating member libraries. For 2010 the Library was the fiscal agent for the DDALC; in 2011 the Columbus Metropolitan Library assumed fiscal agent responsibilities and this activity was no longer accounted for by the Library.

E. Budgetary Process

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

A summary of 2011 and 2010 budgetary activity appears in Note 3.

F. Property, Plant, and Equipment

The Library records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

GRANDVIEW HEIGHTS PUBLIC LIBRARY
FRANKLIN COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Fund Balance

For December 31, 2011 fund balance is divided into five classifications based primarily on the extent to which the Library must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

1. **Nonspendable**

The Library classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

2. **Restricted**

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

3. **Committed**

Trustees can *commit* amounts via formal action (resolution). The Library must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

4. **Assigned**

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Library Trustees or a Library official delegated that authority by resolution, or by State Statute.

5. **Unassigned**

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

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

**GRANDVIEW HEIGHTS PUBLIC LIBRARY
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Library maintains a deposit and investments pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 was as follows:

	2011	2010
Demand deposits	\$1,263,223	\$721,159
Cash on Hand	400	400
Total deposits	1,263,623	721,559
 STAR Ohio	 578,563	 590,672
Total investments	578,563	590,672
Total deposits and investments	\$1,842,186	\$1,312,231

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

Investments: Investments in STAR Ohio are not evidenced by securities existing in physical or book-entry form.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2011 and December 31 2010 follows:

2011 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,877,077	\$2,878,796	\$1,719
Capital Projects	225,125	225,124	(1)
Debt Service	76,050	76,050	0
Agency	491,312	491,334	22
Total	\$3,669,564	\$3,671,304	\$1,740

2011 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,832,298	\$2,695,742	\$136,556
Capital Projects	80,000	26,539	53,461
Debt Service	38,835	38,804	31
Agency	500,675	442,490	58,185
Total	\$3,451,808	\$3,203,575	\$248,233

**GRANDVIEW HEIGHTS PUBLIC LIBRARY
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2010 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,474,967	\$2,482,291	\$7,324
Capital Projects	40,746	40,721	(25)
Agency	563,884	563,837	(47)
Total	\$3,079,597	\$3,086,849	\$7,252

2010 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,531,060	\$2,352,406	\$178,654
Capital Projects	168,515	69,582	98,933
Agency	567,298	530,829	36,469
Total	\$3,266,873	\$2,952,817	\$314,056

4. GRANTS-IN-AID AND TAX RECEIPTS

The primary source of revenue for Ohio public libraries is the Public Library Fund (PLF). The State allocates PLF to each county based on the total tax revenue credited to the State's general revenue fund during the preceding month. The County Budget Commission bases the amount for distribution on the needs of such library for the construction of new library buildings, parts of buildings, improvements, operation, maintenance, or other expenses. The County Budget Commission cannot reduce its allocation of these funds to the Library based on any additional revenues the Library receives.

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 Board 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 Other Governments' Grants In Aid. Payments are due to the County by January 20. If the property owner elects to pay semiannually, the first half is due January 20. 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.

**GRANDVIEW HEIGHTS PUBLIC LIBRARY
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

5. DEBT

In 2008, the Board authorized the issuance of \$180,000 in notes in anticipation of Library and Local Government Fund Receipts. The purpose of the notes was to fund the costs of acquiring, constructing, installing, and equipping certain improvements to the facilities of the Library.

Debt outstanding at December 31, 2011 was as follows:

	Principal	Interest Rate
Library Facilities Notes	\$36,000	4.50%

Amortization of the above debt, including interest, is scheduled as follows:

	Library Facilities Notes
Year ending December 31:	
2012	37,215
Total	\$37,215

6. RETIREMENT SYSTEM

The Ohio Public Employees Retirement System (OPERS) is a state operated, cost-sharing, multiple employer public employee retirement system. The Ohio Revised Code prescribes retirement benefits for vested employees who are eligible to retire based upon years of service. OPERS also provides survivor and disability benefits to vested employees as the Ohio Revised Code prescribes.

The Ohio Revised Code also prescribes contribution rates. For 2011 and 2010 the Library's OPERS members contributed 10 percent of their gross salaries. The Library contributed an amount equal to 14 percent of participants' gross salaries. The Library has paid all contributions required through December 31, 2011.

7. RISK MANAGEMENT

The Library has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Crime;
- Boilers and Machinery;
- Director and Officer Liability
- Vehicles; and
- Errors and omissions.

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

**GRANDVIEW HEIGHTS PUBLIC LIBRARY
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

8. JOINT VENTURES

The Library is a member of the Central Library Consortium (the "CLC"). The CLC is a separate entity established as a joint venture to provide reduced costs to the individual member libraries through collective efforts and resources sharing. The CLC undertakes projects that strive to complement the existing resources available through the State Library regional system.

The CLC, which commenced on June 13, 1988, has eight members consisting of the Fairfield County District Library, Grandview Heights Public Library, Pickerington Public Library, The Wagnalls Memorial Library, Alexandria Public Library, Pickaway County District Public Library, Marysville Public Library, and Plain City Public Library. The original agreement has been modified to extend membership to additional libraries. The CLC is governed by a Council consisting of one appointed representative by each member library. The Council elects a president, a vice president, and a secretary. The CLC's financial operations are accounted for in the Agency Fund of the Grandview Heights Public Library.

Members make payments to the CLC in amounts established in the agreements for individual projects undertaken by the CLC. The Library has no explicit and measurable equity interest in the venture. The Library's only ongoing financial responsibility to the CLC is for participating projects that have been entered into by the Library.

The Library is also a member of the Digital Downloads-A Library Collaboration (DDALC), a joint venture to finance online audio and print books as well as other digital projects for participating member libraries. The Library carries all of the responsibility for this project. The participation agreements contain clauses regarding meetings of the Library Directors and each library having one vote however all of the contracts are in the Library's name. The DDALC's financial operations were accounted for in the Agency Fund of the Grandview Heights Public Library for 2010; in 2011 the Columbus Metropolitan Library assumed responsibility for accounting for the financial operations of the DDALC's. The DDALC, which commenced in 2004, has fourteen members consisting of the Columbus Metropolitan Library, Kenton County Public Library, Plain City Public Library, Washington-Centerville Township, Worthington Public Library, Upper Arlington Public Library, Grandview Heights Public Library, Greene County Public Library, Fairfield County Public Library, Pickerington Public Library, Marysville Public Library, Southwest Public Library, Pickaway County Public Library, and Bexley Public Library. Each member makes payment to DDALC in the amount established in the agreements.



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

Grandview Heights Public library
Franklin County
1685 West First Avenue
Columbus, Ohio 43212

To the Board of Trustees:

We have audited the financial statements of the Grandview Heights Public Library, Franklin County, Ohio, (the Library) as of and for the years ended December 31, 2011 and 2010, and have issued our report thereon dated August 14, 2012, wherein we noted the Library has prepared these financial statements using accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. In addition, we noted that in 2011 the Library adopted Governmental Accounting Standards Board Statement No. 54. 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 opinion 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 Library'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.

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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 audit committee, 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 initial "D".

Dave Yost
Auditor of State

August 14, 2012



Dave Yost • Auditor of State

GRANDVIEW HEIGHTS PUBLIC LIBRARY

FRANKLIN COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
SEPTEMBER 6, 2012