

**ROCKY RIVER PUBLIC LIBRARY
CUYAHOGA COUNTY, OHIO**

**FINANCIAL STATEMENTS
(AUDITED)**

**FOR THE YEARS ENDED
DECEMBER 31, 2012 AND 2011**

REBECCA SPUHLER, FISCAL OFFICER



Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the Rocky River Public Library, Cuyahoga County, prepared by Julian & Grube, Inc., for the audit period January 1, 2011 through December 31, 2012. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them. In conjunction with the work performed by the Independent Public Accountant, the Auditor of State is issuing the following:

Finding for Recovery Repaid Under Audit

The Library policy allows an employee who resigns after sixty cumulative calendar months of employment with the library or retires will be paid for one-third of his/her sick leave balance up to a maximum payment of two hundred hours.

On August 26, 2011, for period ending August 5, 2011 a direct deposit to Ms. Evelyn Janoch was made in the amount of \$20,972, consisting of sick time and vacation time. A review of time sheets and payroll records indicated 220.361667 hours of sick time paid in 2011. As a result, an overpayment of \$607 occurred.

<u>Description</u>		<u>Rate</u>		<u>Total</u>
482.922 hours of vacation	x	\$29.82 per hour	=	\$14,401
661.085 hours of sick time				
1/3 of sick time	x	\$29.82 per hour	=	6,571
220.361667				
				<u>\$20,972</u>
482.922 hours of vacation	x	\$29.82 per hour	=	\$14,401
Maximum 200 total hours of sick time paid	x	\$29.82 per hour	=	5,964
				<u>\$20,365</u>
Overpayment				<u>\$607</u>

Board of Trustees
Rocky River Public Library
1600 Hampton Road
Rocky River, Ohio 44116
Page -2-

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Evelyn Janoch in the amount of \$607, and in favor of Rocky River Public Library, in the amount of \$607.

On April 26, 2013, Evelyn Janoch issued check number 5873 in the amount of \$607 to the Rocky River Public Library in settlement of this finding.

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

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

May 24, 2013

**Rocky River Public Library
Cuyahoga County**

TABLE OF CONTENTS

Title	Page
Independent Auditor's Report.....	1 - 2
Management's Discussion and Analysis.....	3 - 9
Basic Financial Statements:	
Government-wide Financial Statements - December 31, 2012:	
Statement of Net Position - Cash Basis - December 31, 2012.....	11
Statement of Activities - Cash Basis - For the Year Ended December 31, 2012.....	12
Fund Financial Statements - December 31, 2012:	
Statement of Assets and Fund Balances - Cash Basis Governmental Funds - December 31, 2012.....	13
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities - December 31, 2012.....	14
Statement of Receipts, Disbursements and Changes in Fund Balances - Cash Basis - Governmental Funds - For the Year Ended December 31, 2012.....	15
Reconciliation of the Statement of Receipts, Disbursements and Changes in Fund Balances - Governmental Funds to the Statement of Activities - Cash Basis - For the Year Ended December 31, 2012....	16
Statement of Receipts, Disbursements and Changes in Fund Balance - Budget and Actual - Budget Basis - General Fund - For the Year Ended December 31, 2012.....	17
Government-wide Financial Statements - December 31, 2011:	
Statement of Net Position - Cash Basis - December 31, 2011.....	18
Statement of Activities - Cash Basis - For the Year Ended December 31, 2011.....	19
Fund Financial Statements - December 31, 2011:	
Statement of Assets and Fund Balances - Cash Basis - Governmental Funds - December 31, 2011.....	20
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities - Cash Basis - December 31, 2011.....	21
Statement of Receipts, Disbursements and Changes in Fund Balances - Cash Basis - Governmental Funds - For the Year Ended December 31, 2011.....	22
Reconciliation of the Statement of Receipts, Disbursements and Changes in Fund Balances -Governmental Funds to the Statement of Activities - Cash Basis - For the Year Ended December 31, 2011...	23
Statement of Receipts, Disbursements and Changes in Fund Balance - Budget and Actual - Budget Basis - General Fund - For the Year Ended December 31, 2011.....	24
Notes to the Basic Financial Basic Financial. Statements	25 - 40
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	42 - 43



Julian & Grube, Inc.

Serving Ohio Local Governments

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

Independent Auditor's Report

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

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, its major fund, and the aggregate remaining fund information of the Rocky River Public Library, Cuyahoga County, Ohio, as of and for the years ended December 31, 2012 and 2011, and the related notes to the financial statements, which collectively comprise the Rocky River Public Library's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the cash accounting basis Note 2.C. describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, its major fund, and the aggregate remaining fund information of the Rocky River Public Library, Cuyahoga County, Ohio, as of December 31, 2012 and 2011, and the respective changes in cash financial position and the budgetary comparison for the General Fund thereof for the years then ended in accordance with the accounting basis described in Note 2.C.

Accounting Basis

We draw attention to Note 2.C. of the financial statements, which describes the accounting basis, which differs from generally accepted accounting principles. We did not modify our opinion regarding this matter.

Emphasis of Matter

As discussed in Note 3 to the financial statements, during 2011, the Rocky River Public Library adopted new accounting guidance in Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. We did not modify our opinion regarding this matter.

Other Matters

Supplemental and Other Information

We audited to opine on the Rocky River Public Library's financial statements that collectively comprise its basic financial statements. *Management's Discussion & Analysis* includes tables of net position, changes in net position and governmental activities. These tables provide additional analysis and are not a required part of the basic financial statements.

These tables are management's responsibility, and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this information to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, these tables are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other than the aforementioned procedures applied to the tables, we applied no procedures to any other information in Management's Discussion & Analysis, and we express no opinion or any other assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 26, 2013, on our consideration of the Rocky River Public Library's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Rocky River Public Library's internal control over financial reporting and compliance.



Julian & Grube, Inc.
April 26, 2013

Rocky River Public Library
Cuyahoga County
Management's Discussion and Analysis
For the Years Ended December 31, 2012 and December 31, 2011
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, 2012 and December 31, 2011, 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 2012 are as follows:

Net Position of governmental activities increased \$56,241 or 0.97%.

The Library's general receipts are primarily property taxes and grants and entitlements not restricted to specific programs. These receipts represent 96.82% 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") for 2012 increased slightly by \$176, or (0.004%), compared to 2011 due to reductions in the PLF state tax revenues and increased collections of property taxes.

Key highlights for 2011 are as follows:

Net Position of governmental activities decreased \$82,792, or 1.40%.

The Library's general receipts are primarily property taxes and grants and entitlements not restricted to specific programs. These receipts represent 97.67% of the total general cash receipts during the year. Property taxes and grants and entitlements not restricted to specific programs receipts for 2011 decreased \$94,251, or (2.20%), compared to 2010. The PLF for 2011 increased \$19,681, or 3.17% as compared to 2010.

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 Position 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.

Rocky River Public Library
Cuyahoga County
Management's Discussion and Analysis
For the Years Ended December 31, 2012 and December 31, 2011
Unaudited

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 Position and the Statement of Activities reflect how the Library did financially during 2012 and 2011, within the limitations of cash basis accounting. The Statement of Net Position 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 Position 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.

Rocky River Public Library
Cuyahoga County
Management's Discussion and Analysis
For the Years Ended December 31, 2012 and December 31, 2011
Unaudited

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 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 reported in one classification 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 position for 2012, 2011, and 2010 on a cash basis.

(Table 1)

	Net Position		
	Governmental Activities		
	<u>2012</u>	<u>2011</u>	<u>(Restated)</u> <u>2010</u>
Assets			
Equity in Pooled Cash & Cash Equivalents	<u>\$5,868,548</u>	<u>\$5,812,307</u>	<u>\$5,895,099</u>
Total Assets	<u>\$5,868,548</u>	<u>\$5,812,307</u>	<u>\$5,895,099</u>
Net Position			
Restricted for:			
Other Purposes	36,438	3,255	3,255
Unrestricted	<u>5,832,110</u>	<u>5,809,052</u>	<u>5,801,844</u>
Total Net Position	<u>\$5,868,548</u>	<u>\$5,812,307</u>	<u>\$5,805,099</u>

Certain amounts in the above table have been reclassified to conform to current year presentations/classifications.

Rocky River Public Library
Cuyahoga County
Management's Discussion and Analysis
For the Years Ended December 31, 2012 and December 31, 2011
Unaudited

Table 2 reflects the changes in the Library's net assets in 2012, 2011 and 2010

(Table 2)
Change In Net Position

	Governmental Activities		
	<u>2012</u>	<u>2011</u>	<u>2010</u>
Receipts:			
Program Receipts:			
Charges for Services and Sales	\$ 70,815	\$ 69,851	\$ 73,105
Operating Grants and Contributions	38,883	12,885	6,593
Capital Grants and Contributions	<u>14,650</u>	<u>7,971</u>	<u>14,249</u>
Total Program Receipts	124,348	90,707	93,947
General Receipts:			
Property Taxes Levied for General Purposes	3,144,400	3,090,789	3,129,461
Unrestricted Gifts and Contributions	737	1,544	1,605
Grants & Entitlements not Restricted to Specific Programs	1,041,144	1,094,579	1,150,158
Earnings on Investments	5,943	4,463	7,418
Miscellaneous	<u>6,402</u>	<u>2,839</u>	<u>1,173</u>
Total General Receipts	<u>4,198,626</u>	<u>4,194,214</u>	<u>4,289,815</u>
Total Receipts	<u>4,322,974</u>	<u>4,284,921</u>	<u>4,383,762</u>
Disbursements			
Current:			
Library Services:			
Public Service and Programs	1,708,925	1,701,914	1,646,749
Collection Development and Processing	1,115,815	1,073,487	1,042,458
Support Services:			
Facilities Operation and Maintenance	430,053	454,913	488,834
Information Services	299,137	300,111	278,414
Business Administration	365,986	365,457	391,087
Capital Outlay	109,067	229,081	168,377
Debt Service:			
Principal Retirement	205,000	200,000	190,000
Interest and Finance Charges	<u>32,750</u>	<u>42,750</u>	<u>49,400</u>
Total Disbursements	<u>4,266,733</u>	<u>4,367,713</u>	<u>4,255,319</u>
Change in Net Position	56,241	(82,792)	128,443
Net Position, January 1	<u>5,812,307</u>	<u>5,895,099</u>	<u>5,766,656</u>
Net Position, December 31	<u>\$ 5,868,548</u>	<u>\$ 5,812,307</u>	<u>\$ 5,895,099</u>

Rocky River Public Library
Cuyahoga County
Management's Discussion and Analysis
For the Years Ended December 31, 2012 and December 31, 2011
Unaudited

Property taxes levied for general purposes and grants and entitlements not restricted to specific program receipts in 2012, 2011, and 2010 are 96.82%, 97.67% and 97.62%, respectively, of total receipts. Earnings on Investments have become a smaller portion of total receipts as investment rates have remained low during 2012 and 2011. Earnings on Investments during 2012, 2011 and 2010 were 0.14%, 0.10% and 0.17% 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.

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 Receipts (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 the state of Ohio and 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 below.

(Table 3)

Governmental Activities

	Total Cost Of Services 2012	Net Cost Of Services 2012	Total Cost Of Services 2011	Net Cost Of Services 2011	Total Cost Of Services 2010	Net Cost Of Services 2010
Library Services:						
Public Service and Programs	\$1,708,925	\$1,631,547	\$1,701,914	\$1,619,844	\$1,646,749	\$1,568,444
Collection Development and Processing	1,115,815	1,082,815	1,073,487	1,072,821	1,042,458	1,041,895
Support Services:						
Facilities Operation and Maintenance	430,053	424,928	454,913	454,913	488,834	488,834
Information Services	299,137	299,137	300,111	300,111	278,414	278,414
Business Administration	365,986	357,141	365,457	365,457	391,087	390,257
Capital Outlay	109,067	109,067	229,081	221,110	168,377	154,128
Debt Service:						
Principal Retirement	205,000	205,000	200,000	200,000	190,000	190,000
Interest and Finance Charges	32,750	32,750	42,750	42,750	49,400	49,400
Total Governmental Activities	<u>\$4,266,733</u>	<u>\$4,142,385</u>	<u>\$4,367,713</u>	<u>\$4,277,006</u>	<u>\$4,255,319</u>	<u>\$4,161,372</u>

Rocky River Public Library
Cuyahoga County
Management's Discussion and Analysis
For the Years Ended December 31, 2012 and December 31, 2011
Unaudited

The Library's Funds

Total governmental funds had receipts in 2012 and 2011 of \$4,322,974 and \$4,284,921, respectively, and disbursements of \$4,266,733 and \$4,367,713, 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 2012 and 2011, the Library's General Fund budget was stable. Final disbursements and transfers for 2012 and 2011 were budgeted at \$4,689,176 and \$4,669,436, respectively, while actual disbursements and transfers were \$4,173,873 and \$4,287,961, respectively.

Debt Administration

At December 31, 2012 and December 31, 2011, the Library had debt obligations of \$450,000 and \$655,000, 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 Note 10.

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 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 increased slightly in 2011 from 2010, but were lower in 2012 and may be further reduced in future years. 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 impacted by numerous foreclosures and reappraisals in recent years. It is not known if these changes will translate into lower property tax collections in future years.

A prominent area of concern continues to be the containment of health care costs. The Library has worked hard to control increases in this area by working with a Broker and seeking competitive proposals. This has allowed the Library to maintain high levels of coverage for employees at the lowest cost possible.

Rocky River Public Library
Cuyahoga County
Management's Discussion and Analysis
For the Years Ended December 31, 2012 and December 31, 2011
Unaudited

In 2011, the Library developed a five year strategic plan to provide a framework for the fulfillment of educational, informational and recreational goals and is a conduit linking community needs with library resources. The strategic plan can be located on the Rocky River Public Library website at www.rrpl.org. In 2012, the Library offered more and varied programming than ever before, and we are on target to circulate more materials than at any time in our history. Additionally, our current strategic plan was seamlessly blended into existing Library services. We introduced wireless laptop printing and added Internet Express stations to locations throughout the Library. Our Children's Department continued its work on the literacy program *Every Child Ready to Read* and our Training Department began to offer evening sessions of our ever-popular Computer Breakfast Series.

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 Rebecca Spuhler, Fiscal Officer, Rocky River Public Library, 1600 Hampton Road, Rocky River, Ohio 44116 or email at r.spuhler@rrpl.org.

This Page is Intentionally Left Blank.

Rocky River Public Library
Cuyahoga County
Statement of Net Position – Cash Basis
December 31, 2012

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and cash equivalents	<u>\$5,868,548</u>
<i>Total Assets</i>	<u><u>\$5,868,548</u></u>
Net Position	
Restricted for:	
Other Purposes	36,438
Unrestricted	<u>5,832,110</u>
<i>Total Net Position</i>	<u><u>\$5,868,548</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, 2012

	Cash Disbursements	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
Current:					
Library Services:					
Public Services and Programs	\$ 1,708,925	\$ 70,815	\$ 5,883	\$ 680	(\$1,631,547)
Collection Development and Processing	1,115,815		33,000		(1,082,815)
Support Services:					
Facilities Operation and Maintenance	430,053			5,125	(424,928)
Information Services	299,137				(299,137)
Business Administration	365,986			8,845	(357,141)
Capital Outlay	109,067				(109,067)
Debt Service:					
Principal Retirement	205,000				(205,000)
Interest and Fiscal Charges	32,750				(32,750)
<i>Total Governmental Activities</i>	<u>\$ 4,266,733</u>	<u>\$ 70,815</u>	<u>\$ 38,883</u>	<u>\$ 14,650</u>	<u>\$ (4,142,385)</u>
General Receipts:					
Property Taxes Levied for General Purposes					3,144,400
Unrestricted Gifts and Contributions					737
Grants/Entitlements not Restricted to Specific Programs					1,041,144
Earnings on Investments					5,943
Miscellaneous					6,402
<i>Total General Receipts</i>					<u>4,198,626</u>
Change in Net Position					56,241
<i>Net Position Beginning of Year</i>					<u>5,812,307</u>
<i>Net Position End of Year</i>					<u><u>\$5,868,548</u></u>

See accompanying notes to the basic financial statements

Rocky River Public Library
Cuyahoga County
Statement of Assets and Fund Balances- Cash Basis
Governmental Funds
December 31, 2012

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 5,121,435	\$ 747,113	\$ 5,868,548
<i>Total Assets</i>	<u>\$5,121,435</u>	<u>\$747,113</u>	<u>\$5,868,548</u>
Fund Balances			
Restricted		36,438	36,438
Committed	-	452,977	452,977
Assigned	168,605	257,698	426,303
Unassigned (Deficit)	4,952,830	-	4,952,830
<i>Total Fund Balances</i>	<u>\$ 5,121,435</u>	<u>\$ 747,113</u>	<u>\$ 5,868,548</u>

See accompanying notes to the basic financial statements

Rocky River Public Library
Cuyahoga County
Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities - Cash Basis
December 31, 2012

Total Governmental Fund Balances	<u>\$5,868,548</u>
<i>Net Position of Governmental Activities</i>	<u>\$5,868,548</u>

See accompanying notes to the basic financial statements

Rocky River Public Library
Cuyahoga County
Statement of Receipts, Disbursements and Changes in Fund Balances - Cash Basis
Governmental Funds
For the Year Ended December 31, 2012

	General	Other Governmental Funds	Total Governmental Funds
Receipts			
Property and Other Local Taxes	\$3,144,400		\$3,144,400
Public Library Fund	364,691	\$ 237,750	602,441
Intergovernmental	438,703	33,000	471,703
Patron Fines and Fees	70,815		70,815
Contributions, Gifts and Donations	6,620	14,650	21,270
Earnings on Investments	5,429	514	5,943
Miscellaneous	6,402		6,402
<i>Total Receipts</i>	<u>4,037,060</u>	<u>285,914</u>	<u>4,322,974</u>
Disbursements			
Current:			
Library Services:			
Public Services and Programs	1,708,225	700	1,708,925
Collection Development and Processing	1,115,815		1,115,815
Support Services:			
Facilities Operation and Maintenance	427,327	2,725	430,052
Information Services	299,138		299,138
Business Administration	365,986		365,986
Capital Outlay		109,067	109,067
Debt Service:			
Principal Retirement		205,000	205,000
Interest and Fiscal Charges		32,750	32,750
<i>Total Disbursements</i>	<u>3,916,491</u>	<u>350,242</u>	<u>4,266,733</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>120,569</u>	<u>(64,328)</u>	<u>56,241</u>
Other Financing Sources (Uses)			
Transfers In		175,000	175,000
Transfers Out	(175,000)		(175,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(175,000)</u>	<u>175,000</u>	<u>-</u>
<i>Net Change in Fund Balances</i>	(54,431)	110,672	56,241
<i>Fund Balances Beginning of Year</i>	<u>5,175,866</u>	<u>636,441</u>	<u>5,812,307</u>
<i>Fund Balances End of Year</i>	<u>\$5,121,435</u>	<u>\$747,113</u>	<u>\$5,868,548</u>

See accompanying notes to the basic financial statements

**Rocky River Public Library
Cuyahoga County**

Reconciliation of the Statement of Receipts, Disbursements and Changes
in Fund Balances - Governmental Funds to the Statement of Activities - Cash Basis
For the Year Ended December 31, 2012

Net Change in Fund Balances - Total Governmental Funds	<u>\$56,241</u>
<i>Change in Net Position of Governmental Activities</i>	<u><u>\$56,241</u></u>

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, 2012

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts				
Property and Other Local Taxes	\$3,460,554	\$3,144,400	\$3,144,400	\$0
Public Library Fund	364,691	364,691	364,691	0
Intergovernmental	901,765	466,124	438,703	(27,421)
Patron Fines and Fees	145,562	75,241	70,815	(4,426)
Contributions, Gifts and Donations	13,608	7,034	6,620	(414)
Earnings on Investments	11,159	5,768	5,429	(339)
Miscellaneous	13,162	6,803	6,403	(400)
<i>Total Receipts</i>	<u>4,910,501</u>	<u>4,070,061</u>	<u>4,037,061</u>	<u>(33,000)</u>
Disbursements				
Current:				
Library Services:				
Public Services and Programs	1,789,992	1,789,992	1,714,919	75,073
Collection Development and Processing	1,284,831	1,284,831	1,177,147	107,684
Support Services:				
Facilities Operation and Maintenance	582,120	582,120	439,723	142,397
Information Services	339,835	339,835	299,542	40,293
Business Administration	517,398	517,398	367,542	149,856
<i>Total Disbursements</i>	<u>4,514,176</u>	<u>4,514,176</u>	<u>3,998,873</u>	<u>515,303</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>396,325</u>	<u>(444,115)</u>	<u>38,188</u>	<u>482,303</u>
Other Financing Sources (Uses)				
Transfers Out	(175,000)	(175,000)	(175,000)	-
<i>Total Other Financing Sources (Uses)</i>	<u>(175,000)</u>	<u>(175,000)</u>	<u>(175,000)</u>	<u>-</u>
<i>Net Change in Fund Balance</i>	221,325	(619,115)	(136,812)	482,303
<i>Unencumbered Fund Balance Beginning of Year</i>	4,951,214	4,951,214	4,951,214	-
Prior Year Encumbrances Appropriated	224,652	224,652	224,652	-
<i>Unencumbered Fund Balance End of Year</i>	<u>\$5,397,191</u>	<u>\$4,556,751</u>	<u>\$5,039,054</u>	<u>\$482,303</u>

See accompanying notes to the basic financial statements

Rocky River Public Library
Cuyahoga County
Statement of Net Position – Cash Basis
December 31, 2011

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$5,812,307</u>
<i>Total Assets</i>	<u><u>\$5,812,307</u></u>
Net Position	
Restricted for:	
Other Purposes	3,255
Unrestricted	<u>5,809,052</u>
<i>Total Net Position</i>	<u><u>\$5,812,307</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, 2011

	Cash Disbursements	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Position
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
Current:					
Library Services:					
Public Services and Programs	\$ 1,701,914	\$ 69,851	\$ 12,219		\$ (1,619,844)
Collection Development and Processing	1,073,487		666		(1,072,821)
Support Services:					
Facilities Operation and Maintenance	454,913				(454,913)
Information Services	300,111				(300,111)
Business Administration	365,457				(365,457)
Capital Outlay	229,081			7,971	(221,110)
Debt Service:					
Principal Retirement	200,000				(200,000)
Interest and Fiscal Charges	42,750				(42,750)
<i>Total Governmental Activities</i>	<u>4,367,713</u>	<u>69,851</u>	<u>12,885</u>	<u>7,971</u>	<u>(4,277,006)</u>
General Receipts:					
Property Taxes Levied for General Purposes					3,090,789
Unrestricted Gifts and Contributions					1,544
Grants/Entitlements not Restricted to Specific Programs					1,094,579
Earnings on Investments					4,463
Miscellaneous					2,839
<i>Total General Receipts</i>					<u>4,194,214</u>
Change in Net Position					(82,792)
<i>Net Position Beginning of Year</i>					<u>5,895,099</u>
<i>Net Position End of Year</i>					<u><u>\$5,812,307</u></u>

See accompanying notes to the basic financial statements

Rocky River Public Library
Cuyahoga County
Statement of Assets and Fund Balances- Cash Basis
Governmental Funds
December 31, 2011

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets			
Equity in Pooled Cash and Cash Equivalents	<u>\$ 5,175,866</u>	<u>\$ 636,441</u>	<u>\$ 5,812,307</u>
<i>Total Assets</i>	<u>5,175,866</u>	<u>636,441</u>	<u>5,812,307</u>
Fund Balances			
Restricted	-	3,255	3,255
Committed	-	455,891	455,891
Assigned	619,388	177,295	796,683
Unassigned (Deficit)	<u>4,556,478</u>	<u>-</u>	<u>4,556,478</u>
<i>Total Fund Balances</i>	<u>\$ 5,175,866</u>	<u>\$ 636,441</u>	<u>\$ 5,812,307</u>

See accompanying notes to the basic financial statements

Rocky River Public Library
Cuyahoga County
Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities - Cash Basis
December 31, 2011

Total Governmental Fund Balances	<u>\$5,812,307</u>
<i>Net Position of Governmental Activities</i>	<u>\$5,812,307</u>

See accompanying notes to the basic financial statements

Rocky River Public Library
Cuyahoga County
Statement of Receipts, Disbursements and Changes in Fund Balances - Cash Basis
Governmental Funds
For the Year Ended December 31, 2011

	General	Other Governmental Funds	Total Governmental Funds
Receipts			
Property and Other Local Taxes	\$ 3,090,789		\$ 3,090,789
Public Library Fund	396,842	\$ 242,750	639,592
Intergovernmental	454,987		454,987
Patron Fines and Fees	69,851		69,851
Contributions, Gifts and Donations	13,929	8,471	22,400
Earnings on Investments	4,206	257	4,463
Miscellaneous	2,839		2,839
<i>Total Receipts</i>	<u>4,033,443</u>	<u>251,478</u>	<u>4,284,921</u>
Disbursements			
Current:			
Library Services:			
Public Services and Programs	1,699,340	2,574	1,701,914
Collection Development and Processing	1,073,487		1,073,487
Support Services:			
Facilities Operation and Maintenance	454,913		454,913
Information Services	300,111		300,111
Business Administration	365,457		365,457
Capital Outlay		229,081	229,081
Debt Service:			
Principal Retirement		200,000	200,000
Interest and Fiscal Charges		42,750	42,750
<i>Total Disbursements</i>	<u>3,893,308</u>	<u>474,405</u>	<u>4,367,713</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>140,135</u>	<u>(222,927)</u>	<u>(82,792)</u>
Other Financing Sources (Uses)			
Transfers In		170,000	170,000
Transfers Out	(170,000)		(170,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(170,000)</u>	<u>170,000</u>	<u>-</u>
<i>Net Change in Fund Balances</i>	(29,865)	(52,927)	(82,792)
<i>Fund Balances Beginning of Year</i>	<u>5,205,731</u>	<u>689,368</u>	<u>5,895,099</u>
<i>Fund Balances End of Year</i>	<u>\$5,175,866</u>	<u>\$636,441</u>	<u>\$5,812,307</u>

See accompanying notes to the basic financial statements

**Rocky River Public Library
Cuyahoga County**

Reconciliation of the Statement of Receipts, Disbursements and Changes
in Fund Balances - Governmental Funds to the Statement of Activities - Cash Basis
For the Year Ended December 31, 2011

Net Change in Fund Balances - Total Governmental Funds	<u>(\$82,792)</u>
<i>Change in Net Position of Governmental Activities</i>	<u><u>(\$82,792)</u></u>

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, 2011

	<u>Budgeted Amounts</u>		Actual	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Receipts				
Property and Other Local Taxes	\$ 3,469,977	\$ 3,090,789	\$ 3,090,789	\$ -
Public Library Fund	403,256	396,842	396,842	-
Intergovernmental	510,677	455,049	454,987	(62)
Patron Fines and Fees	78,401	69,861	69,851	(10)
Contributions, Gifts and Donations	15,634	13,931	13,929	(2)
Earnings on Investments	4,721	4,207	4,206	(1)
Miscellaneous	3,186	2,839	2,839	-
<i>Total Receipts</i>	<u>4,485,852</u>	<u>4,033,518</u>	<u>4,033,443</u>	<u>(75)</u>
Disbursements				
Current:				
Library Services:				
Public Services and Programs	1,885,279	1,885,279	1,723,196	162,083
Collection Development and Processing	1,230,325	1,230,325	1,166,492	63,833
Support Services:				
Facilities Operation and Maintenance	549,992	549,992	521,838	28,154
Information Services	319,335	319,335	305,071	14,264
Business Administration	514,505	514,505	401,364	113,141
<i>Total Disbursements</i>	<u>4,499,436</u>	<u>4,499,436</u>	<u>4,117,961</u>	<u>381,475</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(13,584)</u>	<u>(465,918)</u>	<u>(84,518)</u>	<u>381,400</u>
Other Financing Sources (Uses)				
Transfers Out	(170,000)	(170,000)	(170,000)	-
<i>Total Other Financing Sources (Uses)</i>	<u>(170,000)</u>	<u>(170,000)</u>	<u>(170,000)</u>	<u>-</u>
<i>Net Change in Fund Balance</i>	(183,584)	(635,918)	(254,518)	381,400
<i>Unencumbered Fund Balance Beginning of Year</i>	5,031,082	5,031,082	5,031,082	-
Prior Year Encumbrances Appropriated	174,650	174,650	174,650	-
<i>Unencumbered Fund Balance End of Year</i>	<u>\$5,022,148</u>	<u>\$4,569,814</u>	<u>\$4,951,214</u>	<u>\$381,400</u>

See accompanying notes to the basic financial statements

Rocky River Public Library
Cuyahoga County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2012 and December 31, 2011

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.

Under the provisions of Statement No. 14 of the Governmental Accounting Standards Board, “The Financial Reporting Entity”, as amended by GASB Statement No. 39, “Determining Whether Certain Organizations Are Component Units”, the Library is considered to be a related organization of 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.

Separately maintained statements of The Friends of the Rocky River Public Library are available from:

Treasurer, The Friends of the Rocky River Public Library
Rocky River Public Library
1600 Hampton Road
Rocky River, Ohio 44116

Rocky River Public Library
Cuyahoga County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2012 and December 31, 2011

Separately maintained statements of the Women's Committee of the Rocky River Public Library are available from:

Treasurer, Women's Committee of the Rocky River Public Library
Rocky River Public Library
1600 Hampton Road
Rocky River, Ohio 44116

Separately maintained statements of the Rocky River Public Library Foundation are available from:

Treasurer, Rocky River Public Library Foundation
Rocky River Public Library
1600 Hampton Road
Rocky River, Ohio 44116

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. 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 position 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 Position and the Statements of Activities display information about the Library as a whole. These statements include the financial activities of the Library. Governmental activities are generally financed through taxes, intergovernmental receipts and other nonexchange transactions.

The Statements of Net Position present the cash and investment balances of the governmental activities of the Library at each year-end. The Statements of Activities compares 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.

Rocky River Public Library
Cuyahoga County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2012 and December 31, 2011

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:

General Fund - 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 and report resources whose use is restricted, committed or assigned 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.

Rocky River Public Library
Cuyahoga County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2012 and December 31, 2011

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.

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 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.

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 2012 and 2011 investments were limited to STAR Ohio and STAR Plus.

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. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. 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, 2012 and December 31, 2011.

STAR Plus is a cash management program that is managed by the State Treasurer's Office which allows Ohio political subdivisions who have a STAR Ohio account to deposit their funds into STAR Plus for investment earning potential purposes. The funds are then distributed to multiple banks in amounts that will never exceed the Federal Deposit Insurance Corporation (FDIC) maximum amount, currently \$250,000.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest receipt credited to the General Fund during 2012 and 2011 amounted to \$5,429 and \$4,206, respectively, which does not include interest receipts of \$514 and \$257, respectively, credited to other Library funds.

Rocky River Public Library
Cuyahoga County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2012 and December 31, 2011

F. Restricted Assets

Assets are reported as restricted net assets when limitations on their use change normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation. The Library did not have any net cash assets restricted by enabling legislation at year-end.

G. 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.

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.

I. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Library is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

Restricted Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions

Committed The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (resolution) of Library Trustees. Those committed amounts cannot be used for any other purpose unless the Library Trustees remove or change the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned Amounts in the assigned fund balance classification are intended to be used by the Library for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by the Library Trustees or a Library official delegated that authority by resolution, or by State Statute.

Rocky River Public Library
Cuyahoga County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2012 and December 31, 2011

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Library applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

J. Interfund Transactions

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies 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.

K. 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.

L. 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 8 and 9, the employer contributions include portions for pension benefits and for postretirement health care benefits.

M. 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 is reported at inception. Lease payments are reported when paid.

N. Net Position

Net Position is 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.

Rocky River Public Library
Cuyahoga County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2012 and December 31, 2011

O. 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.

P. 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 – Change in Accounting Principle

For 2011 and 2012, the Library implemented GASB Statement No. 54, “Fund Balance Reporting and Governmental Fund Type Definitions.” GASB Statement No. 54 enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The implementation of GASB Statement No. 54 did not require any adjustments to December 31, 2010 balances.

For 2011 and 2012, the Library implemented Governmental Accounting Standard Board (GASB) Statement No. 63, “Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.” GASB Statement No. 63 identifies net position, rather than net assets, as the residual of all other elements presented in a statement of financial position. This change was incorporated in the Library’s 2011 financial statements; however, there was no effect on beginning net position/fund balance.

Note 4 – 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 restricted, committed or assigned fund balance (cash basis). The encumbrances outstanding for the General Fund at December 31, 2012 and December 31, 2011 (budgetary basis) amounted to \$82,381 and \$224,652 respectively.

Rocky River Public Library
Cuyahoga County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2012 and December 31, 2011

Note 5 – 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;
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”).
8. Linked deposits as authorized by ordinance adopted pursuant to section 135.80 of the Revised Code;

Rocky River Public Library
Cuyahoga County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2012 and December 31, 2011

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, 2012 and December 31, 2011, 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 or 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, 2012, the Library had the following investments:

	<u>Carrying Value</u>	<u>Maturity</u>
STAR Ohio	\$ 1,811,580	55.4 days
STAR Plus	<u>3,502,039</u>	
Total Investments	<u>\$ 5,313,619</u>	

As of December 31, 2011, the Library had the following investments:

	<u>Carrying Value</u>	<u>Maturity</u>
STAR Ohio	<u>\$2,983,521</u>	57.0 days
Total Investments	<u>\$2,983,521</u>	

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.

Rocky River Public Library
Cuyahoga County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2012 and December 31, 2011

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 6 - Property Taxes

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 2012 and 2011 represent the collection of 2011 and 2010 taxes, respectively. Real property taxes received in 2012 and 2011 were levied after October 1, 2012 and October 1, 2011, respectively, on the assessed values as of January 1, 2012, and January 1, 2011, 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 2012 and 2011 which became a lien on December 31, 2011 and December 31, 2010, respectively, are levied after October 1, 2012 and October 1, 2011, respectively.

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

The full tax rate for all Library operations for the years-ended December 31, 2012 and December 31, 2011, 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 2012 and 2011 property tax receipts were based are as follows:

Real Property	<u>2012</u>	<u>2011</u>
Residential/Agricultural	\$ 579,911,210	\$ 580,764,830
Other Real Estate	119,918,730	122,475,260
Public Utility	<u>7,105,100</u>	<u>6,831,460</u>
Total Assessed Value	<u>\$ 706,935,040</u>	<u>\$ 710,071,550</u>

Cuyahoga County collects property taxes on behalf of all taxing districts in the county, including the Library. The county fiscal officer 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, 2012 and December 31, 2011

Note 7 - 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 2012 and 2011, the Library contracted with several companies for various types of insurance coverage as follows:

Insurance Coverage at December 31, 2012

<u>Company</u>	<u>Type of Coverage</u>	<u>Amount of Coverage</u>
Republic Franklin Insurance Co.	Commercial Property	\$11,064,739
	Building Contents	\$1,946,346
	Scheduled Fine Arts	\$1,791,090
	Books and Materials	\$4,263,746
	General Liability	\$1,000,000 per occurrence/ \$2,000,000 aggregate
	Vehicle	\$1,000,000
Utica Mutual Insurance Co.	Commercial Umbrella	\$5,000,000
		\$1,000,000 per loss/ \$3,000,000 aggregate
Federal Insurance Co.	Errors and Omissions	
St. Paul Travelers	Commercial Crime	\$25,000
	Employee Dishonesty	
	Money & Securities	\$15,000
	-Inside the Premises	\$5,000
	-Outside the Premises	
Ohio Casualty Insurance Co.	Surety Bond	\$ 50,000

Insurance Coverage at December 31, 2011

<u>Company</u>	<u>Type of Coverage</u>	<u>Amount of Coverage</u>
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
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, 2012 and December 31, 2011

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 8 - Defined Benefit Pension Plan

Plan Description - The Library participates in the Ohio Public Employees Retirement System ("OPERS"). OPERS administers three separate pension plans. The Traditional Pension 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 Pension 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, 2012 and 2011, member and employer contribution rates were consistent across all three plans.

The Library's 2012 and 2011 contribution rate was 14.00%. The portion of employer contributions used to fund pension benefits is net of postemployment health care benefits.

The Library's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2012, 2011, and 2010 were \$307,370, \$304,837 and \$300,523 respectively. The full amounts have been contributed for 2012, 2011 and 2010. Contributions to the Member-Directed Plan for 2012, 2011 and 2010 were \$1,887, \$1,849 and \$2,646, respectively, made by the Library and \$1,348, \$1,321 and \$1,890, respectively, made by the plan members.

Rocky River Public Library
Cuyahoga County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2012 and December 31, 2011

Note 9 - 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 Pension and Combined 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 post-retirement health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2012 and 2011, 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 2012 for members in the Traditional Pension Plan was 4.00% in the calendar year 2012. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05% in the calendar year 2012. The portion allocated to health care in 2011 for members in the Traditional Pension Plan was 4.00% during the calendar year 2011. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05% during the calendar year 2011.

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. Active members do not make contributions to the post-employment health care plan.

The Library's contributions allocated to fund postemployment health care benefits for the years ended December 31, 2012, 2011, and 2010 were \$88,176, \$87,267, and \$105,780 respectively; 100% has been contributed for 2012, 2011 and 2010.

Rocky River Public Library
Cuyahoga County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2012 and December 31, 2011

Note 10 – Debt Administration

The Library issued \$1,925,000 in Tax Anticipation Notes on March 2, 2005 in two series at rates of 3.50 % due December 31, 2010 and 5.00 % 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, 2011 and December 31, 2012 are as follows:

	<u>Interest Rate</u>	<u>Balance December 31, 2010</u>	<u>2011 Additions</u>	<u>2011 Reductions</u>	<u>Balance December 31, 2011</u>
<u>Governmental Activities</u>					
<u>Tax Anticipation Note</u>					
2005 Note R-2	5.00%	\$ 855,000	\$ -	\$ (200,000)	\$ 655,000
Total 2005 Note		<u>\$ 855,000</u>	<u>\$ -</u>	<u>\$ (200,000)</u>	<u>\$ 655,000</u>
	<u>Interest Rate</u>	<u>Balance December 31, 2011</u>	<u>2012 Additions</u>	<u>2012 Reductions</u>	<u>Balance December 31, 2012</u>
<u>Governmental Activities</u>					
<u>Tax Anticipation Note</u>					
2005 Note R-2	5.00%	\$ 655,000	\$ -	\$ (205,000)	\$ 450,000
Total 2005 Note		<u>\$ 655,000</u>	<u>\$ -</u>	<u>\$ (205,000)</u>	<u>\$ 450,000</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>
2013	\$ 220,000
2014	<u>\$ 230,000</u>
TOTAL	<u>\$ 450,000</u>

Note 11 – Fund Balances

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Library is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Rocky River Public Library
Cuyahoga County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2012 and December 31, 2011

<u>Fund Balance - December 31, 2012</u>	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Restricted for			
Search Ohio Project	\$	\$ 33,003	\$ 33,003
Cowan Pottery Purchases		3,435	3,435
Total Restricted		<u>36,438</u>	<u>36,438</u>
Committed to			
Permanent Fund Purposes		452,977	452,977
Total Committed		<u>452,977</u>	<u>452,977</u>
Assigned to:			
General Fund Purposes	82,381	-	82,381
Subsequent Year Appropriation	86,224	-	86,224
Capital Purchases		257,698	257,698
Total Assigned	<u>168,605</u>	<u>257,698</u>	<u>426,303</u>
Unassigned	<u>4,952,830</u>		<u>4,952,830</u>
Total Fund Cash Balances	<u>\$ 5,121,435</u>	<u>\$ 747,113</u>	<u>\$ 5,868,548</u>

<u>Fund Balance - December 31, 2011</u>	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Restricted for			
Cowan Pottery Purchases	\$	\$ 3,255	\$ 3,255
Total Restricted		<u>3,255</u>	<u>3,255</u>
Committed to			
Permanent Fund Purposes		455,891	455,891
Total Committed		<u>455,891</u>	<u>455,891</u>
Assigned to:			
General Fund Purposes	224,652		224,652
Subsequent Year Appropriation	394,736	-	394,736
Capital Purchases		177,295	177,295
Total Assigned	<u>619,388</u>	<u>177,295</u>	<u>796,683</u>
Unassigned	<u>4,556,478</u>		<u>4,556,478</u>
Total Fund Cash Balances	<u>\$ 5,175,866</u>	<u>\$ 636,441</u>	<u>\$ 5,812,307</u>

Rocky River Public Library
Cuyahoga County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2012 and December 31, 2011

Note 12 – Interfund Transfers

The General Fund transferred \$175,000 to the Capital Projects Fund in 2012 and \$170,000 to the Capital Projects Fund in 2011. Transfers were made to set aside funds for routine capital improvements to the Library and for various technological improvements and acquisitions.

Note 13 – Construction and Contractual Commitments

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 was completed in June 2011.

The Library sought public bids for the Elevator Cylinder Replacement Project and opened the sealed bids on January 19, 2012. The bids were reviewed and the lowest responsible bid for the project was presented to the Board of Trustees on January 25, 2012 for approval. The successful bid was \$28,800 for the scope of the work being bid on. The Library entered into a contract with the successful bidder. The Elevator Cylinder Replacement Project commenced in January 2012 and was completed in April 2012.

Note 14 – 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 which are discussed in Note 1 above.

This Page is Intentionally Left Blank.



Julian & Grube, Inc.
Serving Ohio Local Governments

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

**Independent Auditor's 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 in accordance with auditing standards generally accepted in the United States and the Controller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, its major fund, and the aggregate remaining fund information of the Rocky River Public Library as of and for the years ended December 31, 2012 and 2011, and the related notes to the financial statements, which collectively comprise the Rocky River Public Library's basic financial statements and have issued our report thereon dated April 26, 2013, wherein we noted the Rocky River Public Library uses a special purpose framework other than generally accepted accounting principles.

Internal Control Over Financial Reporting

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

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 a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Rocky River Public Library's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

As part of reasonably assuring whether the Rocky River Public Library's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We also noted a certain matter not requiring inclusion in this report that we have reported to Rocky River Public Library's management in a separate letter dated April 26, 2013.

Purpose of this Report

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



Julian & Grube, Inc.
April 26, 2013



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
JUNE 6, 2013