



OHIO AUDITOR OF STATE  
**KEITH FABER**





**EAST CLEVELAND PUBLIC LIBRARY  
CUYAHOGA COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Auditor's Report .....	1
Prepared by Management:	
Combined Statement of Cash Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) - All Governmental Fund Types For the Year Ended December 31, 2019 .....	3
Notes to the Financial Statements for the Year Ended December 31, 2019.....	5
Combined Statement of Cash Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) - All Governmental Fund Types For the Year Ended December 31, 2018 .....	11
Notes to the Financial Statements for the Year Ended December 31, 2018.....	13
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	19

**This page intentionally left blank.**



**INDEPENDENT AUDITOR'S REPORT**

East Cleveland Public Library  
Cuyahoga County  
14101 Euclid Avenue  
East Cleveland, Ohio 44112

To the Board of Trustees:

***Report on the Financial Statements***

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

***Management's Responsibility for the Financial Statements***

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

***Auditor's Responsibility***

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

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

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

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

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

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

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

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

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

***Opinion on Regulatory Basis of Accounting***

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

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated July 24, 2020, on our consideration of the Library's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Library's internal control over financial reporting and compliance.



Keith Faber  
Auditor of State

Columbus, Ohio

July 24, 2020

**EAST CLEVELAND PUBLIC LIBRARY  
CUYAHOGA COUNTY  
COMBINED STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES  
IN FUND BALANCES (REGULATORY CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>All Governmental Fund Types</u>				<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Permanent</u>	
<b>Cash Receipts:</b>					
Property and Other Local Taxes	\$ 869,543	\$0	\$0	\$0	\$869,543
Library and Local Government Support	1,465,515	0	0	0	1,465,515
Intergovernmental	126,035	0	0	0	126,035
Patron Fines and Fees	3,703	0	0	0	3,703
Contributions, Gifts and Donations	62,046	25,000	0	0	87,046
Earnings on Investments	18,669	0	0	0	18,669
Miscellaneous	27,005	50	125,000	0	152,055
	<u>2,572,516</u>	<u>25,050</u>	<u>125,000</u>	<u>0</u>	<u>2,722,566</u>
<b>Total Cash Receipts</b>					
	<u>2,572,516</u>	<u>25,050</u>	<u>125,000</u>	<u>0</u>	<u>2,722,566</u>
<b>Cash Disbursements:</b>					
Current:					
Public Services and Programs	493,452	32,427	0	0	525,879
Collection Development and Processing	226,200	0	0	0	226,200
Support Services:					
Facilities Operation and Maintenance	436,165	0	0	0	436,165
Information Services	329,592	0	0	0	329,592
Business Administration	844,046	709	0	0	844,755
Capital Outlay	53,147	0	153,091	0	206,238
	<u>2,382,602</u>	<u>33,136</u>	<u>153,091</u>	<u>0</u>	<u>2,568,829</u>
<b>Total Cash Disbursements</b>					
	<u>2,382,602</u>	<u>33,136</u>	<u>153,091</u>	<u>0</u>	<u>2,568,829</u>
<i>Net Change in Fund Cash Balances</i>	189,914	(8,086)	(28,091)	0	153,737
Fund Cash Balance, January 1	486,219	25,055	134,718	3,792	649,784
	<u>486,219</u>	<u>25,055</u>	<u>134,718</u>	<u>3,792</u>	<u>649,784</u>
<b>Fund Cash Balances, December 31</b>					
Nonspendable	0	0	0	3,792	3,792
Restricted		16,969	106,627		123,596
Assigned	676,133				676,133
	<u>676,133</u>	<u>16,969</u>	<u>106,627</u>	<u>3,792</u>	<u>803,521</u>
<b>Fund Cash Balances, December 31</b>					
	<u>\$676,133</u>	<u>\$16,969</u>	<u>\$106,627</u>	<u>\$3,792</u>	<u>\$803,521</u>

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

**This page intentionally left blank.**



**East Cleveland Public Library**  
*Cuyahoga County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

---

**Note 1 - Reporting Entity**

The East Cleveland Library (the Library), Cuyahoga County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. Board appoints a seven-member Board of Trustees to govern the Library. The Library provides the community with various educational and literary resources.

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

**Note 2 - Summary of Significant Accounting Policies**

***Basis of Presentation***

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

***Fund Accounting***

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

***General Fund***

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

***Special Revenue Funds***

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Special Revenue Funds consist of the following: 1) Flewellen Fund which is used to account for the preservation and public display of the Icabod Flewellen collection and 2) Performing Arts Center Fund which is used to account for the revenues and expenses associated with activity specific to the Greg L. Reese Performing Arts Center.

***Capital Project Funds***

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The only Capital Project Fund is the Building and Repair Fund which is used to account for the acquisition, construction and repair of capital facilities.

**East Cleveland Public Library**  
*Cuyahoga County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

---

**Note 2 - Summary of Significant Accounting Policies (continued)**

***Fund Accounting (continued)***

***Permanent Funds***

These funds account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs (for the benefit of the government or its citizenry). The only Permanent Fund is the Putnam Fund which is used to account for monies that were donated to the Library and are to be used for hospitality supplies

***Basis of Accounting***

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

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

***Budgetary Process***

The Board must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year end. Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function, and object level of control.

A summary of 2019 budgetary activity appears in Note 4.

***Deposits and Investments***

The Library's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

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

***Capital Assets***

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

***Accumulated Leave***

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

**East Cleveland Public Library**  
*Cuyahoga County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

---

**Note 2 - Summary of Significant Accounting Policies (continued)**

***Fund Balance***

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

***Nonspendable***

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

***Restricted***

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

***Committed***

The Board of Trustees can *commit* amounts via formal action (resolution). The Library must adhere to these commitments unless the Board amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

***Assigned***

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by the Library Board or a Library official delegated that authority by resolution, or by State Statute.

***Unassigned***

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

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

**East Cleveland Public Library**  
*Cuyahoga County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

**Note 3 – Compliance**

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the Performing Arts Center fund and Building and Repair fund by \$5,156 and \$135,091, respectively, for the year ended December 31, 2019.

**Note 4 - Budgetary Activity**

Budgetary activity for the year ending December 31, 2019 follows:

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,306,871	\$2,572,516	\$265,645
Special Revenue	25,000	25,050	50
Capital Projects	237,247	125,000	(112,247)
Total	\$2,569,118	\$2,722,566	\$153,448

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,404,360	\$2,388,887	\$15,473
Special Revenue	\$29,500	33,256	(3,756)
Capital Projects	18,000	153,091	(135,091)
Total	\$2,451,860	\$2,575,234	(\$123,374)

**Note 5 – Deposits and Investments**

The Library maintains a deposit and investments pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at December 31 was as follows:

	2019
Demand deposits	\$105,065
STAR Ohio	698,456
Total deposits and investments	\$803,521

Deposits are insured by the Federal Depository Insurance Corporation. Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

**East Cleveland Public Library**  
*Cuyahoga County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

---

**Note 6 – Grants in Aid and Taxes**

***Grants in Aid***

The primary source of revenue for Ohio public libraries is the Public Library Fund (PLF). The State allocates PLF to each county based on the total tax revenue credited to the State's general revenue fund during the preceding month using the statutory allocation method. Estimated entitlement figures were issued to County Auditors. The actual current year entitlements were computed in December of the current year. The difference between the estimate and actual will be adjusted evenly in the PLF distributions made from January-June of the subsequent year.

***Property Taxes***

Real property taxes become a lien on January 1 preceding the October 1 date for which the taxing authority of the subdivision to whose jurisdiction the Library is subject adopts rates. The State Department of Taxation, Division of Tax Equalization, adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental cash receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

**Note 7 - Risk Management**

**Commercial Insurance**

The Library has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

The Library also provides health insurance to full-time employees through a private carrier. The Library's liability is limited to the premiums it pays.

**East Cleveland Public Library**  
*Cuyahoga County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

---

**Note 8 - Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

The Library's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10%, of their gross salaries and the Library contributed an amount equaling 14%, of participants' gross salaries. The Library has paid all contributions required through December 31, 2019.

**Note 9 - Postemployment Benefits**

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients of both the traditional pension and the combined plans. The portion of employer contributions allocated to health care for members in the traditional pension plan and combined plan was 0.0 percent during calendar year 2019. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2019.

**Note 10 – Subsequent Events**

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Library. The impact on the Library's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

**EAST CLEVELAND PUBLIC LIBRARY  
 CUYAHOGA COUNTY  
 COMBINED STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES  
 IN FUND BALANCES (REGULATORY CASH BASIS)  
 ALL GOVERNMENTAL FUND TYPES  
 FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>All Governmental Fund Types</u>				<b>Totals (Memorandum Only)</b>
	<b>General</b>	<b>Special Revenue</b>	<b>Capital Projects</b>	<b>Permanent</b>	
<b>Cash Receipts:</b>					
Property and Other Local Taxes	\$ 863,127	\$0	\$0	\$0	\$863,127
Library and Local Government Support	1,406,803	0	0	0	1,406,803
Intergovernmental	156,617	0	0	0	156,617
Patron Fines and Fees	8,728	0	0	0	8,728
Contributions, Gifts and Donations	4,250	25,225	0	0	29,475
Earnings on Investments	13,137	0	0	0	13,137
Miscellaneous	30,371	0	5,000	0	35,371
Total Cash Receipts	<u>2,483,033</u>	<u>25,225</u>	<u>5,000</u>	<u>0</u>	<u>2,513,258</u>
<b>Cash Disbursements:</b>					
Current:					
Library Services:					
Public Services and Programs	463,511	15,349	0	0	478,860
Collection Development and Processing	273,100	0	0	0	273,100
Support Services:					
Facilities Operation and Maintenance	372,636	0	0	0	372,636
Information Services	257,676	0	0	0	257,676
Business Administration	917,747	0	14,914	0	932,661
Capital Outlay	76,646	0	9,000	0	85,646
Total Cash Disbursements	<u>2,361,316</u>	<u>15,349</u>	<u>23,914</u>	<u>0</u>	<u>2,400,579</u>
Excess of Receipts Over/(Under) Disbursements	121,717	9,876	(18,914)	0	112,679
<b>Other Financing Receipts (Disbursements)</b>					
Sale of Capital Assets	1,439	0	0	0	1,439
Total Other Financing Receipts (Disbursements)	<u>1,439</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,439</u>
<i>Net Change in Fund Cash Balances</i>	123,156	9,876	(18,914)	0	114,118
Fund Cash Balance, January 1	<u>363,063</u>	<u>15,179</u>	<u>153,632</u>	<u>3,792</u>	<u>535,666</u>
<b>Fund Cash Balances, December 31</b>					
Nonspendable	0	0	0	3,792	3,792
Restricted	0	16,781	134,718	0	151,499
Committed	0	8,274	0	0	8,274
Assigned	486,219	0	0	0	486,219
Fund Cash Balances, December 31	<u>\$486,219</u>	<u>\$25,055</u>	<u>\$134,718</u>	<u>\$3,792</u>	<u>\$649,784</u>

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

**This page intentionally left blank.**



**East Cleveland Public Library**  
*Cuyahoga County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

---

**Note 1 - Reporting Entity**

The East Cleveland Library (the Library), Cuyahoga County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. Board appoints a seven-member Board of Trustees to govern the Library. The Library provides the community with various educational and literary resources.

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

**Note 2 - Summary of Significant Accounting Policies**

***Basis of Presentation***

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

***Fund Accounting***

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

***General Fund***

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

***Special Revenue Funds***

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Special Revenue Funds consist of the following: 1) Flewellen Fund which is used to account for the preservation and public display of the Icabod Flewellen collection and 2) Performing Arts Center Fund which is used to account for the revenues and expenses associated with activity specific to the Greg L. Reese Performing Arts Center.

***Capital Project Funds***

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The only Capital Project Fund is the Building and Repair Fund which is used to account for the acquisition, construction and repair of capital facilities.

**East Cleveland Public Library**  
*Cuyahoga County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

---

**Note 2 - Summary of Significant Accounting Policies (continued)**

***Fund Accounting (continued)***

***Permanent Funds***

These funds account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs (for the benefit of the government or its citizenry). The only Permanent Fund is the Putnam Fund which is used to account for monies that were donated to the Library and are to be used for hospitality supplies

***Basis of Accounting***

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

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

***Budgetary Process***

The Board must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year end. Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function, and object level of control.

A summary of 2018 budgetary activity appears in Note 3.

***Deposits and Investments***

The Library's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

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

***Capital Assets***

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

***Accumulated Leave***

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

**East Cleveland Public Library**  
*Cuyahoga County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

---

**Note 2 - Summary of Significant Accounting Policies (continued)**

***Fund Balance***

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

***Nonspendable***

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

***Restricted***

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

***Committed***

The Board of Trustees can *commit* amounts via formal action (resolution). The Library must adhere to these commitments unless the Board amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

***Assigned***

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by the Library Board or a Library official delegated that authority by resolution, or by State Statute.

***Unassigned***

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

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

**East Cleveland Public Library**  
*Cuyahoga County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

**Note 3 - Budgetary Activity**

Budgetary activity for the year ending December 31, 2018 follows:

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,419,204	\$2,484,472	\$65,268
Special Revenue	25,000	25,225	225
Capital Projects	0	5,000	5,000
Total	\$2,444,204	\$2,514,697	\$70,493

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,480,063	\$2,368,873	\$111,190
Special Revenue	\$19,500	15,349	4,151
Capital Projects	150,000	23,914	126,086
Total	\$2,649,563	\$2,408,136	\$241,427

**Note 4 – Deposits and Investments**

The Library maintains a deposit and investments pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at December 31 was as follows:

	2018
Demand deposits	\$80,529
STAR Ohio	569,255
Total deposits and investments	\$649,784

Deposits are insured by the Federal Depository Insurance Corporation. Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

**East Cleveland Public Library**  
*Cuyahoga County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

---

**Note 5 – Grants in Aid and Taxes**

***Grants in Aid***

The primary source of revenue for Ohio public libraries is the Public Library Fund (PLF). The State allocates PLF to each county based on the total tax revenue credited to the State's general revenue fund during the preceding month using the statutory allocation method. Estimated entitlement figures were issued to County Auditors. The actual current year entitlements were computed in December of the current year. The difference between the estimate and actual will be adjusted evenly in the PLF distributions made from January-June of the subsequent year.

***Property Taxes***

Real property taxes become a lien on January 1 preceding the October 1 date for which the taxing authority of the subdivision to whose jurisdiction the Library is subject adopts rates. The State Department of Taxation, Division of Tax Equalization, adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Cash Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

**Note 6 - Risk Management**

**Commercial Insurance**

The Library has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

The Library also provides health insurance to full-time employees through a private carrier. The Library's liability is limited to the premiums it pays.

**East Cleveland Public Library**  
*Cuyahoga County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

---

**Note 7 - Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

The Library's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10%, of their gross salaries and the Library contributed an amount equaling 14%, of participants' gross salaries. The Library has paid all contributions required through December 31, 2018.

**Note 8 - Postemployment Benefits**

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients of both the traditional pension and the combined plans. The portion of employer contributions allocated to health care for members in the traditional pension plan and combined plan was 0.0 percent during calendar year 2018. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2018.

# OHIO AUDITOR OF STATE KEITH FABER



Lausche Building, 12<sup>th</sup> Floor  
615 Superior Avenue, NW  
Cleveland, Ohio 44113-1801  
(216) 787-3665 or (800) 626-2297  
NortheastRegion@ohioauditor.gov

## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

East Cleveland Public Library  
Cuyahoga County  
14101 Euclid Avenue  
East Cleveland, Ohio 44112

To the Library Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of the East Cleveland Public Library, Cuyahoga County, (the Library) as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements and have issued our report thereon dated July 24, 2020 wherein we noted the Library followed financial reporting provisions of the Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

### ***Internal Control Over Financial Reporting***

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

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 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 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*.

***Purpose of this Report***

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



Keith Faber  
Auditor of State  
Columbus, Ohio

July 24, 2020



# OHIO AUDITOR OF STATE KEITH FABER



**EAST CLEVELAND PUBLIC LIBRARY**

**CUYAHOGA COUNTY**

## **AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 8/11/2020**

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

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)