



Dave Yost • Auditor of State



EAST CLEVELAND PUBLIC LIBRARY  
CUYAHOGA COUNTY

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# Dave Yost • Auditor of State

## 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 East Cleveland Library, Cuyahoga County, Ohio, (the Library) as of and for the years ended December 31, 2017 and 2016.

### ***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 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, 2017 and 2016, or 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 Library, Cuyahoga County, Ohio as of December 31, 2017 and 2016, 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 October 5, 2018, 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.



**Dave Yost**  
Auditor of State  
Columbus, Ohio

October 5, 2018

**EAST CLEVELAND PUBLIC LIBRARY  
 CUYAHOGA COUNTY  
 COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES (CASH BASIS)  
 ALL GOVERNMENTAL FUND TYPES  
 FOR THE YEAR ENDED DECEMBER 31, 2017**

	<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	\$ 789,943	\$	\$	\$	\$789,943
Library and Local Government Support	1,352,480				1,352,480
Intergovernmental	157,349				157,349
Patron Fines and Fees	10,981	3,000			13,981
Contributions, Gifts and Donations	455				455
Earnings on Investments	8,046				8,046
Miscellaneous	43,522		7		43,529
<b>Total Cash Receipts</b>	<u>2,362,776</u>	<u>3,000</u>	<u>7</u>		<u>2,365,783</u>
<b>Cash Disbursements:</b>					
Current:					
Public Services and Programs	556,572				556,572
Collection Development and Processing	265,426				265,426
Support Services:					
Facilities Operation and Maintenance	331,644				331,644
Information Services	222,481				222,481
Business Administration	1,039,691				1,039,691
Capital Outlay	123,330		93,505		216,835
<b>Total Cash Disbursements</b>	<u>2,539,144</u>		<u>93,505</u>		<u>2,632,649</u>
Excess of Receipts Over/(Under) Disbursements	(176,368)	3,000	(93,498)		(266,866)
<b>Other Financing Receipts (Disbursements)</b>					
Sale of Capital Assets	1,492				1,492
Total Other Financing Receipts (Disbursements)	<u>1,492</u>				<u>1,492</u>
<i>Net Change in Fund Cash Balances</i>	(174,876)	3,000	(93,498)		(265,374)
Fund Cash Balance, January 1	<u>537,939</u>	<u>12,179</u>	<u>247,130</u>	<u>3,792</u>	<u>801,040</u>
<b>Fund Cash Balances, December 31</b>					
Restricted		4,780	153,632	3,792	162,204
Committed		10,399			10,399
Assigned	363,063				363,063
<b>Fund Cash Balances, December 31</b>	<u>\$363,063</u>	<u>\$15,179</u>	<u>\$153,632</u>	<u>\$3,792</u>	<u>\$535,666</u>

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

**EAST CLEVELAND PUBLIC LIBRARY  
 CUYAHOGA COUNTY  
 COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES (CASH BASIS)  
 ALL GOVERNMENTAL FUND TYPES  
 FOR THE YEAR ENDED DECEMBER 31, 2016**

	<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	\$ 796,104	\$	\$	\$	\$796,104
Library and Local Government Support	1,347,046				1,347,046
Intergovernmental	162,047				162,047
Patron Fines and Fees	11,399	600			11,999
Contributions, Gifts and Donations	1,202	700	48		1,950
Earnings on Investments	4,907				4,907
Miscellaneous	30,514	725			31,239
<b>Total Cash Receipts</b>	<u>2,353,219</u>	<u>2,025</u>	<u>48</u>		<u>2,355,292</u>
<b>Cash Disbursements:</b>					
Current:					
Public Services and Programs	566,974	4,607			571,581
Collection Development and Processing	230,762				230,762
Support Services:					0
Facilities Operation and Maintenance	262,452				262,452
Information Services	241,290				241,290
Business Administration	969,988				969,988
Capital Outlay	26,163		72,948		99,111
<b>Total Cash Disbursements</b>	<u>2,297,629</u>	<u>4,607</u>	<u>72,948</u>		<u>2,375,184</u>
Excess of Receipts Over/(Under) Disbursements	<u>55,590</u>	<u>(2,582)</u>	<u>(72,900)</u>		<u>(19,892)</u>
<b>Other Financing Receipts (Disbursements)</b>					
Sale of Capital Assets	302				302
Total Other Financing Receipts (Disbursements)	<u>302</u>				<u>302</u>
<i>Net Change in Fund Cash Balances</i>	55,892	(2,582)	(72,900)		(19,590)
Fund Cash Balance, January 1	482,047	14,761	320,030	3,792	820,630
<b>Fund Cash Balances, December 31</b>					
Restricted		4,780	247,130	3,792	255,702
Committed		7,399			7,399
Assigned	537,939				537,939
<b>Fund Cash Balances, December 31</b>	<u>\$537,939</u>	<u>\$12,179</u>	<u>\$247,130</u>	<u>\$3,792</u>	<u>\$801,040</u>

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



**Library of East Cleveland, Ohio**  
*Cuyahoga County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017 and 2016*

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**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 Friends of East Cleveland Public Library is a not-for-profit organization with a self-appointing Board. The Library is not financially accountable for the organization, nor does the Library approve the budget or the issuance of debt of the organization. Therefore, this organization has been excluded from the reporting entity of the Library.

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

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

***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 only Special Revenue Fund is the Flewellen Fund which is used to account for the preservation and public display of the Icabod Flewellen collection.

***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.

***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.

**Library of East Cleveland, Ohio**  
*Cuyahoga County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017 and 2016*

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

***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 2017 and 2016 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. STAR Ohio is recorded at share values the mutual fund reports.

***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.

**Library of East Cleveland, Ohio**  
*Cuyahoga County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017 and 2016*

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

***Fund Balance (continued)***

***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.

**Note 3 - Budgetary Activity**

Budgetary activity for the year ending December 31, 2017 and December 31, 2016 follows:

2017 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,191,926	\$2,364,268	\$172,342
Special Revenue	2,000	3,000	1,000
Capital Projects	2,000	7	(1,993)
Total	\$2,195,926	\$2,367,275	\$171,349

2017 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,552,732	\$2,539,144	\$13,588
Capital Projects	175,000	93,505	81,495
Total	\$2,552,732	\$2,539,144	\$13,588

2016 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,146,732	\$2,353,521	\$206,789
Special Revenue	\$2,000	\$2,205	205
Capital Projects	2,000	48	(1,952)
Total	\$2,150,732	\$2,355,774	\$205,042

**Library of East Cleveland, Ohio**  
*Cuyahoga County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017 and 2016*

**Note 3 - Budgetary Activity (continued)**

2016 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,439,697	\$2,297,629	(\$142,068)
Special Revenue	\$5,000	4,607	(393)
Capital Projects	143,000	72,948	(70,052)
Total	\$2,587,697	\$2,375,184	(\$212,513)

**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:

	2017	2016
Demand deposits	\$12,663	\$23,084
STAR Ohio	523,003	777,956
Total deposits and investments	\$535,666	\$801,040

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

**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 Other Governments' Grants In Aid. 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.

**Library of East Cleveland, Ohio**  
*Cuyahoga County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017 and 2016*

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**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.

**Note 7 - Defined Benefit Pension Plans**

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, 2017.

**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 2.0 percent during calendar year 2016, and 1.0 percent during calendar year 2017.

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# Dave Yost • Auditor of State

## 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 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 East Cleveland Public Library, Cuyahoga County, Ohio, (the Library) as of and for the years ended December 31, 2017 and 2016, and the related notes to the financial statements and have issued our report thereon dated October 5, 2018 wherein we noted the Library followed financial reporting provisions 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 opinion(s) 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 communication is not suitable for any other purpose.

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

**Dave Yost**  
Auditor of State  
Columbus, Ohio

October 5, 2018



**EAST CLEVELAND PUBLIC LIBRARY  
CUYAHOGA COUNTY  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2017 AND DECEMBER 31, 2016**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b>Explain</b>
2015-001	Bank accounts were not reconciled and an IPA firm was retained to reconcile the accounts. Their work resulted in numerous adjustments being made to the accounting records.	Yes	

**BOARD OF TRUSTEES**

Terra L. Turner, President  
William Fambrough, Member

Pamela McClarin, Vice President  
Otis Mays, Member  
Member

Zakee Ameer Rashid, Member

Leontine Synor, Secretary  
Carol Shaheed, Member

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# Dave Yost • Auditor of State

EAST CLEVELAND 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  
NOVEMBER 8, 2018