



OHIO AUDITOR OF STATE
KEITH FABER



**EUCLID PUBLIC LIBRARY
CUYAHOGA COUNTY**

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CUYAHOGA COUNTY**

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INDEPENDENT AUDITOR'S REPORT

Euclid Public Library
Cuyahoga County
631 East 222nd Street
Euclid, Ohio 44123

To the Board of Trustees:

Report on the Audit of the Financial Statements

Opinions

We have audited the cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Euclid Public Library, Cuyahoga County, Ohio (the Library), as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective cash-basis financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Library, as of December 31, 2022 and 2021, and the respective changes in cash-basis financial position thereof and the budgetary comparison for the General Fund for the years then ended in accordance with the cash-basis of accounting described in Note 2.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Library, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter - Accounting Basis

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the cash basis of accounting described in Note 2, and for determining that the cash basis of accounting is an acceptable basis for preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Library's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Library's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Library's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Information

We applied no procedures to management's discussion & analysis as listed in the table of contents. Accordingly, we express no opinion or any other assurance on them.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 27, 2023, 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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Library's 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

October 27, 2023

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Euclid Public Library
Cuyahoga County
Management's Discussion and Analysis
For the Year December 31, 2022
Unaudited

The management's discussion and analysis of the Euclid Public Library ("the Library") financial performance provides an overview of the Library's financial activities for the year ended December 31, 2022, 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 2022 are as follows:

- During 2022, the Library received \$15,651 in excess investment returns above the March budgetary estimate due to government interest rate increases.
- During 2022, the Library received \$306,645 in excess Public Library Fund receipts above the March budgetary estimate. This was offset by fewer than expected levy and homestead and rollback collections.
- During December 2022, the Library received an award letter for \$749,553 from the Ohio Department of Education for a joint Libraries Accelerating Learning grant.
- The COVID-19 pandemic continued to impact Library operations throughout 2022 resulting in decreased walk-in revenue and expenditures. Even with this widespread hardship, the Library was able to increase its cash balances by diligently monitoring spending and seeking grants.

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 purpose. These statements present financial information by fund, presenting the major funds with the largest balances or most activity in separate columns.

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

Euclid Public Library
Cuyahoga County
Management's Discussion and Analysis
For the Year December 31, 2022
Unaudited

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 the financial statements on a cash basis of accounting. This approach 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 2022, within the limitations of the cash basis of accounting. The statement of net position presents the cash balances 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 non-financial 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, and the need for continued growth in the major local revenue sources such as property taxes and Public Library Fund (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 the library materials and information. These services are primarily funded by property taxes and PLF. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Reporting the Library's Most Significant Funds

Fund financial statements provide detailed information about the Library's major funds, not the Library as a whole. The Library establishes separate funds to better manage its many activities and to help demonstrate that restricted use funds are being spent for their intended purposes. All of the Library's funds are accounted for as governmental funds.

Euclid Public Library
Cuyahoga County
Management's Discussion and Analysis
For the Year December 31, 2022
Unaudited

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 major governmental funds are presented on the financial statements in separate columns. The Library’s major governmental funds are the general fund and the building capital projects fund. The Library’s non-major funds include various grant and donation special revenue funds including the Library Services and Technology Act grant and CARES grant special revenue funds. 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 2022 compared to 2021 on a cash basis:

(Table 1)
Net Position

| | Governmental Activities | | |
|--|-------------------------|-------------|-----------|
| | 2022 | 2021 | Change |
| Assets | | | |
| Equity in Pooled Cash and Cash Equivalents | \$7,790,914 | \$7,123,652 | \$667,262 |
| Net Position | | | |
| Restricted for Other Purposes | \$4,314 | \$4,839 | (\$525) |
| Unrestricted | 7,786,600 | 7,118,813 | 667,787 |
| <i>Total Net Position</i> | \$7,790,914 | \$7,123,652 | \$667,262 |

Table 2 reflects the changes in net position in 2022 compared to 2021 on a cash basis:

(Table 2)
Changes in Net Position

| | Governmental Activities | | |
|------------------------------------|-------------------------|----------|----------|
| | 2022 | 2021 | Change |
| Receipts: | | | |
| <i>Program Receipts</i> | | | |
| Charges for Services and Sales | \$42,514 | \$24,130 | \$18,384 |
| Operating Grants and Contributions | 13,057 | 10,873 | 2,184 |
| <i>Total Program Receipts</i> | \$55,571 | \$35,003 | \$20,568 |

(continued)

Euclid Public Library
Cuyahoga County
Management's Discussion and Analysis
For the Year December 31, 2022
Unaudited

(Table 2)
Changes in Net Position (continued)

| | Governmental Activities | | |
|--|---------------------------|---------------------------|-------------------------|
| | 2022 | 2021 | Change |
| Receipts: | | | |
| General Receipts | | | |
| Property Taxes | \$2,967,524 | \$2,994,040 | (\$26,516) |
| Grants and Entitlements not Restricted to Specific Programs | 2,548,075 | 2,391,173 | 156,902 |
| Unrestricted Contributions and Donations | 200 | 100,100 | (99,900) |
| Interest | 115,199 | 70,674 | 44,525 |
| Miscellaneous | 6,229 | 32,543 | (26,314) |
| <i>Total General Receipts</i> | <u>5,637,227</u> | <u>5,588,530</u> | <u>48,697</u> |
| <i>Total Receipts</i> | <u>5,692,798</u> | <u>5,623,533</u> | <u>69,265</u> |
| Disbursements: | | | |
| General Library Services | 4,874,058 | 4,653,510 | (220,548) |
| Capital Outlay | 151,478 | 79,233 | (72,245) |
| <i>Total Disbursements</i> | <u>5,025,536</u> | <u>4,732,743</u> | <u>(292,793)</u> |
| Change in Net Position | 667,262 | 890,790 | (223,528) |
| Net Position Beginning of Year | <u>7,123,652</u> | <u>6,232,862</u> | <u>890,790</u> |
| Net Position End of Year | <u><u>\$7,790,914</u></u> | <u><u>\$7,123,652</u></u> | <u><u>\$667,262</u></u> |

Property taxes and grants and entitlements receipts in 2022 are 96.89 percent of total receipts. Grants and entitlements increased slightly, primarily due to increases in receipts from the Public Library Fund. Operating grants and contributions increased due to an increase in approved grants. Interest receipts increased during 2022 due to interest rates increasing.

Disbursements for general library services represent the costs of running the Library. Disbursements for capital outlay represent costs for capital projects for the Library. Total disbursements increased in 2022 due to operating hours and spending returning to normal and filling some open positions. The Library also incurred consulting, architect and legal fees associated with capital outlay purchases.

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 general library services and capital outlay. The next column of the statement, entitled 'Program Cash Receipts,' identifies amounts paid by those who are directly charged for the service and grants received by the Library that must be used to provide a specific service. The 'Net (Disbursements)' column compares the program receipts to the cost of the service. This net cost amount represents the cost of the service, which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts, which are presented at the bottom of the statement. A comparison between the total cost of services and the net cost is presented in Table 3.

Euclid Public Library
Cuyahoga County
Management's Discussion and Analysis
For the Year December 31, 2022
Unaudited

(Table 3)
Total and Net Cost of Program Services

| | Governmental Activities | | | |
|----------------------------|--------------------------------|-------------------------|---------------------------|-------------------------|
| | 2022 | | 2021 | |
| | Total Cost of Services | Net Cost of Services | Total Cost of Services | Net Cost of Services |
| Disbursements: | | | | |
| General Library Services | \$4,874,058 | \$4,818,487 | \$4,653,510 | \$4,618,507 |
| Capital Outlay | 151,478 | 151,478 | 79,233 | 79,233 |
| <i>Total Disbursements</i> | \$5,025,536 | \$4,969,965 | \$4,732,743 | \$4,697,740 |

The Library's Funds

Total governmental funds had receipts in 2022 of \$5,692,798, and disbursements of \$5,025,536. The fund balance of the general fund decreased \$577,337 in 2022, due to an increase in general library services from higher operating expenditures as the Library strives to offer the services and programs the patrons desire and transfers to the building capital projects fund to help pay for future capital needs. The fund balance of the building capital projects fund increased \$1,245,124 in 2022, due to receiving a transfer from the general fund.

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 2022, the Library's general fund budget was stable. Final disbursements for 2022 were budgeted at \$5,325,374 while actual disbursements were \$5,026,308. Maintaining actual disbursements below projected levels allowed the Library to minimize cash decreases to the general fund during this period.

Debt Administration

At December 31, 2022, the Library had no debt obligations.

Current Issues

The challenge for all Ohio libraries is to provide quality services to meet public demands while staying within the restrictions of State funding. The Library relies heavily on property taxes and the PLF revenue. Even though the Library has stable funds, it is dependent on funding from the State to remain in this position.

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 David Piskac, Fiscal Officer, Euclid Public Library, 631 East 222nd Street, Euclid, Ohio 44123.

Euclid Public Library
Cuyahoga County
Statement of Net Position - Cash Basis
December 31, 2022

| | <u>Governmental Activities</u> |
|--|------------------------------------|
| Assets | |
| Equity in Pooled Cash and Cash Equivalents | <u>\$7,790,914</u> |
| Net Position | |
| Restricted for Other Purposes | \$4,314 |
| Unrestricted | <u>7,786,600</u> |
| <i>Total Net Position</i> | <u>\$7,790,914</u> |

See accompanying notes to the basic financial statements

Euclid Public Library
Cuyahoga County
Statement of Activities - Cash Basis
For the Year Ended December 31, 2022

| | Program Cash Receipts | | | Net (Disbursements) Receipts and Changes in Net Position |
|---|--------------------------|--------------------------------------|--|--|
| | Cash Disbursements | Charges for Services and Sales | Operating Grants and Contributions | Governmental Activities |
| Governmental Activities | | | | |
| General Library Services | \$4,874,058 | \$42,514 | \$13,057 | (\$4,818,487) |
| Capital Outlay | 151,478 | 0 | 0 | (151,478) |
| <i>Total Governmental Activities</i> | <u>\$5,025,536</u> | <u>\$42,514</u> | <u>\$13,057</u> | <u>(4,969,965)</u> |
| General Receipts | | | | |
| Property Taxes Levied for General Purposes | | | | 2,967,524 |
| Grants and Entitlements not Restricted to Specific Programs | | | | 2,548,075 |
| Unrestricted Contributions and Donations | | | | 200 |
| Interest | | | | 115,199 |
| Miscellaneous | | | | 6,229 |
| <i>Total General Receipts</i> | | | | <u>5,637,227</u> |
| Change in Net Position | | | | 667,262 |
| <i>Net Position Beginning of Year</i> | | | | <u>7,123,652</u> |
| <i>Net Position End of Year</i> | | | | <u>\$7,790,914</u> |

See accompanying notes to the basic financial statements

Euclid Public Library
Cuyahoga County
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2022

| | General | Building Fund | Other Governmental Funds | Total Governmental Funds |
|--|--------------------|--------------------|--------------------------------|--------------------------------|
| Assets | | | | |
| Equity in Pooled Cash and Cash Equivalents | \$2,565,235 | \$5,221,365 | \$4,314 | \$7,790,914 |
| Fund Balances | | | | |
| Restricted | \$0 | \$0 | \$4,314 | \$4,314 |
| Assigned | 133,228 | 5,221,365 | 0 | 5,354,593 |
| Unassigned | 2,432,007 | 0 | 0 | 2,432,007 |
| <i>Total Fund Balances</i> | <u>\$2,565,235</u> | <u>\$5,221,365</u> | <u>\$4,314</u> | <u>\$7,790,914</u> |

See accompanying notes to the basic financial statements

Euclid Public Library
Cuyahoga County
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2022

| | General | Building Fund | Other Governmental Funds | Total Governmental Funds |
|--|--------------------|--------------------|--------------------------------|--------------------------------|
| Receipts | | | | |
| Property Taxes | \$2,967,524 | \$0 | \$0 | \$2,967,524 |
| Intergovernmental | 2,548,075 | 0 | 5,711 | 2,553,786 |
| Patron Fines and Fees | 42,514 | 0 | 0 | 42,514 |
| Contributions and Donations | 200 | 0 | 7,346 | 7,546 |
| Interest | 50,651 | 64,548 | 0 | 115,199 |
| Miscellaneous | 6,229 | 0 | 0 | 6,229 |
| <i>Total Receipts</i> | <u>5,615,193</u> | <u>64,548</u> | <u>13,057</u> | <u>5,692,798</u> |
| Disbursements | | | | |
| General Library Services | 4,863,226 | 0 | 10,832 | 4,874,058 |
| Capital Outlay | 29,854 | 119,424 | 2,200 | 151,478 |
| <i>Total Disbursements</i> | <u>4,893,080</u> | <u>119,424</u> | <u>13,032</u> | <u>5,025,536</u> |
| <i>Excess of Receipts Over (Under) Disbursements</i> | <u>722,113</u> | <u>(54,876)</u> | <u>25</u> | <u>667,262</u> |
| Other Financing Sources (Uses) | | | | |
| Transfers In | 0 | 1,300,000 | 0 | 1,300,000 |
| Transfers Out | (1,300,000) | 0 | 0 | (1,300,000) |
| Advances In | 550 | 0 | 0 | 550 |
| Advances Out | 0 | 0 | (550) | (550) |
| <i>Total Other Financing Sources (Uses)</i> | <u>(1,299,450)</u> | <u>1,300,000</u> | <u>(550)</u> | <u>0</u> |
| <i>Net Change in Fund Balances</i> | (577,337) | 1,245,124 | (525) | 667,262 |
| <i>Fund Balances Beginning of Year</i> | <u>3,142,572</u> | <u>3,976,241</u> | <u>4,839</u> | <u>7,123,652</u> |
| <i>Fund Balances End of Year</i> | <u>\$2,565,235</u> | <u>\$5,221,365</u> | <u>\$4,314</u> | <u>\$7,790,914</u> |

See accompanying notes to the basic financial statements

Euclid 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, 2022

| | <u>Budgeted Amounts</u> | | | Variance with Final Budget Positive (Negative) |
|--|-------------------------|--------------------|--------------------|---|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | |
| Receipts | | | | |
| Property Taxes | \$3,026,902 | \$3,026,902 | \$2,967,524 | (\$59,378) |
| Intergovernmental | 2,257,773 | 2,257,773 | 2,548,075 | 290,302 |
| Patron Fines and Fees | 143,746 | 333,361 | 42,514 | (290,847) |
| Contributions and Donations | 1,000 | 1,000 | 200 | (800) |
| Interest | 35,000 | 35,000 | 50,651 | 15,651 |
| Miscellaneous | 30,704 | 58,486 | 6,229 | (52,257) |
| <i>Total Receipts</i> | <u>5,495,125</u> | <u>5,712,522</u> | <u>5,615,193</u> | <u>(97,329)</u> |
| Disbursements | | | | |
| General Library Services | 5,094,314 | 5,240,374 | 4,996,454 | 243,920 |
| Capital Outlay | 85,000 | 85,000 | 29,854 | 55,146 |
| <i>Total Disbursements</i> | <u>5,179,314</u> | <u>5,325,374</u> | <u>5,026,308</u> | <u>299,066</u> |
| <i>Excess of Receipts Over (Under) Disbursements</i> | <u>315,811</u> | <u>387,148</u> | <u>588,885</u> | <u>201,737</u> |
| Other Financing Uses | | | | |
| Transfers Out | 0 | (1,300,000) | (1,300,000) | 0 |
| Advances In | 550 | 550 | 550 | 0 |
| <i>Total Other Financing Sources (Uses)</i> | <u>550</u> | <u>(1,299,450)</u> | <u>(1,299,450)</u> | <u>0</u> |
| <i>Net Change in Fund Balance</i> | 316,361 | (912,302) | (710,565) | 201,737 |
| <i>Fund Balance Beginning of Year</i> | 2,973,774 | 2,973,774 | 2,973,774 | 0 |
| Prior Year Encumbrances Appropriated | 168,798 | 168,798 | 168,798 | 0 |
| <i>Fund Balance End of Year</i> | <u>\$3,458,933</u> | <u>\$2,230,270</u> | <u>\$2,432,007</u> | <u>\$201,737</u> |

See accompanying notes to the basic financial statements

Euclid Public Library
Cuyahoga County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Note 1 – Description of the Library and Reporting Entity

The Euclid Public Library, Cuyahoga County, Ohio (the “Library”) was organized as a school district public library in 1935 under the laws of the State of Ohio. The Library has its own Board of Trustees of seven members who are appointed by the Euclid City School District’s 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, 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 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 Euclid City School District (“School District”) 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 Library 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 (“GASB”), “The Financial Reporting Entity,” as amended by GASB Statement No. 39, “Determining Whether Certain Organizations Are Component Units”, and GASB Statement No. 61, “The Financial Reporting Entity Omnibus – an Amendment of GASB Statement No. 14 and No. 34”, the Library is considered to be a related organization of the Euclid City 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. Component units may also include organizations for which the Library approves the budget, the issuance of debt of the levying of taxes. The Library does not have any component units.

The Friends of the Euclid Public Library and the Euclid Public Library Foundation are not-for-profit organizations with self-appointing boards. The Library is not financially accountable for the organizations, nor does the Library approve the budgeting or the issuance of debt of the organizations. The Euclid Public Library does not receive amounts from the Friends of the Euclid Public Library or the Euclid Public Library Foundation that the State would consider significant. Therefore, these organizations have been excluded from the reporting entity of the library.

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

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Note 2 – Summary of Significant Accounting Policies

As discussed further in this note, 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 (“GAAP”). Generally accepted accounting principles 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 as follows.

Basis of Presentation

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

Government-wide Financial Statements The statement of net position and the statement of activities display information about the Library as a whole. These statements include the financial activities of the Library. These statements usually distinguish between those activities of the Library that are governmental and those that are considered business-type. However, the Library has only governmental activities; therefore, no business-type activities are presented.

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

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

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 are the Library's major governmental funds.

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General Fund The general fund accounts for and reports all financial resources except those required to be 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.

Building Fund The building fund accounts for and reports revenues derived from Board approved transfers from the general fund. These monies are unrestricted and have been assigned to major capital and technology improvements.

The other governmental funds of the Library account for and report grants and other resources whose use is restricted, committed or assigned to a particular purpose.

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.

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.

Budgetary Process

All funds are legally required to be budgeted and appropriated. The budgetary process is prescribed by provisions of the Ohio Administrative Code and entails the preparation of budgetary documents within an established timetable. The Ohio Administrative Code section 117-8 does not require public libraries to budget receipts. However, sound budget practice suggests a government cannot appropriate responsibly unless they have an estimate of resources to support the appropriations. The Board must annually approve appropriations measures and subsequent amendments. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates.

The certificate of estimated resources establishes a limit on the amount the Board of Trustees may appropriate. The appropriations resolution is the Board of Trustees' authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by the Board of Trustees. The legal level of control has been established by the Board of Trustees at the fund level. Any budgetary modifications at this level may only be made by resolution of the Board of Trustees. The Fiscal Officer has been given authority to allocate Board appropriations to the function and object levels within each fund.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the Fiscal Officer. The amounts reported as the original and final budgeted amounts on the budgetary statement reflects the amounts in the original and final amended certificate in effect at the time original and final appropriations were passed.

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The appropriation resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation resolution 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.

Cash and Cash Equivalents

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."

During 2022, investments were limited to STAR Ohio, federal home loan bank bonds, US treasury notes, municipal bonds and nonnegotiable certificates of deposit. Investments are reported at cost, except for STAR Ohio.

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.

STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, *Certain External Investment Pools and Pool Participants*. The Library measures their investment in STAR Ohio 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.

For 2022, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, 24 hours advance notice for deposits and withdrawals of \$100 million or more is encouraged. STAR Ohio reserves the right to limit the transaction to \$250 million per day, requiring the excess amount to be transacted the following business day(s), but only to the \$250 million limit. All accounts of the participant will be combined for these purposes.

Interest earnings are allocated to Library funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the general fund during 2022 was \$50,651 which includes \$12,721 assigned from other Library funds.

Investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased 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.

Inventory and Prepaids

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

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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.

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.

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 other postemployment benefits (OPEB).

Long-Term Obligations

The Library's modified 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 (including the intangible right to use) when entering into a lease or financed purchase transaction 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.

Leases

For 2022, GASB Statement No. 87, Leases was effective. This GASB pronouncement had no effect on beginning net position/fund balance.

The Library is the lessee in a lease related to equipment under noncancelable leases. Lease receivables/payables are not reflected under the Library's modified cash basis of accounting. Lease revenue/disbursements are recognized when they are received/paid.

Net Position

Net position is reported as restricted when there are limitations imposed on their use either 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 positions are available.

Fund Balance

Fund balance is divided into four 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:

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.

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Committed The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (resolution) of the Library Trustees. Those committed amounts cannot be used for any other purpose unless the Library Trustees removes or changes 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. State statute authorizes the Fiscal Officer to assign fund balance for purchases on order provided such amounts have been lawfully appropriated.

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.

Internal Activity

Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the statement of activities. Payments for interfund services provided and used are not eliminated.

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 cash disbursements to the funds that initially paid for them are not presented in the financial statements.

Note 3 – 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 as follows:

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Notes to the Basic Financial Statements
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| Fund Balances | General | Building Fund | Other Governmental Funds | Total Governmental Funds |
|-------------------------------|-------------|------------------|--------------------------------|--------------------------------|
| <u>Restricted for:</u> | | | | |
| Library Programs and Services | \$0 | \$0 | \$4,314 | \$4,314 |
| <u>Assigned to:</u> | | | | |
| Capital Improvement Projects | 0 | 5,221,365 | 0 | 5,221,365 |
| <u>Purchases on Order:</u> | | | | |
| General Library Services | 133,228 | 0 | 0 | 133,228 |
| <i>Total Assigned</i> | 133,228 | 5,221,365 | 0 | 5,354,593 |
| Unassigned | 2,432,007 | 0 | 0 | 2,432,007 |
| Total Fund Balances | \$2,565,235 | \$5,221,365 | \$4,314 | \$7,790,914 |

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 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, 2022 (budgetary basis), amounted to \$133,228.

Note 5 – Deposits and Investments

State statutes classify monies held by the Library 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 (NOW) accounts, 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.

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Protection of the Library's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, or by the financial institutions participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

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 obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. No-load money market mutual funds consisting exclusively of obligations described in (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;
4. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
5. Bonds and other obligations of the State of Ohio, and, with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met; and
8. Written repurchase agreements in the securities described in (1) or (2) provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days.

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.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Fiscal Officer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

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Investments

As of December 31, 2022, the Library had the following investments:

| Investment | Measurement Amount | Maturity | Moody's | Percent of Total Investments |
|----------------------------------|---------------------------|----------------------|---------|------------------------------------|
| Net Asset Value (NAV) Per Share: | | | | |
| STAR Ohio | \$4,204,901 | Average 31.9 Days | | N/A |
| Fair Value - Level One Inputs: | | | | |
| Federal Home Loan Bank Bonds | 500,000 | Less Than Five Years | Aaa | 8.59% |
| US Treasury Notes | 690,280 | Less Than One Year | AAA | 11.86% |
| Municipal Bonds | <u>425,671</u> | Less Than Two Years | Aa1 | 7.31% |
| Total Portfolio | <u><u>\$5,820,852</u></u> | | | |

Interest Rate Risk The Library has no investment policy that addresses interest rate risk. State statute requires that an investment mature within five years from the date purchased, unless matched to a specific obligation or debt of the Library, and that an investment must be purchased with the exception that it will be held to maturity.

Credit Risk STAR Ohio carries a rating of AAAM by Standard and Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service.

Concentration of Credit Risk The Library places no limit on the amount that it may invest in any one issuer.

Note 6 – Grants in Aid, Property Taxes and Tax Abatements

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

Property taxes include amounts levied against all real and public utility property located in the Library's taxing district. Property tax revenue received during 2022 for real and public utility property taxes represents collections of 2021 taxes.

2022 real property taxes were levied after October 1, 2022, on the assessed value as of January 1, 2022, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2022 real property taxes are collected in and intended to finance 2023.

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

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2021 public utility property taxes which became a lien December 31, 2021, are levied after October 1, 2022, and are collected in 2023 with real property taxes.

The full tax rate for all Library operations for the year ended December 31, 2022, was \$5.60 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2022 property tax receipts were based are as follows:

| | <u>Assessed Value</u> |
|-------------------------|-----------------------|
| Real Property | \$714,295,220 |
| Public Utility Property | 32,892,320 |
| Total Assessed Value | <u>\$747,187,540</u> |

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the Library. The County Fiscal Officer periodically remits to the Library its portion of the taxes collected.

Tax Abatements

For 2022, the Library’s property taxes were reduced by \$79,375 under various tax abatement agreements entered into by the City of Euclid.

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 2022, the Library contracted with various companies for different types of insurance coverages as follows:

| <u>Company</u> | <u>Type of Coverage</u> | <u>Amount of Coverage</u> |
|---------------------------|-----------------------------|---------------------------|
| Ohio Plan Risk Management | Commercial Property | \$9,902,753 |
| | General Liability | \$2,000,000/\$4,000,000 |
| | Library Materials | \$7,390,713 |
| | Automobile | \$2,000,000 |
| | Public Officials Liability | \$2,000,000/\$4,000,000 |
| | Inland Marine | \$25,000 |
| | Cyber Liability | \$250,000 |
| | Crime | \$10,000 |
| | Computer Equipment/Software | \$398,637 |
| | Fidelity | Fiscal Officer Bond |
| Selective Insurance | Deputy Fiscal Officer Bond | \$50,000 |

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

The Library pays the State 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

The Statewide retirement systems provide both pension benefits and other postemployment benefits (OPEB).

Ohio Public Employees Retirement System (OPERS)

Plan Description - Library employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple employer public employee retirement system which 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 and the combined plan is a combination cost-sharing, multiple-employer defined benefit/defined contribution pension plan. Participating employers are divided into state, local, law enforcement and public safety divisions. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the traditional plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional and combined plans. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members in the traditional and combined plans were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional and combined plans as per the reduced benefits adopted by SB 343 (see OPERS Annual Comprehensive Financial Report referenced above for additional information, including requirements for reduced and unreduced benefits):

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| Group A | Group B | Group C |
|--|--|--|
| Eligible to retire prior to January 7, 2013 or five years after January 7, 2013 | 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013 | Members not in other Groups and members hired on or after January 7, 2013 |
| State and Local | State and Local | State and Local |
| Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit | Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit | Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit |
| Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30 | Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30 | Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35 |
| Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30 | Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30 | Combined Plan Formula: 1% of FAS multiplied by years of service for the first 35 years and 1.25% for service years in excess of 35 |

Final average Salary (FAS) represents the average of the three highest years of earnings over a member’s career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member’s career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount. The amount of a member’s pension benefit vests upon receipt of the initial benefit payment. The options for Public Safety and Law Enforcement permit early retirement under qualifying circumstances as early as age 48 with a reduced benefit.

When a traditional plan benefit recipient has received benefits for 12 months, current law provides for an annual cost of living adjustment (COLA). This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. Members retiring under the combined plan receive a cost-of-living adjustment on the defined benefit portion of their pension benefit. For those who retired prior to January 7, 2013, the cost of living adjustment is 3 percent. For those retiring on or after January 7, 2013, beginning in calendar year 2019, the adjustment is based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the member’s contributions plus or minus the investment gains or losses resulting from the member’s investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member-directed plan consists of the members’ contributions, vested employer contributions and investment gains or losses resulting from the members’ investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20 percent each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the annuitization of the benefit (which includes joint and survivor options and will continue to be administered by OPERS), partial lump-sum payments (subject to limitations), a rollover of the vested account

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balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options. When members choose to annuitize their defined contribution benefit, the annuitized portion of the benefit is reclassified to a defined benefit.

Effective January 1, 2022, the Combined Plan is no longer available for member selection.

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

| | State and Local |
|--|--------------------|
| 2022 Statutory Maximum Contribution Rates | |
| Employer | 14.0 % |
| Employee * | 10.0 % |
| 2022 Actual Contribution Rates | |
| Employer: | |
| Pension ** | 14.0 % |
| Post-employment Health Care Benefits ** | 0.0 |
| Total Employer | 14.0 % |
| Employee | 10.0 % |

* Member contributions within the combined plan are not used to fund the defined benefit retirement allowance.

** These pension and employer health care rates are for the traditional and combined plans. The employer contributions rate for the member-directed plan is allocated 4 percent for health care with the remainder going to pension.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.

For 2022, The Library's contractually required contribution was \$354,508 for the traditional plan, \$0 for the combined plan and \$4,231 for the member-directed plan.

Note 9 – Postemployment Benefits

Ohio Public Employees Retirement System (OPERS)

Plan Description - The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional pension 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 post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement (HRA) to qualifying benefit recipients of both the traditional pension and

Euclid Public Library

Cuyahoga County

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2022*

the combined plans. Currently, Medicare-eligible retirees are able to select medical and prescription drug plans from a range of options and may elect optional vision and dental plans. Retirees and eligible dependents enrolled in Medicare Parts A and B have the option to enroll in a Medicare supplemental plan with the assistance of the OPERS Medicare Connector. The OPERS Medicare Connector is a relationship with a vendor selected by OPERS to assist retirees, spouses and dependents with selecting a medical and pharmacy plan. Monthly allowances, based on years of service and the age at which the retiree first enrolled in OPERS coverage, are deposited into an HRA. For non-Medicare retirees and eligible dependents, OPERS sponsors medical and prescription coverage through a professionally managed self-insured plan. An allowance to offset a portion of the monthly premium is offered to retirees and eligible dependents. The allowance is based on the retiree's years of service and age when they first enrolled in OPERS coverage.

OPERS provides a monthly allowance for health care coverage for eligible retirees and their eligible dependents. The base allowance is determined by OPERS. For those retiring on or after January 1, 2015, the allowance has been determined by applying a percentage to the base allowance. The percentage applied is based on years of qualifying service credit and age when the retiree first enrolled in OPERS health care. Monthly allowances range between 51 percent and 90 percent of the base allowance. Those who retired prior to January 1, 2015, will have an allowance of at least 75 percent of the base allowance.

The health care trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or separation, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

Effective January 1, 2022, OPERS discontinued the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit with a minimum age of 60. Members in Group A are eligible for coverage at any age with 30 or more years of qualifying service. Members in Group B are eligible at any age with 32 years of qualifying service, or at age 52 with 31 years of qualifying service. Members in Group C are eligible for coverage with 32 years of qualifying service and a minimum age of 55. Current retirees eligible (or who became eligible prior to January 1, 2022) to participate in the OPERS health care program will continue to be eligible after January 1, 2022. Eligibility requirements change for those retiring after January 1, 2022, with differing eligibility requirements for Medicare retirees and non-Medicare retirees. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' Annual Comprehensive Financial Report referenced below for additional information.

The Ohio Revised Code permits, but does not require OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Euclid Public Library
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Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Funding Policy - The Ohio Revised Code provides the statutory authority allowing public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS' Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. Beginning in 2018, OPERS no longer allocated a portion of its employer contributions to health care for the traditional plan and the combined plan.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2022, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2022, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan and Combined Plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the member-directed plan for 2022 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Library's contractually required contribution was \$1,693 for 2022.

Note 10 – Interfund Transactions

Transfers

During 2022, the general fund transferred \$1,300,000 to the building capital projects fund to finance capital projects.

Advances

The TechCred special revenue fund repaid an advance of \$550 to the general fund that was made due to the timing of grant funds. The general fund provided money to operate the program until grants were received and the advance was repaid during 2022.

Note 11 – Contingent Liabilities

Amounts grantor agencies pay to the Library are subject to audit and adjustment by the grantor, principally the federal government. Grantors may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Euclid Public Library
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Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Note 12 – Encumbrances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the amount of encumbrances expected to be honored upon performance by the vendor in the next year were \$133,228 in the general fund, \$218,494 in the building capital projects fund and \$1,027 in other governmental funds.

Note 13 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June 2021 while the national state of emergency continues. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Library. The impact on the Library's future operating costs, revenues, and additional recovery from funding, either federal or state, cannot be estimated.

The Library's investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined.

Euclid Public Library
Cuyahoga County
Management's Discussion and Analysis
For the Year December 31, 2021
Unaudited

The management's discussion and analysis of the Euclid Public Library ("the Library") financial performance provides an overview of the Library's financial activities for the year ended December 31, 2021, 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 2021 are as follows:

- During 2021, the Library received an unexpected \$100,000 gift from the Joyce Waschura Trust Fund. The gift was transferred from the General Fund to the Building Fund for future Board designation.
- During 2021, the Library received \$222,421 in excess Public Library Fund receipts over the budgetary estimate. This was offset by fewer than expected homestead and rollback collections.
- During 2021, the Library received a \$25,301 dividend check from The Bureau of Workers' Compensation.
- The COVID-19 pandemic continued to impact Library operations throughout 2021 resulting in decreased walk-in revenue and expenditures. Even with this widespread hardship, the Library was able to increase its cash balances by diligently monitoring spending and seeking grants.

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 purpose. These statements present financial information by fund, presenting the major funds with the largest balances or most activity in separate columns.

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

Euclid Public Library
Cuyahoga County
Management's Discussion and Analysis
For the Year December 31, 2021
Unaudited

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 the financial statements on a cash basis of accounting. This approach 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 2021, within the limitations of the cash basis of accounting. The statement of net position presents the cash balances 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 non-financial 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, and the need for continued growth in the major local revenue sources such as property taxes and Public Library Fund (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 the library materials and information. These services are primarily funded by property taxes and PLF. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Reporting the Library's Most Significant Funds

Fund financial statements provide detailed information about the Library's major funds, not the Library as a whole. The Library establishes separate funds to better manage its many activities and to help demonstrate that restricted use funds are being spent for their intended purposes. All of the Library's funds are accounted for as governmental funds.

Euclid Public Library
Cuyahoga County
Management's Discussion and Analysis
For the Year December 31, 2021
Unaudited

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 major governmental funds are presented on the financial statements in separate columns. The Library’s major governmental funds are the general fund and the building capital projects fund. The Library’s non-major funds include various grant and donation special revenue funds including the Library Services and Technology Act grant and CARES grant special revenue funds. 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 2021 compared to 2020 on a cash basis:

(Table 1)
Net Position

| | Governmental Activities | | |
|--|-------------------------|-------------|-----------|
| | 2021 | 2020 | Change |
| Assets | | | |
| Equity in Pooled Cash and Cash Equivalents | \$7,123,652 | \$6,232,862 | \$890,790 |
| Net Position | | | |
| Restricted for Other Purposes | \$4,839 | \$8,849 | (\$4,010) |
| Unrestricted | 7,118,813 | 6,224,013 | 894,800 |
| <i>Total Net Position</i> | \$7,123,652 | \$6,232,862 | \$890,790 |

Table 2 reflects the changes in net position in 2021 compared to 2020 on a cash basis:

(Table 2)
Changes in Net Position

| | Governmental Activities | | |
|------------------------------------|-------------------------|-----------|-------------|
| | 2021 | 2020 | Change |
| Receipts: | | | |
| <i>Program Receipts</i> | | | |
| Charges for Services and Sales | \$24,130 | \$29,978 | (\$5,848) |
| Operating Grants and Contributions | 10,873 | 137,902 | (127,029) |
| <i>Total Program Receipts</i> | \$35,003 | \$167,880 | (\$132,877) |
| | | | (continued) |

Euclid Public Library
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Management's Discussion and Analysis
For the Year December 31, 2021
Unaudited

(Table 2)
Changes in Net Position (continued)

| | Governmental Activities | | |
|--|-------------------------|--------------------|------------------|
| | 2021 | 2020 | Change |
| Receipts: | | | |
| <i>General Receipts</i> | | | |
| Property Taxes | \$2,994,040 | \$2,925,520 | \$68,520 |
| Grants and Entitlements not Restricted to Specific Programs | 2,391,173 | 2,155,202 | 235,971 |
| Unrestricted Contributions and Donations | 100,100 | 220 | 99,880 |
| Interest | 70,674 | 111,811 | (41,137) |
| Miscellaneous | 32,543 | 27,176 | 5,367 |
| <i>Total General Receipts</i> | 5,588,530 | 5,219,929 | 368,601 |
| <i>Total Receipts</i> | 5,623,533 | 5,387,809 | 235,724 |
| Disbursements: | | | |
| General Library Services | 4,653,510 | 5,036,760 | 383,250 |
| Capital Outlay | 79,233 | 126,861 | 47,628 |
| <i>Total Disbursements</i> | 4,732,743 | 5,163,621 | 430,878 |
| Change in Net Position | 890,790 | 224,188 | 666,602 |
| Net Position Beginning of Year | 6,232,862 | 6,008,674 | 224,188 |
| Net Position End of Year | \$7,123,652 | \$6,232,862 | \$890,790 |

Property taxes and grants and entitlements receipts in 2021 are 95.76 percent of total receipts. Grants and entitlements increased slightly, primarily due to increases in funding for the Public Library Fund. Operating grants and contributions decreased due to a decrease in approved grants and donations received from supporters as well as getting CARES money in 2020 that was not received in 2021. Interest receipts decreased during 2021 due to decreased interest rates.

Disbursements for general library services represent the costs of running the Library. Disbursements for capital outlay represent costs for capital projects for the Library. Total disbursements decreased in 2021 due to reduced operating hours, reduced spending, and not filling open positions. The Library also reduced computer related equipment purchases due to the equipment replacement schedule.

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 general library services and capital outlay. The next column of the statement, entitled 'Program Cash Receipts,' identifies amounts paid by those who are directly charged for the service and grants received by the Library that must be used to provide a specific service. The 'Net (Disbursements)' column compares the program receipts to the cost of the service. This net cost amount represents the cost of the service, which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts, which are presented at the bottom of the statement. A comparison between the total cost of services and the net cost is presented in Table 3.

Euclid Public Library
Cuyahoga County
Management's Discussion and Analysis
For the Year December 31, 2021
Unaudited

(Table 3)

Total and Net Cost of Program Services

| | Governmental Activities | | | |
|----------------------------|--------------------------------|-------------------------|---------------------------|-------------------------|
| | 2021 | | 2020 | |
| | Total Cost of Services | Net Cost of Services | Total Cost of Services | Net Cost of Services |
| Disbursements: | | | | |
| General Library Services | \$4,653,510 | \$4,618,507 | \$5,036,760 | \$4,868,880 |
| Capital Outlay | 79,233 | 79,233 | 126,861 | 126,861 |
| <i>Total Disbursements</i> | <i>\$4,732,743</i> | <i>\$4,697,740</i> | <i>\$5,163,621</i> | <i>\$4,995,741</i> |

The Library's Funds

Total governmental funds had receipts in 2021 of \$5,623,533, and disbursements of \$4,732,743. The fund balance of the general fund increased \$22,158 in 2021, due to a decrease in general library services from reduced operating expenditures and not filling vacant positions. The fund balance of the building fund increased \$872,642 in 2021, due to receiving a transfer from the general fund.

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 2021, the Library's general fund budget was stable. Final disbursements for 2021 were budgeted at \$5,433,503, while actual disbursements were \$4,873,963. Maintaining actual disbursements below projected levels allowed the Library to minimize cash decreases to the general fund during this period.

Debt Administration

At December 31, 2021, the Library had no debt obligations.

Current Issues

The challenge for all Ohio libraries is to provide quality services to meet public demands while staying within the restrictions of State funding. The Library relies heavily on property taxes and the PLF revenue. Even though the Library has stable funds, it is dependent on funding from the State to remain in this position.

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 David Piskac, Fiscal Officer, Euclid Public Library, 631 East 222nd Street, Euclid, Ohio 44123.

Euclid Public Library
Cuyahoga County
Statement of Net Position - Cash Basis
December 31, 2021

| | <u>Governmental Activities</u> |
|--|------------------------------------|
| Assets | |
| Equity in Pooled Cash and Cash Equivalents | <u>\$7,123,652</u> |
| Net Position | |
| Restricted for Other Purposes | \$4,839 |
| Unrestricted | <u>7,118,813</u> |
| <i>Total Net Position</i> | <u>\$7,123,652</u> |

See accompanying notes to the basic financial statements

Euclid Public Library
Cuyahoga County
Statement of Activities - Cash Basis
For the Year Ended December 31, 2021

| | Program Cash Receipts | | Net (Disbursements) Receipts and Changes in Net Position | |
|---|--------------------------|--------------------------------------|--|--------------------|
| | Cash Disbursements | Charges for Services and Sales | Operating Grants and Contributions | |
| | | | Governmental Activities | |
| Governmental Activities | | | | |
| General Library Services | \$4,653,510 | \$24,130 | \$10,873 | (\$4,618,507) |
| Capital Outlay | 79,233 | 0 | 0 | (79,233) |
| <i>Total Governmental Activities</i> | <u>\$4,732,743</u> | <u>\$24,130</u> | <u>\$10,873</u> | <u>(4,697,740)</u> |
| General Receipts | | | | |
| Property Taxes Levied for General Purposes | | | | 2,994,040 |
| Grants and Entitlements not Restricted to Specific Programs | | | | 2,391,173 |
| Unrestricted Contributions and Donations | | | | 100,100 |
| Interest | | | | 70,674 |
| Miscellaneous | | | | 32,543 |
| <i>Total General Receipts</i> | | | | <u>5,588,530</u> |
| Change in Net Position | | | | 890,790 |
| <i>Net Position Beginning of Year</i> | | | | <u>6,232,862</u> |
| <i>Net Position End of Year</i> | | | | <u>\$7,123,652</u> |

See accompanying notes to the basic financial statements

Euclid Public Library
Cuyahoga County
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2021

| | General | Building Fund | Other Governmental Funds | Total Governmental Funds |
|--|--------------------|--------------------|--------------------------------|--------------------------------|
| Assets | | | | |
| Equity in Pooled Cash and Cash Equivalents | \$3,142,572 | \$3,976,241 | \$4,839 | \$7,123,652 |
| Fund Balances | | | | |
| Restricted | \$0 | \$0 | \$4,839 | \$4,839 |
| Assigned | 168,798 | 3,976,241 | 0 | 4,145,039 |
| Unassigned | 2,973,774 | 0 | 0 | 2,973,774 |
| <i>Total Fund Balances</i> | <u>\$3,142,572</u> | <u>\$3,976,241</u> | <u>\$4,839</u> | <u>\$7,123,652</u> |

See accompanying notes to the basic financial statements

Euclid Public Library
Cuyahoga County
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2021

| | General | Building Fund | Other Governmental Funds | Total Governmental Funds |
|--|--------------------|--------------------|--------------------------------|--------------------------------|
| Receipts | | | | |
| Property Taxes | \$2,994,040 | \$0 | \$0 | \$2,994,040 |
| Intergovernmental | 2,391,173 | 0 | 0 | 2,391,173 |
| Patron Fines and Fees | 24,130 | 0 | 0 | 24,130 |
| Contributions and Donations | 100,100 | 0 | 10,873 | 110,973 |
| Interest | 35,337 | 35,337 | 0 | 70,674 |
| Miscellaneous | 32,543 | 0 | 0 | 32,543 |
| <i>Total Receipts</i> | <u>5,577,323</u> | <u>35,337</u> | <u>10,873</u> | <u>5,623,533</u> |
| Disbursements | | | | |
| General Library Services | 4,638,627 | 0 | 14,883 | 4,653,510 |
| Capital Outlay | 66,538 | 12,695 | 0 | 79,233 |
| <i>Total Disbursements</i> | <u>4,705,165</u> | <u>12,695</u> | <u>14,883</u> | <u>4,732,743</u> |
| <i>Excess of Receipts Over (Under) Disbursements</i> | <u>872,158</u> | <u>22,642</u> | <u>(4,010)</u> | <u>890,790</u> |
| Other Financing Sources (Uses) | | | | |
| Transfers In | 0 | 850,000 | 0 | 850,000 |
| Transfers Out | (850,000) | 0 | 0 | (850,000) |
| <i>Total Other Financing Sources (Uses)</i> | <u>(850,000)</u> | <u>850,000</u> | <u>0</u> | <u>0</u> |
| <i>Net Change in Fund Balances</i> | 22,158 | 872,642 | (4,010) | 890,790 |
| <i>Fund Balances Beginning of Year</i> | <u>3,120,414</u> | <u>3,103,599</u> | <u>8,849</u> | <u>6,232,862</u> |
| <i>Fund Balances End of Year</i> | <u>\$3,142,572</u> | <u>\$3,976,241</u> | <u>\$4,839</u> | <u>\$7,123,652</u> |

See accompanying notes to the basic financial statements

Euclid 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, 2021

| | <u>Budgeted Amounts</u> | | | Variance with Final Budget Positive (Negative) |
|--|-------------------------|--------------------|--------------------|---|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | |
| Receipts | | | | |
| Property Taxes | \$2,999,650 | \$2,999,650 | \$2,994,040 | (\$5,610) |
| Intergovernmental | 1,962,268 | 2,174,668 | 2,391,173 | 216,505 |
| Patron Fines and Fees | 16,500 | 72,506 | 24,130 | (48,376) |
| Contributions and Donations | 101,000 | 101,000 | 100,100 | (900) |
| Interest | 50,000 | 50,000 | 35,337 | (14,663) |
| Miscellaneous | 35,550 | 109,790 | 32,543 | (77,247) |
| <i>Total Receipts</i> | <u>5,164,968</u> | <u>5,507,614</u> | <u>5,577,323</u> | <u>69,709</u> |
| Disbursements | | | | |
| General Library Services | 5,550,693 | 5,366,965 | 4,807,425 | 559,540 |
| Capital Outlay | 68,823 | 66,538 | 66,538 | 0 |
| <i>Total Disbursements</i> | <u>5,619,516</u> | <u>5,433,503</u> | <u>4,873,963</u> | <u>559,540</u> |
| <i>Excess of Receipts Over (Under) Disbursements</i> | (454,548) | 74,111 | 703,360 | 629,249 |
| Other Financing Uses | | | | |
| Transfers Out | 0 | (850,000) | (850,000) | 0 |
| <i>Net Change in Fund Balance</i> | (454,548) | (775,889) | (146,640) | 629,249 |
| <i>Fund Balance Beginning of Year</i> | 2,925,708 | 2,925,708 | 2,925,708 | 0 |
| Prior Year Encumbrances Appropriated | 194,706 | 194,706 | 194,706 | 0 |
| <i>Fund Balance End of Year</i> | <u>\$2,665,866</u> | <u>\$2,344,525</u> | <u>\$2,973,774</u> | <u>\$629,249</u> |

See accompanying notes to the basic financial statements

Euclid Public Library
Cuyahoga County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Note 1 – Description of the Library and Reporting Entity

The Euclid Public Library, Cuyahoga County, Ohio (the “Library”) was organized as a school district public library in 1935 under the laws of the State of Ohio. The Library has its own Board of Trustees of seven members who are appointed by the Euclid City School District’s 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, 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 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 Euclid City School District (“School District”) 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 Library 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 (“GASB”), “The Financial Reporting Entity,” as amended by GASB Statement No. 39, “Determining Whether Certain Organizations Are Component Units”, and GASB Statement No. 61, “The Financial Reporting Entity Omnibus – an Amendment of GASB Statement No. 14 and No. 34”, the Library is considered to be a related organization of the Euclid City 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. Component units may also include organizations for which the Library approves the budget, the issuance of debt of the levying of taxes. The Library does not have any component units.

The Friends of the Euclid Public Library and the Euclid Public Library Foundation are not-for-profit organizations with self-appointing boards. The Library is not financially accountable for the organizations, nor does the Library approve the budgeting or the issuance of debt of the organizations. The Euclid Public Library does not receive amounts from the Friends of the Euclid Public Library or the Euclid Public Library Foundation that the State would consider significant. Therefore, these organizations have been excluded from the reporting entity of the library.

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

Euclid Public Library
Cuyahoga County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Note 2 – Summary of Significant Accounting Policies

As discussed further in this note, 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 (“GAAP”). Generally accepted accounting principles 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 as follows.

Basis of Presentation

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

Government-wide Financial Statements The statement of net position and the statement of activities display information about the Library as a whole. These statements include the financial activities of the Library. These statements usually distinguish between those activities of the Library that are governmental and those that are considered business-type. However, the Library has only governmental activities; therefore, no business-type activities are presented.

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

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

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 are the Library's major governmental funds.

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General Fund The general fund accounts for and reports all financial resources except those required to be 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.

Building Fund The building fund accounts for and reports revenues derived from Board approved transfers from the general fund. These monies are unrestricted and have been assigned to major capital and technology improvements.

The other governmental funds of the Library account for and report grants and other resources whose use is restricted, committed or assigned to a particular purpose.

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.

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.

Budgetary Process

All funds are legally required to be budgeted and appropriated. The budgetary process is prescribed by provisions of the Ohio Administrative Code and entails the preparation of budgetary documents within an established timetable. The Ohio Administrative Code section 117-8 does not require public libraries to budget receipts. However, sound budget practice suggests a government cannot appropriate responsibly unless they have an estimate of resources to support the appropriations. The Board must annually approve appropriations measures and subsequent amendments. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates.

The certificate of estimated resources establishes a limit on the amount the Board of Trustees may appropriate. The appropriations resolution is the Board of Trustees' authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by the Board of Trustees. The legal level of control has been established by the Board of Trustees at the fund level. Any budgetary modifications at this level may only be made by resolution of the Board of Trustees. The Fiscal Officer has been given authority to allocate Board appropriations to the function and object levels within each fund.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the Fiscal Officer. The amounts reported as the original and final budgeted amounts on the budgetary statement reflects the amounts in the original and final amended certificate in effect at the time original and final appropriations were passed.

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The appropriation resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation resolution 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.

Cash and Cash Equivalents

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."

During 2021, investments were limited to STAR Ohio, municipal bonds, federal home loan bank bonds and nonnegotiable certificates of deposit. Investments are reported at cost, except for STAR Ohio.

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.

STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, *Certain External Investment Pools and Pool Participants*. The Library measures their investment in STAR Ohio 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.

For fiscal year 2021, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, twenty-four hours advance notice is appreciated for deposits and withdrawals of \$100 million or more. STAR Ohio reserves the right to limit the transactions to \$250 million per day, requiring the excess amount to be transacted the following business day(s), but only to the \$250 million limit. All accounts of the participant will be combined for these purposes.

Interest earnings are allocated to Library funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2021 was \$35,337 which includes \$4,159 assigned from other Library funds.

Investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased 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.

Inventory and Prepaids

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

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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.

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.

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.

Net Position

Net position is reported as restricted when there are limitations imposed on their use either 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 positions are available.

Fund Balance

Fund balance is divided into four 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:

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 the Library Trustees. Those committed amounts cannot be used for any other purpose unless the Library Trustees removes or changes 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. State statute authorizes the Fiscal Officer to assign fund balance for purchases on order provided such amounts have been lawfully appropriated.

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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.

Internal Activity

Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the statement of activities. Payments for interfund services provided and used are not eliminated.

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 cash disbursements to the funds that initially paid for them are not presented in the financial statements.

Note 3 – 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 as follows:

| Fund Balances | General | Building Fund | Other Governmental Funds | Total Governmental Funds |
|-------------------------------|--------------------|--------------------|--------------------------------|--------------------------------|
| <u>Restricted for:</u> | | | | |
| Library Programs and Services | \$0 | \$0 | \$4,839 | \$4,839 |
| <u>Assigned to:</u> | | | | |
| Capital Improvement Projects | 0 | 3,976,241 | 0 | 3,976,241 |
| Purchases on Order: | | | | |
| General Library Services | 168,798 | 0 | 0 | 168,798 |
| Total Assigned | 168,798 | 3,976,241 | 0 | 4,145,039 |
| Unassigned | 2,973,774 | 0 | 0 | 2,973,774 |
| Total Fund Balances | \$3,142,572 | \$3,976,241 | \$4,839 | \$7,123,652 |

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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 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, 2021 (budgetary basis), amounted to \$168,798.

Note 5 – Deposits and Investments

State statutes classify monies held by the Library 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 (NOW) accounts, 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.

Protection of the Library's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, or by the financial institutions participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

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 obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

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3. No-load money market mutual funds consisting exclusively of obligations described in (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;
4. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
5. Bonds and other obligations of the State of Ohio, and, with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met; and
8. Written repurchase agreements in the securities described in (1) or (2) provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days.

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.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Fiscal Officer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Investments

As of December 31, 2021, the Library had the following investments:

| Investment | Measurement Amount | Maturity | Moody's | Percent of Total Investments |
|------------------------------|-----------------------|----------------------|---------|------------------------------------|
| STAR Ohio | \$2,789,430 | Average 51.3 Days | | N/A |
| Federal Home Loan Bank Bonds | 500,000 | Less Than Five Years | Aaa | 13.46% |
| Municipal Bonds | 425,671 | Less Than Two Years | Aa1 | 11.46% |
| Total Portfolio | <u>\$3,715,101</u> | | | |

Interest Rate Risk The Library has no investment policy that addresses interest rate risk. State statute requires that an investment mature within five years from the date purchased, unless matched to a specific obligation or debt of the Library, and that an investment must be purchased with the exception that it will be held to maturity.

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Credit Risk STAR Ohio carries a rating of AAAM by Standard and Poor’s. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service.

Concentration of Credit Risk The Library places no limit on the amount that it may invest in any one issuer.

Note 6 – Grants in Aid, Property Taxes and Tax Abatements

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

Property taxes include amounts levied against all real and public utility property located in the Library’s taxing district. Property tax revenue received during 2021 for real and public utility property taxes represents collections of 2020 taxes.

2021 real property taxes were levied after October 1, 2021, on the assessed value as of January 1, 2021, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2021 real property taxes are collected in and intended to finance 2022.

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

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2020 public utility property taxes which became a lien December 31, 2020, are levied after October 1, 2021, and are collected in 2022 with real property taxes.

The full tax rate for all Library operations for the year ended December 31, 2021, was \$5.60 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2021 property tax receipts were based are as follows:

| | <u>Assessed Value</u> |
|-------------------------|-----------------------------|
| Real Property | \$618,469,070 |
| Public Utility Property | <u>30,293,700</u> |
| Total Assessed Value | <u><u>\$648,762,770</u></u> |

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the Library. The County Fiscal Officer periodically remits to the Library its portion of the taxes collected.

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Tax Abatements

For 2021, the Library's property taxes were reduced by \$54,821 under various tax abatement agreements entered into by the City of Euclid.

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 2021, the Library contracted with various companies for different types of insurance coverages as follows:

| Company | Type of Coverage | Amount of Coverage |
|---------------------------|--|-------------------------|
| Ohio Plan Risk Management | Commercial Property | \$9,431,194 |
| | General Liability | \$2,000,000/\$4,000,000 |
| | Library Materials | \$7,038,774 |
| | Automobile | \$2,000,000 |
| | Public Officials Liability | \$2,000,000/\$4,000,000 |
| | Inland Marine | \$25,000 |
| | Cyber Liability | \$250,000 |
| | Crime | \$10,000 |
| | Computer Equipment/Software | \$488,127 |
| | Fidelity | \$50,000 |
| Selective Insurance | Deputy Fiscal Officer Bond \$50,000 | |

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

The Library pays the State 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

The Statewide retirement systems provide both pension benefits and other postemployment benefits (OPEB).

Ohio Public Employees Retirement System (OPERS)

Plan Description - Library employees participate 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 and the combined plan is a combination cost-sharing, multiple-employer defined benefit/defined contribution pension plan. Participating employers are divided into state, local, law enforcement and public safety divisions. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the traditional plan.

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OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional and combined plans. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members in the traditional and combined plans were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional and combined plans as per the reduced benefits adopted by SB 343 (see OPERS Annual Comprehensive Financial Report referenced above for additional information, including requirements for reduced and unreduced benefits):

| Group A | Group B | Group C |
|--|--|--|
| Eligible to retire prior to January 7, 2013 or five years after January 7, 2013 | 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013 | Members not in other Groups and members hired on or after January 7, 2013 |
| State and Local | State and Local | State and Local |
| Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit | Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit | Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit |
| Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30 | Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30 | Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35 |
| Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30 | Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30 | Combined Plan Formula: 1% of FAS multiplied by years of service for the first 35 years and 1.25% for service years in excess of 35 |

Final average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount. The initial amount of a member's pension benefit is vested upon receipt of the initial benefit payment for calculation of an annual cost-of-living adjustment.

When a traditional plan benefit recipient has received benefits for 12 months, current law provides for an annual cost of living adjustment (COLA). This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. Members retiring under the combined plan receive a cost-of-living adjustment on the defined benefit portion of their pension benefit. For those who retired prior to January 7, 2013, the cost of living adjustment is 3 percent. For those retiring on or after January 7, 2013, beginning in calendar year 2019, the adjustment is based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

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Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member-directed plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20 percent each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the annuitization of the benefit (which includes joint and survivor options), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options. When members choose to annuitize their defined contribution benefit, the annuitized portion of the benefit is reclassified to a defined benefit.

Beginning in 2022, the Combined Plan will be consolidated under the Traditional Pension Plan (defined benefit plan) and the Combined Plan option will no longer be available for new hires beginning in 2022.

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

| | State and Local |
|--|--------------------|
| 2021 Statutory Maximum Contribution Rates | |
| Employer | 14.0 % |
| Employee * | 10.0 % |
| 2021 Actual Contribution Rates | |
| Employer: | |
| Pension ** | 14.0 % |
| Post-employment Health Care Benefits ** | 0.0 |
| Total Employer | 14.0 % |
| Employee | 10.0 % |

* Member contributions within the combined plan are not used to fund the defined benefit retirement allowance.

** These pension and employer health care rates are for the traditional and combined plans. The employer contributions rate for the member-directed plan is allocated 4 percent for health care with the remainder going to pension.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.

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For 2021, The Library's contractually required contribution was \$341,294 for the traditional plan, \$0 for the combined plan and \$2,664 for the member-directed plan.

Note 9 – Postemployment Benefits

Ohio Public Employees Retirement System (OPERS)

Plan Description - The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional pension 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 post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement (HRA) to qualifying benefit recipients of both the traditional pension and the combined plans. Currently, Medicare-eligible retirees are able to select medical and prescription drug plans from a range of options and may elect optional vision and dental plans. Retirees and eligible dependents enrolled in Medicare Parts A and B have the option to enroll in a Medicare supplemental plan with the assistance of the OPERS Medicare Connector. The OPERS Medicare Connector is a relationship with a vendor selected by OPERS to assist retirees, spouses and dependents with selecting a medical and pharmacy plan. Monthly allowances, based on years of service and the age at which the retiree first enrolled in OPERS coverage, are deposited into an HRA. For non-Medicare retirees and eligible dependents, OPERS sponsors medical and prescription coverage through a professionally managed self-insured plan. An allowance to offset a portion of the monthly premium is offered to retirees and eligible dependents. The allowance is based on the retiree's years of service and age when they first enrolled in OPERS coverage.

Medicare-eligible retirees who choose to become re-employed or survivors who become employed in an OPERS-covered position are prohibited from participating in an HRA. For this group of retirees, OPERS sponsors secondary coverage through a professionally managed self-insured program. Retirees who enroll in this plan are provided with a monthly allowance to offset a portion of the monthly premium. Medicare-eligible spouses and dependents can also enroll in this plan as long as the retiree is enrolled.

OPERS provides a monthly allowance for health care coverage for eligible retirees and their eligible dependents. The base allowance is determined by OPERS.

The health care trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or separation, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

Effective January 1, 2022, OPERS will discontinue the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit with a minimum

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age of 60, or generally 30 years of qualifying service at any age. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. Current retirees eligible (or who become eligible prior to January 1, 2022) to participate in the OPERS health care program will continue to be eligible after January 1, 2022. Eligibility requirements will change for those retiring after January 1, 2022, with differing eligibility requirements for Medicare retirees and non-Medicare retirees. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' Annual Comprehensive Financial Report referenced below for additional information.

The Ohio Revised Code permits, but does not require OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, 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 Ohio Revised Code provides the statutory authority allowing public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS' Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. Beginning in 2018, OPERS no longer allocated a portion of its employer contributions to health care for the traditional plan and the combined plan.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2021, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2021, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan and Combined Plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the member-directed plan for 2021 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Library's contractually required contribution was \$1,066 for 2021.

Note 10 – Interfund Transfers

During 2021, the general fund transferred \$850,000 to the building fund to finance capital projects.

Euclid Public Library
Cuyahoga County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Note 11 – Contingent Liabilities

Amounts grantor agencies pay to the Library are subject to audit and adjustment by the grantor, principally the federal government. Grantors may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Note 12 – Encumbrances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the amount of encumbrances expected to be honored upon performance by the vendor in the next year were \$168,798 in the general fund, \$262,524 in the building fund and \$1,336 in other governmental funds.

Note 13 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency continues. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Library. The impact on the Library's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

The Library's investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined.

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OHIO AUDITOR OF STATE KEITH FABER



88 East Broad Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
(800) 282-0370

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

Euclid Public Library
Cuyahoga County
631 East 222nd Street
Euclid, Ohio 44123

To the Board of Trustees:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the cash basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Euclid Public Library, Cuyahoga County, (the Library) as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements and have issued our report thereon dated October 27, 2023, wherein we noted the Library uses a special purpose framework other than generally accepted accounting principles.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Library's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Library's internal control. Accordingly, we do not express an opinion on the effectiveness of the Library's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Library's financial statements will not be prevented, or detected and corrected, on a timely basis. 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 deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Library's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Library's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Library's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

October 27, 2023



EUCLID PUBLIC LIBRARY

631 East 222nd Street | Euclid, Ohio 44123

Phone: (216) 261-5300 | Fax: (216) 261-0628 | euclidlibrary.org

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

DECEMBER 31, 2022, AND 2021

| Finding Number | Finding Summary | Status | Additional Information |
|-----------------------|---|--|-------------------------------------|
| 2020-001 | Finding for Recovery for overpayment of paid leave. | Corrective Action Taken and Finding is Fully Corrected | Past employee negotiated a payment. |

OHIO AUDITOR OF STATE KEITH FABER



EUCLID 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 11/9/2023

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