



OHIO AUDITOR OF STATE  
**KEITH FABER**





EAST LIVERPOOL CARNEGIE PUBLIC LIBRARY  
COLUMBIANA COUNTY

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# OHIO AUDITOR OF STATE KEITH FABER



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## INDEPENDENT AUDITOR'S REPORT

East Liverpool Carnegie Public Library  
Columbiana County  
219 East 4<sup>th</sup> Street  
East Liverpool, Ohio 43920

To the Board of Trustees:

### ***Report on the Financial Statements***

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

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

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

### ***Auditor's Responsibility***

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

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

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

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

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

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

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

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

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

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

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

***Emphasis of Matter***

As discussed in Note 9 to the 2019 and 2018 financial statements, during 2020, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Library. We did not modify our opinion regarding this matter.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 9, 2020, on our consideration of the Library's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Library's internal control over financial reporting and compliance.



Keith Faber  
Auditor of State

Columbus, Ohio

September 9, 2020

**East Liverpool Carnegie Public Library**  
*Columbiana County*  
*Combined Statement of Receipts, Disbursements*  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
*All Governmental Fund Types*  
*For the Year Ended December 31, 2019*

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$157,174		\$157,174
Public Library	483,721		483,721
Intergovernmental	23,417		23,417
Patron Fines and Fees	1,222		1,222
Contributions, Gifts and Donations	11,374		11,374
Earnings on Investments	3,370		3,370
Miscellaneous	25,800	\$34	25,834
<i>Total Cash Receipts</i>	<u>706,078</u>	<u>34</u>	<u>706,112</u>
<b>Cash Disbursements</b>			
Current:			
Library Services:			
Public Services and Programs	572,060		572,060
Support Services:			
Facilities Operation and Maintenance	69,551		69,551
Information Services	52,258		52,258
Business Administration	4,909		4,909
<i>Total Cash Disbursements</i>	<u>698,778</u>	<u>0</u>	<u>698,778</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>7,300</u>	<u>34</u>	<u>7,334</u>
<i>Net Change in Fund Cash Balances</i>	7,300	34	7,334
<i>Fund Cash Balances, January 1</i>	<u>292,768</u>	<u>0</u>	<u>292,768</u>
<b>Fund Cash Balances, December 31</b>			
Restricted	0	34	34
Assigned	279,452	0	279,452
Unassigned (Deficit)	20,616	0	20,616
<i>Fund Cash Balances, December 31</i>	<u>\$300,068</u>	<u>\$34</u>	<u>\$300,102</u>

*See accompanying notes to the basic financial statements*

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**East Liverpool Carnegie Public Library**  
Columbiana County  
Notes to the Financial Statements  
For the Year Ended December 31, 2019

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**Note 1 – Reporting Entity**

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

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

**Basis of Presentation**

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

**Fund Accounting**

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

**General Fund**

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

**Special Revenue Funds**

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specific purposes other than debt service or capital projects. The Library had the following significant Special Revenue Fund:

Grant Fund – This fund accounts for grant monies received to spend for specific purposes.

**Basis of Accounting**

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

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

**East Liverpool Carnegie Public Library**  
Columbiana County  
Notes to the Financial Statements  
For the Year Ended December 31, 2019  
(Continued)

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**Budgetary Process**

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

A summary of 2019 budgetary activity appears in Note 3.

**Deposits and Investments**

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

**Capital Assets**

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

**Accumulated Leave**

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

**Fund Balance**

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

**Nonspendable**

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

**Restricted**

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

**Committed**

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

**East Liverpool Carnegie Public Library**  
 Columbiana County  
 Notes to the Financial Statements  
 For the Year Ended December 31, 2019  
 (Continued)

**Assigned**

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

**Unassigned**

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

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

**Note 3 – Budgetary Activity**

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

2019 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$667,326	\$706,111	\$38,785

2019 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	918,695	719,393	199,302

**East Liverpool Carnegie Public Library**  
Columbiana County  
Notes to the Financial Statements  
For the Year Ended December 31, 2019  
(Continued)

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**Note 4 – Deposits and Investments**

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

Demand Deposits	\$243,383
Certificate of Deposit	56,719
Total Deposits and Investments	\$300,102

**Deposits**

Deposits are insured by the Federal Deposit Insurance Corporation.

**Note 5 – Grants in Aid and Taxes**

**Grants in Aid**

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

**Property Taxes**

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

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

**East Liverpool Carnegie Public Library**  
Columbiana County  
Notes to the Financial Statements  
For the Year Ended December 31, 2019  
(Continued)

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**Note 6 - Risk Management**

**Workers' Compensation**

Workers' Compensation coverage is provided by the State of Ohio. The Library pays the State Workers' Compensation System a premium based on a rate \$100 of salaries. This rate is calculated based on accident history and administrative costs.

**Commercial Insurance**

The Library has obtained commercial insurance for the following risks:

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

**Note 7 – Defined Benefit Pension Plans**

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

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

**Note 8 – Postemployment Benefits**

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, which includes multiple healthcare plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of the employer contributions allocated to healthcare for members in the traditional pension plan and combined plan was 0 percent during calendar year 2019. The portion of the employer contributions allocated to healthcare for members in the member-directed plan was 4.0 percent during calendar year 2019.

**Note 9 – Subsequent Events**

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

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**East Liverpool Carnegie Public Library**  
*Columbiana County*  
*Combined Statement of Receipts, Disbursements*  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
*All Governmental Fund Types*  
*For the Year Ended December 31, 2018*

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$152,884		\$152,884
Public Library	439,176		439,176
Intergovernmental	23,838		23,838
Patron Fines and Fees	2,307		2,307
Contributions, Gifts and Donations	3,355		3,355
Earnings on Investments	1,445		1,445
Miscellaneous	9,886	\$418	10,304
<i>Total Cash Receipts</i>	<u>632,891</u>	<u>418</u>	<u>633,309</u>
<b>Cash Disbursements</b>			
Current:			
Library Services:			
Public Services and Programs	503,175		503,175
Support Services:			
Facilities Operation and Maintenance	25,798		25,798
Information Services	58,068		58,068
Business Administration	4,490		4,490
<i>Total Cash Disbursements</i>	<u>591,531</u>	<u>0</u>	<u>591,531</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>41,360</u>	<u>418</u>	<u>41,778</u>
<b>Other Financing Receipts (Disbursements)</b>			
Advances In	50,000		50,000
Advances Out		(50,000)	(50,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>50,000</u>	<u>(50,000)</u>	<u>0</u>
<i>Net Change in Fund Cash Balances</i>	91,360	(49,582)	41,778
<i>Fund Cash Balances, January 1</i>	<u>201,408</u>	<u>49,582</u>	<u>250,990</u>
<b>Fund Cash Balances, December 31</b>			
Assigned	251,369	0	251,369
Unassigned (Deficit)	41,399	0	41,399
<i>Fund Cash Balances, December 31</i>	<u>\$292,768</u>	<u>\$0</u>	<u>\$292,768</u>

*See accompanying notes to the basic financial statements*

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**East Liverpool Carnegie Public Library**  
Columbiana County  
Notes to the Financial Statements  
For the Year Ended December 31, 2018

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**Note 1 – Reporting Entity**

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

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

**Basis of Presentation**

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

**Fund Accounting**

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These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specific purposes other than debt service or capital projects. The Library had the following significant Special Revenue Fund:

Grant Fund – This fund accounts for grant monies received to spend for specific purposes.

**Basis of Accounting**

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

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

**East Liverpool Carnegie Public Library**  
Columbiana County  
Notes to the Financial Statements  
For the Year Ended December 31, 2018  
(Continued)

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**Budgetary Process**

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

A summary of 2018 budgetary activity appears in Note 3.

**Deposits and Investments**

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

**Capital Assets**

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

**Accumulated Leave**

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

**Fund Balance**

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

**Nonspendable**

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

**Restricted**

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

**East Liverpool Carnegie Public Library**  
 Columbiana County  
 Notes to the Financial Statements  
 For the Year Ended December 31, 2018  
 (Continued)

**Committed**

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

**Assigned**

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

**Unassigned**

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

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

**Note 3 – Budgetary Activity**

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

2018 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$610,870	\$682,892	(\$72,022)

2018 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$849,713	\$632,931	\$216,782

**East Liverpool Carnegie Public Library**  
Columbiana County  
Notes to the Financial Statements  
For the Year Ended December 31, 2018  
(Continued)

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**Note 4 – Deposits and Investments**

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

Demand Deposits	\$237,090
Certificate of Deposit	55,678
Total Deposits and Investments	\$292,768

**Deposits**

Deposits are insured by the Federal Deposit Insurance Corporation.

**Note 5 – Grants in Aid and Taxes**

**Grants in Aid**

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

**Property Taxes**

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

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

**East Liverpool Carnegie Public Library**  
Columbiana County  
Notes to the Financial Statements  
For the Year Ended December 31, 2018  
(Continued)

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**Note 6 - Risk Management**

**Workers' Compensation**

Workers' Compensation coverage is provided by the State of Ohio. 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.

**Commercial Insurance**

The Library has obtained commercial insurance for the following risks:

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

**Note 7 – Defined Benefit Pension Plans**

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

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

**Note 8 – Postemployment Benefits**

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, which includes multiple healthcare plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of the employer contributions allocated to healthcare for members in the traditional pension plan and combined plan was 0 percent during calendar year 2018. The portion of the employer contributions allocated to healthcare for members in the member-directed plan was 4 percent during calendar year 2018.

**Note 9 – Subsequent Events**

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

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# OHIO AUDITOR OF STATE KEITH FABER



101 Central Plaza South  
700 Chase Tower  
Canton, Ohio 44702-1509  
(330) 438-0617 or (800) 443-9272  
EastRegion@ohioauditor.gov

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

East Liverpool Carnegie Public Library  
Columbiana County  
219 East 4<sup>th</sup> Street  
East Liverpool, Ohio 43920

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of the East Liverpool Carnegie Public Library, (the Library) as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements and have issued our report thereon dated September 9, 2020 wherein we noted the Library followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. We also noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Library.

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Library's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a significant deficiency. We consider finding 2019-001 to be a significant deficiency.

***Compliance and Other Matters***

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

***Purpose of this Report***

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



Keith Faber  
Auditor of State

Columbus, Ohio

September 9, 2020



**EAST LIVERPOOL CARNEGIE PUBLIC LIBRARY  
COLUMBIANA COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2019 AND 2018**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2019-001**

**Significant Deficiency – Financial Reporting**

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16.

The original Certificate of Estimated Resources and amendments establish the amounts available for expenditures for the Library and the receipts ledger provides the process by which the Library controls what is available, it is therefore necessary the amounts estimated by the County Budget Commission are posted accurately to the receipts ledger.

The Library did not have controls in place to:

- Compare subsequent year appropriations to estimated revenues in the General Fund to determine if all or a portion of the ending fund balance should be classified;
- Ensure the proper amounts were reported in the Budgetary Footnotes;
- Accurately post authorized budgetary appropriation measures to the accounting system; and
- Accurately post approved Certificate of Estimated Resources (and/or amendments thereof) to the accounting system.

The lack of controls resulted in the following errors:

**2019:**

- General Fund assigned balance was understated and unassigned balance was overstated by \$279,452;
- The General Fund actual disbursements plus encumbrances of \$719,393 did not agree to the Budgetary Footnote amount of \$698,776 for a variance of \$20,617;
- The General Fund estimated revenues per the Certificate of Estimated Resources of \$667,326 did not agree to the Budgetary Footnote amount and amount posted to the accounting system of \$692,026 for a variance of \$24,700; and
- The Budgetary Footnote did not include Special Revenue fund activity of \$34.

**2018:**

- General Fund assigned balance was understated and unassigned balance was overstated by \$251,359;
- The General fund actual disbursements plus encumbrances of \$632,931 did not agree to the Budgetary Footnote amount of \$633,449 for a variance of \$518;
- The General Fund estimated revenues per the Certificate of Estimated Resources of \$610,870 did not agree to the Budgetary Footnote amount of \$629,670 for a variance of \$18,800;

**FINDING NUMBER 2019-001**  
(Continued)

- The General Fund estimated revenues per the Certificate of Estimated Resources of \$610,870 did not agree to the amount posted to the accounting system of \$682,892 for a variance of \$72,022;
- The General Fund actual receipts of \$682,892 did not agree to the Budgetary Footnote amount of \$633,310 for a variance of \$49,582; and
- The Budgetary Footnote did not include Special Revenue fund activity of \$418.

Both years:

- The information within the Summary of Significant Accounting Policies Note did not include complete information;
- The Deposits and Investments Note did not include the table which should agree to the financial statements;
- The Grants-In-Aid and Taxes Note did not include updated information;
- The Defined Benefits Plan Note did not reflect the most current information; and
- The Post-Employment Benefits Note was not included.

The financial statements and footnotes were adjusted for the above errors and mispostings. An additional misposting was identified, however it was not material and the Library decided not to make the adjustment.

Failure to accurately post the estimated resources to the ledgers could result in overspending, negative cash balances, and inaccurate reporting. Failure to ensure the financial statements and footnotes are accurate could result in additional adjustments to the financial statements.

To help ensure the Library's financial statements and notes to the financial statements are complete and accurate, the Library should review the latest shell available on the Auditor of State's website and adopt policies and procedures to identify and correct errors and omissions. To effectively control the budgetary cycle and to maintain accountability over receipts and expenditures, the Library should post to the ledgers, on a timely basis, estimated resources as certified by the budget commission. The Library should then monitor budget versus actual reports to help ensure amended certificates of resources have been properly posted to the ledgers.

In addition, the Library should review the financial statements and notes prior to submission for audit.

**Officials' Response:** We did not receive a response from Officials to the finding reported above.

# OHIO AUDITOR OF STATE KEITH FABER



**EAST LIVERPOOL CARNEGIE PUBLIC LIBRARY**

**COLUMBIANA 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 10/20/2020**

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

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