

**GRANDVIEW HEIGHTS PUBLIC LIBRARY
FRANKLIN COUNTY, OHIO**

REGULAR AUDIT

**For The Years
Ended December 31, 2007 and 2006**



Mary Taylor, CPA

Auditor of State

Board of Trustees
Grandview Heights Public Library
1685 West First Street
Columbus, Ohio 43212

We have reviewed the *Independent Auditor's Report* of the Grandview Heights Public Library, Franklin County, prepared by Kennedy Cottrell Richards LLC, for the audit period January 1, 2006 through December 31, 2007. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Auditor's Report* on your financial statements. While the Auditor of State does not legally require your government 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. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Auditor's Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Grandview Heights Public Library is responsible for compliance with these laws and regulations.

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

Mary Taylor, CPA
Auditor of State

September 2, 2008

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INDEPENDENT AUDITOR'S 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, (the "Library") as of and for the years ended December 31, 2007 and 2006. 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 combined 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, 2007 and 2006 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, 2007 and 2006, 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 combined fund cash balances of the Library as of and for the years ended December 31, 2007 and 2006, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Library has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

Grandview Heights Public Library

Independent Auditor's Report

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In accordance with *Government Auditing Standards*, we have also issued our report dated June 18, 2008, 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 "Kennedy Cottrell Richards LLC". The signature is written in a cursive, flowing style.

Kennedy Cottrell Richards LLC

June 18, 2008

**GRANDVIEW HEIGHTS PUBLIC LIBRARY
FRANKLIN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2007**

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Cash Receipts:					
Property and Other Local Taxes	\$ 761,423	\$ -	\$ -	\$ -	\$ 761,423
Library and Local Government Support	1,738,584	-	-	-	1,738,584
Intergovernmental	-	1,120	-	-	1,120
Patron Fines and Fees	76,958	-	-	-	76,958
Services Provided to Other Entities	1,923	-	-	-	1,923
Contributions, Gifts and Donations	21,528	-	-	75,000	96,528
Earnings on Investments	31,405	-	18,284	13,773	63,462
Miscellaneous	21,450	-	-	6,335	27,785
Total Cash Receipts	2,653,271	1,120	18,284	95,108	2,767,783
Cash Disbursements:					
Current:					
Salaries	1,317,615	-	-	-	1,317,615
Employee Fringe Benefits	470,297	-	-	-	470,297
Purchased and Contractual Services	392,541	320	-	78	392,939
Library Materials and Information	308,664	-	-	-	308,664
Supplies	61,664	-	-	-	61,664
Other	13,090	-	-	-	13,090
Capital Outlay	41,201	800	-	378,748	420,749
Debt Service:					
Redemption of Principal	-	-	205,000	-	205,000
Interest and Other Fiscal Charges	-	-	10,992	-	10,992
Total Cash Disbursements	2,605,072	1,120	215,992	378,826	3,201,010
Total Receipts Over/(Under) Disbursements	48,199	-	(197,708)	(283,718)	(433,227)
Other Financing Receipts / (Disbursements):					
Transfers-In	-	-	-	196,729	196,729
Transfers-Out	(80,006)	-	(196,729)	-	(276,735)
Total Other Financing Receipts / (Disbursements)	(80,006)	-	(196,729)	196,729	(80,006)
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(31,807)	-	(394,437)	(86,989)	(513,233)
Fund Cash Balances, January 1, 2007	845,816	-	394,437	279,352	1,519,605
Fund Cash Balances, December 31, 2007	\$ 814,009	\$ -	\$ -	\$ 192,363	\$ 1,006,372

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
AGENCY FUND
FOR THE YEAR ENDED DECEMBER 31, 2007**

Operating Cash Receipts:	
Services Provided to Other Entities	\$ 573,700
	<u>573,700</u>
Total Operating Cash Receipts	<u>573,700</u>
Operating Cash Disbursements:	
Current:	
Salaries	161,262
Employee Fringe Benefits	54,273
Purchased and Contractual Services	245,667
Library Materials and Information	79,852
Supplies	726
Other	105
Capital Outlay	16,820
	<u>558,706</u>
Total Operating Cash Disbursements	<u>558,706</u>
Non-Operating Cash Receipts:	
Earnings on Investments	5,738
Miscellaneous	970
	<u>6,708</u>
Total Non-Operating Cash Receipts	<u>6,708</u>
Net Receipts Over/(Under) Disbursements	<u>21,702</u>
Transfers-In	<u>80,006</u>
Fund Cash Balances, January 1, 2007	<u>251,274</u>
Fund Cash Balances, December 31, 2007	<u><u>\$ 352,982</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
FOR THE YEAR ENDED DECEMBER 31, 2006**

	Governmental Fund Types					Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Endowment Fund	
Cash Receipts:						
Property and Other Local Taxes	\$ 783,188	\$ -	\$ -	\$ -	\$ -	\$ 783,188
Library and Local Government Support	1,738,583	-	-	-	-	1,738,583
Patron Fines and Fees	76,611	-	-	-	-	76,611
Services Provided to Other Entities	84,410	-	-	-	-	84,410
Contributions, Gifts and Donations	29,252	-	-	-	4,781	34,033
Earnings on Investments	22,509	-	27,405	14,283	78,684	142,881
Miscellaneous	16,240	-	-	-	-	16,240
Total Cash Receipts	2,750,793	-	27,405	14,283	83,465	2,875,946
Cash Disbursements:						
Current:						
Salaries	1,253,718	-	-	-	-	1,253,718
Employee Fringe Benefits	432,669	-	-	-	-	432,669
Purchased and Contractual Services	418,923	-	-	25,843	1,747	446,513
Library Materials and Information	371,676	-	-	-	-	371,676
Supplies	51,574	-	-	-	-	51,574
Other	11,893	-	-	-	181	12,074
Capital Outlay	30,279	-	-	3,430	-	33,709
Debt Service:						
Redemption of Principal	-	-	195,000	-	-	195,000
Interest and Other Fiscal Charges	-	-	20,385	-	-	20,385
Total Cash Disbursements	2,570,732	-	215,385	29,273	1,928	2,817,318
Total Receipts Over/(Under) Disbursements	180,061	-	(187,980)	(14,990)	81,537	58,628
Special Item						
Transfer of Endowment Fund to Library Foundation					(606,417)	(606,417)
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	180,061	-	(187,980)	(14,990)	(524,880)	(547,789)
Fund Cash Balances, January 1, 2006	665,755	-	582,417	294,342	524,880	2,067,394
Fund Cash Balances, December 31, 2006	\$ 845,816	\$ -	\$ 394,437	\$ 279,352	\$ -	\$ 1,519,605

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
AGENCY FUND
FOR THE YEAR ENDED DECEMBER 31, 2006**

Operating Cash Receipts:	
Services Provided to Other Entities	\$ 495,500
	<u>495,500</u>
Total Operating Cash Receipts	<u>495,500</u>
Operating Cash Disbursements:	
Current:	
Salaries	160,322
Employee Fringe Benefits	52,907
Purchased and Contractual Services	214,914
Library Materials and Information	17,751
Supplies	588
Other	105
Capital Outlay	64,252
	<u>64,252</u>
Total Operating Cash Disbursements	<u>510,839</u>
Non-Operating Cash Receipts:	
Earnings on Investments	8,506
Miscellaneous	1,338
	<u>1,338</u>
Total Non-Operating Cash Receipts	<u>9,844</u>
Net Receipts Over/(Under) Disbursements	<u>(5,495)</u>
Fund Cash Balances, January 1, 2006	<u>256,769</u>
Fund Cash Balances, December 31, 2006	<u>\$ 251,274</u>

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

**GRANDVIEW HEIGHTS PUBLIC LIBRARY
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2007 AND 2006**

1. Summary of Significant Accounting Policies

A. Description of the Entity

The Grandview Heights Public Library, Franklin County, (The Library) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of 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 Clerk-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(s) 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.

Under the provisions of Statement No. 14 of the Governmental Accounting Standards Board, "The Financial Reporting Entity," the Library is considered to be a related organization of the Grandview Heights City School District.

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 Mid-Ohio Library Digital Initiative (MOLDI), a joint venture to finance online audio and print books as well as other digital projects for participating libraries. The CLC and MOLDI are further discussed in Note 9.

The Friends of the Grandview Heights Public Library, Inc. is a 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.

**GRANDVIEW HEIGHTS PUBLIC LIBRARY
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2007 AND 2006**

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting 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. Cash 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 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 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.

2. Debt Service Fund

These funds account for resources the Library accumulates to pay bond and note debt. The Library had the following significant Debt Service Funds:

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.

3. Capital Project Fund

These funds account for receipts restricted to acquiring or constructing major capital projects. The Library had the following significant capital project funds:

Capital Projects Fund – This fund is used to finance capital acquisitions approved by the Board of Trustees.

**GRANDVIEW HEIGHTS PUBLIC LIBRARY
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2007 AND 2006**

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.

Mid-Ohio Library Digital Initiative (MOLDI) – 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.

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 2006 and 2007 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.

2. Change in Basis of Accounting and Correction of an Error

For the period ended December 31, 2005 the Library prepared its financial statements using the modified cash basis of accounting which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The financial statements presented the financial position of the governmental activities, each major fund and the aggregate remaining fund information.

For the two year period ending December 31, 2007 the Library elected to prepare its financial statements using the regulatory basis of accounting, accounting practices the Auditor of State prescribes and permits. This presentation reports the combined fund cash balances and the combined cash receipts and disbursements by fund type and government-wide statements are not presented.

In addition to the above changes, fund balances in the General Fund and Debt Service Fund were unnecessarily adjusted for the period ending December 31, 2005 by the reclassification of receipts totaling \$34,691. The change in the basis of accounting had no impact on beginning fund balances and the restatement is shown in the following table.

**GRANDVIEW HEIGHTS PUBLIC LIBRARY
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2007 AND 2006**

2. Change in Basis of Accounting and Correction of an Error (Continued)

<u>Fund Type</u>	<u>Fund Balance as Previously Reported</u>	<u>Restatement</u>	<u>Restated Fund Balance as of January 1, 2006</u>
General Fund	\$ 700,446	\$ (34,691)	\$ 665,755
Debt Service Fund	547,726	34,691	582,417

3. Equity in Pooled Cash and Investments

The Library maintains a cash 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, 2006 & 2007 was as follows:

	<u>2007</u>	<u>2006</u>
Demand deposits	<u>\$ 535,804.00</u>	<u>\$ 387,268.00</u>
Total deposits	<u>535,804.00</u>	<u>387,268.00</u>
STAR Ohio	<u>823,550.00</u>	<u>1,383,611.00</u>
Total investments	<u>823,550.00</u>	<u>1,383,611.00</u>
Total deposits and investments	<u><u>\$ 1,359,354.00</u></u>	<u><u>\$ 1,770,879.00</u></u>

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

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

**GRANDVIEW HEIGHTS PUBLIC LIBRARY
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2007 AND 2006**

4. Budgetary Activity

Budgetary activity for the years ending December 31, 2006 and December 31, 2007 follows:

2007 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$2,590,000	\$2,653,271	\$63,271
Debt Service	26,000	18,284	(7,716)
Capital Projects	203,640	291,837	88,197
Special Revenue Fund	1,120	1,120	-
Agency	663,605	660,414	(3,191)
Total	<u>\$3,484,365</u>	<u>\$3,624,926</u>	<u>\$140,561</u>

2006 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$2,519,584	\$2,750,793	\$231,209
Debt Service	26,000	27,405	1,405
Capital Projects	10,000	14,283	4,283
Expendable Trust	33,500	83,465	49,965
Agency	524,400	505,344	(19,056)
Total	<u>\$3,113,484</u>	<u>\$3,381,290</u>	<u>\$267,806</u>

2007 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 2,818,025	\$ 2,685,078	\$ 132,947
Special Revenue	1,120	1,120	-
Debt Service	412,722	412,721	1
Capital Projects	473,353	378,826	94,527
Agency	643,854	558,706	85,148
Total	<u>\$ 4,349,074</u>	<u>\$ 4,036,451</u>	<u>\$ 312,623</u>

**GRANDVIEW HEIGHTS PUBLIC LIBRARY
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2007 AND 2006**

4. Budgetary Activity (Continued)

2006 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,770,900	\$2,570,732	\$200,168
Debt Service	216,605	215,385	1,220
Capital Projects	151,000	29,273	121,727
Expendable Trust	25,000	1,928	23,072
Agency	555,500	510,839	44,661
Total	\$3,719,005	\$3,328,157	\$390,848

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 State allocates LLGSF 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 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 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 Other Governments' Grants In Aid.

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.

6. Debt

The Mortgage Revenue Bonds were issued in 1987 to construct the Library by the City of Grandview Heights. In 1993, the original bond issue was defeased by placing the proceeds of the new issuance into an irrevocable trust for the purpose of retiring the original 1987 issue. The Library leases the building from the City and the lease payments are equal to the principal and interest due on the debt. As shown in the amortization schedule below, the Library paid off the debt during 2007.

**GRANDVIEW HEIGHTS PUBLIC LIBRARY
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2007 AND 2006**

6. Debt (Continued)

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

Year ending December 31:	Mortgage Revenue Bonds
2006	215,606
2007	215,660
Total	\$431,266

7. Retirement Systems

<i>Retirement Rates</i>	<i>Year</i>	<i>Member Rate</i>	<i>Employer Rate</i>
<i>PERS – Local</i>	<i>2006</i>	<i>9%</i>	<i>13.70%</i>
<i>PERS – Local</i>	<i>2007</i>	<i>9.50%</i>	<i>13.85%</i>

The Library's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2006 and 2007, OPERS members contributed 9% and 9.5%, respectively, of their gross salaries and the Library contributed an amount equaling 13.7% and 13.85%, respectively, of participants' gross salaries. The Library has paid all contributions required through December 31, 2007.

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 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 resource sharing. The CLC undertakes projects that strive to complement the existing resources available through the State Library regional system.

**GRANDVIEW HEIGHTS PUBLIC LIBRARY
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2007 AND 2006**

9. Joint Ventures (Continued)

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.

The Library is also a member of the Mid-Ohio Library Digital Initiative (MOLDI), 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. Although the participation agreements contain clauses regarding meetings of the Library Directors and each library having one vote, decisions are actually made by the Library Director and all of the contracts are in the Library's name. The MOLDI's financial operations are accounted for in the Agency Fund of the Grandview Heights Public Library. The MOLDI, which commenced in 2004, has thirteen members consisting of the Columbus Metropolitan Library, Washington-Centerville Township, Worthington Public Library, Upper Arlington Public Library, Grandview Heights Public Library, Greene Count 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 MOLDI in the amount established in the agreements.

10. Special Item

During 2006, the Grandview Heights Public Library Foundation was established to engage in fundraising activities for the purpose of raising monies to be transferred by gift or otherwise conveyed to the Grandview Heights Public Library to be invested and used exclusively for charitable purposes.

On November 29, 2006 the Board of Library instructed the Columbus Foundation to transfer the oversight and any discretionary responsibilities related to the funds on deposit with the Columbus Foundation to the Grandview Heights Public Library Foundation. Under the regulatory basis of accounting, the endowment fund activity will no longer be reported by the Library.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Grandview Heights Public Library
Franklin County
1935 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, 2007 and December 31, 2006, and have issued our report thereon dated June 18, 2008 wherein we noted the Library prepared its financial statements using the regulatory 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.

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 auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Library's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Library's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with the regulatory basis of accounting such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiency described in the accompanying schedule of findings and responses as item 2007-1 to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, we believe the significant deficiency described above is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Library's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain additional matters that we reported to management of the Library in a separate letter dated June 18, 2008.

The Library's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the Library's response and, accordingly, we express no opinion on it.

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



Kennedy Cottrell Richards LLC
June 18, 2008

GRANDVIEW HEIGHTS PUBLIC LIBRARY
FRANKLIN COUNTY

SCHEDULE OF FINDINGS

DECEMBER 31, 2007 AND DECEMBER 31, 2006

2007-1 **Material Weakness – Financial Reporting**

The compilation and presentation of materially correct financial statements and the related footnotes is the responsibility of management of the Library. It is also important to note that independent auditors are not part of an entity's internal control structure and should not be relied upon by management to detect misstatements in the financial statements.

Thus, it is important that management develop control procedures related to drafting financial statements and footnotes that enable management to prevent and detect potential misstatements in the financial statements and footnotes prior to audit.

As a result of our audit, we identified a material misstatement in the Library's financial statements, as well as other reclassifications that were not necessarily material, but were more than inconsequential. It is important to note that most of these misstatements are isolated to the period of time while the Treasurer was on an extended leave of absence and that adjustments such as these are not typical for the Library. We provided an adjusting entry to management who subsequently corrected the misstatement.

We recommend the Library implement sufficient control procedures over the financial reporting process in order to enable management to prevent and detect potential misstatements in the financial statements and footnotes. Control procedures could include a separate review and analysis of the financial statements by someone within management who is knowledgeable of generally accepted accounting principles.

Official's Response

The Grandview Library prepares the financial reports in-house with staff with the intent to present fair and responsible statements. We continuously work to improve the reports that are presented and will strive to present improved statements to the auditors.



Mary Taylor, CPA
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 16, 2008