



OHIO AUDITOR OF STATE
KEITH FABER



**SHAKER HEIGHTS PUBLIC LIBRARY
CUYAHOGA COUNTY
DECEMBER 31, 2022 AND 2021**

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INDEPENDENT AUDITOR'S REPORT

Shaker Heights Public Library
Cuyahoga County
16500 Van Aken Boulevard
Shaker Heights, Ohio 44120

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 Shaker Heights 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.

Emphasis of Matter

As discussed in Note 15 to the financial statements for 2022 and 2021, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Library. We did not modify our opinion regarding 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 it.

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 November 21, 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

November 21, 2023

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

The management's discussion and analysis of the Shaker Heights 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:

- General library services disbursements increased from 2021 due to the library returning to normal business functions and hours following the Main library renovation being completed. The decrease in capital outlay disbursements was the result of the Main Library building renovations project substantially being completed in the prior year, with only small preconstruction disbursements for the Bertram Woods branch project occurring in 2022.
- The Library's cash balances increased as receipts increased and disbursements decreased during 2022. The increase in receipts was primarily due to the issuance of Public Library Fund notes for the Bertram Woods branch renovation project. The decrease in disbursements was due to decreased capital outlay expenses.
- The Library continued the payment of the 2019 Certificates of Participation. During the year, the Library issued Public Library Fund Notes in the amount of \$3,000,000 for the renovation of the Bertram Woods branch. The balances outstanding at year end were \$9,600,000 and \$3,000,000, respectively.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of the Governmental Accounting Standards Board (GASB) 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.

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.

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

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 the 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 the PLF. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Reporting the Library's Most Significant Funds

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

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

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

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	\$12,889,193	\$9,992,021	\$2,897,172
Net Position			
Restricted for:			
Capital Outlay	\$2,910,563	\$1,521,357	\$1,389,206
Debt Service	10,642	1	10,641
Library Services	25,108	53,955	(28,847)
Unrestricted	9,942,880	8,416,708	1,526,172
Total Net Position	\$12,889,193	\$9,992,021	\$2,897,172

The increase in net position is due to decreased capital outlay expense related to the Main Library renovation being mostly completed during the prior year and Public Library Fund note proceeds issued for the new Bertram Woods branch renovation that is to begin in the future year.

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	\$84,986	\$53,966	\$31,020
Operating Grants and Contributions	11,525	14,203	(2,678)
<i>Total Program Receipts</i>	96,511	68,169	28,342
<i>General Receipts</i>			
Property Taxes	4,293,840	4,233,249	60,591
Grants and Entitlements not Restricted to Specific Programs	2,354,368	2,244,818	109,550
Unrestricted Contributions and Donations	5,141	5,586	(445)
Interest	209,020	10,540	198,480
Miscellaneous	6,929	42,094	(35,165)
Notes Issued	3,000,000	0	3,000,000
Premium on Notes Issued	144,494	0	144,494
<i>Total General Receipts</i>	10,013,792	6,536,287	3,477,505
<i>Total Receipts</i>	\$10,110,303	\$6,604,456	\$3,505,847

(continued)

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

(Table 2)
Changes in Net Position (continued)

	Governmental Activities		
	2022	2021	Change
Disbursements:			
Current:			
General Library Services	\$4,500,488	\$3,791,625	(\$708,863)
Capital Outlay	1,913,990	6,860,160	4,946,170
Debt Service:			
Principal Retirement	275,000	265,000	(10,000)
Interest and Fiscal Charges	389,500	397,450	7,950
Issuance Costs	128,000	0	(128,000)
Discount on Notes Issued	6,153	0	(6,153)
<i>Total Disbursements</i>	<u>7,213,131</u>	<u>11,314,235</u>	<u>4,101,104</u>
Change in Net Position	2,897,172	(4,709,779)	7,606,951
Net Position Beginning of Year	<u>9,992,021</u>	<u>14,701,800</u>	<u>(4,709,779)</u>
Net Position End of Year	<u><u>\$12,889,193</u></u>	<u><u>\$9,992,021</u></u>	<u><u>\$2,897,172</u></u>

Property taxes are typically the majority of total receipts. Property tax revenue increased over the prior year as a result of an increase in assessed values.

Expenses decreased due to a decrease in capital outlay disbursements as a result of renovation project at the Main Library being substantially completed in the prior year.

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

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

(Table 3)

Governmental Activities

	2022		2021	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Disbursements:				
General Library Services	\$4,500,488	\$4,403,977	\$3,791,625	\$3,723,456
Capital Outlay	1,913,990	1,913,990	6,860,160	6,860,160
Debt Service:				
Principal Retirement	275,000	275,000	265,000	265,000
Interest and Fiscal Charges	389,500	389,500	397,450	397,450
Issuance Costs	128,000	128,000	0	0
Discount on Notes Issued	6,153	6,153	0	0
<i>Total Disbursements</i>	<i>\$7,213,131</i>	<i>\$7,116,620</i>	<i>\$11,314,235</i>	<i>\$11,246,066</i>

The Library's Funds

Total governmental funds had receipts in 2022 of \$6,965,809 and disbursements of \$7,206,978. Even though the fund balance of the general fund increased by \$1,476,438 in 2022, the fund balance increased less than the prior year increase. This was primarily due to the increased general library services expense beginning to return to normal hours of operations after the completion of the Main library renovation.

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 and other financing uses for 2022 were budgeted at \$6,239,921, while actual disbursements and other financing uses were \$5,545,826. Maintaining actual disbursements below projected levels allowed the Library to maximize increases to the general fund during this period.

Debt Administration

At December 31, 2022, the Library had 2019 Certificates of Participation and 2022 Public Library Fund Notes long-term liability issuances, which will be repaid over twenty-five years. See Note 12 to the basic financial statements for additional information related to long-term debt activity.

Current Issues

Throughout its history, Shaker Heights Public Library's goal has been to maximize the Library's return on investment and deliver the best possible library services at the lowest possible cost. As thoughtful stewards of taxpayer dollars, we have worked hard to minimize what the Library asks of taxpayers.

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

The Library began design work on a \$3 million renovation of the Bertram Woods branch. The renovation will be completed in late 2023. The Library began work on a new strategic plan in November of 2022. Plan approval is expected in May of 2023.

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 Susan Ritchey, Fiscal Officer, Shaker Heights Public Library, 16500 Van Aken Boulevard, Shaker Heights, Ohio 44120.

Shaker Heights 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>\$12,889,193</u>
Net Position	
Restricted for:	
Capital Outlay	\$2,910,563
Debt Service	10,642
Library Services	25,108
Unrestricted	<u>9,942,880</u>
<i>Total Net Position</i>	<u>\$12,889,193</u>

See accompanying notes to the basic financial statements

Shaker Heights 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				
Current:				
General Library Services	\$4,500,488	\$84,986	\$11,525	(\$4,403,977)
Capital Outlay	1,913,990	0	0	(1,913,990)
Debt Service:				
Principal Retirement	275,000	0	0	(275,000)
Interest and Fiscal Charges	389,500	0	0	(389,500)
Issuance Costs	128,000	0	0	(128,000)
Discount on Notes Issued	6,153	0	0	(6,153)
<i>Total Governmental Activities</i>	<u>\$7,213,131</u>	<u>\$84,986</u>	<u>\$11,525</u>	<u>(7,116,620)</u>

General Receipts

Property Taxes Levied for General Purposes	4,293,840
Grants and Entitlements not Restricted to Specific Programs	2,354,368
Unrestricted Contributions and Donations	5,141
Interest	209,020
Miscellaneous	6,929
Notes Issued	3,000,000
Premium on Notes Issued	144,494
<i>Total General Receipts</i>	<u>10,013,792</u>
Change in Net Position	2,897,172
<i>Net Position Beginning of Year</i>	<u>9,992,021</u>
<i>Net Position End of Year</i>	<u>\$12,889,193</u>

See accompanying notes to the basic financial statements

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

	General	Facilities	Bertram Woods Branch Renovation	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$8,095,558	\$129,017	\$2,781,546	\$1,883,072	\$12,889,193
Fund Balances					
Restricted	\$0	\$129,017	\$2,781,546	\$35,750	\$2,946,313
Committed	0	0	0	1,847,322	1,847,322
Assigned	180,414	0	0	0	180,414
Unassigned	7,915,144	0	0	0	7,915,144
<i>Total Fund Balances</i>	<u>\$8,095,558</u>	<u>\$129,017</u>	<u>\$2,781,546</u>	<u>\$1,883,072</u>	<u>\$12,889,193</u>

See accompanying notes to the basic financial statements

Shaker Heights 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	Facilities	Bertram Woods Branch Renovation	Other Governmental Funds	Total Governmental Funds
Receipts					
Property Taxes	\$4,293,840	\$0	\$0	\$0	\$4,293,840
Intergovernmental	2,354,368	0	0	7,540	2,361,908
Patron Fines and Fees	46,673	0	0	0	46,673
Rentals	38,313	0	0	0	38,313
Contributions and Donations	5,141	0	0	3,985	9,126
Interest	159,886	4,937	42,593	1,604	209,020
Miscellaneous	6,929	0	0	0	6,929
<i>Total Receipts</i>	<u>6,905,150</u>	<u>4,937</u>	<u>42,593</u>	<u>13,129</u>	<u>6,965,809</u>
Disbursements					
Current:					
General Library Services	4,455,983	0	0	44,505	4,500,488
Capital Outlay	8,229	1,397,277	261,047	247,437	1,913,990
Debt Service:					
Principal Retirement	0	0	0	275,000	275,000
Interest and Fiscal Charges	0	0	0	389,500	389,500
Issuance Costs	0	0	0	128,000	128,000
<i>Total Disbursements</i>	<u>4,464,212</u>	<u>1,397,277</u>	<u>261,047</u>	<u>1,084,442</u>	<u>7,206,978</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>2,440,938</u>	<u>(1,392,340)</u>	<u>(218,454)</u>	<u>(1,071,313)</u>	<u>(241,169)</u>
Other Financing Sources (Uses)					
Notes Issued	0	0	3,000,000	0	3,000,000
Premium on Notes Issued	0	0	0	144,494	144,494
Discount on Notes Issued	0	0	0	(6,153)	(6,153)
Transfers In	0	0	0	964,500	964,500
Transfers Out	(964,500)	0	0	0	(964,500)
<i>Total Other Financing Sources (Uses)</i>	<u>(964,500)</u>	<u>0</u>	<u>3,000,000</u>	<u>1,102,841</u>	<u>3,138,341</u>
<i>Net Change in Fund Balances</i>	1,476,438	(1,392,340)	2,781,546	31,528	2,897,172
<i>Fund Balances Beginning of Year</i>	<u>6,619,120</u>	<u>1,521,357</u>	<u>0</u>	<u>1,851,544</u>	<u>9,992,021</u>
<i>Fund Balances End of Year</i>	<u>\$8,095,558</u>	<u>\$129,017</u>	<u>\$2,781,546</u>	<u>\$1,883,072</u>	<u>\$12,889,193</u>

See accompanying notes to the basic financial statements:

Shaker Heights 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	\$4,109,617	\$4,109,617	\$4,293,840	\$184,223
Intergovernmental	2,084,210	2,183,825	2,354,368	170,543
Patron Fines and Fees	25,040	25,040	46,673	21,633
Rentals	36,125	36,125	38,313	2,188
Contributions and Donations	540	540	5,141	4,601
Interest	10,000	10,000	159,886	149,886
Miscellaneous	5,315	5,315	6,929	1,614
<i>Total Receipts</i>	<u>6,270,847</u>	<u>6,370,462</u>	<u>6,905,150</u>	<u>534,688</u>
Disbursements				
Current:				
General Library Services	5,068,451	5,068,451	4,571,839	496,612
Capital Outlay	14,770	14,770	9,487	5,283
<i>Total Disbursements</i>	<u>5,083,221</u>	<u>5,083,221</u>	<u>4,581,326</u>	<u>501,895</u>
<i>Excess of Receipts Over Disbursements</i>	1,187,626	1,287,241	2,323,824	1,036,583
Other Financing Uses				
Transfers Out	<u>(1,156,700)</u>	<u>(1,156,700)</u>	<u>(964,500)</u>	<u>192,200</u>
<i>Net Change in Fund Balance</i>	30,926	130,541	1,359,324	1,228,783
<i>Fund Balance Beginning of Year</i>	6,525,094	6,525,094	6,525,094	0
Prior Year Encumbrances Appropriated	<u>94,026</u>	<u>94,026</u>	<u>94,026</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$6,650,046</u></u>	<u><u>\$6,749,661</u></u>	<u><u>\$7,978,444</u></u>	<u><u>\$1,228,783</u></u>

See accompanying notes to the basic financial statements

Shaker Heights 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 Shaker Heights Public Library, Cuyahoga County, (“the Library”) was organized as a school district public library in 1937 under the laws of the State of Ohio. The Library has its own Board of Trustees of seven members who are appointed by the Shaker Heights 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 3375.41 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 Shaker Heights 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 Shaker Heights 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, and there is a potential for the organization to provide specific financial benefits to, or impose specific burdens on, the Library. The Library does not have any component units.

The Friends of the Shaker Heights Public Library, Incorporated is a not-for-profit organization with a self-appointing board. The Library is not financially accountable for the organization, nor does the Library approve the budget or the issuance of debt of the organization. The Library does not receive amounts from the Friends of the Shaker Heights Public Library, Incorporated that the State would consider significant; therefore, this organization has been excluded from the reporting entity of the Library.

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

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Note 2 – Summary of Significant Accounting Policies

As discussed further in Note 2, the financial statements of the Library have been prepared on the cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (“GAAP”). Accounting principles generally accepted in the United States of America include all relevant Governmental Accounting Standards Board pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. The most significant of the Library’s accounting policies are described 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 presents the cash balances of the governmental activities of the Library at year-end. The statement of activities compares disbursements with program receipts for each of the Library’s governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service. 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.

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.

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Facilities Fund The facilities fund accounts for and reports restricted certificates of participation proceeds set aside by the Board of Library Trustees specifically for major capital improvements that include the renovation and reconstruction of the Library's main branch.

Bertram Woods Branch Renovation Fund The Bertram Woods Branch Renovation fund accounts for and reports Public Library Fund note proceeds set aside by the Board of Library Trustees specifically for major capital improvements that include the construction, remodeling, renovating, and otherwise improving, equipping, and furnishing the Bertram Woods library building and parts of the library building and other real property, and purchasing personal property necessary for the proper maintenance and operation of the library branch.

The other governmental funds of the Library account for receipts whose use is restricted or committed 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 object level. Any budgetary modifications at this level may only be made by resolution of the Board of Trustees.

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."

Investments of the Library's cash management pool and investments with an original maturity of three months or less at the time they are purchased by the Library are presented on the financial statements as cash equivalents.

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

During 2022, the Library invested in commercial papers, negotiable certificates of deposit, federal agency securities, money market mutual funds, and STAR Ohio. Investments are reported at cost, except for the money market mutual funds and STAR Ohio. The Library's money market mutual fund investments are recorded at the amount reported by Huntington Bank and US Bank on December 31, 2022.

STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. 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 NAV per share for STAR Ohio 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 \$159,886 which includes \$28,601 assigned from other Library funds.

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 and OPEB Plans

The Library recognizes the disbursement for their employer contributions to cost-sharing pension and OPEB plans when they are paid. As described in Notes 10 and 11, the employer contributions include portions for pension and OPEB benefits, respectively.

Long-Term Obligations

The Library's cash basis financial statements do not report liabilities for notes and other 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 finance source nor a capital outlay expenditure is reported at inception. Lease payments and financed purchase 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 various leases related to equipment under noncancelable leases. Lease payables are not reflected under the Library's modified cash basis of accounts. Lease disbursements are recognized when they are paid.

Net Position

Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes represents money from grants.

The Library's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net position 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 the library uses 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 remove or change the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned Amounts in the assigned fund balance classification are intended to be used by the Library for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by the Library Trustees or a Library official delegated that authority by resolution, or by State statute. State statute authorizes the Fiscal Officer to assign fund balance for purchases on order provided such amounts have been lawfully appropriated. The Library Trustees assigned fund balance for 2023 operations.

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

Transfers between governmental activities are eliminated on the government-wide financial statements. Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the statement of activities. Interfund payments for 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. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented on the financial statements.

Note 3 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The statement of receipts, disbursements, and changes in fund balance – budget and actual – budgetary basis presented for the general fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is outstanding year-end encumbrances 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 \$117,114.

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Note 4 – 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	Facilities	Bertram Woods Branch Renovation	Other Governmental Funds	Total Governmental Funds
<u>Restricted for:</u>					
Capital Outlay	\$0	\$129,017	\$2,781,546	\$0	\$2,910,563
Debt Service	0	0	0	10,642	10,642
Library Services	0	0	0	25,108	25,108
<i>Total Restricted</i>	<u>0</u>	<u>129,017</u>	<u>2,781,546</u>	<u>35,750</u>	<u>2,946,313</u>
<u>Committed to:</u>					
Capital Outlay	0	0	0	1,788,389	1,788,389
Library Services	0	0	0	58,933	58,933
<i>Total Committed</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,847,322</u>	<u>1,847,322</u>
<u>Assigned to:</u>					
Purchases on Order	117,114	0	0	0	117,114
2023 Operations	63,300	0	0	0	63,300
<i>Total Assigned</i>	<u>180,414</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>180,414</u>
Unassigned	7,915,144	0	0	0	7,915,144
Total Fund Balances	<u><u>\$8,095,558</u></u>	<u><u>\$129,017</u></u>	<u><u>\$2,781,546</u></u>	<u><u>\$1,883,072</u></u>	<u><u>\$12,889,193</u></u>

Note 5 – Deposits and Investments

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

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

Investments are reported at cost and net asset value per share, as the fair value of these investments is not materially different. As of December 31, 2022, the Library had the following investments:

Measurement/Investment	Measurement Amount	Maturity	Standard & Poor's Rating	Percent of Total Investments
Commercial Papers	\$581,201	Less than one year	A-1/A-1+	4.52 %
Negotiable Certificates of Deposit	1,573,526	Less than three years	N/A	12.23
Federal Farm Credit Bank Securities	249,801	Less than two years	AA+	1.94
Federal Home Loan Bank Securities	446,154	Less than two years	AA+	3.47
Federal Home Loan Mortgage Corporation Securities	150,000	Less than two years	AA+	1.17
Money Market Mutual Funds	8,199	Less than one year	AAAm	0.06
STAR Ohio	9,853,428	Less than one year	AAAm	76.61
<i>Total Investments</i>	<u>\$12,862,309</u>			

Credit Risk According to the Library's investment policy, the Library will attempt to minimize all risks through the diversification of its investments. The Library will do this by eliminating risk of loss resulting from an over-concentration of funds in a specific maturity, issuer, industry, geographical area, or class of securities.

Interest Rate Risk State statute and the Library's investment policy require that an investment mature within five years from the date purchase, unless matched to a specific obligation or debt of the Library, and that an investment must be purchased with the expectation that it will be held to maturity.

Note 6 – Grants-in-Aid and Property Taxes

Grants-in-Aid

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

Property Taxes

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

2022 real property taxes are 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.

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.

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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. 2022 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 \$5.90 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:

Real Property	\$918,913,040
Public Utility Personal Property	<u>23,700,170</u>
Total	<u><u>\$942,613,210</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.

Note 7 – Tax Abatements

The Library’s property taxes have been reduced under several community reinvestment area agreements entered into by the City of Shaker Heights and the City of Cleveland, which has been determined to be \$3,440 and \$2,637, respectively, in fiscal year 2022. These tax abatements affect the Library’ revenue stream, as they mean that the Library is foregoing or reducing tax revenue it is otherwise entitled to collect. All agreements are in effect prior to the reduction of taxes and are granted for the purpose of economic assistance or development. The amount of the abatement is a reduction of the taxable assessed valuation thus reducing the recipient’s tax bill.

Note 8 – Risk Management

The Library belongs to the Ohio Plan Risk Management, Incorporated (OPRM) (the “Plan”), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments (“Members”). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

Effective November 1, 2016, the OPRM elected to participate in a property loss corridor deductible. The property corridor includes losses paid between 70 percent and 75 percent. In 2018, the casualty loss corridor was eliminated and the property corridor was adjusted to losses paid between 65 percent and 70 percent. Effective November 1, 2019, the property loss corridor was adjusted to losses between 60 percent and 67.5 percent. OPRM had 773 members as of December 31, 2022.

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The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2022.

Assets	\$21,662,291
Liabilities	<u>(18,158,351)</u>
Members' Equity	<u><u>\$3,503,940</u></u>

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

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 9 – Interfund Transfers

During 2022, the general fund transferred money to the building capital project fund, technology capital project fund, and facilities financing debt service fund in the amounts of \$200,000, \$100,000 and \$664,500, respectively. The transfers were made to help fund capital improvements and payments of the certificates of participation.

Note 10 - Defined Benefit Pension Plan

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

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.

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

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traditional and combined plans as per the reduced benefits adopted by SB 343 (see OPERS Comprehensive Annual 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 amount of a member's pension benefit vests upon receipt of the initial benefit payment.

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 subsequent to January 7, 2013, beginning in calendar year 2019, current law provides that the COLA will be 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

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

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 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 \$303,859 for the traditional plan, \$23,746 for the combined plan and \$12,199 for the member-directed plan.

Note 11 – Defined Benefit OPEB Plan

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

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Notes to the Basic Financial Statements

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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.

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 9- 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.

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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 \$4,879 for 2022.

Note 12 – Debt

A summary of the debt transactions for the year ended December 31, 2022, follows:

	Principal Outstanding 12/31/2021	Additions	Deductions	Principal Outstanding 12/31/2022	Amount Due in One Year
Governmental Activities					
2019 Certificates of Participation					
from Direct Placement					
Serial Certificates	\$4,060,000	\$0	\$275,000	\$3,785,000	\$280,000
Term Certificates	5,815,000	0	0	5,815,000	0
Premium	750,682	0	0	750,682	0
<i>Total 2019 Certificates of Participation</i>	<u>10,625,682</u>	<u>0</u>	<u>275,000</u>	<u>10,350,682</u>	<u>280,000</u>
2022 Public Library Fund Notes					
Serial Notes	0	430,000	0	430,000	20,000
Term Notes	0	2,570,000	0	2,570,000	0
Premium	0	144,494	0	144,494	0
Discount	0	(6,153)	0	(6,153)	0
<i>Total 2022 Public Library Fund Notes</i>	<u>0</u>	<u>3,138,341</u>	<u>0</u>	<u>3,138,341</u>	<u>20,000</u>
<i>Total Governmental Activities</i>	<u>\$10,625,682</u>	<u>\$3,138,341</u>	<u>\$275,000</u>	<u>\$13,489,023</u>	<u>\$300,000</u>

On June 4, 2019, the Library issued \$10,400,000 in Certificates of Participation (COPs) for the purpose of improvements to the main library and its site and related improvements to facilities for library purposes. The COPs were issued for a twenty-five year period with final maturity in 2044. The COPs were issued through a series of lease agreements and trust indentures in accordance with Section 3313.375 of the Ohio Revised

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

Code. The COPs have been designated to be “qualified tax exempt obligations” within the meaning of 265(b)(3) of the Ohio Revised Code. In accordance with the lease terms, the project assets are leased to the Ohio School Building Leasing Corporation, and then subleased back to the Library. The COPs were issued through a series of annual leases, which includes the right to renew for twenty-five successive one-year terms through 2044 subject to annual appropriations. To satisfy the trustee agreements, the Library is required to make annual base rent payments, subject to the lease terms and appropriations, semi-annually. The base rent includes an interest component of 2 to 4 percent. The Library has the right to purchase any and all of the Lessor’s rights and interest in the Leased Property by paying to the Lessor the purchase price in the amount necessary to cause all lease payments to be paid or deemed paid pursuant to the lease agreement. The note will be paid in majority through levy receipts from the general fund through the facilities financing debt service fund. At December 31, 2022, \$129,017 of the proceeds are still unspent.

Optional Redemption The note is subject to redemption at the option of the Library, either in whole or in part, on any date after December 1, 2024, at a redemption price equal to 100 percent of the principal amount redeemed plus interest accrued to the redemption date.

Mandatory Sinking Fund Redemption The term notes maturing on December 1, 2035, 2039, and 2044, are subject to mandatory sinking fund redemption requirements at a redemption price of 100 percent of the principal amount to be redeemed, plus accrued interest to the date of redemption, on the following dates and in the principal amounts set forth as follows:

Year	Issue		
	\$880,000	\$1,980,000	\$2,955,000
2034	\$430,000	\$0	\$0
2036	0	465,000	0
2037	0	485,000	0
2038	0	505,000	0
2040	0	0	545,000
2041	0	0	565,000
2042	0	0	590,000
2043	0	0	615,000
Total mandatory sinking fund payment	430,000	1,455,000	2,315,000
Amount due at stated maturity	450,000	525,000	640,000
Total	\$880,000	\$1,980,000	\$2,955,000
<i>Stated Maturity</i>	12/1/2035	12/1/2039	12/1/2044

During 2022, the Library issued \$3,000,000 in Public Library Fund notes for the purpose of constructing, remodeling, renovating, and otherwise improving, equipping, and furnishing the Bertram Woods library building and parts of library building and other real property, and purchasing personal property necessary for the proper maintenance and operation of the library. The notes were sold at a premium of \$144,494 and a discount of \$6,153. These notes will be paid from the Public Library fund receipts from the general fund through the Bertram Woods branch renovation financing debt service fund. At December 31, 2022, \$2,781,546 of the proceeds are still unspent.

Shaker Heights Public Library
Cuyahoga County

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

Optional Redemption The note is subject to redemption at the option of the Library, either in whole or in part, on any date after June 1, 2029, at a redemption price equal to 100 percent of the principal amount redeemed plus interest accrued to the redemption date.

Mandatory Sinking Fund Redemption The term notes maturing on December 1, 2030, 2032, 2036, 2038, 2041, and 2047, are subject to mandatory sinking fund redemption requirements at a redemption price of 100 percent of the principal amount to be redeemed, plus accrued interest to the date of redemption, on the following dates and in the principal amounts set forth as follows:

Year	Issue					
	\$190,000	\$205,000	\$455,000	\$255,000	\$420,000	\$1,045,000
2029	\$95,000	\$0	\$0	\$0	\$0	\$0
2031	0	100,000	0	0	0	0
2033	0	0	110,000	0	0	0
2034	0	0	110,000	0	0	0
2035	0	0	115,000	0	0	0
2037	0	0	0	125,000	0	0
2039	0	0	0	0	135,000	0
2040	0	0	0	0	140,000	0
2042	0	0	0	0	0	155,000
2043	0	0	0	0	0	160,000
2044	0	0	0	0	0	170,000
2045	0	0	0	0	0	180,000
2046	0	0	0	0	0	185,000
Total mandatory sinking fund payment	95,000	100,000	335,000	125,000	275,000	850,000
Amount due at stated maturity	95,000	105,000	120,000	130,000	145,000	195,000
Total	<u>\$190,000</u>	<u>\$205,000</u>	<u>\$455,000</u>	<u>\$255,000</u>	<u>\$420,000</u>	<u>\$1,045,000</u>
<i>Stated Maturity</i>	12/1/2030	12/1/2032	12/1/2036	12/1/2038	12/1/2041	12/1/2047

Principal and interest requirements to retire the debt outstanding at December 31, 2022, are as follows:

Year Ending	Governmental Activities			
	Certificates of Participation from Direct Placement		Library Facilities Notes	
	Principal	Interest	Principal	Interest
December 31				
2023	\$280,000	\$384,000	\$20,000	\$185,529
2024	290,000	372,800	75,000	129,650
2025	305,000	361,200	80,000	126,650
2026	315,000	349,000	80,000	123,450
2027	330,000	336,400	85,000	120,250
2028-2032	1,850,000	1,474,000	485,000	546,850
2033-2037	2,245,000	1,073,400	580,000	442,450
2038-2042	2,730,000	587,000	705,000	317,250
2043-2047	1,255,000	75,800	890,000	137,750
Total	<u>\$9,600,000</u>	<u>\$5,013,600</u>	<u>\$3,000,000</u>	<u>\$2,129,829</u>

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

Note 13 – 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 14 – 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 as follows:

	<u>Amount</u>
General Fund	\$117,114
Facilities Fund	102,221
Bertram Woods Branch Renovation Fund	192,739
Other Governmental Funds	<u>174,846</u>
Total	<u><u>\$586,920</u></u>

Note 15 – 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 ended in May 2023. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Library. 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. The impact on the Library's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

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

The management's discussion and analysis of the Shaker Heights 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:

- General library services disbursements decreased from 2020 due to careful cost monitoring of expenses and continued reduction of service hours because of the COVID-19 pandemic.
- The Library's cash balances decreased as receipts were outpaced by disbursements for 2021. This was due to increased capital outlay expenses.
- The Library continued the payment of the 2019 Certificates of Participation. The balance outstanding at year end was \$9,875,000.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of the Governmental Accounting Standards Board (GASB) 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.

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.

Shaker Heights Public Library
Cuyahoga County
Management's Discussion and Analysis
For the Year Ended December 31, 2021
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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 the 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 the PLF. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Reporting the Library's Most Significant Funds

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

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

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

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	\$9,992,021	\$14,701,800	(\$4,709,779)
Net Position			
Restricted for:			
Capital Outlay	\$1,521,357	\$8,018,619	(\$6,497,262)
Debt Service	1	4,052	(4,051)
Library Services	53,955	18,521	35,434
Unrestricted	8,416,708	6,660,608	1,756,100
Total Net Position	\$9,992,021	\$14,701,800	(\$4,709,779)

The decrease in net position is due to increased capital outlay expense related to the Main Library renovation.

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:			
Program Receipts			
Charges for Services and Sales	\$53,966	\$42,580	\$11,386
Operating Grants and Contributions	14,203	52,996	(38,793)
<i>Total Program Receipts</i>	68,169	95,576	(27,407)
General Receipts			
Property Taxes	4,233,249	4,232,886	363
Grants and Entitlements not Restricted to Specific Programs	2,244,818	2,007,158	237,660
Unrestricted Contributions and Donations	5,586	1,462	4,124
Interest	10,540	110,617	(100,077)
Miscellaneous	42,094	62,917	(20,823)
<i>Total General Receipts</i>	6,536,287	6,415,040	121,247
<i>Total Receipts</i>	\$6,604,456	\$6,510,616	\$93,840

(continued)

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

(Table 2)
Changes in Net Position (continued)

	Governmental Activities		
	2021	2020	Change
Disbursements:			
Current:			
General Library Services	\$3,791,625	\$3,881,402	\$89,777
Capital Outlay	6,860,160	2,444,637	(4,415,523)
Debt Service:			
Principal Retirement	265,000	260,000	(5,000)
Interest and Fiscal Charges	397,450	405,250	7,800
<i>Total Disbursements</i>	<u>11,314,235</u>	<u>6,991,289</u>	<u>(4,322,946)</u>
Change in Net Position	(4,709,779)	(480,673)	(4,229,106)
Net Position Beginning of Year	<u>14,701,800</u>	<u>15,182,473</u>	<u>(480,673)</u>
Net Position End of Year	<u><u>\$9,992,021</u></u>	<u><u>\$14,701,800</u></u>	<u><u>(\$4,709,779)</u></u>

Property taxes are the majority of total receipts. Property tax revenue was fairly consistent with the prior year.

Expenses increased due to an increase in capital outlay disbursements as a result of the ongoing \$10.4 million renovation project at the Main Library.

Governmental Activities

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

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Management's Discussion and Analysis
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(Table 3)

Governmental Activities

	2021		2020	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Disbursements:				
General Library Services	\$3,791,625	\$3,723,456	\$3,881,402	\$3,785,826
Capital Outlay	6,860,160	6,860,160	2,444,637	2,444,637
Debt Service:				
Principal Retirement	265,000	265,000	260,000	260,000
Interest and Fiscal Charges	397,450	397,450	405,250	405,250
<i>Total Disbursements</i>	<u>\$11,314,235</u>	<u>\$11,246,066</u>	<u>\$6,991,289</u>	<u>\$6,895,713</u>

The Library's Funds

Total governmental funds had receipts in 2021 of \$6,604,456 and disbursements of \$11,314,235. The fund balance of the general fund increased by \$1,801,473 in 2021, primarily due to the decreased general library services expense.

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 and other financing uses for 2021 were budgeted at \$5,697,380, while actual disbursements and other financing uses were \$4,836,894. Maintaining actual disbursements below projected levels allowed the Library to maximize increases to the general fund during this period.

Debt Administration

At December 31, 2021, the Library had one 2019 Certificates of Participation long-term liability issuance, which will be repaid over twenty-five years. See Note 12 to the basic financial statements for additional information related to long-term debt activity.

Current Issues

Throughout its history, Shaker Heights Public Library's goal has been to maximize the Library's return on investment and deliver the best possible library services at the lowest possible cost. As thoughtful stewards of taxpayer dollars, we have worked hard to minimize what the Library asks of taxpayers.

The Library substantially completed a \$10.4 million renovation of the Main Library in November 2021.

The Library resumed normal operating hours as of December 1, 2021. Reduced hours were in effect from June 1, 2020 – November 30, 2021 as a result of the COVID-19 pandemic.

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

The Library is currently working on a joint master facility plan with the City of Shaker Heights and the Shaker Heights City School District. The Bertram Woods Branch is part of the plan.

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 Susan Ritchey, Fiscal Officer, Shaker Heights Public Library, 16500 Van Aken Boulevard, Shaker Heights, Ohio 44120.

Shaker Heights 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>\$9,992,021</u>
Net Position	
Restricted for:	
Capital Outlay	\$1,521,357
Debt Service	1
Library Services	53,955
Unrestricted	<u>8,416,708</u>
<i>Total Net Position</i>	<u>\$9,992,021</u>

See accompanying notes to the basic financial statements

Shaker Heights 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				
Current:				
General Library Services	\$3,791,625	\$53,966	\$14,203	(\$3,723,456)
Capital Outlay	6,860,160	0	0	(6,860,160)
Debt Service:				
Principal Retirement	265,000	0	0	(265,000)
Interest and Fiscal Charges	397,450	0	0	(397,450)
<i>Total Governmental Activities</i>	<u>\$11,314,235</u>	<u>\$53,966</u>	<u>\$14,203</u>	<u>(11,246,066)</u>

General Receipts

Property Taxes Levied for General Purposes	4,233,249
Grants and Entitlements not Restricted to Specific Programs	2,244,818
Unrestricted Contributions and Donations	5,586
Interest	10,540
Miscellaneous	42,094
<i>Total General Receipts</i>	<u>6,536,287</u>
Change in Net Position	(4,709,779)
<i>Net Position Beginning of Year</i>	<u>14,701,800</u>
<i>Net Position End of Year</i>	<u>\$9,992,021</u>

See accompanying notes to the basic financial statements

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

	General	Facilities	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$6,619,120	\$1,521,357	\$1,851,544	\$9,992,021
Fund Balances				
Restricted	\$0	\$1,521,357	\$53,956	\$1,575,313
Committed	0	0	1,797,588	1,797,588
Assigned	94,026	0	0	94,026
Unassigned	6,525,094	0	0	6,525,094
<i>Total Fund Balances</i>	\$6,619,120	\$1,521,357	\$1,851,544	\$9,992,021

See accompanying notes to the basic financial statements

Shaker Heights 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	Facilities	Other Governmental Funds	Total Governmental Funds
Receipts				
Property Taxes	\$4,233,249	\$0	\$0	\$4,233,249
Intergovernmental	2,211,158	0	46,103	2,257,261
Patron Fines and Fees	27,781	0	0	27,781
Rentals	26,185	0	0	26,185
Contributions and Donations	5,586	0	1,760	7,346
Interest	6,535	4,004	1	10,540
Miscellaneous	33,847	0	8,247	42,094
<i>Total Receipts</i>	<u>6,544,341</u>	<u>4,004</u>	<u>56,111</u>	<u>6,604,456</u>
Disbursements				
Current:				
General Library Services	3,777,198	0	14,427	3,791,625
Capital Outlay	7,272	6,501,266	351,622	6,860,160
Debt Service:				
Principal Retirement	0	0	265,000	265,000
Interest and Fiscal Charges	0	0	397,450	397,450
<i>Total Disbursements</i>	<u>3,784,470</u>	<u>6,501,266</u>	<u>1,028,499</u>	<u>11,314,235</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>2,759,871</u>	<u>(6,497,262)</u>	<u>(972,388)</u>	<u>(4,709,779)</u>
Other Financing Sources (Uses)				
Transfers In	0	0	958,398	958,398
Transfers Out	(958,398)	0	0	(958,398)
<i>Total Other Financing Sources (Uses)</i>	<u>(958,398)</u>	<u>0</u>	<u>958,398</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	1,801,473	(6,497,262)	(13,990)	(4,709,779)
<i>Fund Balances Beginning of Year</i>	<u>4,817,647</u>	<u>8,018,619</u>	<u>1,865,534</u>	<u>14,701,800</u>
<i>Fund Balances End of Year</i>	<u>\$6,619,120</u>	<u>\$1,521,357</u>	<u>\$1,851,544</u>	<u>\$9,992,021</u>

See accompanying notes to the basic financial statements

Shaker Heights 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>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Property Taxes	\$4,095,808	\$4,095,808	\$4,233,249	\$137,441
Intergovernmental	2,005,653	2,005,653	2,211,158	205,505
Patron Fines and Fees	10,450	10,450	27,781	17,331
Rentals	24,055	24,055	26,185	2,130
Contributions and Donations	550	550	5,586	5,036
Interest	15,400	15,400	6,535	(8,865)
Miscellaneous	2,260	2,260	33,847	31,587
<i>Total Receipts</i>	<u>6,154,176</u>	<u>6,154,176</u>	<u>6,544,341</u>	<u>390,165</u>
Disbursements				
Current:				
General Library Services	4,566,427	4,578,427	3,870,762	707,665
Capital Outlay	14,055	17,555	7,734	9,821
<i>Total Disbursements</i>	<u>4,580,482</u>	<u>4,595,982</u>	<u>3,878,496</u>	<u>717,486</u>
<i>Excess of Receipts Over Disbursements</i>	1,573,694	1,558,194	2,665,845	1,107,651
Other Financing Uses				
Transfers Out	(1,102,450)	(1,101,398)	(958,398)	143,000
<i>Net Change in Fund Balance</i>	471,244	456,796	1,707,447	1,250,651
<i>Fund Balance Beginning of Year</i>	4,776,259	4,776,259	4,776,259	0
Prior Year Encumbrances Appropriated	41,388	41,388	41,388	0
<i>Fund Balance End of Year</i>	<u>\$5,288,891</u>	<u>\$5,274,443</u>	<u>\$6,525,094</u>	<u>\$1,250,651</u>

See accompanying notes to the basic financial statements

Shaker Heights 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 Shaker Heights Public Library, Cuyahoga County, (“the Library”) was organized as a school district public library in 1937 under the laws of the State of Ohio. The Library has its own Board of Trustees of seven members who are appointed by the Shaker Heights 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 3375.41 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 Shaker Heights 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 Shaker Heights 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, and there is a potential for the organization to provide specific financial benefits to, or impose specific burdens on, the Library. The Library does not have any component units.

The Friends of the Shaker Heights Public Library, Incorporated is a not-for-profit organization with a self-appointing board. The Library is not financially accountable for the organization, nor does the Library approve the budget or the issuance of debt of the organization. The Library does not receive amounts from the Friends of the Shaker Heights Public Library, Incorporated that the State would consider significant; therefore, this organization has been excluded from the reporting entity of the Library.

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

Shaker Heights 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 Note 2, the financial statements of the Library have been prepared on the cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (“GAAP”). Accounting principles generally accepted in the United States of America include all relevant Governmental Accounting Standards Board pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. The most significant of the Library’s accounting policies are described 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 presents the cash balances of the governmental activities of the Library at year-end. The statement of activities compares disbursements with program receipts for each of the Library’s governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service. 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.

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.

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

Facilities Fund The facilities fund accounts for and reports restricted certificates of participation proceeds set aside by the Board of Library Trustees specifically for major capital improvements that include the renovation and reconstruction of the Library's main branch.

The other governmental funds of the Library account for receipts whose use is restricted or committed 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 object level. Any budgetary modifications at this level may only be made by resolution of the Board of Trustees.

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.

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.

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

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."

Investments of the Library's cash management pool and investments with an original maturity of three months or less at the time they are purchased by the Library are presented on the financial statements as cash equivalents.

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

During 2021, the Library invested in STAR Ohio, which is measured at the net asset value (NAV) per share provided by STAR Ohio. 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 NAV per share for STAR Ohio is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For 2021, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates; however, notice must be given twenty-four hours in advance of all deposits and withdrawals exceeding \$100 million or more. 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 2021 was \$6,535 which includes (\$447) assigned from other Library funds.

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.

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.

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

Employer Contributions to Cost-Sharing Pension and OPEB Plans

The Library recognizes the disbursement for their employer contributions to cost-sharing pension and OPEB plans when they are paid. As described in Notes 10 and 11, the employer contributions include portions for pension and OPEB benefits, respectively.

Long-Term Obligations

The Library's cash basis financial statements do not report liabilities for notes and other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid.

Net Position

Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes represents money from grants.

The Library's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net position 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 the library uses 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 remove or change the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

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

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

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

Transfers between governmental activities are eliminated on the government-wide financial statements. Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the statement of activities. Interfund payments for 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. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented on 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	Facilities	Other Governmental Funds	Total Governmental Funds
<u>Restricted for:</u>				
Capital Outlay	0	1,521,357	0	1,521,357
Debt Service	0	0	1	1
Library Services	0	0	53,955	53,955
<i>Total Restricted</i>	<u>0</u>	<u>1,521,357</u>	<u>53,956</u>	<u>1,575,313</u>
<u>Committed to:</u>				
Capital Outlay	0	0	1,735,826	1,735,826
Library Services	0	0	61,762	61,762
<i>Total Committed</i>	<u>0</u>	<u>0</u>	<u>1,797,588</u>	<u>1,797,588</u>
<u>Assigned to:</u>				
Purchases on Order	94,026	0	0	94,026
Unassigned	6,525,094	0	0	6,525,094
Total Fund Balances	<u><u>\$6,619,120</u></u>	<u><u>\$1,521,357</u></u>	<u><u>\$1,851,544</u></u>	<u><u>\$9,992,021</u></u>

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

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 \$94,026.

Note 5 – Deposits and Investments

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

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

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

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

The Library reports their investments at net asset value per share. The fair value of these investments is not materially different from cost. As of December 31, 2021, the Library had investments of a \$9,900,911 in STAR Ohio, the State Treasurer's Investment Pool. This investment has an average maturity of 51.3 days.

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. According to the Library's investment policy, the Library will attempt to minimize all risks through the diversification of its investments. The Library will do this by eliminating risk of loss resulting from an over-concentration of funds in a specific maturity, issuer, industry, geographical area, or class of securities.

Interest Rate Risk State statute and the Library's investment policy require that an investment mature within five years from the date purchase, unless matched to a specific obligation or debt of the Library, and that an investment must be purchased with the expectation that it will be held to maturity.

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

Note 6 – Grants-in-Aid and Property Taxes

Grants-in-Aid

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

Property Taxes

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

2021 real property taxes are 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. 2021 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 \$5.90 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:

Real Property	\$916,039,550
Public Utility Personal Property	<u>21,544,590</u>
Total	<u>\$937,584,140</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.

Note 7 – Tax Abatements

The Library’s property taxes have been reduced under several community reinvestment area agreements entered into by the City of Shaker Heights and the City of Cleveland, which has been determined to be \$6,877 and \$3,073, respectively, in fiscal year 2021. These tax abatements affect the Library’s revenue stream, as they mean that the Library is foregoing or reducing tax revenue it is otherwise entitled to collect. All agreements are in effect prior to the reduction of taxes and are granted for the purpose of economic assistance or development. The amount of the abatement is a reduction of the taxable assessed valuation thus reducing the recipient’s tax bill.

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

Note 8 – Risk Management

The Library belongs to the Ohio Plan Risk Management, Incorporated (OPRM) (the “Plan”), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments (“Members”). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

Effective November 1, 2010 (through October 31, 2017), the corridor is for losses paid is between 60 percent and 70 percent of casualty premiums earned in the first \$250,000. Effective November 1, 2016, the OPRM elected to participate in a property loss corridor deductible. The property corridor includes losses paid between 70 percent and 75 percent. In 2018, the casualty loss corridor was eliminated and the property corridor was adjusted to losses paid between 65 percent and 70 percent. Effective November 1, 2019 the property loss corridor was adjusted to losses between 60 percent and 67.5 percent and remain unchanged effective November 1, 2021 and November 1, 2020. OPRM had 769 members as of December 31, 2021.

The Pool’s audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2021 (latest information available).

Assets	\$21,777,439
Liabilities	<u>(15,037,383)</u>
Members' Equity	<u><u>\$6,740,056</u></u>

You can read the complete audited financial statements for OPRM at the Plan’s website, www.ohioplan.org.

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 9 – Interfund Transfers

During 2021, the general fund transferred money to the building capital project fund, technology capital project fund, and facilities financing debt service fund in the amounts of \$100,000, \$200,000 and \$658,398, respectively. The transfers were made to help fund capital improvements and payments of the certificates of participation.

Shaker Heights Public Library
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Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Note 10 - Defined Benefit Pension Plan

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

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.

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 Comprehensive Annual 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.

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Notes to the Basic Financial Statements

For the Year Ended December 31, 2021

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 subsequent to January 7, 2013, beginning in calendar year 2019, current law provides that the COLA will be 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), 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.

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:

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

* 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.

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

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

For 2021, The Library's contractually required contribution was \$237,326 for the traditional plan, \$20,217 for the combined plan and \$9,379 for the member-directed plan.

Note 11 – Defined Benefit OPEB Plan

Plan Description – Ohio Public Employees Retirement System (OPERS)

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.

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Notes to the Basic Financial Statements

For the Year Ended December 31, 2021

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, 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 2020, 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 2020, 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 \$3,752 for 2021.

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

Note 12 – Debt

A summary of the debt transactions for the year ended December 31, 2021, follows:

	Principal Outstanding 12/31/2020	Additions	Deductions	Principal Outstanding 12/31/2021	Amount Due in One Year
Governmental Activities					
2019 Certificates of Participation					
Serial Certificates	\$4,325,000	\$0	\$265,000	\$4,060,000	\$275,000
Term Certificates	5,815,000	0	0	5,815,000	0
Premium	750,682	0	0	750,682	0
<i>Total Governmental Activities</i>	<u>\$10,890,682</u>	<u>\$0</u>	<u>\$265,000</u>	<u>\$10,625,682</u>	<u>\$275,000</u>

On June 4, 2019, the Library issued \$10,400,000 in Certificates of Participation (COPs) for the purpose of improvements to the main library and its site and related improvements to facilities for library purposes. The COPs were issued for a twenty-five year period with final maturity in 2044. The COPs were issued through a series of lease agreements and trust indentures in accordance with Section 3313.375 of the Ohio Revised Code. The COPs have been designated to be “qualified tax exempt obligations” within the meaning of 265(b)(3) of the Ohio Revised Code. In accordance with the lease terms, the project assets are leased to the Ohio School Building Leasing Corporation, and then subleased back to the Library. The COPs were issued through a series of annual leases, which includes the right to renew for twenty-five successive one-year terms through 2044 subject to annual appropriations. To satisfy the trustee agreements, the Library is required to make annual base rent payments, subject to the lease terms and appropriations, semi-annually. The base rent includes an interest component of 2 to 4 percent. The Library has the option to purchase the renovations on any lease payment date by paying the amount necessary to defease the indenture. The note will be paid in majority through levy receipts from the general fund through the facilities financing debt service fund. At December 31, 2021, \$1,521,357 of the proceeds are still unspent.

Optional Redemption The note is subject to redemption at the option of the Library, either in whole or in part, on any date after December, 1, 2024, at a redemption price equal to 100 percent of the principal amount redeemed plus interest accrued to the redemption date.

Mandatory Sinking Fund Redemption The term notes maturing on December 1, 2035, 2039, and 2044, are subject to mandatory sinking fund redemption requirements at a redemption price of 100 percent of the principal amount to be redeemed, plus accrued interest to the date of redemption, on the following dates and in the principal amounts set forth as follows:

Shaker Heights Public Library
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For the Year Ended December 31, 2021

Year	Issue		
	\$880,000	\$1,980,000	\$2,955,000
2034	\$430,000	\$0	\$0
2036	0	465,000	0
2037	0	485,000	0
2038	0	505,000	0
2040	0	0	545,000
2041	0	0	565,000
2042	0	0	590,000
2043	0	0	615,000
Total mandatory sinking fund payment	430,000	1,455,000	2,315,000
Amount due at stated maturity	450,000	525,000	640,000
Total	<u>\$880,000</u>	<u>\$1,980,000</u>	<u>\$2,955,000</u>
<i>Stated Maturity</i>	12/1/2035	12/1/2039	12/1/2044

Principal and interest requirements to retire the debt outstanding at December 31, 2021, are as follows:

Year Ending December 31	Governmental Activities	
	Certificates of Participation	
	Principal	Interest
2022	\$275,000	\$389,500
2023	280,000	384,000
2024	290,000	372,800
2025	305,000	361,200
2026	315,000	349,000
2027-2031	1,780,000	1,545,200
2032-2036	2,160,000	1,159,800
2037-2041	2,625,000	692,000
2042-2044	1,845,000	149,600
Total	<u>\$9,875,000</u>	<u>\$5,403,100</u>

Note 13 – 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.

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

Note 14 – 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 as follows:

	<u>Amount</u>
General Fund	\$94,026
Other Governmental Funds	<u>1,441,157</u>
Total	<u><u>\$1,535,183</u></u>

Note 15 – 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 ended in May 2023. During 2021, the Library received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Library. 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. In addition, the impact on the Library’s future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

During 2021, the Library received American Rescue Plan Act funding, \$39,000 was received, and \$5,340 spent on Library purposes. The remaining revenues can be spent in future years. These amounts are reflected as general library services expenditures in the American Rescue Plan Act community engagement special revenue fund on the accompanying financial statements.

At December 31, 2021, the Library was holding \$33,660 in American Rescue Plan Act funding received in advance of meeting the eligibility requirements. Although these dollars are restricted, specific identification of the program and applicable amounts is not available until the Library has incurred allowable costs under the program. The Library has elected not to modify the cash basis of accounting to report unearned revenue; therefore, these amounts are included as “Grants and Entitlements not Restricted to Specific Programs” within general revenue on the statement of activities.



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

Shaker Heights Public Library
Cuyahoga County
16500 Van Aken Boulevard
Shaker Heights, Ohio 44120

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 the 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 Shaker Heights 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 November 21, 2023, wherein we noted the Library uses a special purpose framework other than generally accepted accounting principles. We also noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the Library.

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

November 21, 2023

OHIO AUDITOR OF STATE KEITH FABER



SHAKER HEIGHTS 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 12/12/2023

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