



**ROCKY RIVER PUBLIC LIBRARY
CUYAHOGA COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000 & 1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**ROCKY RIVER PUBLIC LIBRARY
CUYAHOGA COUNTY
JANUARY 1, 1999 TO DECEMBER 31, 2000**

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REPORT OF INDEPENDENT ACCOUNTANTS

Board of Trustees
Rocky River Public Library
Cuyahoga County
1600 Hampton Road
Rocky River, Ohio 44116

We have audited the accompanying financial statements of the Rocky River Public Library, Cuyahoga County, Ohio, (the Library) as of and for the years ended December 31, 2000 and December 31, 1999. 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 audits.

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

As described in Note 1, the Library prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Rocky River Public Library, Cuyahoga County, as of December 31, 2000 and December 31, 1999, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 28, 2001 on our consideration of the Library's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

Jim Petro
Auditor of State

February 28, 2001

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ROCKY RIVER PUBLIC LIBRARY
CUYAHOGA COUNTY

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Governmental Fund Types</u>		<u>Fiduciary Fund Type</u>	Totals (Memorandum Only)
	<u>General</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
Cash Receipts:				
Property and Other Local Taxes	\$2,872,718	\$0	\$0	\$2,872,718
Other Government Grants-In-Aid	259,195	0	0	259,195
Patron Fines and Fees	73,100	0	0	73,100
Earnings on Investments	87,245	0	24,910	112,155
Contributions, Gifts and Donations	29,389	0	0	29,389
Miscellaneous Receipts	3,299	0	0	3,299
	<u>3,324,946</u>	<u>0</u>	<u>24,910</u>	<u>3,349,856</u>
Cash Disbursements:				
Current:				
Salaries and Benefits	1,641,343	0	0	1,641,343
Supplies	83,550	0	0	83,550
Purchased and Contracted Services	362,620	0	1,962	364,582
Library Materials and Information	413,496	0	0	413,496
Other Objects	7,340	0	0	7,340
Capital Outlay	0	80,468	0	80,468
	<u>2,508,349</u>	<u>80,468</u>	<u>1,962</u>	<u>2,590,779</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>816,597</u>	<u>(80,468)</u>	<u>22,948</u>	<u>759,077</u>
Other Financing Receipts/(Disbursements):				
Proceeds from Sales of Property	10,715	0	0	10,715
Transfers-In	0	596,502	0	596,502
Transfers-Out	(416,282)	(172,789)	(7,431)	(596,502)
	<u>(405,567)</u>	<u>423,713</u>	<u>(7,431)</u>	<u>10,715</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	411,030	343,245	15,517	769,792
Fund Cash Balances, January 1	555,724	252,106	396,378	1,204,208
Fund Cash Balances, December 31	<u>\$966,754</u>	<u>\$595,351</u>	<u>\$411,895</u>	<u>\$1,974,000</u>
Reserves for Encumbrances, December 31	<u>\$136,929</u>	<u>\$27,319</u>	<u>\$0</u>	<u>\$164,248</u>

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

ROCKY RIVER PUBLIC LIBRARY
CUYAHOGA COUNTY

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 1999**

	Governmental Fund Types		Fiduciary Fund Type	Totals (Memorandum Only)
	General	Capital Projects	Expendable Trust	
Cash Receipts:				
Property and Other Local Taxes	\$2,216,632	\$0	\$0	\$2,216,632
Other Government Grants-In-Aid	171,765	0	0	171,765
Patron Fines and Fees	71,224	0	0	71,224
Earnings on Investments	48,688	0	15,123	63,811
Contributions, Gifts and Donations	9,127	0	100,000	109,127
Miscellaneous Receipts	10,078	0	0	10,078
Total Cash Receipts	<u>2,527,514</u>	<u>0</u>	<u>115,123</u>	<u>2,642,637</u>
Cash Disbursements:				
Current:				
Salaries and Benefits	1,627,713	0	0	1,627,713
Supplies	56,310	0	0	56,310
Purchased and Contracted Services	319,931	0	1,987	321,918
Library Materials and Information	367,039	0	0	367,039
Other Objects	5,437	0	0	5,437
Capital Outlay	0	137,111	10,918	148,029
Total Cash Disbursements	<u>2,376,430</u>	<u>137,111</u>	<u>12,905</u>	<u>2,526,446</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>151,084</u>	<u>(137,111)</u>	<u>102,218</u>	<u>116,191</u>
Other Financing Receipts/(Disbursements):				
Proceeds from Sales of Property		4,400	0	4,400
Transfers-In	0	102,000	12,528	114,528
Transfers-Out	(12,528)	(102,000)	0	(114,528)
Total Other Financing Receipts/(Disbursements)	<u>(12,528)</u>	<u>4,400</u>	<u>12,528</u>	<u>4,400</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	138,556	(132,711)	114,746	120,591
Fund Cash Balances, January 1	<u>417,168</u>	<u>384,817</u>	<u>281,632</u>	<u>1,083,617</u>
Fund Cash Balances, December 31	<u>\$555,724</u>	<u>\$252,106</u>	<u>\$396,378</u>	<u>\$1,204,208</u>
Reserves for Encumbrances, December 31	<u>\$152,967</u>	<u>\$44,853</u>	<u>\$0</u>	<u>\$197,820</u>

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

**ROCKY RIVER PUBLIC LIBRARY
CUYAHOGA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Rocky River Public Library, Cuyahoga 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 the State of Ohio. The Library is directed by a seven-member Board of Trustees appointed by Rocky River City School District Board of Education. The Library provides the community with various educational and literary resources.

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

Component units are legally separate organizations for which the Library is financially accountable. Component units may also include organizations that are fiscally dependent on the Library in that the Library approves their budget, the issuance of their debt or the levying of their taxes. The Library has no component units.

The following entities which perform activities within the Library's boundaries for the benefit of its residents are excluded from the accompanying financial statements because the Library is not financially accountable for these entities nor are they fiscally dependent on the Library.

The Rocky River Public Library Foundation, Inc.

The Rocky River Public Library Foundation, Inc. is a federal tax-exempt, not-for-profit corporation under section 501(c)(3) of the Internal Revenue Code. The Foundation was organized and operates exclusively for purposes of benefitting the Library. Two members of the Library's Board of Trustees serve on Foundation Board of Trustees which may number no less than seven. The Library exercises no financial control over this not for profit corporation. The Library received approximately \$1,150 in financial contributions from the Foundation during the fiscal period January 1, 1999 through December 31, 1999. Total cash assets (unaudited) of The Rocky River Public Library Foundation at December 31, 2000 amounted to \$130,359. The Foundation's Financial Activity Report can be obtained through Alan R. Meyers, Treasurer.

Friend's of the Rocky River Public Library, Inc.

Friend's of Rocky River Public Library, Inc. is a federal tax-exempt, not-for-profit organization under section 501(c)(3) of the Internal Revenue Code. The Friend's organization was developed through community members who support the Library through fund-raising activities. The Library exercised no financial control over this not for profit organization. The Library received approximately \$7,588 in financial contributions during the fiscal period January 1, 1999 through December 31, 2000 from the Friend's organization. Total cash assets (unaudited) of the Friend's of Rocky River Public Library, Inc. at December 31, 2000 amounted to \$5,620. The Friend's Treasurer's Report can be obtained through Kathy Turk, Treasurer.

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

**ROCKY RIVER PUBLIC LIBRARY
CUYAHOGA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Accounting (Continued)

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

C. Cash and Investments

The investment in STAR Ohio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer.

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:

General Fund

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

Capital Project Funds

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

Capital Fund-Short Term - used for building and site improvements and the acquisition of furnishings and equipment during the immediate year.

Capital Fund-Long Term - used for the renovation, replacement, and improvement of building and site components; the furnishings and equipment acquisitions or replacements that are planned for purchasing during periods beyond the scope of the immediate year.

Cowan Pottery Fund - used to acquire items for the Cowan Pottery Museum at the Library.

Fiduciary Funds (Expendable Trust Funds)

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Library to maintain the corpus of the trust, the fund is classified as a nonexpendable trust fund. Other trust funds are classified as expendable. Funds for which the Library is acting in an agency capacity are classified as agency funds. The Library had the following significant fiduciary funds:

Mackey Bequest Fund - an unrestricted expendable trust fund with the primary spending focus established by the library trustees to be for library sponsored program underwriting and for the enhancement of the library's art collection.

**ROCKY RIVER PUBLIC LIBRARY
CUYAHOGA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

Fiduciary Funds (Expendable Trust Funds) (Continued)

Nyland Bequest Fund - an unrestricted expendable trust fund with the primary spending focus established by the library trustees to be for interior and exterior horticultural maintenance and improvement.

Moll Children's Fund - an unrestricted expendable trust fund with the primary spending focus established by the library trustees to be for children's programs at the library.

E. Budgetary Process

The Ohio Administrative Code requires that each fund be budgeted annually.

1. Appropriations

The Board of Trustees must annually approve appropriation measures and subsequent amendments for each fund. The Library sends a copy of the appropriation measure and subsequent amendments to the County Budget Commission. Unencumbered appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1.

3. Encumbrances

The Ohio Administrative Code requires the Library to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated in the subsequent year.

A summary of 2000 and 1999 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

G. Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the Library.

**ROCKY RIVER PUBLIC LIBRARY
CUYAHOGA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Totals Columns

Totals columns on the financial statements are captioned "(Memorandum Only)" to indicate that they are presented only to facilitate financial analysis. Such data is not comparable to a consolidation.

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	<u>2000</u>	<u>1999</u>
Demand deposits	\$726	\$12,238
Petty cash and change cash	548	548
Total deposits	1,274	12,786
STAR Ohio	1,972,726	1,191,422
Total investments	1,972,726	1,191,422
Total deposits and investments	\$1,974,000	\$1,204,208

Deposits: Deposits are insured by the Federal Depository Insurance Corporation.

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2000 and 1999 follows:

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$3,359,764	\$3,335,661	(\$24,103)
Capital Projects	596,502	596,502	0
Expendable Trust	24,911	24,910	(1)
Total	\$3,981,177	\$3,957,073	(\$24,104)

**ROCKY RIVER PUBLIC LIBRARY
CUYAHOGA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$3,505,251	\$3,061,560	\$443,691
Capital Projects	845,565	280,576	564,989
Expendable Trust	404,809	9,393	395,416
Total	<u>\$4,755,625</u>	<u>\$3,351,529</u>	<u>\$1,404,096</u>

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,490,169	\$2,527,514	\$37,345
Capital Projects	106,400	106,400	0
Expendable Trust	127,651	127,651	0
Total	<u>\$2,724,220</u>	<u>\$2,761,565</u>	<u>\$37,345</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,734,411	\$2,541,925	\$192,486
Capital Projects	489,158	283,964	205,194
Expendable Trust	302,061	12,905	289,156
Total	<u>\$3,525,630</u>	<u>\$2,838,794</u>	<u>\$686,836</u>

4. GRANTS-IN-AID AND TAX RECEIPTS

The primary source of revenue for Ohio public libraries is the State Library and Local Government Support Fund (LLGSF). The LLGSF is allocated to each county based on the county's prior intangibles tax of LLGSF revenues, and its population. The County Budget Commission allocates these funds to the Library based on its needs such as for the construction of new library buildings, improvements, operation, maintenance, or other expenses. The Budget Commission cannot reduce its allocation of these funds to the Library on account of any additional revenues realized by the Library. These revenues are reflected in the accompanying financial states as Other Governments Grants-In-Aid.

**ROCKY RIVER PUBLIC LIBRARY
CUYAHOGA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

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

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

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

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

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

5. RETIREMENT SYSTEM

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

Contribution rates are also prescribed by the Ohio Revised Code. The Library's PERS members contributed 8.5% of their gross salaries. The Library contributed an amount equal to 13.55% of participants' gross salaries for the year ending December 31, 1999 and 10.84% for the year ending December 31, 2000. The Library has paid all contributions required through December 31, 2000.

6. RISK MANAGEMENT

The Library has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Errors and omissions
- Boiler & Machinery
- Commercial Crime
- Umbrella Policy

The Library also provides health insurance and dental and vision coverage to full-time employees through a private carrier. The Library's liability for health care is limited to the premiums paid.



STATE OF OHIO
OFFICE OF THE AUDITOR

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

Board of Trustees
Rocky River Public Library
Cuyahoga County
1600 Hampton Road
Rocky River, Ohio 44116

We have audited the financial statements of the Rocky River Public Library, Cuyahoga County, Ohio (the Library), as of and for the years ended December 31, 2000 and December 31, 1999, and have issued our report thereon dated February 28, 2001. We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Library's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 audits and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered Library's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted a matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the Library in a separate letter dated February 28, 2001.

Rocky River Public Library
Cuyahoga County
Report on Compliance and on Internal Control
Required by *Government Auditing Standards*
Page 2

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.

Jim Petro
Auditor of State

February 28, 2001



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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ROCKY RIVER PUBLIC LIBRARY

CUYAHOGA 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
MARCH 15, 2001**