



**ROCKY RIVER PUBLIC LIBRARY
CUYAHOGA COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2002 & 2001



**Auditor of State
Betty Montgomery**

**ROCKY RIVER PUBLIC LIBRARY
CUYAHOGA COUNTY
JANUARY 1, 2001 TO DECEMBER 31, 2002**

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

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, 2002 and December 31, 2001. 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 auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our 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 and 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 of the Rocky River Public Library, Cuyahoga County, Ohio, as of December 31, 2002 and December 31, 2001, 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 January 22, 2003 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 audits.

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.

A handwritten signature in cursive script that reads "Betty Montgomery".

Betty Montgomery
Auditor of State

January 22, 2003

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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, 2002**

	<u>Governmental Fund Types</u>		<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
Cash Receipts:				
Property and Other Local Taxes	\$2,037,620	\$0	\$0	\$2,037,620
Other Government Grants-In-Aid	1,089,625	0	0	1,089,625
Patron Fines and Fees	68,105	0	0	68,105
Earnings on Investments	49,634	0	7,508	57,142
Contributions, Gifts and Donations	32,587	12,184	0	44,771
Miscellaneous Receipts	7,999	0	0	7,999
Total Cash Receipts	3,285,570	12,184	7,508	3,305,262
Cash Disbursements:				
Current:				
Salaries and Benefits	1,863,564	0	0	1,863,564
Supplies	82,953	0	0	82,953
Purchased and Contracted Services	377,641	15,507	2,202	395,350
Library Materials and Information	437,217	0	0	437,217
Other Objects	8,005	0	0	8,005
Capital Outlay	0	230,978	0	230,978
Total Cash Disbursements	2,769,380	246,485	2,202	3,018,067
Total Cash Receipts Over/(Under) Cash Disbursements	516,190	(234,301)	5,306	287,195
Other Financing Receipts/(Disbursements):				
Proceeds from Sales of Property	10,199	0	0	10,199
Transfers-In	0	133,731	0	133,731
Transfers-Out	(130,881)	0	(2,850)	(133,731)
Total Other Financing Receipts/(Disbursements)	(120,682)	133,731	(2,850)	10,199
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	395,508	(100,570)	2,456	297,394
Fund Cash Balances, January 1	1,587,370	779,441	418,773	2,785,584
Fund Cash Balances, December 31	\$1,982,878	\$678,871	\$421,229	\$3,082,978

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, 2001**

	Governmental Fund Types		Fiduciary Fund Type	Totals (Memorandum Only)
	General	Capital Projects	Expendable Trust	
Cash Receipts:				
Property and Other Local Taxes	\$2,027,132	\$0	\$0	\$2,027,132
Other Government Grants-In-Aid	1,146,466	0	0	1,146,466
Patron Fines and Fees	76,368	0	0	76,368
Earnings on Investments	86,362	0	16,833	103,195
Contributions, Gifts and Donations	232,254	2,000	0	234,254
Miscellaneous Receipts	7,540	0	0	7,540
Total Cash Receipts	3,576,122	2,000	16,833	3,594,955
Cash Disbursements:				
Current:				
Salaries and Benefits	1,685,106	0	0	1,685,106
Supplies	74,635	0	0	74,635
Purchased and Contracted Services	399,521	15,964	2,130	417,615
Library Materials and Information	425,912	0	0	425,912
Other Objects	7,107	0	0	7,107
Capital Outlay	0	173,358	0	173,358
Total Cash Disbursements	2,592,281	189,322	2,130	2,783,733
Total Cash Receipts Over/(Under) Cash Disbursements	983,841	(187,322)	14,703	811,222
Other Financing Receipts/(Disbursements):				
Proceeds from Sales of Property	362	0	0	362
Transfers-In	0	371,412	1,925	373,337
Transfers-Out	(363,587)	0	(9,750)	(373,337)
Total Other Financing Receipts/(Disbursements)	(363,225)	371,412	(7,825)	362
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	620,616	184,090	6,878	811,584
Fund Cash Balances, January 1	966,754	595,351	411,895	1,974,000
Fund Cash Balances, December 31	\$1,587,370	\$779,441	\$418,773	\$2,785,584

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, 2002 AND 2001**

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 significant 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 provide significant ongoing financial support to the Library. The Library has no material 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.

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).

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

C. Cash and Investments

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts.

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:

1. General Fund

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

**ROCKY RIVER PUBLIC LIBRARY
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

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

Capital Fund-Long Term Fund - 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.

3. 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. 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.

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 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 fund, function, and object level of control.

A summary of 2002 and 2001 budgetary activity appears in Note 3.

**ROCKY RIVER PUBLIC LIBRARY
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Property, Plant and Equipment

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

G. Accumulated Leave

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.

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:

	2002	2001
Demand deposits	\$106,371	\$113,974
Petty cash and change cash	648	548
Total deposits	107,019	114,522
STAR Ohio	2,975,959	2,671,062
Total investments	2,975,959	2,671,062
Total deposits and investments	\$3,082,978	\$2,785,584

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

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

**ROCKY RIVER PUBLIC LIBRARY
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2002 and December 31, 2001 are as follows:

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$3,370,153	\$2,900,261	\$469,892
Capital Projects	662,097	246,485	415,612
Fiduciary	424,096	5,052	419,044
Total	\$4,456,346	\$3,151,798	\$1,304,548

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$3,444,177	\$2,955,868	\$488,309
Capital Projects	490,476	189,322	301,154
Fiduciary	413,759	11,880	401,879
Total	\$4,348,412	\$3,157,070	\$1,191,342

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 based on any additional revenues the Library receives. These revenues are reflected in the accompanying financial statements as Other Government Grants-In-Aid.

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.

**ROCKY RIVER PUBLIC LIBRARY
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

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

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. The Library has paid all contributions required through December 31, 2002.

6. RISK MANAGEMENT

Commercial Insurance

The Rocky River Public 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.

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Auditor of State Betty Montgomery

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

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

To the Board of Trustees:

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, 2002 and December 31, 2001, and have issued our report thereon dated January 22, 2003. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Library's financial statements are free of material misstatement, we 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 the 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 January 22, 2003.

This report is intended solely 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.

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

Betty Montgomery
Auditor of State

January 22, 2003



**Auditor of State
Betty Montgomery**

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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 27, 2003**