



**GRANDVIEW HEIGHTS PUBLIC LIBRARY
FRANKLIN COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2019 - 2018

GRANDVIEW HEIGHTS PUBLIC LIBRARY
FRANKLIN COUNTY

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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:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Grandview Heights Public Library, Franklin County, Ohio (the Library) as of and for the years ended December 31, 2019 and 2018.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Library's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Library's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 2 of the financial statements, the Library prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Efficient • Effective • Transparent

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles (Continued)

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Library does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Library as of December 31, 2019 and 2018, and the respective changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of the Grandview Heights Public Library, Franklin County as of December 31, 2019 and 2018, for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

Emphasis of Matter

As discussed in Note 11 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Library. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 29, 2020, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Library's internal control over financial reporting and compliance.



Keith Faber
Auditor of State

Columbus, Ohio

October 29, 2020

**GRANDVIEW HEIGHTS PUBLIC LIBRARY
FRANKLIN COUNTY**

**COMBINING STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2019**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$ 1,705,461	\$0	\$0	\$ 1,705,461
Public Library Fund	1,408,172	0	0	1,408,172
Intergovernmental	188,487	28,843	0	217,330
Patron Fines and Fees	19,312	0	0	19,312
Services Provided to Other Entities	12,000	0	0	12,000
Contributions, Gifts and Donations	52,678	0	0	52,678
Earnings on Investments	33,966	0	0	33,966
Miscellaneous Receipts	12,230	0	0	12,230
Total Cash Receipts	3,432,306	28,843	0	3,461,149
Cash Disbursements				
Current:				
Library Services:				
Public Services and Programs	913,123	38,825	0	951,948
Collection Development and Processing	634,862	0	0	634,862
Support Services:				
Facilities Operation and Maintenance	266,117	0	0	266,117
Information Services	198,536	0	0	198,536
Business Administration	689,837	0	0	689,837
Capital Outlay	107,810	0	708,044	815,854
Total Cash Disbursements	2,810,285	38,825	708,044	3,557,154
Excess of Receipts Over (Under) Disbursements	622,021	(9,982)	(708,044)	(96,005)
Other Financing Receipts (Disbursements)				
Transfers In	0	9,982	400,000	409,982
Transfers Out	(409,982)	0	0	(409,982)
Total Other Financing Receipts (Disbursements)	(409,982)	9,982	400,000	0
Net Change in Fund Cash Balances	212,039	0	(308,044)	(96,005)
Fund Cash Balances, January 1	1,808,730	0	1,003,539	2,812,269
Fund Cash Balances, December 31				
Committed	0	0	51,174	51,174
Assigned	75,256	0	644,321	719,577
Unassigned	1,945,513	0	0	1,945,513
Fund Cash Balances, December 31	\$ 2,020,769	\$0	\$ 695,495	\$ 2,716,264

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 BALANCES
AGENCY FUND
FOR THE YEAR ENDED DECEMBER 31, 2019**

Operating Cash Receipts	
Services Provided to Other Entities	\$ 1,797,809
Miscellaneous	42,589
Total Operating Cash Receipts	1,840,398
Operating Cash Disbursements	
Salaries	266,408
Employee Fringe Benefits	59,021
Purchased and Contracted Services	1,359,356
Library Materials and Information	24,226
Supplies	1,957
Other	100
Total Operating Cash Disbursements	1,711,068
Operating Income (Loss)	129,330
Non-Operating Cash Receipts (Disbursements)	
Capital Outlay	(45,499)
Interest	12,947
Total Non-Operating Cash Receipts (Disbursements)	(32,552)
Net Change in Fund Cash Balance	96,778
Fund Cash Balances, January 1	1,163,091
Fund Cash Balances, December 31	\$ 1,259,869

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

Grandview Heights Public Library
Franklin County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 1 - Reporting Entity

The Grandview Heights Public Library (the Library), Franklin County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Library provides the community with various educational and literary resources. The Board of Education of the Grandview Heights City School District appoints a seven-member Board of Trustees to govern the Library. Appointments are for seven-year terms and members serve without compensation.

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.

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 Library is the sole beneficiary of an endowment fund from the Grandview Heights Public Library Foundation (the Foundation). The Foundation is a legally separate, not-for-profit 501(c)(3), served by a Board of Trustees appointed by the Foundation Board. Since the Library is the sole beneficiary of the resources of the Foundation, 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's financial statements. Financial information for the Foundation can be obtained from The Columbus Foundation, 1234 East Broad Street, Columbus, Ohio 43205-1453.

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 members 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 Collaboration (DDC), a joint venture to provide a shared electronic digital collection of eBook and eAudio services and content to the customers of the participating library districts. The CLC and DDC are further discussed in Note 10.

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

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

The Library's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all fiduciary fund types which are organized on a fund type basis.

Grandview Heights Public Library
Franklin County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 2 - Summary of Significant Accounting Policies (Continued)

Fund Accounting

The Library uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Library are presented below:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Library for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Fund These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Library has the following significant Special Revenue Fund:

LSTA Grant Fund This fund accounts for and reports the Federal LSTA Museum Grant project monies.

Capital Project Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Library has the following significant capital project fund:

Building Fund The building fund accounts for and reports building improvement and repair projects.

Agency Fund This fund accounts for monies in which the Library is acting in a custodial capacity. The Library has an agency fund for the Central Library Consortium (the CLC). This agency fund receives fees from consortium members to finance operating expenditures of the CLC.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

Budgetary Process

The Board must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end. Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the object level of control for the General Fund, and the Fund level for the Building Fund and for the Central Library Consortium Fund.

A summary of 2019 budgetary activity appears in Note 3.

Grandview Heights Public Library
Franklin County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 2 - Summary of Significant Accounting Policies (Continued)

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.

Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

Capital Assets

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

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.

Fund Balance

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:

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

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.

Committed The Board of Trustees can *commit* amounts via formal action (resolution). The Library must adhere to these commitments unless the Board amends 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.

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 the Library Board or a Library official delegated that authority by resolution, or by State Statute.

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
For the Year Ended December 31, 2019

Note 3 - Budgetary Activity

Budgetary activity for the year ending 2019 follows:

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$3,421,688	\$3,432,306	\$10,618
Speical Revenue	\$38,825	\$38,825	0
Capital Project	400,000	400,000	0
Agency	1,852,762	1,853,345	583
Total	\$5,713,275	\$5,724,476	\$11,201

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$3,542,874	\$3,295,523	\$247,351
Special Revenue	\$38,825	\$38,825	0
Capital Project	871,844	762,919	108,925
Agency	2,035,133	1,905,543	129,590
Total	\$6,488,676	\$6,002,810	\$485,866

Note 4 – Deposits 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 deposits and investments at December 31 was as follows:

	2019
Demand deposits	\$3,360,101
Cash on Hand	950
Total deposits	3,361,051
STAR Ohio	615,082
Total investments	615,082
Total deposits and investments	\$3,976,133

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Investments

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

Grandview Heights Public Library
Franklin County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 5 – Grants in Aid and Taxes

Grants in Aid

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 using the statutory allocation method. Estimated entitlement figures were issued to County Auditors. The actual current year entitlements were computed in December of the current year. The difference between the estimate and actual will be adjusted evenly in the PLF distributions made from January-June of the subsequent year. The PLF received 1.68% of the State's general revenue fund (GRF) tax sources January – June 2019, and 1.70% of the State's GRF for July – December 2019.

Property Taxes

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 non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction 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 June 20.

Public utilities are also taxed on personal and real property located within the taxing district.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Library. The County Auditor periodically remits to the Library its portion of the taxes collected.

Note 6 - Risk Management

Workers' Compensation coverage is provided by the State of Ohio. The Library pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Commercial Insurance

The Library has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Crime;
- Boilers and Machinery;
- Directors and Officers Liability;
- Cyber;
- Vehicles; and
- Errors and omissions.

The Library also provides health, dental, life and vision insurance to full-time employees through private carriers.

Grandview Heights Public Library
Franklin County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 7 - Defined Benefit Pension Plan

Ohio Public Employees Retirement System

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 2019, the Library's OPERS members contributed 10% of their gross salaries and the Library contributed an amount equaling 14% of participants' gross salaries. The Library has paid all contributions required through December 31, 2019.

Note 8 - Postemployment Benefits

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, which includes multiple health care plans including medical coverage, prescription drug coverage, and deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for members in the traditional pension plan and combined plan was 0 percent during calendar year 2019. The portion of employer contributions allocated to health care for members in the member-directed plan was 4.0 percent during calendar year 2019.

Note 9 – Construction and Contractual Commitments

The Library Board approved issuing a contract to Damschroder Roofing Company in 2018 for a partial roof and skylight replacement project in the amount \$394,571 plus a contingency not to exceed \$30,000. At year end 2019, a balance of \$6,700 of the contingency remained for replacement of interior drains on the roof. In 2019, The Board approved issuing a contract in the amount of \$135,825 to Accurate Electric to replace the Fire Alarm System, plus a contingency not to exceed \$13,528.50. At year end, \$7,486.75 plus the contingency of \$13,528.50 remained on the contract to be completed in 2020. The Board also approved in 2019 a contract in the amount of \$129,992.45 to Shaw Contract Flooring System for carpet replacement. At year end, \$23,459.30 remained on the contract to be completed in 2020.

Note 10 – Joint Ventures

The Library is a member of the Central Library Consortium (the CLC). The CLC is a joint venture, as a project of the Grandview Heights Public Library, to provide reduced costs to the individual member libraries through collective efforts and resources sharing.

The CLC, which commenced on June 13, 1988, has seventeen members consisting of the Fairfield County District Library, Grandview Heights Public Library, Pickerington Public Library, Wagnalls Memorial Library, Alexandria Public Library, Pickaway County District Public Library, Marysville Public Library, Plain City Public Library, Columbus Metropolitan Library, Southwest Public Libraries, Worthington Public Libraries, Upper Arlington Public Library, Bexley Public Library, London Public Library, Delaware County District Library, Granville Public Library, and Pataskala Public Library. The CLC is governed by a council consisting of one appointed representative by each member library. The Governing Council elects a chair, a vice chair 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 explicitly and measurable equity interest in the venture. The Library's only ongoing fiscal responsibility to the CLC is for participating projects that have been entered into by the Library.

You can read additional information concerning the CLC on their website: <http://www.clcoho.org/>

Grandview Heights Public Library
Franklin County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 10 – Joint Ventures (Continued)

The Library is also a member of the Digital Downloads Collaboration (DDC), a joint venture to provide a shared electronic digital collection of eBook, eMagazines and eAudio services and content to the customers of the participating library districts. The DDC which commenced in 2004, has eighteen library members consisting of the Alexandria Public Library, Bexley Public Library, Columbus Metropolitan Library, Fairfield County District Library, Grandview Heights Public Library, Granville Public Library, Greene County Public Library, London Public Library, Marysville Public Library, Pickaway County District Public Library, Pickerington Public Library, Plain City Public Library, Southwest Public Libraries, Troy-Miami County Public Library, Upper Arlington Public Library, Wagnalls Memorial Library, Washington-Centerville Public Library, and Worthington Public Libraries. The DDC's financial operations are the responsibility of the Columbus Metropolitan Library. Each member makes payment to the DDC in the amount established in the agreement.

Additional information about the Digital Downloads Collaboration is available at their website:
<https://clc.overdrive.com/>

Note 11 – Subsequent Events

The roof project mentioned in Note 9 that began in 2018 was considered completed as of January 2020. Damschroder agreed to accept responsibility for the \$6,700 drain replacement that was remaining at year end 2019, and not charge the Library.

In January 2020, the Franklin County Auditor audited the 2019 Public Library Fund (PLF) distribution for each library in Franklin County and discovered a variance with the December 2019 distribution. A correction was made and included with the January 2020 distribution. The Library received an additional \$23,356.73 on January 15, 2020 that should have been received with the December 2019 distribution. This additional amount for the Public Library Fund will be included in the 2020 Annual Financial Report for the Library.

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Library. The Library's investment portfolio and the investments of the pension and other employee benefit plan in which the Library participates fluctuate with market conditions, and due to market volatility, the amount of gains or losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the Library's future operating costs, revenue, and any recovery from emergency funding, either Federal or State, cannot be estimated.

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**GRANDVIEW HEIGHTS PUBLIC LIBRARY
FRANKLIN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2018**

	General	Capital Projects	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$ 1,870,716	\$0	\$ 1,870,716
Public Library Fund	1,385,353	0	1,385,353
Intergovernmental	158,090	0	158,090
Patron Fines and Fees	29,698	0	29,698
Services Provided to Other Entities	20,392	0	20,392
Contributions, Gifts and Donations	57,709	0	57,709
Earnings on Investments	29,113	0	29,113
Miscellaneous Receipts	19,803	0	19,803
Total Cash Receipts	3,570,874	0	3,570,874
Cash Disbursements			
Current:			
Library Services:			
Public Services and Programs	887,814	0	887,814
Collection Development and Processing	595,681	0	595,681
Support Services:			
Facilities Operation and Maintenance	268,208	0	268,208
Information Services	176,750	0	176,750
Business Administration	672,904	0	672,904
Capital Outlay	143,483	532,505	675,988
Total Cash Disbursements	2,744,840	532,505	3,277,345
Excess of Receipts Over (Under) Disbursements	826,034	(532,505)	293,529
Other Financing Receipts (Disbursements)			
Transfers In	0	500,000	500,000
Transfers Out	(500,000)	0	(500,000)
Total Other Financing Receipts (Disbursements)	(500,000)	500,000	0
Net Change in Fund Cash Balances	326,034	(32,505)	293,529
Fund Cash Balances, January 1	1,482,696	1,036,044	2,518,740
Fund Cash Balances, December 31			
Committed	0	108,076	108,076
Assigned	50,909	895,463	946,372
Unassigned	1,757,821	0	1,757,821
Fund Cash Balances, December 31	\$ 1,808,730	\$ 1,003,539	\$ 2,812,269

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 BALANCES
AGENCY FUND
FOR THE YEAR ENDED DECEMBER 31, 2018**

Operating Cash Receipts	
Services Provided to Other Entities	\$ 1,830,009
Miscellaneous	11,955
Total Operating Cash Receipts	<u>1,841,964</u>
Operating Cash Disbursements	
Salaries	252,530
Employee Fringe Benefits	62,113
Purchased and Contracted Services	1,428,040
Library Materials and Information	7,514
Supplies	4,565
Total Operating Cash Disbursements	<u>1,754,762</u>
Operating Income (Loss)	<u>87,202</u>
Non-Operating Cash Receipts (Disbursements)	
Capital Outlay	(2,452)
Interest	9,837
Total Non-Operating Cash Receipts (Disbursements)	<u>7,385</u>
Net Change in Fund Cash Balance	94,587
Fund Cash Balances, January 1	<u>1,068,504</u>
Fund Cash Balances, December 31	<u>\$ 1,163,091</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
For the Year Ended December 31, 2018

Note 1 - Reporting Entity

The Grandview Heights Public Library (the Library), Franklin County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Library provides the community with various educational and literary resources. The Board of Education of the Grandview Heights City School District appoints a seven-member Board of Trustees to govern the Library. Appointments are for seven-year terms and members serve without compensation.

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.

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 debit 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 Library is the sole beneficiary of an endowment fund from the Grandview Heights Public Library Foundation (the Foundation). The Foundation is a legally separate, not-for-profit 501(c)(3), served by a Board of Trustees appointed by the Foundation Board. Since the Library is the sole beneficiary of the resources of the Foundation, 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's financial statements. Financial information for the Foundation can be obtained from The Columbus Foundation, 1234 East Broad Street, Columbus, Ohio 43205-1453.

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 members 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 Collaboration (DDC), a joint venture to provide a shared electronic digital collection of eBook and eAudio services and content to the customers of the participating library districts. The CLC and DDC are further discussed in Note 10.

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

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

The Library's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all fiduciary fund types which are organized on a fund type basis.

Grandview Heights Public Library
Franklin County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 2 - Summary of Significant Accounting Policies (Continued)

Fund Accounting

The Library uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Library are presented below:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Library for any purpose provided it is expended or transferred according to the general laws of Ohio.

Capital Project Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Library had the following significant capital project funds:

Building Fund The building fund accounts for and reports building improvement and repair projects.

Agency Fund This fund accounts for monies in which the Library is acting in a custodial capacity. The Library has an agency fund for the Central Library Consortium (the CLC). This agency fund receives fees from consortium members to finance operating expenditures of the CLC.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

Budgetary Process

The Board must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end. Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the object level of control for the General Fund, and the Fund level for the Building Fund and for the Central Library Consortium Fund.

A summary of 2018 budgetary activity appears in Note 3.

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.

Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

Grandview Heights Public Library
Franklin County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 2 - Summary of Significant Accounting Policies (Continued)

Capital Assets

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

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.

Fund Balance

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:

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

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.

Committed The Board of Trustees can *commit* amounts via formal action (resolution). The Library must adhere to these commitments unless the Board amends 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.

Note 2 - Summary of Significant Accounting Policies (Continued)

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 the Library Board or a Library official delegated that authority by resolution, or by State Statute.

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
For the Year Ended December 31, 2018

Note 3 - Budgetary Activity

Budgetary activity for the year ending 2018 follows:

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$3,570,976	\$3,570,874	(\$102)
Capital Project	500,000	500,000	0
Agency	1,851,842	1,851,801	(41)
Total	\$5,922,818	\$5,922,675	(\$143)

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$3,594,610	\$3,295,749	\$298,861
Capital Project	962,895	653,749	309,146
Agency	2,073,495	1,978,519	94,976
Total	\$6,631,000	\$5,928,017	\$702,983

Note 4 – Deposits 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 deposits and investments at December 31 was as follows:

Demand deposits	2018 \$3,373,415
Cash on Hand	950
Total deposits	3,374,365
 STAR Ohio	 600,995
Total investments	600,995
Total deposits and investments	\$3,975,360

Deposits

Effective July 1, 2017, the Ohio Pooled Collateral System (OPCS) was implemented by the Office of the Ohio Treasurer of State. Financial institutions have the option of participating in OPCS or collateralizing utilizing the specific pledge method. The OPCS is a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. The Library's financial institution was participating in OPCS as of year end 2018.

Grandview Heights Public Library
Franklin County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 4 – Deposits and Investments (Continued)

Investments

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

Note 5 – Grants in Aid and Taxes

Grants in Aid

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 using the statutory allocation method. Estimated entitlement figures were issued to County Auditors. The actual current year entitlements were computed in December of the current year. The difference between the estimate and actual will be adjusted evenly in the PLF distributions made from January-June of the subsequent year. The PLF received 1.68% of the State's general revenue fund (GRF) tax sources in 2018.

Property Taxes

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 January 20. If the property owner elects to pay semiannually, the first half is due January 20. The second half payment is due June 20.

Public utilities are also taxed on personal and real property located within the taxing district.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Library. The County Auditor periodically remits to the Library its portion of the taxes collected.

Note 6 - Risk Management

Workers' Compensation coverage is provided by the State of Ohio. The Library pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Commercial Insurance

The Library has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Crime;
- Boilers and Machinery;
- Directors and Officers Liability;
- Cyber;
- Vehicles; and
- Errors and omissions.

The Library also provides health, dental, life and vision insurance to full-time employees through private carriers.

Grandview Heights Public Library
Franklin County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 7 - Defined Benefit Pension Plan

Ohio Public Employees Retirement System

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 2018, the Library's OPERS members contributed 10% of their gross salaries and the Library contributed an amount equaling 14% of participants' gross salaries. The Library has paid all contributions required through December 31, 2018.

Note 8 - Postemployment Benefits

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, which includes multiple health care plans including medical coverage, prescription drug coverage, and deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for members in the traditional pension plan and combined plan was 0 percent during calendar year 2018. The portion of employer contributions allocated to health care for members in the member-directed plan was 4.0 percent during calendar year 2018.

Note 9 – Construction and Contractual Commitments

The Library Board approved issuing a contract to Damschroder Roofing Company in 2018 for a partial roof and skylight replacement project in the amount \$394,571 plus a contingency not to exceed \$30,000. At year end, a balance of \$90,683.67 remained on the contract and \$15,403.00 of the contingency remained. The project is expected to be completed in the first quarter of 2019. The Board also approved in 2018 a contract in the amount of \$39,785 to Bruner Corporation to replace 2 rooftop HVAC units. At year end, \$1,989.25 remained on the contract to be completed in the first quarter of 2019.

Note 10 – Joint Ventures

The Library is a member of the Central Library Consortium (the CLC). The CLC is a joint venture, as a project of the Grandview Heights Public Library, to provide reduced costs to the individual member libraries through collective efforts and resources sharing.

The CLC, which commenced on June 13, 1988, has seventeen members consisting of the Fairfield County District Library, Grandview Heights Public Library, Pickerington Public Library, Wagnalls Memorial Library, Alexandria Public Library, Pickaway County District Public Library, Marysville Public Library, Plain City Public Library, Columbus Metropolitan Library, Southwest Public Libraries, Worthington Public Libraries, Upper Arlington Public Library, Bexley Public Library, London Public Library, Delaware County District Library, Granville Public Library, and Pataskala Public Library. The CLC is governed by a council consisting of one appointed representative by each member library. The Governing Council elects a chair 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 explicitly and measurable equity interest in the venture. The Library's only ongoing fiscal responsibility to the CLC is for participating projects that have been entered into by the Library.

You can read additional information concerning the CLC on their website: <http://www.clcoho.org/>

Grandview Heights Public Library
Franklin County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 10 – Joint Ventures (Continued)

The Library is also a member of the Digital Downloads Collaboration (DDC), a joint venture to provide a shared electronic digital collection of eBook, eMagazines and eAudio services and content to the customers of the participating library districts. The DDC which commenced in 2004, has eighteen library members consisting of the Alexandria Public Library, Bexley Public Library, Columbus Metropolitan Library, Fairfield County District Library, Grandview Heights Public Library, Granville Public Library, Greene County Public Library, London Public Library, Marysville Public Library, Pickaway County District Public Library, Pickerington Public Library, Plain City Public Library, Southwest Public Libraries, Troy-Miami County Public Library, Upper Arlington Public Library, Wagnalls Memorial Library, Washington-Centerville Public Library, and Worthington Public Libraries. The DDC's financial operations are the responsibility of the Columbus Metropolitan Library. Each member makes payment to the DDC in the amount established in the agreement.

Additional information about the Digital Downloads Collaboration is available at their website:
<https://clc.overdrive.com/>

Note 11 – Subsequent Events

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Library. The Library's investment portfolio and the investments of the pension and other employee benefit plan in which the Library participates fluctuate with market conditions, and due to market volatility, the amount of gains or losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the Library's future operating costs, revenue, and any recovery from emergency funding, either Federal or State, cannot be estimated.

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S 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, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of the Grandview Heights Public Library, Franklin County, (the Library) as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements and have issued our report thereon dated October 29, 2020, wherein we noted the Library followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. We also noted the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Library.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Library's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Library's internal control. Accordingly, we have not opined on it.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of findings we identified certain deficiencies in internal control over financial reporting, that we consider material weaknesses and a significant deficiency.

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 a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Library's financial statements. We consider findings 2019-001 and 2019-002 described in the accompanying schedule of findings to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of internal control deficiencies less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2019-003 described in the accompanying schedule of findings to be a significant deficiency.

Compliance and Other Matters

As part of reasonably assuring whether the Library's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining 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 instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 20019-001 and 2019-002.

Library's Responses to Findings

The Library's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not subject the Library's responses to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Library's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Library's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Keith Faber
Auditor of State

Columbus, Ohio

October 29, 2020

**GRANDVIEW HEIGHTS PUBLIC LIBRARY
FRANKLIN COUNTY**

SCHEDULE OF FINDINGS

DECEMBER 31, 2019 AND 2018

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
--

FINDING NUMBER 2019-001

Noncompliance/Material Weakness – Financial Reporting

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16.

Ohio Rev. Code § 5705.10(D) states, except as otherwise provided by resolution adopted pursuant to section 3315.01 of the Revised Code, all revenue derived from a source other than the general property tax and which the law prescribes shall be used for a particular purpose, shall be paid into a special fund for such purpose.

During fiscal year 2019, the Library received a Federal Library Services and Technology Act (LSTA) grant for \$28,843. The Library incorrectly reported all LSTA activity in the General Fund rather than the Special Revenue Fund. The below adjustments were material to the financial statements, and were subsequently posted to the financial statements:

<i>Posting Errors</i>	<i>2019</i>
Intergovernmental receipts for the Library Services and Technology Act were posted to the General Fund rather than the Special Revenue Fund	\$ 28,843
The matching requirement for the Library Services and Technology Act was posted to the General Fund rather than the Special Revenue Fund	\$ 9,982
Public Services and Programs Expenditures were posted to the General Fund rather than the Special Revenue Fund.	\$ 38,825

Presenting inaccurate financial information resulted in significant adjustments and modifications to Library's financial statements. Failure to properly segregate restricted monies could result in unallowable expenditures and Federal questioned costs.

We recommend the Library review policies and procedures to help enhance controls over recording transactions and financial reporting increasing the reliability of the financial data throughout the year.

Officials' Response

The LSTA Grant revenue and expenditures were tracked in the General Fund using a project code. The tracking includes a detailed audit trail of all revenue and expenditures of the project. Monies for the LSTA grant were spent for the intended purpose. Detailed documentation was also provided to the State Library, who administered the LSTA Grant.

**GRANDVIEW HEIGHTS PUBLIC LIBRARY
FRANKLIN COUNTY**

SCHEDULE OF FINDINGS (Continued)

DECEMBER 31, 2019 AND 2018

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2019-002

Noncompliance/Material Weakness – Central Library Consortium Billing Rates

Ohio Administrative Code § 117-2-02(A) states all local public offices shall maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record, and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements required by rule 117-2-03 of the Administrative Code.

Grandview Heights Public Library operates the Central Library Consortium (CLC), a joint venture, between seventeen member libraries. As stated in Note 10 of the financial statements, the CLC provides reduced costs to the individual member libraries through collective efforts and resource sharing. During fiscal years 2019 and 2018, the CLC billed member libraries quarterly based on the following factors:

- the number of patrons and email accounts at the member libraries,
- the number of devices/computers using various software at the member libraries,
- the allocated salaries/benefits of CLC employees
- each member library's participation in various projects/services provided by the CLC, such as:
 - the CLC's processing of credit card payments on behalf of the member libraries
 - the contracted transportation of materials to and from the member libraries
 - the use of various databases at the member libraries

The billing factors identified above are calculated separately for each member library.

Approximately two-thirds of the billing rate calculations are based on count numbers (e.g. the number of patrons at each member library), which are obtained from scripts that are run in the CLC's system. Documentation was not maintained for these processed scripts to support the count numbers that are manually entered into the CLC's billing rate calculation spreadsheets. Additionally, the system is not able to access the count results from past scripts. However, amounts billed to clients were properly collected and posted to the Library's financial records.

The failure to maintain documentation to support billing rates could result in improperly calculated billings and/or litigation between the Library and the CLC's member libraries.

To increase reliability of the calculation of billings, we recommend the Library create policies and procedures to enhance controls over billing rate calculations and financial reporting. To help enable independent review and recalculation for individual billings, the CLC should maintain all documentation that supports the calculations in the billing spreadsheets.

Officials' Response

The Library Director and Fiscal Officer will work with the CLC Executive Director to develop procedures to document counts that are gathered and used to support the calculations for the billing rates.

**GRANDVIEW HEIGHTS PUBLIC LIBRARY
FRANKLIN COUNTY**

SCHEDULE OF FINDINGS (Continued)

DECEMBER 31, 2019 AND 2018

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2019-003

Significant Deficiency – Central Library Consortium Billing Rate Spreadsheet Security

Maintaining a high level of security over financial records is imperative to help prevent unauthorized personnel from altering information within financial records.

Grandview Heights Public Library operates the Central Library Consortium (CLC), a joint venture, between seventeen member libraries. As administrator of the CLC, the Library is responsible for providing accurate billing to each of the CLC's member libraries. Billing performed by the Library is completed utilizing automated Microsoft Excel spreadsheets maintained on a shared drive. During 2019 and 2018, the Library did not restrict access to these billing spreadsheets, enabling the CLC's employees and personnel at all the member libraries access to modify information maintained on the shared drive.

Failing to protect billing rate spreadsheets by allowing unlimited access could result in unauthorized changes to the billing rates.

To help protect the data integrity of the billing spreadsheets, we recommend the Library re-evaluate the internal control structure related to the CLC and develop policies and procedures to address accessibility to billing information. The Library should consider maintaining a master spreadsheet of billing information that has limited access to only those authorized to make changes to the spreadsheet. In addition, the Library should consider protecting formulas on the spreadsheet to ensure no unauthorized changes are made.

Officials' Response

The Central Library Consortium Budget document access is restricted to CLC employees and the CLC Governing Council representative from each Library (not all employees and personnel have access to the document). It is stored on SharePoint in the Governing Council section. SharePoint maintains a history of all versions of the document, including the name of the individual that has modified each version. Billing amounts are shared with each Governing Council representative and approved by the Governing Council. The amounts are reviewed prior to preparing the billing statements. The Library Director will work with the Central Library Consortium Executive ways to protect formulas on the spreadsheet.



CORRECTIVE ACTION PLAN

DECEMBER 31, 2019 AND 2018

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2019-001	The Library is working to revise reporting procedures to ensure proper reporting and compliance with all state and federal laws and regulations for LSTA Grants.	12/31/2020	Terri McKeown
2019-002	The Library Director and Fiscal Officer will work with the CLC Executive Director to develop procedures to document counts that are gathered and used to support the calculations for the billing rates.	12/31/2020	Ryan McDonnell
2019-003	The Library Director will work with the CLC Executive Director to develop procedures to protect the formulas on the Central Library Consortium Budget Spreadsheet	12/31/2020	Ryan McDonnell

OHIO AUDITOR OF STATE KEITH FABER



GRANDVIEW HEIGHTS PUBLIC LIBRARY

FRANKLIN COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 11/19/2020

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov