



**ROCKY RIVER PUBLIC LIBRARY
CUYAHOGA COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2009-2010



Dave Yost • Auditor of State

**Rocky River Public Library
Cuyahoga County**

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Members of the Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Rocky River Public Library, Cuyahoga County, Ohio (the Library), as of and for the years ended December 31, 2010, and 2009, which collectively comprise the Library's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Library's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

As discussed in Note 2, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, the major fund, and the aggregate remaining fund information of the Rocky River Public Library, Cuyahoga County, Ohio, as of December 31, 2010, and 2009, and the respective changes in cash financial position, thereof and the budgetary comparison for the General Fund thereof for the years then ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2011, on our consideration of the Library's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, as listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any other assurance.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

March 31, 2011

Rocky River Public Library
Cuyahoga County
Management's Discussion and Analysis
For the Years Ended December 31, 2010 and December 31, 2009
Unaudited

This discussion and analysis of the Rocky River Public Library's ("the Library") financial performance provides an overall review of the Library's financial activities for the years ended December 31, 2010 and December 31, 2009, within the limitations of the Library's cash basis of accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Library's financial performance.

Highlights

Key highlights for 2010 are as follows:

Net assets of governmental activities increased \$128,443, or 2.23%, a small change from the prior year.

The Library's general receipts are primarily property taxes and grants and entitlements not restricted to specific programs. These receipts represent 97.62% of the total cash received during the year. Property taxes and grants and entitlements not restricted to specific programs receipts, (primarily the Public Library Fund ("PLF"), formerly the Library and Local Government Support Fund ("LLGSF")), for 2010 decreased \$90,953, or (2.08%), compared to 2009 due to reductions in the PLF and property tax collections.

Key highlights for 2009 are as follows:

Net assets of governmental activities increased \$2,526, or 0.04%.

The Library's general receipts are primarily property taxes and grants and entitlements not restricted to specific programs. These receipts represent 97.63% of the total general cash receipts during the year. Property taxes and grants and entitlements not restricted to specific programs receipts for 2009 decreased \$78,406, or (1.76%), compared to 2008. The PLF for 2009 decreased \$142,904, or (17.80%) as compared to 2008 due to reductions in the PLF.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of the Governmental Accounting Standards Board Statement No. 34, as applicable to the Library's cash basis of accounting.

Report Components

The statement of net assets and the statement of activities provide information about the cash activities of the Library as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Library as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting the major funds with the largest balances or most activity in separate columns.

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The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Library has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Library's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

Reporting the Library as a Whole

The statement of net assets and the statement of activities reflect how the Library did financially during 2010 and 2009, within the limitations of cash basis accounting. The statement of net assets presents the cash balances and investments of the governmental activities of the Library at year end. The statement of activities compares cash disbursements with program receipts for each governmental activity. Program receipts include patron fines and fees and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Library's general receipts.

These statements report the Library's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Library's financial health. Over time, increases or decreases in the Library's cash position is one indicator of whether the Library's financial health is improving or deteriorating. When evaluating the Library's financial condition, you should also consider other nonfinancial factors as well, such as the Library's property tax base, the condition of the Library's capital assets, the extent of the Library's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property taxes and the PLF.

In the statement of net assets and the statement of activities the Library reports governmental activities. All of the Library's programs and services are reported here, including general public services, purchased and contracted services, and library materials and information. These services are primarily funded by property taxes and the PLF. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Reporting the Library's Most Significant Funds

Fund financial statements provide detailed information about the Library's major funds, not the Library as a whole. The Library establishes separate funds to better manage its many activities and to help demonstrate

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that money that is restricted as to how it may be used is being spent for the intended purpose. All of the Library's funds are accounted for as Governmental Funds.

Governmental Funds - The governmental fund financial statements provide a detailed view of the Library's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Library's programs. The Library's significant governmental funds are presented on the financial statements in separate columns. The information for non-major funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column titled Other Governmental Funds. The Library's major governmental fund is the General Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

The Library as a Whole

Table 1 provides a summary of the Library's net assets for 2010, 2009, and 2008 on a cash basis.

(Table 1)
Net Assets

	Governmental Activities		
	<u>2010</u>	<u>2009</u>	<u>2008</u>
Assets			
Equity in Pooled Cash & Cash Equivalents	<u>\$5,895,099</u>	<u>\$5,766,656</u>	<u>\$5,764,130</u>
Total Assets	<u>\$5,895,099</u>	<u>\$5,766,656</u>	<u>\$5,764,130</u>
Net Assets			
Restricted for:			
Capital Projects	\$231,161	\$345,289	\$534,328
Other Purposes	174,650	238,033	128,189
Permanent Fund Purpose	458,207	465,835	464,552
Unrestricted	<u>5,031,081</u>	<u>4,717,499</u>	<u>4,637,061</u>
Total Net Assets	<u>\$5,895,099</u>	<u>\$5,766,656</u>	<u>\$5,764,130</u>

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Table 2 reflects the changes in the Library's net assets in 2010, 2009 and 2008

(Table 2)
Change In Net Assets

	Governmental Activities		
	<u>2010</u>	<u>2009</u>	<u>2008</u>
Receipts:			
Program Receipts:			
Charges for Services and Sales	\$ 73,105	\$ 56,804	\$ 61,150
Operating Grants and Contributions	6,593	17,603	12,151
Capital Grants and Contributions	14,249	6,870	75
Total Program Receipts	<u>93,947</u>	<u>81,277</u>	<u>73,376</u>
General Receipts:			
Property Taxes Levied for General Purposes	3,129,461	3,188,757	3,155,979
Unrestricted Gifts and Contributions	1,605	1,321	4,454
Grants & Entitlements not Restricted to Specific Programs	1,150,158	1,181,815	1,292,999
Sale of Capital Assets	-	616	1,190
Interest	7,418	17,215	157,439
Miscellaneous	1,173	6,197	2,590
Total General Receipts	<u>4,289,815</u>	<u>4,395,921</u>	<u>4,614,651</u>
Total Receipts	<u>4,383,762</u>	<u>4,477,198</u>	<u>4,688,027</u>
Disbursements			
Current:			
Library Services:			
Public Service and Programs	1,646,749	1,693,684	1,740,445
Collection Development and Processing	1,042,458	1,058,491	1,132,163
Support Services:			
Facilities Operation and Maintenance	488,834	448,493	439,957
Information Services	278,414	301,199	309,552
Business Administration	391,087	345,508	351,629
Capital Outlay	168,377	386,422	468,435
Debt Service:			
Principal Retirement	190,000	185,000	180,000
Interest and Finance Charges	49,400	55,875	62,175
Total Disbursements	<u>4,255,319</u>	<u>4,474,672</u>	<u>4,684,356</u>
Change in Net Assets	128,443	2,526	3,671
Net Assets, January 1	<u>5,766,656</u>	<u>5,764,130</u>	<u>5,760,459</u>
Net Assets, December 31	<u>\$ 5,895,099</u>	<u>\$ 5,766,656</u>	<u>\$ 5,764,130</u>

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Property taxes levied for general purposes and grants and entitlements not restricted to specific program receipts in 2010, 2009, and 2008 are 97.62%, 97.63% and 94.90%, respectively, of total receipts. Earnings on Investments have become a smaller portion of total receipts as investment rates have declined significantly during 2010 and 2009. Earnings on Investments during 2010, 2009 and 2008 were 0.17%, 0.38% and 3.36% in each year, respectively, of total receipts.

Disbursements for Public Service and Programs, Collection Development and Processing, Facilities Operation and Maintenance, Information Services and Business Administration represent the costs of running the Library.

Capital Outlays in 2010 declined significantly from 2009 after the completion of the Lower Level Renovation Project in 2009.

Governmental Activities

If you look at the Statement of Activities you will see that the first column lists the major services provided by the Library. The next column identifies the costs of providing these services. The major disbursements for governmental activities are Public Service and Programs, Collection Development and Processing, Facilities Operation and Maintenance, Information Services, Business Administration, Capital Outlay and Debt Service. The next three columns of the Statement entitled Program Cash Receipts identify amounts paid by those who are directly charged for the service and grants received by the Library that must be used to provide a specific service. The Net (Disbursements) column compares the program receipts to the cost of the service.

This net cost amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)
Governmental Activities

	Total Cost Of Services 2010	Net Cost Of Services 2010	Total Cost Of Services 2009	Net Cost Of Services 2009	Total Cost Of Services 2008	Net Cost Of Services 2008
Library Services:						
Public Service and Programs	\$ 1,646,749	\$ 1,568,444	\$ 1,693,684	\$ 1,620,310	\$ 1,740,445	\$ 1,678,695
Collection Development and Processing	1,042,458	1,041,895	1,058,491	1,057,458	1,132,163	1,131,812
Support Services:						
Facilities Operation and Maintenance	488,834	488,834	448,493	448,493	439,957	439,957
Information Services	278,414	278,414	301,199	301,199	309,552	309,552
Business Administration	391,087	390,257	345,508	345,508	351,629	340,429
Capital Outlay	168,377	154,128	386,422	379,552	468,435	468,360
Debt Service:						
Principal Retirement	190,000	190,000	185,000	185,000	180,000	180,000
Interest and Finance Charges	49,400	49,400	55,875	55,875	62,175	62,175
Total Governmental Activities	<u>\$4,255,319</u>	<u>\$4,161,372</u>	<u>\$4,474,672</u>	<u>\$4,393,395</u>	<u>\$4,684,356</u>	<u>\$4,610,980</u>

Rocky River Public Library
Cuyahoga County
Management's Discussion and Analysis
For the Years Ended December 31, 2010 and December 31, 2009
Unaudited

The Library's Funds

Total governmental funds had receipts in 2010 and 2009 of \$4,383,762 and \$4,477,198, respectively, and disbursements of \$4,255,319 and \$4,474,672, respectively.

General Fund Budgeting Highlights

The Library's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During fiscal years 2010 and 2009, the Library's General Fund budget was stable. Final disbursements and transfers for 2010 and 2009 were budgeted at \$4,350,988 and \$4,828,564, respectively, while actual disbursements and transfers were \$4,054,059 and \$4,275,408, respectively.

Debt Administration

At December 31, 2010 and December 31, 2009, the Library had debt obligations of \$855,000 and \$1,045,000, respectively, from a Tax Anticipation Note Issuance in March 2005 with an initial principal amount of \$1,925,000. The Library has continuing sinking fund obligations on these Notes through 2014 as described in the Notes.

Current Issues

The challenge for all Libraries is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases, shrinking funding. The Library relies heavily on local taxes and PLF funding. The Library's levy request passed in 2003 was premised on the need to renovate the Library, increase services for children and to increase computer training and access for our patrons. These forecasts were done with an expectation that there would be, at best, no material growth in the Library and Local Government Support Fund (now the PLF) from the State of Ohio. The Board of Trustees and Administration conservatively forecasted the Library's needs for coming years and developed a plan that would allow the Library to complete its renovation plans and maintain the funding needed for operations in subsequent years. The PLF receipts were reduced in 2010 from 2009 and may be further reduced in 2011. It is not known if these reductions will be reversed in future years. The value of real estate in Cuyahoga County and other areas has been negatively impacted by numerous foreclosures in recent years. It is not known if these changes will translate into lower property tax collections in future years.

Contacting the Library's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Library's finances and to reflect the Library's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Gary M. Hawkinson, Fiscal Officer, Rocky River Public Library, 1600 Hampton Road, Rocky River, Ohio 44116.

Rocky River Public Library
Cuyahoga County
Statement of Net Assets - Cash Basis
December 31, 2010

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$5,895,099</u>
<i>Total Assets</i>	<u><u>\$5,895,099</u></u>
Net Assets	
Restricted for:	
Capital Projects	\$231,161
Other Purposes	174,650
Permanent Fund Purpose	458,207
Unrestricted	<u>5,031,081</u>
<i>Total Net Assets</i>	<u><u>\$5,895,099</u></u>

See accompanying notes to the basic financial statements

**Rocky River Public Library
Cuyahoga County**

*Statement of Activities - Cash Basis
For the Year Ended December 31, 2010*

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets	
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
Library Services:					
Public Service and Programs	\$1,646,749	\$73,105	\$5,200		(\$1,568,444)
Collection Development and Processing	1,042,458		563		(1,041,895)
Support Services:					
Facilities Operation and Maintenance	488,834				(488,834)
Information Services	278,414				(278,414)
Business Administration	391,087		830		(390,257)
Capital Outlay	168,377			\$14,249	(154,128)
Debt Service:					
Principal Retirement	190,000				(190,000)
Interest and Finance Charges	49,400				(49,400)
<i>Total Governmental Activities</i>	<u>\$4,255,319</u>	<u>\$73,105</u>	<u>\$6,593</u>	<u>\$14,249</u>	<u>(4,161,372)</u>
General Receipts					
Property Taxes Levied for General Purposes					3,129,461
Unrestricted Gifts and Contributions					1,605
Grants and Entitlements not Restricted to Specific Programs					1,150,158
Sale of Capital Assets					-
Interest					7,418
Miscellaneous					1,173
<i>Total General Receipts</i>					<u>4,289,815</u>
Change in Net Assets					128,443
<i>Net Assets Beginning of Year</i>					<u>5,766,656</u>
<i>Net Assets End of Year</i>					<u><u>\$5,895,099</u></u>

See accompanying notes to the basic financial statements

Rocky River Public Library
Cuyahoga County
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2010

	General	Other Governmental Funds	Total Governmental Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	\$5,205,731	\$689,368	\$5,895,099
<i>Total Assets</i>	<u>\$5,205,731</u>	<u>\$689,368</u>	<u>\$5,895,099</u>
Fund Balances			
Reserved:			
Reserved for Encumbrances	\$174,650	\$128,643	\$303,293
Unreserved:			
Undesignated (Deficit), Reported in:			
General Fund	5,031,081		5,031,081
Special Revenue Funds		456,654	456,654
Capital Projects Funds		104,071	104,071
<i>Total Fund Balances</i>	<u>\$5,205,731</u>	<u>\$689,368</u>	<u>\$5,895,099</u>

See accompanying notes to the basic financial statements

Rocky River Public Library
Cuyahoga County
Reconciliation of Total Governmental Fund Balances to
Net Assets of Governmental Activities
December 31, 2010

Total Governmental Fund Balances	<u>\$5,895,099</u>
<i>Net Assets of Governmental Activities</i>	<u><u>\$5,895,099</u></u>

See accompanying notes to the basic financial statements

Rocky River Public Library
Cuyahoga County

Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2010

	General	Other Governmental Funds	Total Governmental Funds
Receipts			
Property and Other Local Taxes	\$ 3,129,461		\$ 3,129,461
Intergovernmental	910,758	\$ 239,400	1,150,158
Patron Fines and Fees	73,105		73,105
Contributions, Gifts and Donations	8,198	14,249	22,447
Earnings on Investments	6,913	505	7,418
Miscellaneous	1,173		1,173
<i>Total Receipts</i>	<u>4,129,608</u>	<u>254,154</u>	<u>4,383,762</u>
Disbursements			
Current:			
Library Services:			
Public Service and Programs	1,643,816	2,933	1,646,749
Collection Development and Processing	1,042,458		1,042,458
Support Services:			
Facilities Operation and Maintenance	483,634	5,200	488,834
Information Services	278,414		278,414
Business Administration	391,087		391,087
Capital Outlay		168,377	168,377
Debt Service:			
Principal Retirement		190,000	190,000
Interest and Fiscal Charges		49,400	49,400
<i>Total Disbursements</i>	<u>3,839,409</u>	<u>415,910</u>	<u>4,255,319</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>290,199</u>	<u>(161,756)</u>	<u>128,443</u>
Other Financing Sources (Uses)			
Sale of Capital Assets			-
Transfers In		40,000	40,000
Transfers Out	(40,000)		(40,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(40,000)</u>	<u>40,000</u>	<u>-</u>
<i>Net Change in Fund Balances</i>	250,199	(121,756)	128,443
<i>Fund Balances Beginning of Year</i>	<u>4,955,532</u>	<u>811,124</u>	<u>5,766,656</u>
<i>Fund Balances End of Year</i>	<u>\$ 5,205,731</u>	<u>\$ 689,368</u>	<u>\$ 5,895,099</u>

See accompanying notes to the basic financial statements

**Rocky River Public Library
Cuyahoga County**

*Reconciliation of the Statement of Cash Receipts, Disbursements and Changes
in Cash Basis Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2010*

Net Change in Fund Balances - Total Governmental Funds \$128,443

Change in Net Assets of Governmental Activities \$128,443

See accompanying notes to the basic financial statements

Rocky River Public Library
Cuyahoga County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
General Fund
For the Year Ended December 31, 2010

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts				
Property and Other Local Taxes	\$ 3,513,288	\$ 3,129,461	\$ 3,129,461	\$ -
Intergovernmental	794,657	910,758	910,758	-
Patron Fines and Fees	118,000	73,105	73,105	-
Contributions, Gifts and Donations	10,500	8,198	8,198	-
Earnings on Investments	43,200	6,913	6,913	-
Miscellaneous	2,000	1,173	1,173	-
<i>Total Receipts</i>	<u>4,481,645</u>	<u>4,129,608</u>	<u>4,129,608</u>	<u>-</u>
Disbursements				
Current:				
Library Services:				
Public Service and Programs	1,797,303	1,786,592	1,683,892	102,700
Collection Development and Processing	1,196,207	1,197,603	1,110,332	87,271
Support Services:				
Facilities Operation and Maintenance	571,662	564,407	528,678	35,729
Information Services	321,940	313,785	287,030	26,755
Business Administration	423,876	448,601	404,127	44,474
Debt Service:				
Redemption of Principal				-
Interest				-
<i>Total Disbursements</i>	<u>4,310,988</u>	<u>4,310,988</u>	<u>4,014,059</u>	<u>296,929</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>170,657</u>	<u>(181,380)</u>	<u>115,549</u>	<u>296,929</u>
Other Financing Sources (Uses)				
Transfers In	-	-	-	-
Transfers Out	(40,000)	(40,000)	(40,000)	-
<i>Total Other Financing Sources (Uses)</i>	<u>(40,000)</u>	<u>(40,000)</u>	<u>(40,000)</u>	<u>-</u>
<i>Net Change in Fund Balance</i>	130,657	(221,380)	75,549	296,929
<i>Fund Balance Beginning of Year</i>	4,717,499	4,717,499	4,717,499	-
Prior Year Encumbrances Appropriated	238,033	238,033	238,033	-
<i>Fund Balance End of Year</i>	<u>\$ 5,086,189</u>	<u>\$ 4,734,152</u>	<u>\$ 5,031,081</u>	<u>\$ 296,929</u>

See accompanying notes to the basic financial statements

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Rocky River Public Library
Cuyahoga County

Statement of Net Assets - Cash Basis
December 31, 2009

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$5,766,656</u>
<i>Total Assets</i>	<u><u>\$5,766,656</u></u>
Net Assets	
Restricted for:	
Capital Projects	\$345,289
Other Purposes	238,033
Permanent Fund Purpose	465,835
Unrestricted	<u>4,717,499</u>
<i>Total Net Assets</i>	<u><u>\$5,766,656</u></u>

See accompanying notes to the basic financial statements

Rocky River Public Library
Cuyahoga County

Statement of Activities - Cash Basis
For the Year Ended December 31, 2009

	Program Cash Receipts			Net (Disbursements)
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Receipts and Changes in Net Assets
			Capital Grants and Contributions	Governmental Activities
Governmental Activities				
Library Services:				
Public Service and Programs	\$1,693,684	\$56,804	\$16,570	(\$1,620,310)
Collection Development and Processing	1,058,491		1,033	(1,057,458)
Support Services:				
Facilities Operation and Maintenance	448,493			(448,493)
Information Services	301,199			(301,199)
Business Administration	345,508			(345,508)
Capital Outlay	386,422		\$6,870	(379,552)
Debt Service:				
Principal Retirement	185,000			(185,000)
Interest and Finance Charges	55,875			(55,875)
<i>Total Governmental Activities</i>	<u>\$4,474,672</u>	<u>\$56,804</u>	<u>\$17,603</u>	<u>\$6,870</u>
				(4,393,395)
General Receipts				
Property Taxes Levied for General Purposes				3,188,757
Unrestricted Gifts and Contributions				1,321
Grants and Entitlements not Restricted to Specific Programs				1,181,815
Sale of Capital Assets				616
Interest				17,215
Miscellaneous				6,197
<i>Total General Receipts</i>				<u>4,395,921</u>
Change in Net Assets				2,526
<i>Net Assets Beginning of Year</i>				<u>5,764,130</u>
<i>Net Assets End of Year</i>				<u>\$5,766,656</u>

See accompanying notes to the basic financial statements

**Rocky River Public Library
Cuyahoga County**

*Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2009*

	General	Other Governmental Funds	Total Governmental Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	\$4,955,532	\$811,124	\$5,766,656
<i>Total Assets</i>	<u>\$4,955,532</u>	<u>\$811,124</u>	<u>\$5,766,656</u>
Fund Balances			
Reserved:			
Reserved for Encumbrances	\$238,033	\$39,555	\$277,588
Unreserved:			
Undesignated (Deficit), Reported in:			
General Fund	4,717,499		4,717,499
Debt Service Fund			-
Special Revenue Funds		465,835	465,835
Capital Projects Funds		305,734	305,734
<i>Total Fund Balances</i>	<u>\$4,955,532</u>	<u>\$811,124</u>	<u>\$5,766,656</u>

See accompanying notes to the basic financial statements

**Rocky River Public Library
Cuyahoga County**

*Reconciliation of Total Governmental Fund Balances to
Net Assets of Governmental Activities
December 31, 2009*

Total Governmental Fund Balances	<u>\$5,766,656</u>
<i>Net Assets of Governmental Activities</i>	<u><u>\$5,766,656</u></u>

See accompanying notes to the basic financial statements

Rocky River Public Library
Cuyahoga County

Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2009

	General	Other Governmental Funds	Total Governmental Funds
Receipts			
Property and Other Local Taxes	\$ 3,188,757		\$ 3,188,757
Intergovernmental	940,940	\$ 240,875	1,181,815
Patron Fines and Fees	56,804		56,804
Contributions, Gifts and Donations	18,924	6,870	25,794
Earnings on Investments	15,932	1,283	17,215
Miscellaneous	5,684	513	6,197
<i>Total Receipts</i>	<u>4,227,041</u>	<u>249,541</u>	<u>4,476,582</u>
Disbursements			
Current:			
Library Services:			
Public Service and Programs	1,693,684		1,693,684
Collection Development and Processing	1,058,491		1,058,491
Support Services:			
Facilities Operation and Maintenance	448,493		448,493
Information Services	301,199		301,199
Business Administration	345,508		345,508
Capital Outlay		386,422	386,422
Debt Service:			
Principal Retirement		185,000	185,000
Interest and Fiscal Charges		55,875	55,875
<i>Total Disbursements</i>	<u>3,847,375</u>	<u>627,297</u>	<u>4,474,672</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>379,666</u>	<u>(377,756)</u>	<u>1,910</u>
Other Financing Sources (Uses)			
Sale of Capital Assets	616	-	616
Transfers In	-	190,000	190,000
Transfers Out	(190,000)	-	(190,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(189,384)</u>	<u>190,000</u>	<u>616</u>
<i>Net Change in Fund Balances</i>	190,282	(187,756)	2,526
<i>Fund Balances Beginning of Year</i>	<u>4,765,250</u>	<u>998,880</u>	<u>5,764,130</u>
<i>Fund Balances End of Year</i>	<u>\$ 4,955,532</u>	<u>\$ 811,124</u>	<u>\$ 5,766,656</u>

See accompanying notes to the basic financial statements

**Rocky River Public Library
Cuyahoga County**

*Reconciliation of the Statement of Cash Receipts, Disbursements and Changes
in Cash Basis Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2009*

Net Change in Fund Balances - Total Governmental Funds \$ 2,526

Change in Net Assets of Governmental Activities \$ 2,526

See accompanying notes to the basic financial statements

Rocky River Public Library
Cuyahoga County

*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
General Fund
For the Year Ended December 31, 2009*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts				
Property and Other Local Taxes	\$ 3,490,777	\$ 3,188,757	\$ 3,188,757	\$ -
Intergovernmental	1,006,950	940,940	940,940	-
Patron Fines and Fees	50,000	56,804	56,804	-
Contributions, Gifts and Donations	2,000	18,924	18,924	-
Earnings on Investments	80,000	15,932	15,932	-
Miscellaneous	-	5,684	5,684	-
<i>Total Receipts</i>	<u>4,629,727</u>	<u>4,227,041</u>	<u>4,227,041</u>	<u>-</u>
Disbursements				
Current:				
Library Services:				
Public Service and Programs	1,914,034	1,905,239	1,789,762	115,477
Collection Development and Processing	1,428,078	1,446,938	1,176,341	270,597
Support Services:				
Facilities Operation and Maintenance	531,996	531,421	488,367	43,054
Information Services	337,529	337,289	257,141	80,148
Business Administration	426,927	417,677	373,797	43,880
Debt Service:				
Redemption of Principal	-	-	-	-
Interest	-	-	-	-
<i>Total Disbursements</i>	<u>4,638,564</u>	<u>4,638,564</u>	<u>4,085,408</u>	<u>553,156</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(8,837)</u>	<u>(411,523)</u>	<u>141,633</u>	<u>553,156</u>
Other Financing Sources (Uses)				
Sale of Capital Assets	-	616	616	-
Transfers In	-	-	-	-
Transfers Out	(190,000)	(190,000)	(190,000)	-
<i>Total Other Financing Sources (Uses)</i>	<u>(190,000)</u>	<u>(189,384)</u>	<u>(189,384)</u>	<u>-</u>
<i>Net Change in Fund Balance</i>	(198,837)	(600,907)	(47,751)	553,156
<i>Fund Balance Beginning of Year</i>	4,637,060	4,637,060	4,637,060	-
<i>Prior Year Encumbrances Appropriated</i>	128,190	128,190	128,190	-
<i>Fund Balance End of Year</i>	<u>\$ 4,566,413</u>	<u>\$ 4,164,343</u>	<u>\$ 4,717,499</u>	<u>\$ 553,156</u>

See accompanying notes to the basic financial statements

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Rocky River Public Library
Cuyahoga County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2010 and December 31, 2009

Note 1 – Description Of The Library and Reporting Entity

The Rocky River Public Library, Cuyahoga County, (“the Library”) was organized as a school district public library in 1928 under the laws of the State of Ohio. The Library has its own Board of Trustees (“Board of Trustees”) of seven members who are appointed by the Rocky River City School District Board of Education (“Board of Education”). Appointments are for seven-year terms and members serve without compensation. Under Ohio statutes, the Library is a body politic and corporate capable of suing and being sued, contracting, acquiring, holding, possessing, and disposing of real property, and of exercising such other powers and privileges conferred upon it by law. The Library also determines and operates under its own budget. Control and management of the Library is governed by sections 3375.33 to 3375.39 of the Ohio Revised Code (“ORC”) with the administration of the day-to-day operations of the Library being the responsibility of the Director and financial accountability being solely that of the Fiscal Officer.

The Library is fiscally independent of the Rocky River City School District (“School District”) Board of Education although the School District serves in a ministerial capacity as the taxing authority for the Library. The determination to request approval of a tax levy, the role and purpose(s) of the levy, are discretionary decisions made solely by the Board of Trustees. Once those decisions are made, the Board of Education must put the levy on the ballot. There is no potential for the Library to provide a financial benefit to or impose a financial burden on the School District.

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 amount to the Library. The Library does not have any component units.

The Friends of the Rocky River Public Library, the Women’s Committee of the Rocky River Public Library and the Rocky River Public Library Foundation are not-for-profit organizations with self-appointing boards. The Library is not financially accountable for these organizations, nor does the Library approve the budgets or the issuance of debt for these organizations. Therefore, these organizations have been excluded from the reporting entity of the Library.

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

Note 2 - Summary of Significant Accounting Policies

As discussed further in Note 2. C, the financial statements of the Library have been prepared on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America. Generally Accepted Accounting Principles (“GAAP”) include all relevant Governmental Accounting Standards Board (“GASB”) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements, Financial Accounting Standards Board (“FASB”) pronouncements and Accounting Principles Board (“APB”) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB

Rocky River Public Library
Cuyahoga County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2010 and December 31, 2009

Note 2 - Summary of Significant Accounting Policies (continued)

pronouncements, in which case GASB prevails. The most significant of the Library's accounting policies are described below.

A. Basis of Presentation

The Library's basic financial statements consist of government-wide statements, including a statement of net assets and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

Government-wide Financial Statements

The statements of net assets and the statements of activities display information about the Library as a whole. These statements include the financial activities of the primary government. Governmental activities are generally financed through taxes, intergovernmental receipts and other nonexchange transactions.

The statements of net assets present the cash and investment balances of the governmental activities of the Library at each year-end. The statements of activities compare disbursements with program receipts for each of the Library's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory programs for which the library is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a cash basis or draws from the Library's general receipts.

Fund Financial Statements

During the year, the Library segregates transactions related to certain Library functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Library at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund in each year is presented in a separate column. Non-major funds are aggregated and presented in a single column.

B. 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 Library's funds are all classified as governmental.

Governmental Funds

Governmental funds are financed primarily from taxes, intergovernmental receipts, and other non-exchange transactions. Monies are assigned to the various governmental funds according to the purposes for which they may or must be used. The following is the Library's major governmental fund:

Rocky River Public Library
Cuyahoga County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2010 and December 31, 2009

Note 2 – Summary of Significant Accounting Policies (continued)

General Fund (Fund 101) - The General Fund accounts for all financial resources except those required to be accounted for 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.

The other governmental funds of the Library account for receipts whose use is restricted to a particular purpose.

C. Basis of Accounting

The Library's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Library's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Library are described in the appropriate section in this note.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued liabilities and the related expenses) are not recorded in these financial statements.

D. Budgetary Process

All funds are legally required to be appropriated. The appropriations resolution is the Trustee's authorization to spend resources and sets limits on cash disbursements plus encumbrances at the level of control selected by the Trustees. The legal level of control has been established at the fund and character or major category of the object code level for all funds. Budgetary modifications at the legal level of control may only be made by resolution of the Board of Trustees.

For control purposes, the Library estimates cash receipts for the year. These estimated receipts, together with the unencumbered carry-over balances from the prior year, set a limit on the amount the Trustees may appropriate. The estimated receipts may be revised during the year if projected increases or decreases in receipts are identified by the Fiscal Officer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts of estimated resources at the time final appropriations were enacted by the Board of Trustees.

The appropriations resolution is subject to amendment throughout the year with the restriction that appropriations should not exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board of Trustees during the year.

Rocky River Public Library
Cuyahoga County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2010 and December 31, 2009

Note 2 – Summary of Significant Accounting Policies (continued)

E. Cash and Cash Equivalents

Library records identify the purchase of specific investments by specific funds.

To improve cash management, cash received by the Library is pooled and invested. Individual fund integrity is maintained through the Library's records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents."

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

Investments with original maturities of three months or less at the time they are purchased and investments of the cash management pool are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

During 2010 and 2009 investments were limited to U.S. Savings Bonds, Federal National Mortgage Association Notes, Federal Home Loan Mortgage Corporation Notes, Federal Home Loan Bank Notes, and STAR Ohio. During 2010 and 2009, the Library's investments were in STAR Ohio and a bank negotiable order of withdrawal account backed by a Federal Home Loan Bank letter of credit.

STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State of Ohio to pool their funds for investment purposes. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31, 2010 and December 31, 2009.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest receipt credited to the General Fund during 2010 and 2009 amounted to \$6,913 and \$15,932, respectively, which does not include interest receipts of \$505 and \$1,283, respectively, credited to other Library funds.

F. Inventory and Prepaid Items

The Library reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

G. Restricted Assets

Cash, cash equivalents, and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. The Library had \$458,207 at December 31, 2010 and \$465,835 at December 31, 2009 in Special Revenue Funds that were restricted by resolutions of the Board of Trustees.

H. Capital Assets

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

Rocky River Public Library
Cuyahoga County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2010 and December 31, 2009

Note 2 – Summary of Significant Accounting Policies (continued)

I. Accumulated Leave

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

J. Employer Contributions to Cost-Sharing Pension Plans

The Library recognizes the disbursement for their employer contributions to cost-sharing pension plans when they are paid. As described in Notes 7 and 8, the employer contributions include portions for pension benefits.

K. Long-Term Obligations

The Library's cash basis financial statements do not report liabilities for long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure are reported at inception. Lease payments are reported when paid.

L. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

The Library's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

The Library had \$231,161 at December 31, 2010 and \$345,289 at December 31, 2009 restricted for capital projects.

M. Fund Balance Reserves

The Library reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances.

N. Interfund Transactions

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as Interfund Transfers. Interfund Transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

Rocky River Public Library
Cuyahoga County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2010 and December 31, 2009

Note 2 – Summary of Significant Accounting Policies (continued)

O. Estimates

The cash basis of accounting used by the Library requires management to make estimates and assumptions that affect certain reported amounts and disclosures (such as expenditures by program type which cannot be specifically designated to a single program); accordingly, actual results could differ from those estimates.

Note 3 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the General Fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is outstanding year-end encumbrances that are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis). The encumbrances outstanding for the General Fund at December 31, 2010 and December 31, 2009 (budgetary basis) amounted to \$174,650 and \$238,033 respectively. There were no advances from the General Fund, or any other fund, during 2010 and 2009.

Note 4 – Deposits and Investments

Monies held by the Library are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Library treasury. Active monies must be maintained either as cash in the Library treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal accounts (“NOW”), or in money market deposit accounts.

Inactive deposits are public deposits that the Board has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the Library can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

Rocky River Public Library
Cuyahoga County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2010 and December 31, 2009

Note 4 – Deposits and Investments (continued)

3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2% and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer’s investment pool (“STAR Ohio”).

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Library, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

At December 31, 2010 and December 31, 2009, the Library had \$648 in each year in undeposited cash on hand for petty cash purposes which is included as part of “Equity in Pooled Cash and Cash Equivalents” on the financial statements.

Deposits

The Library has no deposit policy for custodial risk beyond the requirements of State statute contained in ORC Section 135. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Library or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least 105% of the deposits being secured.

Investments

As of December 31, 2010, the Library had the following investments:

	Carrying Value	Maturity
STAR Ohio	\$ 3,032,848	58.0 days
Total Investments	\$ 3,032,848	

As of December 31, 2009, the Library had the following investments:

	Carrying Value	Maturity
STAR Ohio	\$ 5,706,271	61.2 days
Total Investments	\$ 5,706,271	

Rocky River Public Library
Cuyahoga County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2010 and December 31, 2009

Note 4 – Deposits and Investments (continued)

Interest rate risk arises because the fair value of an investment changes as interest rates change. The Library's investment policy addresses interest rate risk by requiring that the Library's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments, thereby avoiding that need to sell securities on the open market prior to maturity, and by investing operating funds primarily in short-term investments.

The Library's investment policy does not deal with investment credit risk beyond the requirements in State statute contained in ORC Section 135. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. STAR Ohio carries a rating of AAAM by Standard and Poor's.

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Library will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Library has no investment policy dealing with investment custodial risk beyond the requirements in ORC 135.14(M)(2) which states, "Payment for investments shall be made only upon the delivery of securities representing such investments to the treasurer, investing authority, or qualified trustee. If the securities transferred are not represented by a certificate, payment shall be made only upon receipt of confirmation of transfer from the custodian by the treasurer, governing board, or qualified trustee."

Note 5 - Grants-In-Aid and Property Taxes

A primary source of revenue for many of Ohio public libraries is the State Public Library Fund (PLF). The State allocates PLF to each county based on the county's prior tangibles tax of PLF revenues, and its population. The county Budget commission allocates these funds to the Library based on its needs such as 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.

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Rocky River City School District. Real property tax receipts received in 2010 and 2009 represent the collection of 2009 and 2008 taxes, respectively. Real property taxes received in 2010 and 2009 were levied after October 1, 2010 and October 1, 2009, respectively, on the assessed values as of January 1, 2010, and January 1, 2009, the lien dates. Assessed values for real property taxes are established by State statute at 35% of appraised market value.

Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility tangible property tax is assessed at varying percentages of true value; public utility real property is assessed at 35% of true value. Public utility property taxes collected in 2010 and 2009 which became a lien on December 31, 2009 and December 31, 2008, respectively, are levied after October 1, 2010 and October 1, 2009, respectively.

Tangible Personal Property Taxes have been phasing out and the last year for collection was 2008. The rate was reduced to zero in 2009.

Rocky River Public Library
Cuyahoga County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2010 and December 31, 2009

Note 5 - Grants-In-Aid and Property Taxes (continued)

The full tax rate for all Library operations for the years-ended December 31, 2010 and December 31, 2009, was \$6.10 (6.1 mills) per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2010 and 2009 property tax receipts were based are as follows:

Real Property	<u>2010</u>	<u>2009</u>
Residential/Agricultural	\$ 580,570,000	\$ 613,559,460
Other Real Estate	128,378,780	122,241,360
Public Utility	6,680,600	6,322,670
General Tangible Personal Property	<u>-</u>	<u>2,325,810</u>
Total Assessed Value	\$ 715,629,380	\$ 744,449,300

The county treasurer collects property taxes on behalf of all taxing districts in the county, including the Library. The county auditor periodically remits to the Library the portion of the taxes collected.

Rocky River Public Library
Cuyahoga County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2010 and December 31, 2009

Note 6 - Risk Management

The Library is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2010 and 2009, the Library contracted with several companies for various types of insurance coverage as follows:

Insurance Coverage at December 31, 2010

Company	Type of Coverage	Amount of Coverage
Republic Franklin Insurance Co.	Commercial Property	\$10,878,975
	Building Contents	\$5,631,522
	Scheduled Fine Arts	\$1,335,385
	General Liability	\$1,000,000 per occurrence/ \$2,000,000 aggregate
	Vehicle	\$1,000,000
Utica Mutual Insurance Co.	Commercial Umbrella	\$5,000,000
Federal Insurance Co.	Errors and Omissions	\$1,000,000 per loss/ \$3,000,000 aggregate
St. Paul Travelers	Commercial Crime	
	Employee Dishonesty	\$25,000
	Money & Securities	
	-Inside the Premises	\$15,000
	-Outside the Premises	\$5,000
Ohio Casualty Insurance Co.	Surety Bond	\$50,000

Insurance Coverage at December 31, 2009

Company	Type of Coverage	Amount of Coverage
Republic Franklin Insurance Co.	Commercial Property	\$10,878,975
	Building Contents	\$5,631,522
	Scheduled Fine Arts	\$1,335,385
	General Liability	\$1,000,000 per occurrence/ \$2,000,000 aggregate
	Vehicle	\$1,000,000
Utica Mutual Insurance Co.	Commercial Umbrella	\$5,000,000
Federal Insurance Co.	Errors and Omissions	\$1,000,000 per loss/ \$3,000,000 aggregate
St. Paul Travelers	Commercial Crime	
	Employee Dishonesty	\$25,000
	Money & Securities	
	-Inside the Premises	\$15,000
	-Outside the Premises	\$5,000
Ohio Casualty Insurance Co.	Surety Bond	\$50,000

Rocky River Public Library
Cuyahoga County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2010 and December 31, 2009

Note 6 - Risk Management (continued)

Settled claims have not exceeded coverage in any of the last three years and there was no reduction in coverage from the prior year.

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

Note 7 - Defined Benefit Pension Plan

The Library participates in the Ohio Public Employees Retirement System ("OPERS"). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar in nature to, but less than, the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

Funding Policy – The Ohio Revised Code provides statutory authority for members and employer contributions and currently limits the employer contribution to a rate not to exceed 14.00% of covered payroll for state and local employer units. Member contribution rate, as set in the Ohio Revised code, are not to exceed 10.00%. For the years ended December 31, 2010 and 2009, member and employer contribution rates were consistent across all three plans.

The Library's 2010 and 2009 contribution rate was 14.00%. The portion of employer contributions used to fund pension benefits is net of postemployment health care benefits. The portion of employer contributions allocated to health care in 2010 for members in the Traditional Plan was 5.50% from January 1, 2010 through February 28, 2010 and 5.00% from March 1 through December 31, 2010. The portion of employer contributions allocated to health care for members in the Combined Plan was 4.73% from January 1 through February 28, 2010 and 4.23% from March 1 through December 31, 2010. The portion allocated to health care in 2009 for members in the Traditional Plan and Combined Plan was 7.00% from January 1 through March 31, 2009 and 5.50% from April 1 through December 31, 2009. Employer contribution rates are actuarially determined.

The Library's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2010, 2009, and 2008 were \$300,523, \$314,159 and \$310,564 respectively. The full amounts have been contributed for 2010, 2009, and 2008. Contributions to the

Rocky River Public Library
Cuyahoga County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2010 and December 31, 2009

Note 7 - Defined Benefit Pension Plan (continued)

Member-Directed plan for 2010, 2009 and 2008 were \$2,646, \$3,322 and \$1,325, respectively, made by the Library and \$1,890, \$2,373 and \$947, respectively, made by the plan members.

Note 8 - Postemployment Benefits

Plan Description – Ohio Public Employees retirement System (OPERS) administers three separate pension plans: The Traditional Plan – a cost sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan – a defined contribution plan; and the Combined Plan – a cost sharing, multiple employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost sharing multiple-employer defined benefit postemployment health care plan for qualifying members of both the traditional and combined pension plans. Members of the member-directed plan do not qualify for ancillary benefits, including postemployment healthcare. The plan includes a medical plan, a prescription drug program and Medicare Part B premium reimbursement.

In order to qualify for postemployment health care coverage, age and service retirees under the Traditional Pension and Combined Plans must have ten years or more of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised Code permits, but does not mandate, OPERS to provide health care benefits to eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are provided separately in the OPERS financial report which may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

Funding Policy – The postemployment health care plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). The Ohio Revised Code provides the statutory authority requiring public employers to fund post retirement health care through contributions to OPERS. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postemployment health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2010 and 2009, state and local employers contributed 14.00% of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14.00% of covered payroll for state and local employer units.

Each year the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of postemployment health care benefits. The portion of employer contributions allocated to health care in 2010 for members in the Traditional Plan was 5.50% from January 1, 2010 through February 28, 2010 and 5.00% from March 1 through December 31, 2010. The portion of employer contributions allocated to health care for members in the Combined Plan was 4.73% from January 1 through February 28, 2010 and 4.23% from March 1 through December 31, 2010. The portion allocated to health care in 2009 for members in the Traditional Plan and Combined Plan was 7.00% from January 1 through March 31, 2009 and 5.50% from April 1 through December 31, 2009.

Rocky River Public Library
Cuyahoga County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2010 and December 31, 2009

Note 8 - Postemployment Benefits (continued)

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits by the retiree or retiree's surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and selected coverage.

The Library's contributions allocated to fund postemployment health care benefits for the years ended December 31, 2010, 2009, and 2008 were \$105,780, \$132,743, and \$155,608 respectively; 100% has been contributed for 2010, 2009 and 2008.

The Health Care Preservation Plan ("HCPP") adopted by the OPERS Retirement Board on September 9, 2004, was effective January 1, 2007. Members and employer contribution rates increased on January 1 of each year from 2006 to 2008. These rate increases allowed additional funds to be allocated to the health care plan.

Rocky River Public Library
Cuyahoga County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2010 and December 31, 2009

Note 9 – Debt Administration

The Library issued \$1,925,000 in Tax Anticipation Notes on March 2, 2005 in two series at rates of 3.50 percent due December 31, 2010 and 5.00 percent due December 1, 2014 for the purpose of constructing, installing and equipping certain improvements to the Library.

A summary of the note transactions for the years ended December 31, 2009 and December 31, 2010 are as follows:

	Interest Rate	Balance December 31, 2008	2009 Additions	2009 Reductions	Balance December 31, 2009
<u>Governmental Activities</u>					
<u>Tax Anticipation Note</u>					
2005 Note R-1	3.50%	\$ 375,000	\$ -	\$ (185,000)	\$ 190,000
2005 Note R-2	5.00%	\$ 855,000	\$ -	\$ -	\$ 855,000
Total 2005 Note		<u>\$ 1,230,000</u>	<u>\$ -</u>	<u>\$ (185,000)</u>	<u>\$ 1,045,000</u>

	Interest Rate	Balance December 31, 2009	2010 Additions	2010 Reductions	Balance December 31, 2010
<u>Governmental Activities</u>					
<u>Tax Anticipation Note</u>					
2005 Note R-1	3.50%	\$ 190,000	\$ -	\$ (190,000)	\$ -
2005 Note R-2	5.00%	\$ 855,000	\$ -	\$ -	\$ 855,000
Total 2005 Note		<u>\$ 1,045,000</u>	<u>\$ -</u>	<u>\$ (190,000)</u>	<u>\$ 855,000</u>

The Notes have the following mandatory sinking funds on December 1 in each of the years indicated:

<u>Year</u>	<u>2005 Note R-2 Due December 1, 2014</u>
2011	\$ 200,000
2012	\$ 205,000
2013	\$ 220,000
2014	\$ 230,000
TOTAL	<u>\$ 855,000</u>

Rocky River Public Library
Cuyahoga County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2010 and December 31, 2009

Note 10 – Interfund Transfers

The General Fund (Fund 101) transferred \$40,000 to the Capital Projects Fund (Fund 401) in 2010 and \$190,000 to the Capital Projects Fund (Fund 401) in 2009.

Note 11 – Construction and Contractual Commitments

The Library sought public bids for the Lower Level Renovation Project and opened the sealed bids on May 20, 2009. The bids were reviewed and the lowest responsible bid for the project was presented to the Board of Trustees on May 27, 2009 for approval. The successful bid was \$84,443 for the scope of the work being bid on. The Library entered into a contract with the successful bidder. The Lower Level Renovation Project commenced in June 2009 and was completed in August 2009.

The Library sought public bids for the Chiller Replacement Project and opened the sealed bids on December 17, 2010. The bids were reviewed and the lowest responsible bidder for the project was presented to the Board of Trustees on December 22, 2010. The successful bidder was \$78,699 for the scope of the work being bid on. The Library entered into a contract with the successful bidder. The Chiller Replacement Project is to be completed in 2011.

Note 12 – Related Organizations

The Library does not have any related organizations for which it is accountable.

The Library has the following affiliate organizations for which it is not accountable; Friends of the Rocky River Public Library, Women’s Committee of the Rocky River Public Library and the Rocky River Public Library Foundation.

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS 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 financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Rocky River Public Library, Cuyahoga County, Ohio, (the Library) as of and for the years ended December 31, 2010, and 2009, which collectively comprise the Library's basic financial statements and have issued our report thereon dated March 31, 2011, wherein we noted the Library uses a comprehensive accounting basis other than generally accepted accounting principles. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Library's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of opining on the effectiveness of the Library's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Library's internal control over financial reporting.

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 combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Library's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

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, providing an opinion 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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We intend this report solely for the information and use of management, the audit committee, the Board of Trustees, and others within the Library. We intend it for no one other than these specified parties.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

March 31, 2011



Dave Yost • Auditor of State

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
MAY 5, 2011