



**Auditor of State
Betty Montgomery**

**GRANDVIEW HEIGHTS PUBLIC LIBRARY
FRANKLIN COUNTY**

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Grandview Heights Public Library
Franklin County
1685 West First Avenue
Columbus, Ohio 43212-3399

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, 2003, and December 31, 2002. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Library prepares its financial statements, except for the Expendable Trust Fund, on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The Expendable Trust Fund follows the accrual basis of accounting as prescribed by accounting principles generally accepted in United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Grandview Heights Public Library, Franklin County, Ohio as of December 31, 2003 and December 31, 2002, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

As further discussed in Note 2 to the financial statements, the Library restated its January 1, 2002, fund balances for the reclassification of certain funds.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 30, 2004, on our consideration of the Library's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

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

Betty Montgomery
Auditor of State

August 30, 2004

**GRANDVIEW HEIGHTS PUBLIC LIBRARY
FRANKLIN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2003**

| | Governmental Fund Types | | | | Fiduciary Fund Type | Totals (Memorandum Only) |
|---|-------------------------|--------------------|------------------|---------------------|------------------------|--------------------------------|
| | General | Special Revenue | Debt Service | Capital Projects | Expendable Trust | |
| Cash Receipts: | | | | | | |
| Property and Other Local Taxes | \$294,619 | \$0 | \$309,152 | \$0 | \$0 | \$603,771 |
| Other Government Grants-In-Aid | 1,867,778 | 2,484 | 0 | 0 | 0 | 1,870,262 |
| Patron Fines and Fees | 83,259 | 0 | 0 | 0 | 0 | 83,259 |
| Earnings on Investments | 2,777 | 132 | 11,500 | 5,750 | 70,162 | 90,321 |
| Contributions, Gifts and Donations | 1,626 | 4,524 | 0 | 0 | 30,873 | 37,023 |
| Miscellaneous Receipts | 32,372 | 0 | 0 | 0 | 0 | 32,372 |
| Total Cash Receipts | 2,282,431 | 7,140 | 320,652 | 5,750 | 101,035 | 2,717,008 |
| Cash Disbursements: | | | | | | |
| Current: | | | | | | |
| Salaries and Benefits | 1,714,788 | 0 | 0 | 0 | 0 | 1,714,788 |
| Supplies | 49,309 | 242 | 0 | 0 | 0 | 49,551 |
| Purchased and Contracted Services | 389,642 | 13,339 | 3,813 | 0 | 1,141 | 407,935 |
| Library Materials and Information | 369,612 | 0 | 0 | 0 | 0 | 369,612 |
| Other Objects | 6,013 | 2,462 | 0 | 0 | 181 | 8,656 |
| Debt Service: | | | | | | |
| Redemption of Principal | 0 | 0 | 170,000 | 0 | 0 | 170,000 |
| Interest Payments and Other Financing Fees and Costs | 0 | 0 | 46,505 | 0 | 0 | 46,505 |
| Capital Outlay | 94,056 | 0 | 0 | 182,909 | 0 | 276,965 |
| Total Cash Disbursements | 2,623,420 | 16,043 | 220,318 | 182,909 | 1,322 | 3,044,012 |
| Total Cash Receipts Over/(Under) Cash Disbursements | (340,989) | (8,903) | 100,334 | (177,159) | 99,713 | (327,004) |
| Other Financing Receipts/(Disbursements): | | | | | | |
| Transfers-In | 200,000 | 0 | 0 | 0 | 0 | 200,000 |
| Transfers-Out | 0 | 0 | (100,000) | (100,000) | 0 | (200,000) |
| Total Other Financing Receipts/(Disbursements) | 200,000 | 0 | (100,000) | (100,000) | 0 | 0 |
| Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements | (140,989) | (8,903) | 334 | (277,159) | 99,713 | (327,004) |
| Fund Cash Balances, January 1 | 262,741 | 18,128 | 975,504 | 669,843 | 322,277 | 2,248,493 |
| Fund Cash Balances, December 31 | \$121,752 | \$9,225 | \$975,838 | \$392,684 | \$421,990 | \$1,921,489 |

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, 2003

| | |
|---------------------------------------|--------------------------------|
| Operating Cash Receipts: | |
| Charges for Services | <u>\$466,185</u> |
| Total Operating Cash Receipts | <u>466,185</u> |
| Operating Cash Disbursements: | |
| Current: | |
| Salaries and Benefits | 182,872 |
| Supplies | 412 |
| Purchased and Contracted Services | 205,804 |
| Library Material and Information | 26,469 |
| Capital Outlay | <u>23,922</u> |
| Total Operating Cash Disbursements | <u>439,479</u> |
| Operating Income | <u>26,706</u> |
| Non-Operating Cash Receipts: | |
| Earnings on Investments | 2,321 |
| Other Non-Operating Receipts | <u>2,312</u> |
| Total Non-Operating Cash Receipts | <u>4,633</u> |
| Net Receipts Over Disbursements | 31,339 |
| Fund Cash Balance, January 1 | <u>227,874</u> |
| Fund Cash Balance, December 31 | <u><u>\$259,213</u></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
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2002**

| | Governmental Fund Types | | | | Fiduciary Fund Type | Totals (Memorandum Only) |
|--|-------------------------|--------------------|------------------|---------------------|------------------------|--------------------------------|
| | General | Special Revenue | Debt Service | Capital Projects | Expendable Trust | |
| Cash Receipts: | | | | | | |
| Property and Other Local Taxes | \$397,517 | \$0 | \$273,614 | \$0 | \$0 | \$671,131 |
| Other Government Grants-In-Aid | 1,711,557 | 0 | 0 | 0 | 0 | 1,711,557 |
| Patron Fines and Fees | 84,362 | 0 | 0 | 0 | 0 | 84,362 |
| Earnings on Investments | 3,068 | 273 | 19,573 | 12,676 | 10,731 | 46,321 |
| Contributions, Gifts and Donations | 3,180 | 10,794 | 0 | 0 | 21,199 | 35,173 |
| Miscellaneous Receipts | 19,525 | 0 | 0 | 0 | 0 | 19,525 |
| Total Cash Receipts | 2,219,209 | 11,067 | 293,187 | 12,676 | 31,930 | 2,568,069 |
| Cash Disbursements: | | | | | | |
| Current: | | | | | | |
| Salaries and Benefits | 1,627,066 | 0 | 0 | 0 | 0 | 1,627,066 |
| Supplies | 49,557 | 327 | 0 | 0 | 0 | 49,884 |
| Purchased and Contracted Services | 333,081 | 9,332 | 3,610 | 0 | 1,150 | 347,173 |
| Library Materials and Information | 355,553 | 0 | 0 | 0 | 0 | 355,553 |
| Other Objects | 8,638 | 2,744 | 0 | 0 | 227 | 11,609 |
| Debt Service: | | | | | | |
| Redemption of Principal | 0 | 0 | 160,000 | 0 | 0 | 160,000 |
| Interest Payments and Other Financing Fees and Costs | 0 | 0 | 43,716 | 0 | 0 | 43,716 |
| Capital Outlay | 16,835 | 158 | 0 | 136,559 | 0 | 153,552 |
| Total Cash Disbursements | 2,390,730 | 12,561 | 207,326 | 136,559 | 1,377 | 2,748,553 |
| Total Cash Receipts Over/(Under) Cash Disbursements | (171,521) | (1,494) | 85,861 | (123,883) | 30,553 | (180,484) |
| Other Financing Receipts/(Disbursements): | | | | | | |
| Transfers-In | 100,000 | 190 | 0 | 0 | 0 | 100,190 |
| Transfers-Out | (190) | 0 | (100,000) | 0 | 0 | (100,190) |
| Loss on Investments | 0 | 0 | 0 | 0 | (32,796) | (32,796) |
| Total Other Financing Receipts/(Disbursements) | 99,810 | 190 | (100,000) | 0 | (32,796) | (32,796) |
| Excess of Cash Receipts and Other Financing Receipts (Under) Cash Disbursements and Other Financing Disbursements | (71,711) | (1,304) | (14,139) | (123,883) | (2,243) | (213,280) |
| Fund Cash Balances, January 1 | 334,452 | 19,432 | 989,643 | 793,726 | 324,520 | 2,461,773 |
| Fund Cash Balances, December 31 | \$262,741 | \$18,128 | \$975,504 | \$669,843 | \$322,277 | \$2,248,493 |

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, 2002

| | |
|---------------------------------------|--------------------------------|
| Operating Cash Receipts: | |
| Charges for Services | <u>\$405,545</u> |
| Total Operating Cash Receipts | <u>405,545</u> |
| Operating Cash Disbursements: | |
| Current: | |
| Salaries and Benefits | 159,677 |
| Supplies | 751 |
| Purchased and Contracted Services | 135,288 |
| Library Materials and Information | 61,465 |
| Other Objects | 150 |
| Capital Outlay | <u>22,290</u> |
| Total Operating Cash Disbursements | <u>379,621</u> |
| Operating Income | <u>25,924</u> |
| Non-Operating Cash Receipts: | |
| Earnings on Investments | 2,950 |
| Other Non-Operating Receipts | <u>644</u> |
| Total Non-Operating Cash Receipts | <u>3,594</u> |
| Net Receipts Over Disbursements | 29,518 |
| Fund Cash Balance, January 1 | <u>198,356</u> |
| Fund Cash Balance, December 31 | <u><u>\$227,874</u></u> |

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, 2003 AND 2002**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

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

The Columbus Foundation also holds an endowment fund whose sole beneficiary is the Library. Since the endowment fund solely benefits the Library, the fund balance and financial activity of this fund is included in this report as the Columbus Foundation Endowment Fund for Grandview Heights Public Library, an Expendable Trust Fund. The Columbus Foundation is further discussed in Note 10.

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 CLC is further discussed in Note 9.

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, with the exception of the Columbus Foundation Fund for Grandview Heights Public Library, an Expendable Trust Fund, follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred.

The Columbus Foundation Endowment Fund for Grandview Heights Public Library, an Expendable Trust, is presented on the accrual basis of accounting, where receipts are recognized when earned and disbursements are recognized when a liability is incurred.

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

C. Cash and Investments

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

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

**GRANDVIEW HEIGHTS PUBLIC LIBRARY
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Cash and Investments

The Library also presents monies held by the Columbus Foundation. The monies are to solely benefit the Library. The balances in these accounts are presented on the accrual basis of accounting where unrealized gains or losses are recognized as receipts or disbursements, respectively in accordance with the market fluctuation of the investments. The Library experienced a loss on investment \$32,796 in fiscal year 2002 and a gain on investments of \$59,086 in 2003. The gains are recorded as earnings on investments and losses are reported in other financial sources.

D. Fund Accounting

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

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Fund

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Library had the following significant Special Revenue Fund:

Grandview Heights Public Library Endowment Fund – This fund receives contributions and donations that are used to support the public activities of the Library. The contributions and donations are not evidenced by any legal agreements.

3. Debt Service Fund

The Debt Service fund is used to accumulate resources for the payment of bond indebtedness. The Library had the following significant Debt Service Fund:

Debt Service Fund- This fund receives levied general operating tax monies. The Library has chosen to use a portion of the monies earned to pay debt.

4. Capital Projects Fund

The Capital Projects fund is used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Library had the following significant Capital Project Fund:

Capital Projects Fund- This fund received transfers from the general fund to finance capital acquisitions approved by the Board of Trustees.

**GRANDVIEW HEIGHTS PUBLIC LIBRARY
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

5. Fiduciary Funds (Expendable Trust and Agency Fund)

Expendable Trust is used to account for donation and contributions maintained by the Columbus Foundation. Funds for which the Library is acting in an agency capacity are classified as agency funds. The Library had the following significant Fiduciary Funds:

Columbus Foundation Endowment Fund for Grandview Heights Public Library- This fund represents contributions and donations received by the Columbus Foundation in the name of the endowment fund to be invested for future benefit and use by the Library.

Central Library Consortium- This agency fund received fees from consortium members to finance operating expenditures of the Consortium.

E. Budgetary Process

The Board must annually approve appropriation measures and subsequent amendments. Budgetary expenditures may not exceed appropriations at the fund and function level of control (legal level of control).

A summary of 2003 and 2002 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

G. Accumulated Leave

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

2. FUND RESTATEMENTS

Revenue received from the assessment of fees for copies made on the Library copy machine, and the related cost for providing those services were previously account for in an Enterprise Fund. Since this activity is not profit oriented and the fees assessed are not intended to be self-sufficient for covering the cost of providing the services, the activity was re-classified to the General Fund. The restated fund balances for the General Fund type and Enterprise Fund type at January 1, 2002 are noted in the following table:

| | Balance at December 31, 2001 | Fund Adjustment | Restated Balance at January 1, 2002 |
|-----------------|---|------------------------|--|
| General Fund | \$303,036 | \$31,416 | \$334,452 |
| Enterprise Fund | 31,416 | (31,416) | 0 |

**GRANDVIEW HEIGHTS PUBLIC LIBRARY
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

2. FUND RESTATEMENTS (Continued)

Contribution, donation, and earnings on investment revenues and related expenses with the Columbus Foundation that were accounted for in the Special Revenue Fund, as the Columbus Foundation Endowment Fund for the Grandview Heights Public Library, were restated to an Expendable Trust Fund type due to the inappropriate classification of the activity. Since the Columbus Foundation is legally entitled to receive these monies and hold them in trust for the sole benefit of the Library, it has been re-classified to an Expendable Trust Fund

The activity of the Central Library Consortium (CLC) that was accounted for in the Internal Service Fund was restated to the Agency Fund of the Library due to its inappropriate classification. The Library is the administrator and fiscal agent of the CLC. It has been re-classified as an Agency Fund, due to the agency capacity relationship.

The restated fund balance for the Special Revenue Fund, Expendable Trust Fund, Agency Fund and Internal Service Fund types at January 1, 2002 is noted in the following table:

| | Balance at December 31, 2001 | Fund Adjustment | Restated Balance at January 1, 2002 |
|-------------------------------|---|------------------------|--|
| Special Revenue Fund Type | \$343,952 | \$(324,520) | \$19,432 |
| Expendable Trust Fund Type | 0 | 324,520 | 324,520 |
| Agency Fund | 0 | 198,356 | 198,356 |
| Internal Service Fund Type | 198,356 | (198,356) | 0 |

3. EQUITY IN POOLED CASH AND INVESTMENTS

The Library maintains a cash and investments pool used by all funds except the Grandview Heights Public Library Endowment Fund Expendable Trust Fund which is owned by the Columbus Foundation. The Ohio Revised Code prescribes allowable deposits and investments for the Library's funds. The carrying amount of cash and investments at December 31 follows:

| | 2003 | 2002 |
|---------------------------------|-------------|-------------|
| Demand deposits | \$220,208 | \$231,262 |
| Total deposits | 220,208 | 231,262 |
| Columbus Foundation (Endowment) | 421,990 | 322,277 |
| STAR Ohio | 1,538,504 | 1,922,828 |
| Total investments | 1,960,494 | 2,245,105 |
| Total deposits and investments | \$2,180,702 | \$2,476,367 |

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

**GRANDVIEW HEIGHTS PUBLIC LIBRARY
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

3. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)

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

Investments made by the Columbus Foundation are made in mutual funds comprised of both public and private securities that are held in book entry form by Columbus Foundation in the name of the Grandview Heights Public Library Endowment Fund. The balance of the investments held by the Columbus Foundation above are presented on an accrual basis and represent the fair value held by the Columbus Foundation. All other investments are reported at their carrying value.

4. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2003 and December 31, 2002 follows:

| 2003 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|----------------------------|---------------------------|-----------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$2,693,700 | \$2,623,420 | \$70,280 |
| Special Revenue | 24,487 | 16,043 | 8,444 |
| Debt Service | 325,005 | 320,318 | 4,687 |
| Capital Projects | 595,000 | 282,909 | 312,091 |
| Expendable Trust | 7,018 | 1,322 | 5,696 |
| Agency Fund | 482,600 | 439,479 | 43,121 |
| Total | \$4,127,810 | \$3,683,491 | \$444,319 |

| 2002 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|----------------------------|---------------------------|-----------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$2,449,073 | \$2,390,920 | \$58,153 |
| Special Revenue | 39,350 | 12,561 | 26,789 |
| Debt Service | 333,865 | 307,326 | 26,539 |
| Capital Projects | 595,500 | 136,559 | 458,941 |
| Expendable Trust | 4,300 | 1,377 | 2,923 |
| Agency Fund | 413,000 | 379,621 | 33,379 |
| Total | \$3,835,088 | \$3,228,364 | \$606,724 |

5. GRANTS-IN-AID AND TAX RECEIPTS

The primary source of revenue for Ohio public libraries is the State Library and Local Government Support Fund (LLGSF). The LLGSF is allocated to each county based on the county's prior intangibles tax of LLGSF revenues, and its population. The County Budget Commission allocates these funds to the Library based on its needs such as for the construction of new library buildings, improvements, operation, maintenance, or other expenses. The Budget Commission cannot reduce its allocation of these funds to the Library based on of any additional revenues the Library receives.

**GRANDVIEW HEIGHTS PUBLIC LIBRARY
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

5. GRANTS-IN-AID AND TAX RECEIPTS (Continued)

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the taxing authority of the subdivision to whose jurisdiction the Library is subject. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Other Governments Grants In Aid. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, the first half is due December 31. The second half payment is due the following June 20.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Library.

6. DEBT

Debt outstanding at December 31, 2003 was as follows:

| | Principal | Interest Rate |
|------------------------|------------|---------------|
| Mortgage Revenue Bonds | \$ 760,000 | Various |

The Mortgage Revenue Bonds were issued in 1993 by the City of Grandview Heights to provide funds to acquire and improve the library building. The Library is obligated under lease with the City for all principal and interest payments on the bonds. The debt is paid with general operating tax revenues.

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

| | Mortgage Revenue Bonds |
|--------------------------|------------------------------|
| Year ending December 31: | |
| 2004 | \$213,430 |
| 2005 | 214,856 |
| 2006 | 215,606 |
| 2007 | 215,660 |
| Total | \$859,552 |

**GRANDVIEW HEIGHTS PUBLIC LIBRARY
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

7. RETIREMENT SYSTEM

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

Contribution rates are prescribed by the Ohio Revised Code. The Library's PERS members contributed 8.5% of their gross salaries. The Library contributed an amount equal to 13.55% of participants' gross salaries. The Library has paid all contributions required through December 31, 2003.

8. RISK MANAGEMENT

Commercial Insurance

The Grandview Heights Public Library has obtained commercial insurance for the following risks:

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

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

9. JOINT VENTURE

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 resource 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 seven members consisting of the Fairfield County District Library, Grandview Heights Public Library, Pickerington Public Library, The Wagnalls Memorial 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.

**GRANDVIEW HEIGHTS PUBLIC LIBRARY
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

10. COLUMBUS FOUNDATION

The Columbus Foundation (the "Foundation") is a non-for-profit corporation organized and operated as a component part of The Columbus Foundation, a community foundation which is organized by a Revised Declaration of Trust. The purpose of the Foundation is to provide a means by which gifts and bequests made for charitable, educational, and public purposes may be administered prudently by experienced financial institutions and expended wisely by persons familiar with the charitable, scientific, educational, or public needs of the central Ohio region. The Foundation holds an endowment fund to which the sole beneficiary is the Library. The funds are disbursed to the Library upon drawdown request to the Board of Trustees who approves the disbursement of funds from the endowment fund to the Library. Since the endowment fund solely benefits the Library, the fund balance and financial activity of this fund is included in this report as the Grandview Heights Public Library Endowment Fund Expendable Trust Fund.



Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Grandview Heights Public Library
Franklin County
1685 West First Avenue
Columbus, Ohio 43212-3399

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, 2003, and December 31, 2002, and have issued our report thereon dated August 30, 2004, wherein we noted the Library restated its January 1, 2002 fund balances for the reclassified of certain funds, and that the expendable trust fund is presented on the accrual basis of accounting. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Library's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts and grants, 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 such an opinion. The results of our tests disclosed no instance of noncompliance that we must report under *Government Auditing Standards*. However, we noted an immaterial instance of noncompliance reported to management in a separate letter dated August 30, 2004.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Library's internal control over financial reporting to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to the Library's management in a separate letter dated August 30, 2004.

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

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

Betty Montgomery
Auditor of State

August 30, 2004



**Auditor of State
Betty Montgomery**

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**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
NOVEMBER 16, 2004**