



Dave Yost • Auditor of State

PUBLIC LIBRARY OF CINCINNATI AND HAMILTON COUNTY
HAMILTON COUNTY

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Dave Yost • Auditor of State

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

Public Library of Cincinnati and Hamilton County
Hamilton County
800 Vine Street
Cincinnati, Ohio 45202

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 governmental activities, each major fund, and the aggregate remaining fund information of the Public Library of Cincinnati and Hamilton County, Hamilton County, (the Library) as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements and have issued our report thereon dated June 14, 2017.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

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

Purpose of this Report

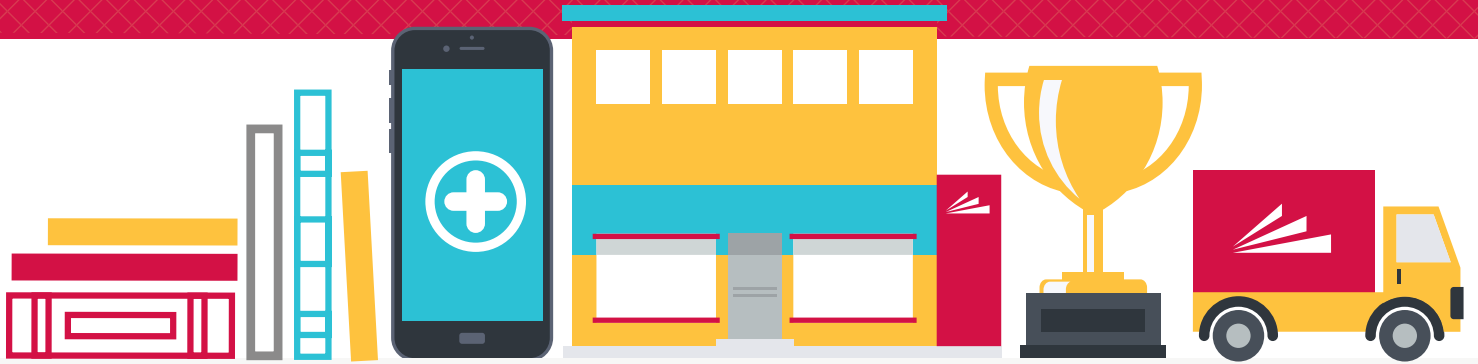
This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Library's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering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

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

Dave Yost
Auditor of State

Columbus, Ohio

June 14, 2017



THE PUBLIC LIBRARY OF CINCINNATI & HAMILTON COUNTY, OHIO

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2016



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Introductory Section

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THE PUBLIC LIBRARY OF
CINCINNATI AND HAMILTON COUNTY, OHIO

Comprehensive Annual Financial Report

For the Year Ended December 31, 2016

Issued by:

Molly DeFosse
Fiscal Officer

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The Public Library of Cincinnati and Hamilton County

Comprehensive Annual Financial Report

For the Year Ended December 31, 2016

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The Public Library of Cincinnati and Hamilton County

Comprehensive Annual Financial Report

For the Year Ended December 31, 2016

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**THE
PUBLIC
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of Cincinnati
and
Hamilton County

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Coombe Director*
Kimber L. Fender

Fiscal Officer
Molly DeFosse

June 14, 2017

To the Citizens of Hamilton County and
The Board of Library Trustees of
The Public Library of Cincinnati and Hamilton County

We are pleased to present to you the Comprehensive Annual Financial Report (CAFR) for The Public Library of Cincinnati and Hamilton County for the year ended December 31, 2016. This report contains the financial statements and other financial and statistical data that provide complete and full disclosure of all material financial aspects of The Public Library of Cincinnati and Hamilton County ("The Library"). This CAFR conforms to generally accepted accounting principles (GAAP) as applicable to governmental entities. The responsibility for the accuracy and completeness of all data presented, and the fairness of the presentation, rests with the management of the Library, specifically the Fiscal Office.

State law requires that every general-purpose local government publish within 150 days of the close of each fiscal year a financial report. This report is published to fulfill that requirement for the year ended December 31, 2016.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free from any material misstatements.

The Auditor of State of Ohio has issued an unmodified ("clean") opinion on The Public Library of Cincinnati and Hamilton County's financial statements for the year ended December 31, 2016. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complement this letter of transmittal and should be read in conjunction with it.

HISTORY AND DEVELOPMENT

The Public Library of Cincinnati and Hamilton County dates from 1853; however, its foundations were laid 50 years earlier when, in 1802, efforts were begun to establish the first of a series of subscription libraries. The Public Library occupied several inadequate facilities until 1870, when the burgeoning Cincinnati Library moved into its own building on Vine Street in the heart of downtown. That structure served the Queen City for 85 years until the building at 8th and Vine Streets opened. During that time, the institution acquired a reputation of quality in both its collection and its service.

The modern era for the Public Library began in 1898 with the establishment of an independent Board of Library Trustees. Within two years, the Main Library opened its first Children's Room, and the first six branches were added in nearby suburbs to create a system. The following year, philanthropist Andrew Carnegie agreed to give funds for nine additional branches, seven of which are still in service.

The Public Library of Cincinnati and Hamilton County

During the depths of the Great Depression, the Ohio legislature passed a tax on intangibles for the financial support of public libraries. This tax on stocks and bonds provided a stable source of funds for five decades, enabling the State's public libraries to grow to meet increasing patron demands and to keep up with the rapid changes in information.

In 1944, the Hamilton County electorate passed a bond issue to build what would be the first modern library in the United States of the post-war period. Eleven years later, the Main Library moved into a newly built facility at its current location at 8th and Vine Streets, just two blocks from its original building. The Library then turned its efforts to enhancing services and branch facilities, adding several new branches and renovating or expanding existing ones. Demand for library materials increased so dramatically that a major addition was made to the Main Library in 1982 and plans were made to construct a half-dozen large library branches to better serve the heavily populated "beltway" areas of the county. The opening of the Sharonville Branch in 1993 completed this master plan.

By the mid-'80s, skyrocketing public demand for downtown library services, a rapidly growing collection, and radical expansion of computerization had once again stretched the Main Library to the limits. After years of planning, an addition to the Main Library was opened in 1997 and renovation of the Main Library south building was completed in 1998. This created a state-of-the-art, seamless main library building of over one half million square feet. In 2008, the Library completed the Main Library for the 21st Century project – a new service model for the Main Library designed to better address changing customer needs. The cost of the building reconfiguration needed to implement this change was more than offset by the operational savings.

The Library continues its' commitment to strengthening branches. In 2014, the Avondale branch accessibility project was completed. In addition to making the branch fully accessible, the branch underwent a significant renovation. In 2015, the Library opened new branch libraries in St. Bernard, Reading and Clifton. The new branches have meeting rooms, tech labs, areas for children, teens and adults, and spaces to sit and read. Plus, Reading and St. Bernard have small makerspaces of their own. The buildings are all energy-efficient and St. Bernard and Reading are LEED Certified. In 2016, the Library opened expanded rental facilities at both Greenhills and Loveland branches. In addition, the Library has identified slightly over \$54 million in maintenance renovation and construction needs. Currently, there is not a funding source for these projects.

MATERIALS AND SERVICES

Library cards are free to all Ohio residents. Cards are also free through library consortium membership to Kentucky residents of Boone, Campbell and Kenton Counties. The card enables system-wide borrowing privileges, access to the Library's electronic resources and serves as a debit card for copiers and printing. As of the end of 2016 we had more than 530,000 cardholders. Over 65% of households in Hamilton County have at least one Library cardholder.

Our use statistics were high in many areas – circulation was over 21.2 million, a 13.1% increase from 2015. Digital downloads once again led the growth with 3.5 million items downloaded, accounting for about 17%, of our total circulation. Print (books and magazines) accounts for 46% of the items borrowed with the remaining 37% comprised of all forms of audiovisual materials. Our Library was once again ranked 5th in circulation for the third consecutive year. We are delighted that Hamilton County residents value and use their Library so much.

Looking beyond these services, the Library also offered many services to meet specific needs in our community: preparing our children for kindergarten, serving children living in poverty, improving reading skills for third grade students, assisting jobseekers, and helping adults prepare for the GED. These numbers are smaller than our circulation or visit counts but they are certainly just as important.

The third year of the Summer Learning Program, incorporating Summer Reading, Summer Camp Reading, Summer Lunch Service, and Brain Camps, continued to engage all ages in summer learning activities.

Library facilities are open six days per week at 36 branches and seven days per week at the Main Library and Clifton, Sharonville, Monfort Heights, and North Central branch Libraries.

The Public Library of Cincinnati and Hamilton County

The Library's website (www.CincinnatiLibrary.org) provides online access to the Library's catalog, extensive reference databases, resources for readers such as our book and reading blog, homework help, digital resources, and information about the Library and its programs. Specialized web pages serve children, teens and older adults. Using the Library's website, Library cardholders may reserve, request or renew items, pay fines with a credit card, offer comments, ask a reference question and request materials from libraries throughout the world via interlibrary loan. Free Internet access is available at all locations. Self-service equipment at the Main Library and all 40 branch libraries enables customers to check out their own materials and make cash and credit card payments. With the use of tablets and smartphones replacing desktop computers, the Library began moving to a mobile service model. The Library currently has 5 branches using this model.

The Main Library has long served as a public reference and resource center for Hamilton County and surrounding counties and has been widely recognized as having one of the nation's top genealogical research collections. Popular materials are conveniently accessible in the Popular Library, teens have a place of their own in TeenSpot and students get homework help in Homework Central. The TechCenter offers state-of-the-art computer technology and computer use training. The Library continues to offer a complete U.S. Patent & Trademark Depository, a U.S. Documents Depository and an outstanding rare book collection. The Outreach Services Department serves the homebound and provides programs and book collections to elementary schools, nursing homes and other institutions. The Virtual Information Center serves customers via phone, email and text in their use of Library resources, including databases and downloadable materials.

The Library has been an important information source for over 150 years and, despite funding challenges, continues to seek ways to fulfill our mission of "*connecting people with the world of ideas and information*". Recent successes can be directly attributed to the strong focus placed on achieving the five major goals of the Library's new Strategic Plan:

- Advance the use of digital content
- Excel in customer service
- Be the first choice for information and research
- Support literacy and lifelong learning
- Achieve financial security

REPORTING ENTITY

The Library's reporting entity has been defined in accordance with Statement No. 61 of the Governmental Accounting Standards Board. The Library is under the control and management of a Board of Trustees consisting of seven members. Four members of the Board of Library Trustees are appointed by the County Commissioners and three by the judges of the Court of Common Pleas. Board members are appointed for a term of seven years, the term of one trustee expiring each year. At its Annual meeting, the Board organizes for the ensuing year and elects a president, vice president and secretary, and appoints a fiscal officer. There is no potential for the Library to provide a financial benefit to or impose a financial burden on the County Commissioners, nor can the Commissioners significantly influence the programs, activities, or level of service performed or provided by the Library. Although the County Commissioners serve in a ministerial capacity as the taxing authority, the Library is fiscally independent of the county. The Board of Library Trustees makes decisions regarding whether to request approval of a tax, the rate and the purpose(s) of the levy. Once those decisions are made, the County Commissioners must place the levy on the ballot.

AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Public Library of Cincinnati and Hamilton County for its comprehensive annual financial report for the fiscal year ended December 31, 2015. This was the twenty-third year that the Library has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

The Public Library of Cincinnati and Hamilton County

Auditor Dave Yost presented the Ohio Auditor of State Award with Distinction to the Library for excellence in financial reporting for its comprehensive annual financial report for the year ended December 31, 2015.

In addition, Library Journal awarded the Library a five star rating, the highest rating possible for the fourth year in a row. The ranking considers per capita circulation, visits, program attendance, and Internet use.

ECONOMIC CONDITIONS AND OUTLOOK

The service area of the Library is the entire 413 square mile area encompassing Hamilton County and the City of Cincinnati (79 square miles), which is located wholly within the county borders. At a little over 800,000 people, Hamilton County's population is slowly increasing. The area remains the largest jurisdiction in the tri-state area and is the center of commerce, as well as a major center of culture, arts, sports, conventions, and tourism. The County's diversified economy, competitive cost structure, skilled work force, access to an international airport, and easy access to national markets continue to provide a strong foundation for future growth.

In January 2008, the Public Library Fund (PLF) replaced the Library and Local Government Support Fund, which had funded Ohio's public libraries since 1986. In establishing the PLF, the state broadened the base of library funding to include all general revenue taxes and fixed the percentage for libraries at 2.2 percent of collections. By mid-2009, the percentage was reduced to 1.97 percent. The 2012-13 biennium budget set library funding at 95% of prior year distributions, less new deductions that fund the Ohio Public Library Information Network (OPLIN) and the Library for the Blind and Physically Handicapped. The 2014-15 biennium budget eliminated the fixed monthly distribution and returned to the percentage of revenue funding approach. The current (2016-17) biennium budget decreased the percentage from 1.97 percent to 1.66 percent in the first year but increased slightly in July 2015 to 1.7%.

In November 2013, Hamilton County voters overwhelmingly renewed a 1-mill operating levy for ten years for the Library. Over the last several years, the levy revenue has offset the loss of state revenue. The levy will provide a dependable source of revenue through 2023 but will not provide any potential for growth.

The PLF remained the primary source of the Library's income in 2016. The property tax levy was secondary, with additional moneys derived from fines, gifts, e-rate reimbursements, federal and state grants, investment earnings, rents and services. The Library continues to balance available funding with service needs by seeking grants and gifts and routinely evaluating service delivery efficiencies.

LONG-TERM FINANCIAL PLANNING

The Library maintains a five-year financial projection at all times. It is updated as material changes to income and expenditures are determined, and it covers both operational and capital needs to maintain and enhance current services and facilities.

OTHER INFORMATION

Highlights of the Library's financial activities in 2016 are outlined in Management's Discussion and Analysis, starting on page 4, and in the Notes to the Financial Statements.

Special thanks are extended to my Fiscal Office staff for their hard work and dedication in compiling cash reports, accrual information and capital assets information. I would also like to express appreciation to Dave Yost, Auditor of State, and to his Local Government Services staff for their assistance in preparing this report.



MOLLY DEFOSSE
FISCAL OFFICER/CHIEF FINANCE & FACILITIES OFFICER



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**The Public Library of Cincinnati
and Hamilton County, Ohio**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

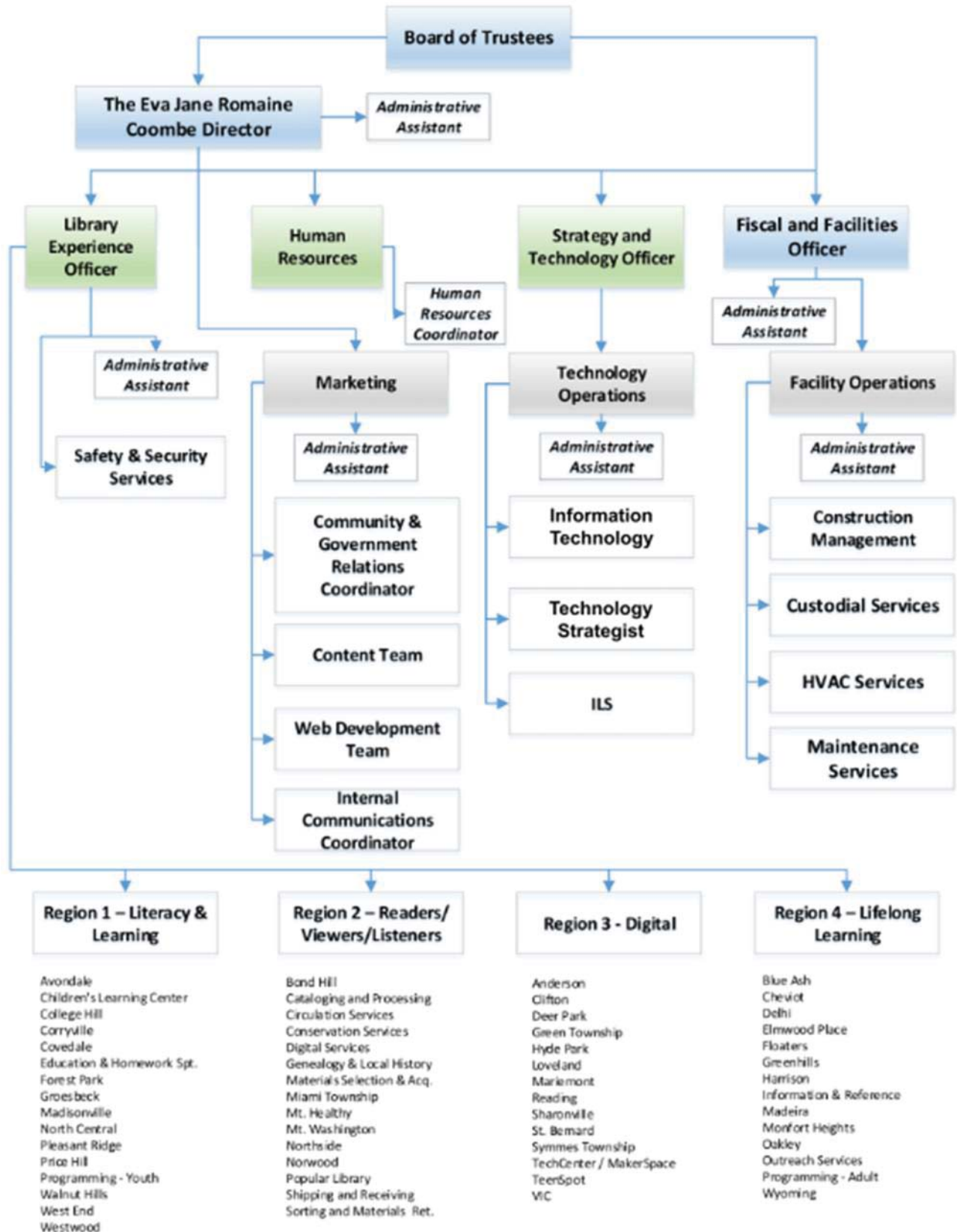
December 31, 2015



Executive Director/CEO

THE PUBLIC LIBRARY OF CINCINNATI AND HAMILTON COUNTY

ORGANIZATIONAL CHART
DECEMBER 31, 2016



THE PUBLIC LIBRARY OF CINCINNATI AND HAMILTON COUNTY

LIST OF PRINCIPAL OFFICIALS
DECEMBER 31, 2016

Board of Library Trustees

President	Elizabeth H. LaMacchia
Vice President	Allen G. Zaring IV
Secretary	Barbara W. Trauth
Board Members	Robert G. Hendon Monica Donath Kohnen William J. Moran Ross A. Wright

Appointed Officials

The Eva Jane Romaine Coombe Director	Kimber L. Fender
Fiscal Officer/Chief Finance & Facilities Officer	Molly DeFosse

Senior Leadership Team

Chief Library Experience Officer	Greg Edwards
Chief Strategy & Technology Officer	Paula Brehm-Heeger
Human Resources Director	Andrea Kaufman
Marketing Manager	Chris Rice
Facility Operations Manager	Jeff Gerrein

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Financial Section

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Public Library of Cincinnati and Hamilton County
Hamilton County
800 Vine Street
Cincinnati, Ohio 45202

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Public Library of Cincinnati and Hamilton County, Hamilton County, Ohio (the Library), as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Public Library of Cincinnati and Hamilton County, Hamilton County, Ohio, as of December 31, 2016, and the respective changes in financial position thereof and the budgetary comparison for the General Fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis and schedules of net pension liabilities and pension contributions* listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary and Other Information

Our audit was conducted to opine on the Library's basic financial statements taken as a whole.

The introductory section, the financial section's combining statements, individual fund statements and schedules and the statistical section information present additional analysis and are not a required part of the basic financial statements.

The statements and schedules are management's responsibility, and derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected these statements and schedules to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling statements and schedules directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, these statements and schedules are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

We did not subject the introductory section and statistical section information to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or any other assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 14, 2017, 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.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "Y" and "O".

Dave Yost
Auditor of State

Columbus, Ohio

June 14, 2017

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The Public Library of Cincinnati and Hamilton County

Management's Discussion and Analysis

For the Year Ended December 31, 2016

Unaudited

This comprehensive annual financial report presents The Public Library of Cincinnati and Hamilton County's financial performance for the year ended December 31, 2016. The report consists of a series of financial statements and notes to those statements, plus other supplementary information. The financial statements are organized to present both the Library's overall financial position – *government-wide financial statements*, plus a detailed look at specific financial activities – *fund financial statements*.

Financial Highlights

Key financial highlights for 2016 are as follows:

- At December 31, the Library's net position was \$117.3 million. Of this amount, \$19.5 million (unrestricted net position) may be used to meet ongoing obligations.
- At the close of the year, the Library's governmental funds reported combined fund balances of \$33.9 million, a \$3.1 million increase from the prior year.
- At December 31, 2016, the Library had no debt.

Government-wide Financial Statements

The government-wide financial statements include all the activities of the Library. The *statement of net position* is the basic government-wide statement of position, presenting information on all of the Library's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference between the assets plus deferred outflows of resources and liabilities plus deferred inflows of resources reported as net position.

The government-wide *statement of activities* presents changes in the net position reported on the government-wide statement of net position. The governmental activities of the Public Library of Cincinnati and Hamilton County are categorized as either LIBRARY SERVICES, including Public Service and Programs and Collection Development and Processing, or SUPPORT SERVICES, including Facilities Operations and Maintenance, Information Services Support, and Business Administration.

The government-wide financial statements can be found starting on page 11.

Fund Financial Statements

The fund financial statements provide detail of the Library's activities at the fund level. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. All of the funds of the Library are governmental funds.

The Library's general fund, special revenue funds, capital projects funds, and permanent funds are all classified as governmental funds. The funds are reported using the modified accrual accounting method, which measures cash and other financial assets that can readily be converted to cash. The governmental fund financial statements provide a detailed short-term view of the Library's general governmental operations and the basic services it provides. The statements include the *balance sheet* and the *statement of revenues, expenditures, and changes in fund balances*. A reconciliation of the statement of revenues, expenditures, and changes in fund balances to the statement of activities facilitates a comparison between governmental funds and governmental activities.

The Library presents 12 individual governmental funds during the year ended December 31, 2016. Information is presented in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund. The General Fund, along with the Building and Repair Fund, are the only major funds. The remaining funds are reported together as a single "other governmental" fund. Individual data for several of these nonmajor funds is provided elsewhere in combining statements. Data from all remaining funds is combined with an appropriate fund or in a "various" fund presentation.

The Library adopts an annual appropriated budget for each of its funds. A budgetary comparison statement (Budget and Actual (Budget Basis)) has been provided for each governmental fund that had activity during 2016 to demonstrate compliance with this budget.

The Public Library of Cincinnati and Hamilton County
Management's Discussion and Analysis
For the Year Ended December 31, 2016
Unaudited

Notes to the Financial Statements

Notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 18-38 of this report.

Government-wide Financial Analysis

Net position may serve over time as a useful indicator of a government's financial position. As of December 31, 2016, the Library's assets plus deferred outflows exceeded liabilities plus deferred inflows of resource by \$117.3 million. The table below provides a comparative analysis of net position between years 2016 and 2015:

	2016	2015	Change
Assets			
Current and Other Assets	\$71,470,913	\$68,273,562	\$3,197,351
Capital Assets, Net	89,431,482	91,459,134	(2,027,652)
<i>Total Assets</i>	<u>160,902,395</u>	<u>159,732,696</u>	<u>1,169,699</u>
Deferred Outflows of Resources			
Pension	12,425,458	3,981,677	8,443,781
Liabilities			
Current Liabilities	3,271,204	3,098,341	172,863
Long-Term Liabilities			
Due Within One Year	1,732,429	1,655,934	76,495
Due in More than One Year:			
Net Pension Liability	32,181,863	22,595,418	9,586,445
Other Amounts	2,078,156	2,031,691	46,465
<i>Total Liabilities</i>	<u>39,263,652</u>	<u>29,381,384</u>	<u>9,882,268</u>
Deferred Inflows of Resources			
Property Taxes	15,998,000	15,965,304	32,696
Pension	744,922	404,272	340,650
<i>Total Deferred Inflows of Resources</i>	<u>16,742,922</u>	<u>16,369,576</u>	<u>373,346</u>
Net Position			
Invested in Capital Assets	89,431,482	91,459,134	(2,027,652)
Restricted	8,406,749	8,418,530	(11,781)
Unrestricted	19,483,048	18,085,749	1,397,299
<i>Total Net Position</i>	<u>\$117,321,279</u>	<u>\$117,963,413</u>	<u>(\$642,134)</u>

The net pension liability (NPL) is the largest single liability reported by the Library at December 31, 2016 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions-an amendment of GASB Statement 27." For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the Library's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension costs, GASB 27 focused on a funding approach. This approach limited pension costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability*. GASB 68 takes an earnings approach to pension accounting; however, the nature of

The Public Library of Cincinnati and Hamilton County

Management's Discussion and Analysis

For the Year Ended December 31, 2016

Unaudited

Ohio's statewide pension systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB 68 requires the net pension liability to equal the Library's proportionate share of each plan's collective:

1. Present value of estimated future pension benefits attributable to active and inactive employees' past service
- 2 Minus plan assets available to pay these benefits

GASB notes that pension obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the Library is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability. As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required pension payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68, the Library's statements prepared on an accrual basis of accounting include an annual pension expense for their proportionate share of each plan's *change* in net pension liability not accounted for as deferred inflows/outflows.

The largest portion of the Library's net position (76%) reflects its capital assets – land and land improvements, fine art and rare book collections, construction in progress, buildings and improvements, furniture, fixtures and equipment, and vehicles. The Library uses these assets to provide services; consequently, these assets generally are not available for future spending. This could change if a decision is made in the future to consolidate services or facilities. All of the Library's capital assets are free of outstanding debt.

An additional portion of the Library's net position (7%) represents restricted principal and other resources subject to external restrictions. The remaining balance of unrestricted net position (17%) may be used to meet the Library's ongoing activities, including planned capital projects. The Library is able to report positive balances in all three categories of net position, including a healthy positive balance of \$19.5 million in unrestricted net position.

The Public Library of Cincinnati and Hamilton County
Management's Discussion and Analysis
For the Year Ended December 31, 2016
Unaudited

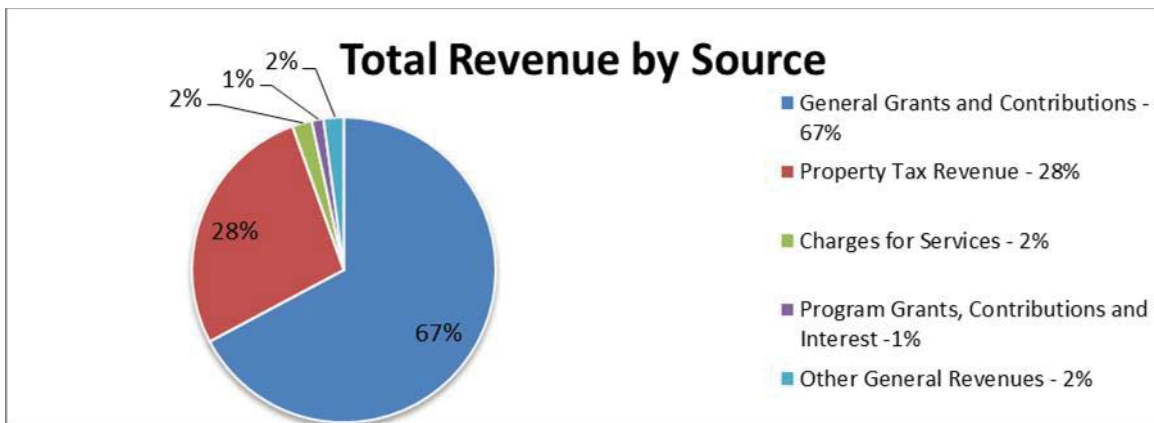
The following table explains the change in net position in terms of the Library's governmental activities.

	2016	2015	Change
Revenues			
Program Revenues			
Charges for Services	\$1,243,747	\$1,464,251	(\$220,504)
Operating Grants, Contributions and Earnings on Investments	748,159	588,057	160,102
General Revenues			
Unrestricted Grants and Contributions	39,964,131	41,480,926	(1,516,795)
Local Tax	16,208,904	16,204,408	4,496
Other General Revenues	1,271,444	921,162	350,282
Total Revenues	59,436,385	60,658,804	(1,222,419)
Program Expenses			
Library Services	39,439,143	37,280,342	2,158,801
Support Services	20,642,676	19,928,304	714,372
Total Expenses	60,081,819	57,208,646	2,873,173
Decrease in Net Position before Contributions	(645,434)	3,450,158	(4,095,592)
Contributions to Principal	3,300	2,300	1,000
<i>Decrease in Net Position</i>	(642,134)	3,452,458	(4,094,592)
<i>Net Position - Beginning of Year</i>	117,963,413	114,510,955	3,452,458
<i>Net Position - End of Year</i>	\$117,321,279	\$117,963,413	(\$642,134)

In fiscal year 2016, the Library's total revenues decreased 2% which is primarily the result of decreases in the Public Library Fund (PLF).

Overall program expenses for 2016 increased by just over 5% from 2015 expenses as a result of increased pension expense under GASB 68, purchased services expenses and timing of book purchases.

Program revenues (nominal fines and fees) and grants and donations, while important, cannot begin to cover the full cost of providing free public library service, which is dependent upon intergovernmental revenue not restricted to specific programs. The following graph illustrates the Library's reliance on intergovernmental revenue, specifically the Public Library Fund and a local property tax, which together in 2016 provided 95% of the Library's total revenue for governmental activities.



The Public Library of Cincinnati and Hamilton County

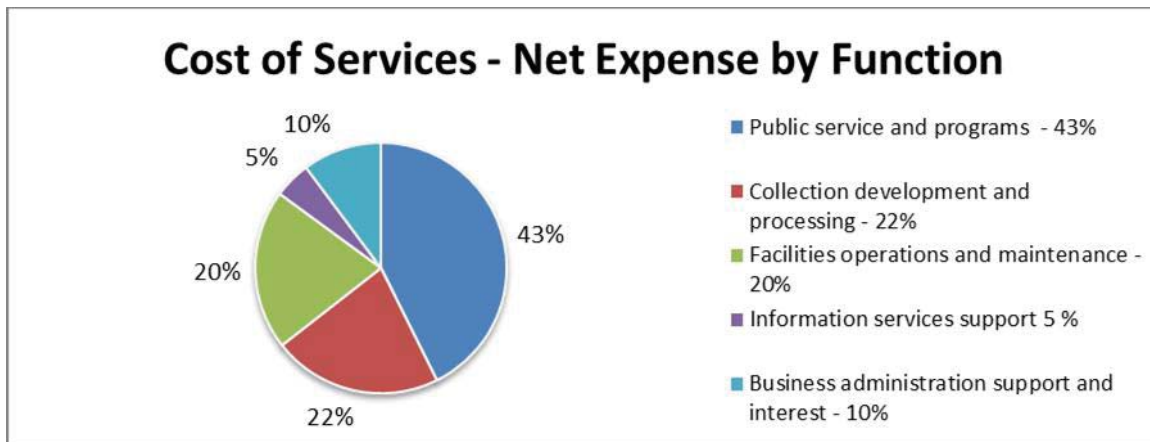
Management's Discussion and Analysis

For the Year Ended December 31, 2016

Unaudited

In the words of our Mission Statement, the Public Library of Cincinnati and Hamilton County's function is to "connect people with the work of ideas and information". It follows then that the expenses for the governmental activity Library Services, which includes both Public Service and Programs and Collection Development and Processing, makes up the largest portion of net expense – 65%. Net expense by function is detailed in the table below and illustrated in the following graph.

Net Expense by Function	2016	2015	Change
Public Service and Programs	\$24,770,648	\$22,954,607	\$1,816,041
Collection Development and Processing	12,676,589	12,375,252	301,337
Facilities Operations and Maintenance	11,959,422	11,841,023	118,399
Information Services Support	2,747,053	2,565,611	181,442
Business Administration	5,936,201	5,419,845	516,356
Total Net Expense by Function	\$58,089,913	\$55,156,338	\$2,933,575



Fund Financial Analysis

As previously noted, the General Fund and the Building and Repair Fund are the Library's only major funds. Overall, the fund balance of the General Fund increased \$862,739 in 2016. Revenues remained fairly consistent with the prior year, decreasing by 1 percent. Expenditures and other financing uses increased by almost 4 percent as a result of increased transfers to the Building and Repair fund, timing of book purchases and an increase in purchased services. The fund balance in the Building and Repair Fund increased by \$2,229,377 as a result of an increase in transfers from the General Fund and the timing of ongoing maintenance projects.

General Fund Budgetary Analysis

In 2016, the Library amended its general fund budget, but the amendments were not significant. There were no significant variances from budget to actual in individual expenditure accounts. The overall variance was a result of conservative budget estimates in both salaries and benefits and utility expenses.

Actual revenues exceeded the budget by \$520,773 a difference of less than 1%. As a result of ongoing management efforts to control operating costs, actual expenditures were \$479,227 less than budgeted, a difference of approximately 1%.

The Public Library of Cincinnati and Hamilton County
Management's Discussion and Analysis
For the Year Ended December 31, 2016
Unaudited

Capital Assets

As of December 31, 2016, the Library had \$89,431,482 invested in capital assets. The table below provides a comparative analysis of capital assets net of accumulated depreciation between 2016 and 2015. With no significant additions during 2016, the decreases are a result of depreciation expenses exceeding additions.

	<u>2016</u>	<u>2015</u>	<u>Change</u>
Land	\$14,266,034	\$14,266,034	\$0
Fine Arts and Rare Book Collection	17,614,531	17,614,531	0
Construction in Progress	356,425	0	356,425
Land Improvements	351,237	389,261	(38,024)
Buildings and Improvements	53,717,046	55,958,912	(2,241,866)
Furniture, Fixtures, and Equipment	2,947,314	3,129,969	(182,655)
Vehicles	178,895	100,427	78,468
Total Capital Assets	<u>\$89,431,482</u>	<u>\$91,459,134</u>	<u>(\$2,027,652)</u>

For more information on capital assets, see Note 7 to the basic financial statements.

Debt

The Library had no debt during 2016.

Contacting the Library's Financial Management

This financial report is designed to provide our citizens with a general overview of the Library's finances and to show the Library's accountability for the money it receives. If you have any questions about this report or need additional information, contact Molly DeFosse, Fiscal Officer/Chief Finance & Facilities Officer, The Public Library of Cincinnati and Hamilton County, 800 Vine Street, Cincinnati, Ohio, 45202.

The Public Library of Cincinnati and Hamilton County

Statement of Net Position

December 31, 2016

	<u>Governmental Activities</u>
<u>Assets</u>	
Equity in Pooled Cash and Cash Equivalents	\$27,270,455
Accrued Interest Receivable	23,686
Intergovernmental Receivable	20,457,399
Prepaid Items	268,303
Supplies Inventory	247,051
Property Taxes Receivable	17,082,583
Investments	6,121,436
Capital Assets	
Land	14,266,034
Fine Art and Rare Books Collections	17,614,531
Construction in Progress	356,425
Depreciable Capital Assets, Net	57,194,492
Total Assets	<u>160,902,395</u>
<u>Deferred Outflows of Resources</u>	
Pension	<u>12,425,458</u>
<u>Liabilities</u>	
Accounts Payable	1,396,738
Contracts Payable	175,590
Accrued Salaries Payable	1,083,613
Intergovernmental Payable	615,263
Noncurrent liabilities:	
Due within one year	1,732,429
Due in more than one year:	
Net Pension Liability	32,181,863
Other Amounts	2,078,156
Total Liabilities	<u>39,263,652</u>
<u>Deferred Inflows of Resources</u>	
Property Taxes	15,998,000
Pension	744,922
Total Deferred Inflows of Resources	<u>16,742,922</u>
<u>Net Position</u>	
Invested in Capital Assets	89,431,482
Restricted for Grants, Materials, and Programs	330,138
Restricted for Permanent Funds:	
Collection Development	
Expendable	195,202
Nonexpendable	4,663,624
Employee Training & Awards	
Expendable	62,530
Nonexpendable	487,265
Public Programs	
Expendable	155,079
Nonexpendable	207,631
Other	
Expendable	926,297
Nonexpendable	1,378,983
Unrestricted	19,483,048
Total Net Position	<u><u>\$117,321,279</u></u>

See accompanying notes to the basic financial statements.

The Public Library of Cincinnati and Hamilton County

Statement of Activities

For the Year Ended December 31, 2016

<u>Functions/Programs</u>	<u>Program Revenues</u>			Net (Expense) Revenue and Changes in Net Position
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants, Contributions and Earnings on Investments</u>	
Library Services				
Public service and programs	\$26,729,301	\$1,243,747	\$714,906	(\$24,770,648)
Collection development and processing	12,709,842	0	33,253	(12,676,589)
Support Services				
Facilities operations and maintenance	11,959,422	0	0	(11,959,422)
Information services support	2,747,053	0	0	(2,747,053)
Business administration	5,936,201	0	0	(5,936,201)
Total Governmental Activities	<u>\$60,081,819</u>	<u>\$1,243,747</u>	<u>\$748,159</u>	<u>(58,089,913)</u>
General Revenues:				
Grants and contributions not restricted to specific programs				39,964,131
Property taxes levied for general purposes				16,208,904
Unrestricted earnings on investments				130,144
Miscellaneous				1,141,300
Contributions to principal for permanent funds				3,300
Total general revenues and contributions				<u>57,447,779</u>
Change in net position				(642,134)
Net position - beginning of the year				117,963,413
Net position - end of the year				<u>\$117,321,279</u>

See accompanying notes to the basic financial statements.

The Public Library of Cincinnati and Hamilton County

Balance Sheet
Governmental Funds
December 31, 2016

	General	Building & Repair	Other Governmental	Total Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$18,128,066	\$6,861,174	\$2,281,215	\$27,270,455
Investments	0	0	6,121,436	6,121,436
Receivables:				
Accrued Interest	4,694	0	18,992	23,686
Intergovernmental	20,457,399	0	0	20,457,399
Property Taxes	17,082,583	0	0	17,082,583
Prepaid Items	268,303	0	0	268,303
Supplies Inventory	247,051	0	0	247,051
Total Assets	<u>\$56,188,096</u>	<u>\$6,861,174</u>	<u>\$8,421,643</u>	<u>\$71,470,913</u>
Liabilities				
Accounts Payable	\$1,350,279	\$31,565	\$14,894	\$1,396,738
Contracts Payable	0	175,590	0	175,590
Accrued Salaries Payable	1,083,613	0	0	1,083,613
Intergovernmental Payable	615,263	0	0	615,263
Total Liabilities	<u>3,049,155</u>	<u>207,155</u>	<u>14,894</u>	<u>3,271,204</u>
Deferred Inflows of Resources				
Property Taxes	15,998,000	0	0	15,998,000
Unavailable Revenue	18,256,596	0	0	18,256,596
Total Deferred Inflows of Resources	<u>34,254,596</u>	<u>0</u>	<u>0</u>	<u>34,254,596</u>
Fund Balances				
Nonspendable	515,354	0	6,737,503	7,252,857
Restricted	0	0	1,669,246	1,669,246
Committed	80,000	0	0	80,000
Assigned	1,142,449	6,654,019	0	7,796,468
Unassigned	17,146,542	0	0	17,146,542
Total Fund Balances	<u>18,884,345</u>	<u>6,654,019</u>	<u>8,406,749</u>	<u>33,945,113</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$56,188,096</u>	<u>\$6,861,174</u>	<u>\$8,421,643</u>	<u>\$71,470,913</u>

See accompanying notes to the basic financial statements.

The Public Library of Cincinnati and Hamilton County

Reconciliation of Total Governmental Fund Balances

To Net Position of Governmental Activities

December 31, 2016

Total fund balances in governmental funds		\$33,945,113
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds		89,431,482
The net pension liability is not due and payable in the current period. Therefore, the liability and related deferred inflows/outflows are not reported in governmental funds:		
Deferred outflows- pension	12,425,458	
Deferred Inflows- pension	(744,922)	
Net pension liability	<u>(32,181,863)</u>	(20,501,327)
Some of the Library's revenues will be collected after year-end, but are not available soon enough to pay for the current period expenditures and therefore are deferred in the funds:		
Intergovernmental revenue	17,172,013	
Property taxes	<u>1,084,583</u>	18,256,596
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds		
Compensated absences payable		<u>(3,810,585)</u>
Net Position of governmental activities		<u><u>\$117,321,279</u></u>

See accompanying notes to the basic financial statements.

The Public Library of Cincinnati and Hamilton County
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2016

	General	Building & Repair	Other Governmental	Total Governmental Funds
Revenues				
Intergovernmental	\$39,960,649	\$0	\$0	\$39,960,649
Property taxes	16,300,929	0	0	16,300,929
Fines and fees	1,243,747	0	0	1,243,747
Earnings on investments	121,755	0	147,647	269,402
Contributions, gifts and donations	233,767	0	378,434	612,201
Miscellaneous	1,141,300	0	0	1,141,300
Total Revenues	<u>59,002,147</u>	<u>0</u>	<u>526,081</u>	<u>59,528,228</u>
Expenditures				
Current				
Library Services				
Public service and programs	25,366,043	0	376,674	25,742,717
Collection development and processing	12,499,982	0	132,798	12,632,780
Support Services				
Facilities operations and maintenance	8,415,294	770,623	0	9,185,917
Information services support	3,110,119	0	0	3,110,119
Business administration	5,747,970	0	28,390	5,776,360
Total Expenditures	<u>55,139,408</u>	<u>770,623</u>	<u>537,862</u>	<u>56,447,893</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,862,739</u>	<u>(770,623)</u>	<u>(11,781)</u>	<u>3,080,335</u>
Other Financing Sources (Uses)				
Transfers in	0	3,000,000	0	3,000,000
Transfers out	<u>(3,000,000)</u>	<u>0</u>	<u>0</u>	<u>(3,000,000)</u>
Total Other Financing Sources (Uses)	<u>(3,000,000)</u>	<u>3,000,000</u>	<u>0</u>	<u>0</u>
Net change in fund balances	862,739	2,229,377	(11,781)	3,080,335
Fund balances - beginning of year	<u>18,021,606</u>	<u>4,424,642</u>	<u>8,418,530</u>	<u>30,864,778</u>
Fund balances - end of year	<u>\$18,884,345</u>	<u>\$6,654,019</u>	<u>\$8,406,749</u>	<u>\$33,945,113</u>

See accompanying notes to the basic financial statements.

The Public Library of Cincinnati and Hamilton County
 Reconciliation of the Statement of Revenues, Expenditures,
 and Changes in Fund Balances of Governmental Funds
 To the Statement of Activities
 For the Year Ended December 31, 2016

Net change in fund balances - total governmental funds \$3,080,335

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital asset additions in the current period. These items include:

Capital assets additions, net	1,305,735	
Depreciation expense	<u>(3,333,387)</u>	(2,027,652)

Contractually required contributions are reported as expenditures in governmental funds. However, the statement of net position reports these amounts as deferred outflows.		2,966,001
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Except for amounts reported as deferred inflows/outflows, changes in the net position liability are reported as pension expense in the statement of activities.		(4,449,315)
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Because some revenues will not be collected for several months after the Library's year-end, they are not considered "available" revenues and are deferred in governmental funds. Deferred inflows changed by these amounts:

Increase in intergovernmental	3,482	
Decrease in property taxes	<u>(92,025)</u>	(88,543)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. The items include:

Increase in compensated absences		<u>(122,960)</u>
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Change in net position of government activities		<u><u>(\$642,134)</u></u>
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See accompanying notes to the basic financial statements.

The Public Library of Cincinnati and Hamilton County
Statement of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (Budget Basis)
General Fund
For the Year Ended December 31, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues				
Intergovernmental	\$40,569,098	\$40,189,265	\$40,013,836	(\$175,429)
Property taxes	15,966,238	15,966,238	16,300,930	334,692
Fines and fees	1,258,500	1,258,500	1,243,747	(14,753)
Earnings on investments	57,500	57,500	129,360	71,860
Services provided to other entities	1,500	1,500	0	(1,500)
Contributions, gifts and donations	110,000	135,000	233,767	98,767
Miscellaneous	934,164	934,164	1,141,300	207,136
Total Revenues	<u>58,897,000</u>	<u>58,542,167</u>	<u>59,062,940</u>	<u>520,773</u>
Expenditures				
Current				
Salaries and benefits				
Salaries and leave benefits	28,531,809	27,601,976	27,480,236	121,740
Retirement benefits	3,919,798	3,869,798	3,806,279	63,519
Insurance benefits	4,728,617	4,678,617	4,605,409	73,208
Supplies	1,690,338	1,690,338	1,646,263	44,075
Purchased and contracted services	9,909,469	9,209,469	9,112,733	96,736
Library materials and information	9,800,799	9,825,799	9,825,799	0
Other objects	286,000	391,000	385,815	5,185
Capital outlay	1,249,797	1,574,797	1,500,033	74,764
Total Expenditures	<u>60,116,627</u>	<u>58,841,794</u>	<u>58,362,567</u>	<u>479,227</u>
Excess (deficiency) of revenues over (under) expenditures	(1,219,627)	(299,627)	700,373	1,000,000
Other financing sources (uses)				
Transfers out	(2,000,000)	(3,000,000)	(3,000,000)	0
Total other financing sources (uses)	<u>(2,000,000)</u>	<u>(3,000,000)</u>	<u>(3,000,000)</u>	<u>0</u>
Net change in fund balance	(3,219,627)	(3,299,627)	(2,299,627)	1,000,000
Fund balance at beginning of year	13,050,000	13,050,000	13,050,000	0
Prior year encumbrances appropriated	3,299,627	3,299,627	3,299,627	0
Fund balance at end of year	<u>\$13,130,000</u>	<u>\$13,050,000</u>	<u>\$14,050,000</u>	<u>\$1,000,000</u>

See accompanying notes to the basic financial statements.

The Public Library of Cincinnati and Hamilton County

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2016*

NOTE 1 - REPORTING ENTITY

The Library was founded in 1853 as a school district library of the Cincinnati School Board. In 1898 when State laws were changed, The Public Library of Cincinnati and Hamilton County, Hamilton County, Ohio (the "Library") was established as a county district library completely separate from the Cincinnati School Board. Currently there is a main library located in downtown Cincinnati and 40 branches located throughout Hamilton County.

The Board of Library Trustees has a membership of seven: three appointed by the Common Pleas Court Judges, and four by the Hamilton County Commissioners. 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, holding, possessing and disposing of real and personal property, and of exercising such other powers and privileges as are conferred upon it by law. The Library also determines and operates under its own budget. The control and management of the Library is governed by sections 3375.22 to 3375.27 of the Ohio Revised Code. The Board of Library Trustees appoints the Eva Jane Romaine Coombe Director and Fiscal Officer to administer the day-to-day operations of the Library.

There is no potential for the Library to provide a financial benefit or to impose a financial burden on the County Commissioners, nor can the Commissioners significantly influence the programs, activities, or level of service performed or provided by the Library. The Library is fiscally independent of the county, although the County Commissioners serve in a ministerial capacity as the taxing authority. The determination to request approval of a tax, the rate and the purpose(s) of the levy are discretionary decisions made solely by the Board of Library Trustees. Once those decisions are made, the County Commissioners must place the levy on the ballot.

Under the provisions of Governmental Accounting Standards Board Statement No. 61, "The Financial Reporting Entity: Omnibus", the Library is considered to be a related organization of Hamilton County.

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 or the levying of taxes. The Library has no component units.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Library have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Library's accounting policies are described below.

Basis of Presentation

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

Governmental-wide Financial Statements

The statement of net position and the statement of activities display information about the Library as a whole. The statement of net position presents the financial condition of the governmental activities of the Library at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the Library's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered

The Public Library of Cincinnati and Hamilton County

Notes to the Basic Financial Statements For the Year Ended December 31, 2016

by the program and grants, contributions and interest that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the Library, with certain exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the Library.

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. Nonmajor 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. All funds of the Library are governmental.

Governmental funds are those through which the governmental functions of the Library are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities plus deferred inflows of resources is reported as fund balance.

The Library's major governmental funds are the General Fund and the Building and Repair Fund. The General Fund accounts for and reports all financial resources except those required to be accounted for 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. The Building and Repair Fund is used to account for transfers from the General Fund to be used for the acquisition of property for future capital construction, for major capital improvements, and for emergency repair of library facilities.

The other governmental funds of the Library account for grants and other resources where use of the asset is restricted to a particular purpose.

Measurement Focus

Government-wide Financial Statements

The government-wide financial statements are prepared using the economic resources measurement focus. All assets plus deferred outflows of resources and liabilities plus deferred inflows of resources associated with the operation of the Library are included on the statement of net position. The statement of activities presents increases (e.g., revenues) and decreases (e.g., expenses) in total net position.

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities plus deferred inflows of resources generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The Public Library of Cincinnati and Hamilton County

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2016*

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, in the recording of deferred inflows and outflows of resources, and in the presentation of expenses versus expenditures.

Revenues-Exchange and Non-Exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available. "Measurable" means the amount of the transaction can be determined and "available" means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the Library, available means expected to be received within 31 days of year-end.

Non-exchange transactions, in which the Library receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the year for which the taxes are levied (See Note 5). Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the Library must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Library on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year-end: entitlements and earnings on investments.

Deferred Outflows of Resources and Deferred Inflows of Resources

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the Library, deferred outflows of resources are reported on the government-wide statement of net position for pension. The deferred outflows of resources related to pension are explained in Note 9.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the Library, deferred inflows of resources include property taxes, pension and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2016, but which were levied to finance year 2017 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the Library, unavailable revenue includes delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities found on page 14. Deferred inflows of resources related to pension are reported on the government-wide statement of net position. (See Note 9)

The Public Library of Cincinnati and Hamilton County

Notes to the Basic Financial Statements For the Year Ended December 31, 2016

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

Budgetary Process

The budgetary process is prescribed by internal control guidelines and entails the preparation of budgetary documents within an established timetable. 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 certificate of estimated resources and the appropriation resolution are subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources, as certified. All funds are required to be budgeted and appropriated. Budgetary control is maintained at the object level within each fund. Budgetary modifications may only be made by resolution of the Board of Library Trustees.

Budget

In 2003, Ohio Senate Bill 55 made changes (effective January 8, 2004) to Ohio Revised Code Section 5705.28, the section of law that requires the Library to submit an annual budget. As revised, Sec. 5705.281 provides that in any county in which a single library receives all of the county library and local government support fund or receives all of that portion of the fund that is distributed to libraries, the county budget commission may waive the requirement that the public library certify to the taxing authority its estimate of contemplated revenue and expenditures. However, if the county budget commission waives this requirement, it can require the library to provide any information the commission requires to perform its duties under this chapter. In response to a request by the Library Board of Trustees, the Hamilton County Budget Commission, on January 28, 2005, approved a motion to allow the Library to file a modified tax budget for 2006, in a simplified but more useful format. This approval has been reviewed on an annual basis since 2007.

Estimated Resources

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 budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as final budgeted amounts on the budgetary statements reflect the amounts in the final amended certificate in effect at the time the final appropriations were passed.

Appropriations

The appropriation resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as 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 final budgeted amounts represent the final appropriation amounts passed by the Board of Trustees during the year.

Cash and Cash Equivalents

Cash received by the Library is pooled in a common group of bank accounts. Moneys for all funds, except the unexpended portion of permanent funds, are maintained in the accounts or temporarily used to purchase investments. Individual fund integrity is maintained through Library records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the financial statements.

The Public Library of Cincinnati and Hamilton County

Notes to the Basic Financial Statements For the Year Ended December 31, 2016

During 2016, investments included U.S. Savings Bonds, Federal Agency Notes, money market mutual funds, negotiable certificates of deposits and STAROhio.

STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The Library measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For 2016, 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 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$50 million, requiring the excess amount to be transacted the following business day(s), but only to the \$50 million limit. All accounts of the participant will be combined for these purposes.

Investments, except for non-participating investment contracts, are reported at fair value which is based on quoted market prices. For investments in money market mutual funds, the fair value is determined by the fund's current share price.

Ohio statutes specify the funds to receive an allocation of interest earnings. Interest and dividend revenue credited to the General Fund during 2016 amounted to \$121,755, which includes \$35,677 assigned from other Library funds.

Investments of the cash management pool and investments with a maturity of three months or less at the time they are purchased by the Library are presented on the financial statements as "Equity in Pooled Cash and Cash Equivalents".

Inventory of Supplies

Inventory is stated at cost on a first-in, first-out basis and is expended/expensed when used. Inventory consists of expendable supplies held for consumption.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2016, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount at the time of purchase and reflecting the expenditure/expense in the year in which services are consumed.

Capital Assets

All capital assets of the Library are general capital assets that are associated with governmental activities. General capital assets result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements.

Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. For certain assets, estimates were calculated by indexing estimated current costs back to the year of acquisition. Donated capital assets are recorded at their acquisition values as of the date received. The Library maintains a capitalization threshold of \$1,500. The Library does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

All reported capital assets, except land, construction in progress, and fine art and rare books collections, are depreciated. Fine art and rare books collections are considered inexhaustible. Improvements are depreciated over the remaining useful lives of the related capital assets and leasehold improvements (included in building improvements) are depreciated over the life of the lease. Depreciation is computed using the straight-line method over the following useful lives:

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*Notes to the Basic Financial Statements
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Land Improvements	10 - 30 years
Buildings and Improvements	25 - 50 years
Furniture, Fixtures and Equipment	5 – 25 years
Vehicles	6 years

Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributed to services already rendered and it is probable that the Library will compensate the employees for the benefits through paid time off or some other means.

Sick leave benefits are accrued as a liability using the termination method. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination payments. The liability is based on the Library's past experience in making termination payments.

The entire compensated absences liability is reported on the government-wide financial statements.

Fund Balance

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

Nonspendable - The nonspendable classification includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" includes items that are not expected to be converted to cash.

Restricted – Fund balance is reported as restricted when constraints placed on the use of resources 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 or enabling legislation (Board resolutions).

Enabling legislation authorizes the Library to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and include a legally enforceable requirement that those resources be used only for specific purposes stipulated in the legislation. Legal enforceability means the Library can be compelled by an external party such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for purposes specified by the legislation.

Committed - The committed classification includes amounts that can be used only for the specific purposes imposed by formal action (resolution) of the Board of Library Trustees. The committed amounts cannot be used for any other purpose unless the Board of Library Trustees removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by the Board of Library Trustees, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. 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 Board of Library Trustees. State statute authorizes the Fiscal

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Notes to the Basic Financial Statements For the Year Ended December 31, 2016

Officer to assign fund balance for purchases on order provide such amounts have been lawfully appropriated.

Unassigned – Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

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 within 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. Payments for interfund services provided and used are not eliminated.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses 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 expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, and are reported as obligations of the funds. However, claims and judgments, compensated absences and net pension liability that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year.

Net Position

Net Position represents the difference between all other elements on a Statement of Financial Position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. 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 include amounts legally restricted or donor designated for specific purposes. The Library's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts in the financial statements and accompanying notes. Actual results may differ from those estimates.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the

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For the Year Ended December 31, 2016

pension plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension systems report investments at fair value.

NOTE 3 – BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis requires accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances.

The statement of revenues, expenditures, and changes in fund balance - budget and actual (budget basis) for the General Fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Outstanding year-end encumbrances are treated as expenditures (budget basis) rather than restricted, committed, or assigned fund balance (GAAP basis).

Net Change in General Fund Balance

GAAP Basis	\$862,739
Revenue Accruals	60,793
Expenditure Accruals	(31,369)
Encumbrances	<u>(3,191,790)</u>
Budget Basis	<u><u>(\$2,299,627)</u></u>

NOTE 4 - DEPOSITS AND INVESTMENTS

State statutes classify moneys held by the Library into three categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such moneys 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 Library 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 no 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 moneys. Interim moneys are those moneys 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.

Interim moneys may be invested in the following securities:

- A. 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;
- B. 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

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Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

- C. 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;
- D. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
- E. Bonds and other obligations of the State of Ohio;
- F. The State Treasurer's investment pool (STAR Ohio);
- G. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty 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
- H. 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.

Deposits

Custodial credit risk is the risk that, in event of a bank failure, the Library's deposits may not be returned. According to state law, public depositories must give security for all public funds on deposit in excess of those funds that are insured by the federal deposit insurance corporation (FDIC) or any other agency or instrumentality of the federal government. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by the FDIC, or may pledge a pool of government securities valued at least 105% of the total value of public monies on deposit at the institution. The Library has no deposit policy for custodial risk beyond the requirements of the State statute.

The Library's bank balance of \$24,282,250 is either covered by FDIC or collateralized by the financial institutions' public entity deposit pool.

Investments

The Library categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The below chart identifies the Library's recurring fair value measurements as of December 31, 2016. The U.S. Savings Bonds Series HH and First American Treasury Obligation Mutual Funds are measured at fair value and are valued using quoted market prices (Level 1 inputs). The Library's remaining investments measured at fair value are valued using methodologies that incorporate market inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers and reference data including market research publications. Market indicators and industry and economic events are also monitored, which could require the need to acquire further market data. (Level 2 inputs).

The Public Library of Cincinnati and Hamilton County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

Investments are reported at fair value. As of December 31, 2016, the Library had the following investments:

Measurement/Investment	Measurement Amount	Investment Maturities (in Years)			
		Less than 1	1-2	2-3	3-5
Net Asset Value Per Share					
StarOhio	\$1,053,783	\$1,053,783	\$0	\$0	\$0
Fair Value- Level One Inputs					
U.S. Savings Bonds Series HH	74,000	64,000	10,000	0	0
First American Treasury Obligation Mutual Funds	555,014	555,014	0	0	0
Total Fair Value - Level One Inputs	629,014	619,014	10,000	0	0
Fair Value- Level Two Inputs					
Negotiable Certificates of Deposit	750,863	750,863	0	0	0
Federal National Mortgage Assoc Medium Term Notes	497,892	200,094	0	0	297,798
Federal Farm Credit Bank Notes	540,998	0	0	0	540,998
Federal Home Loan Mortgage Corporation Medium Term Notes	2,074,758	650,779	0	891,488	532,491
Federal National Mortgage Assoc Debenture	804,859	0	804,859	0	0
Federal National Mortgage Association Notes	1,533,480	350,529	300,015	294,759	588,177
Federal Home Loan Bank Notes	1,579,899	0	0	302,016	1,277,883
Total Fair Value - Level Two Inputs	7,782,749	1,952,265	1,104,874	1,488,263	3,237,347
Total Investments	\$9,465,546	\$3,625,062	\$1,114,874	\$1,488,263	\$3,237,347

Interest Rate Risk

The Library's investment policy does not address interest rate risk. State statute requires an investment to mature within five years from the date of 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 until maturity. It has been the practice of the Library to immediately sell contributed investments that do not meet the Library's investment policy, unless the sale will result in a substantial loss.

Credit Risk

The Federal Home Loan Bank notes, Federal National Mortgage Association debenture and notes, Federal Home Loan Mortgage Corporation notes, Federal Farm Credit Bank notes, and First American Treasury Obligation Money Market Fund all carry ratings of Aaa by Moody's. Negotiable Certificates of Deposits were fully insured by FDIC. STAROhio carries a rating of AAAM by Standard and Poor's. Ohio law requires that STAROhio maintain the highest rating provided by at least one nationally recognized rating service and that the money market mutual funds be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service. The Library has no investment policy that would further limit its investment choices.

Concentration of Credit Risk

The Library places no limit on the amount it may invest in any one issuer. Of the Library's total investments, 30 percent are Federal National Mortgage Association notes and debentures, 22 percent are in Federal Home Loan Mortgage Corporation notes, 17 percent are Federal Home Loan Bank notes, 8 percent are in Negotiable Certificates of Deposit, and 6 percent are Federal Farm Credit Bank notes.

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Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

NOTE 5 - PROPERTY TAXES

Property taxes include amounts levied against all real and public utility located in the Library district. Property tax revenue received during 2016 for real and public utility property taxes represents collections of 2015 taxes.

2016 real property taxes are levied after October 1, 2016, on the assessed value as of January 1, 2016, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2016 real property taxes are collected in and intended to finance 2017 operations.

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. 2016 public utility property taxes became a lien December 31, 2015, are levied after October 1, 2016, and are collected in 2016 with real property taxes.

The full tax rate for all Library operations for the year ended December 31, 2016, was \$1.00 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2016 property tax receipts were based are as follows:

<u>Category</u>	<u>Assessed Value</u>
Real Property	\$17,421,109,730
Public Utility Personal	927,265,920
Total	<u>\$18,348,375,650</u>

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the Library. The County Auditor periodically remits to the Library its portion of the taxes collected. Property taxes receivable represents real and public utility property taxes and outstanding delinquencies which were measurable as of December 31, 2016, and for which there was an enforceable legal claim. In governmental funds, the portion of the receivable not levied to finance 2016 operations is offset to deferred inflows of resources – property taxes. On the accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on the modified accrual basis the revenue has been reported as deferred inflows of resources – unavailable revenue.

Tax Abatements

For 2016, the Library’s property taxes were reduced by \$180,562 under various tax abatement agreements entered into by the City of Cincinnati, City of Sharonville, Village of Mariemont and various other municipalities in Hamilton County.

NOTE 6 - RECEIVABLES

Receivables at December 31, 2016, consisted of intergovernmental, property taxes, and accrued earnings on investments. Intergovernmental receivables consisted of \$19,521,399 from the Public Library Fund and \$936,000 for homestead and rollback taxes. It is all recorded in the General Fund. Property taxes, although ultimately collectible, include some portion of delinquents that will not be collected within one year. All other receivables are considered fully collectible and will be received in one year due to the stable condition of state programs.

The Public Library of Cincinnati and Hamilton County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

NOTE 7 – CAPITAL ASSETS

Changes in capital assets during the year ended December 31, 2016, were as follows:

	<u>Balance at 12/31/2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance at 12/31/2016</u>
<u>Governmental Activities</u>				
Capital Assets, Not Being Depreciated:				
Land	\$14,266,034	\$0	\$0	\$14,266,034
Fine Art and Rare Book Collections	17,614,531	0	0	17,614,531
Construction in Progress	<u>0</u>	<u>356,425</u>	<u>0</u>	<u>356,425</u>
Total Capital Assets, Not Being Depreciated	<u>31,880,565</u>	<u>356,425</u>	<u>0</u>	<u>32,236,990</u>
Capital Assets Being Depreciated:				
Land Improvements	851,627	0	0	851,627
Buildings and Improvements	102,301,178	88,792	0	102,389,970
Furniture, Fixtures and Equipment	16,863,495	739,289	(2,994,039)	14,608,745
Vehicles	<u>443,472</u>	<u>121,229</u>	<u>(65,059)</u>	<u>499,642</u>
Totals Capital Assets, Being Depreciated	<u>120,459,772</u>	<u>949,310</u>	<u>(3,059,098)</u>	<u>118,349,984</u>
Less Accumulated Depreciation:				
Land Improvements	(462,366)	(38,024)	0	(500,390)
Building and Improvements	(46,342,266)	(2,330,658)	0	(48,672,924)
Furniture, Fixtures and Equipment	(13,733,526)	(921,944)	2,994,039	(11,661,431)
Vehicles	<u>(343,045)</u>	<u>(42,761)</u>	<u>65,059</u>	<u>(320,747)</u>
Total Accumulated Depreciation	<u>(60,881,203)</u>	<u>(3,333,387) *</u>	<u>3,059,098</u>	<u>(61,155,492)</u>
Total Capital Assets Being Depreciated, Net	<u>59,578,569</u>	<u>(2,384,077)</u>	<u>0</u>	<u>57,194,492</u>
Governmental Activities Capital Assets, Net	<u>\$91,459,134</u>	<u>(\$2,027,652)</u>	<u>\$0</u>	<u>\$89,431,482</u>

*Depreciation expense is charged to facilities and maintenance operations.

NOTE 8 – LEASES

The Library leases various buildings for library service operations under noncancelable operating leases. The total cost for these leases was \$278,253 for the year ended December 31, 2016. The future minimum lease payments for these leases are as follows:

<u>Year Ending December 31,</u>	
2017	\$322,477
2018	296,872
2019	250,226
2020	246,703
2021	250,145
2022-2026	<u>509,428</u>
Total minimum lease payments	<u>\$1,875,851</u>

The Public Library of Cincinnati and Hamilton County

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2016*

NOTE 9 - DEFINED BENEFIT PENSION PLAN

Net Pension Liability

The net pension liability reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions – between an employer and its employees – of salaries and benefits for employee services. Pensions are provided to an employee – on a deferred-payment basis – as a part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension liability represents the Library's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

Ohio Revised Code limits the Library's obligation for this liability to annually required payments. The Library cannot control benefit terms or the manner in which pensions are financed; however the Library does receive the benefit of employees' services in exchange for compensation including pension.

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The proportionate share of each plan's unfunded benefits is presented as a long-term *net pension liability* on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting.

Plan Description - Ohio Public Employees Retirement System (OPERS)

Plan Description – Library employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a cost-sharing, multiple employer defined benefit pension plan with defined contribution features. While members (e.g. Library employees) may elect the member-directed plan or the combined plan, substantially all employee members are in OPERS' traditional plan; therefore the following disclosure focuses on the traditional pension plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost-of-living adjustments to members of the traditional plan. 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 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 plan as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information, including requirements for reduced and unreduced benefits):

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Notes to the Basic Financial Statements
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Group A	Group B	Group C
Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
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	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	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

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.

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

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

	State and Local
2016 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee	10.0 %
2016 Actual Contribution Rates	
Employer:	
Pension	12.0 %
Post-employment Health Care Benefits	2.0
Total Employer	<u>14.0 %</u>
Employee	<u>10.0 %</u>

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Library's contractually required contribution was \$2,966,001 for 2016. Of this amount \$393,810 is reported as an intergovernmental payable.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension liability for OPERS was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Library's proportion of the net pension liability was based on the Library's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

The Public Library of Cincinnati and Hamilton County
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For the Year Ended December 31, 2016

	OPERS
Proportion of the Net Pension Liability:	
Current Measurement Date	0.185794%
Prior Measurement Date	0.187341%
Change in Proportionate Share	-0.001547%
Proportionate Share of the Net Pension Liability	\$32,181,863
Pension Expense	\$4,449,315

At December 31, 2016, the Library reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS
Deferred Outflows of Resources	
Net difference between projected and actual earnings on pension plan investments	\$9,459,457
Library contributions subsequent to the measurement date	2,966,001
Total Deferred Outflows of Resources	\$12,425,458
 Deferred Inflows of Resources	
Differences between expected and actual experience	\$621,816
Changes in proportion and differences between Library contributions and proportionate share of contributions	123,106
Total Deferred Inflows of Resources	\$744,922

\$2,966,001 reported as deferred outflows of resources related to pension resulting from Library contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	OPERS
Year Ending December 31:	
2017	\$2,012,074
2018	2,163,329
2019	2,398,453
2020	2,140,679
Total	\$8,714,535

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*Notes to the Basic Financial Statements
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Actuarial Assumptions- OPERS

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include types of benefits provided at the time of each valuation. The total pension liability in the December 31, 2015, using the following actuarial assumptions applied to all periods included in the measurement in accordance with the requirements of GASB 67. Key methods and assumptions used in the latest actuarial valuations are presented below.

Wage Inflation	3.75 percent
Future Salary Increases, including inflation COLA or Ad Hoc COLA	4.25 to 10.05 percent including wage inflation
Pre-January 7, 2013 Retirees	3 percent, simple
Post-January 7, 2013 Retirees	3 percent, simple through 2018, then 2.8 percent, simple
Investment Rate of Return	8 percent
Actuarial Cost Method	Individual Entry Age

Mortality rates were based on the RP-2000 mortality table projected 20 years using Projection Scale AA. For males, 105 percent of the combined healthy male mortality rates were used. For females, 100 percent of the combined healthy female mortality rates were used. The mortality rates used in evaluating disability allowances were based on the RP-2000 mortality table with no projections. For males, 120 percent of the disabled female mortality rates were used set forward two years. For females, 100 percent of the disabled female mortality rates were used.

The most recent experience study was for a five year period ended December 31, 2010.

The long-term rate of return on defined benefit investment assets was determined using a building-block method in which best estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

OPERS manages investments in four investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, the 115 Health Care Trust portfolio and the Defined Contribution portfolio. The Defined Benefit portfolio includes the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan, the annuitized accounts of the Member-Directed Plan, and the VEBA Trust. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The money weighted rate of return, net of investments expense, for the Defined Benefit portfolio is 0.4 percent for 2015.

The allocation of investment assets within the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2015 and the long-term expected real rates of return:

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Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	23.00 %	2.31 %
Domestic Equities	20.70	5.84
Real Estate	10.00	4.25
Private Equity	10.00	9.25
International Equities	18.30	7.40
Other Investments	18.00	4.59
Total	100.00 %	5.27 %

Discount Rate The discount rate used to measure the total pension liability was 8.0 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Library's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following table presents the Library's proportionate share of the net pension liability calculated using the current period discount rate assumption of 8.0 percent, as well as what the Library's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (7 percent) or one-percentage-point higher (9 percent) than the current rate:

	1% Decrease (7%)	Current Discount Rate (8%)	1% Increase (9%)
Library's proportionate share of the net pension liability	\$51,273,570	\$32,181,863	\$16,078,613

Changes between Measurement Date and Report Date

In October 2016, the OPERS Board adopted certain assumption changes which will impact their annual actuarial valuation prepared as of December 31, 2016. The most significant change is a reduction in the discount rate from 8.0 percent to 7.5 percent. Although the exact amount of these changes is not known, the impact to the Library's net pension liability is expected to be significant.

NOTE 10 – POST-EMPLOYMENT BENEFITS

Ohio Public Employees Retirement System

Plan Description - The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional 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.

In March 2016, OPERS received two favorable rulings from the Internal Revenue Service (IRS) allowing OPERS to consolidate all health care assets into the OPERS 115 Health Care Trust. Transition to the new health care trust structure was completed July 1, 2016. As of December 31, 2016, 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 to qualifying benefit recipients of both the traditional pension and combined plans. Members of the member-directed plan do not qualify for ancillary benefits, including OPERS sponsored health care coverage. OPERS funds a retiree medical account (RMA) for participants in the member-directed plan. At retirement or refund, participants can be reimbursed for qualified medical expenses from their vested RMA balance.

The Public Library of Cincinnati and Hamilton County

Notes to the Basic Financial Statements For the Year Ended December 31, 2016

In order to qualify for 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. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45. See OPERS' CAFR 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 OPERS Board of Trustees (OPERS 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 requiring public employers to fund health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2016, state and local employers contributed at a rate of 14.0 percent of earnable salary. 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. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 2.0 percent during calendar year 2016. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2017 decreased to 1.0 percent for both plans. 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 to the RMA for participants in the Member-Directed Plan for 2016 was 4.0 percent.

Substantially all of the Library's contribution allocated to fund postemployment health care benefits relates to the cost-sharing, multiple employer trusts. The corresponding contribution for the years ended December 31, 2016, 2015, and 2014 was \$522,898, \$506,352, and \$471,898, respectively. For 2016, 94 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2015 and 2014.

NOTE 11 - OTHER EMPLOYEE BENEFITS

Compensated Absences - Accumulated Unpaid Vacation

The Library grants paid time off to employees regularly scheduled to work at least 20 hours per week. Library employees who are eligible earn vacation leave at varying rates based upon length of service and full-time or part-time status. The Library does not close on four legal holidays. Holiday time is not granted, but rather is included as part of paid time off. In the case of termination, death or retirement, an employee (or his or her estate) is paid for any unused vacation leave based on the board approved policy. The total obligation for vacation accrual for the Library as a whole amounted to \$2,935,640 at December 31, 2016.

Compensated Absences - Accumulated Unpaid Sick Leave

All eligible employees earn sick leave at the board approved rates. Full-time employees who retire from the Library with proper notice receive a payout at their current rate of pay, for the amount of unused sick leave over 1,440 hours up to the maximum allowable amount. If a staff member dies in service, this payment will be made to their estate. There is no sick leave payout to any staff member who resigns or is discharged. The total long-term obligation for sick leave accrual for the Library as a whole as of December 31, 2016 was \$874,945.

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*Notes to the Basic Financial Statements
For the Year Ended December 31, 2016*

Medical, Dental and Life Insurance

The Library provides medical insurance for full-time employees through an Anthem Lumenos Health Savings Account. Dental insurance is provided through Metlife Dental. Employees are required to share in the cost of their medical and dental plans. The Library provides a \$20,000 life insurance policy for all full-time employees through Metlife.

NOTE 12 - RISK MANAGEMENT

The Library is exposed to various risks of loss related to torts, thefts of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. The Library carries three layers of insurance coverage. In 2016, the Library contracted with several insurance companies for primary coverage as follows:

<u>Coverages</u>	<u>Company</u>
Property and Equipment Breakdown Protection	Fireman's Fund Insurance Co. Ohio
Automobile	Great American Insurance Company
Crime	Travelers
Commercial General Liability and Commercial Umbrella	Great American Insurance Company
Excess Liability and Excess Non-Profit Director's & Officers	Chubb Insurance Company
Non-Profit Directors & Officers	Philadelphia Insurance Company

No insurance settlement has exceeded insurance coverage during the last three years. There has been no significant decrease in the level of coverage from the prior year. The Library pays the State of Ohio Bureau of Workers' Compensation System a premium based on a rate per \$100 of salaries.

The Library also carries Public Official Bond coverage for the Fiscal Officer/Chief Finance & Facilities Officer and the Deputy Fiscal Officer/Fiscal Supervisor. These bonds are provided by the Hartford Fire Insurance Company.

NOTE 13 - LONG-TERM LIABILITIES

Long-term liability activity for the year ended December 31, 2016, was as follows:

	<u>Balance 12/31/2015</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance 12/31/2016</u>	<u>Amount Due Within One Year</u>
Net Pension Liability	\$22,595,418	\$9,586,445	\$0	\$32,181,863	\$0
Compensated Absences	3,687,625	2,503,190	2,380,230	3,810,585	1,732,429
Total	<u>\$26,283,043</u>	<u>\$12,089,635</u>	<u>\$2,380,230</u>	<u>\$35,992,448</u>	<u>\$1,732,429</u>

There is no repayment schedule for the net pension liability. However, all employer pension contributions are made from the General Fund. For additional information related to the net pension liability see Note 9.

The Public Library of Cincinnati and Hamilton County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

NOTE 14 – 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 governmental funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

<u>Fund Balances</u>	<u>General</u>	<u>Building and Repair</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Nonspendable:				
Prepaid items	\$268,303	\$0	\$0	\$268,303
Supplies inventory	247,051	0	0	247,051
Principal restricted	<u>0</u>	<u>0</u>	<u>6,737,503</u>	<u>6,737,503</u>
Total Nonspendable	<u>515,354</u>	<u>0</u>	<u>6,737,503</u>	<u>7,252,857</u>
Restricted for:				
Library programs	<u>0</u>	<u>0</u>	<u>1,669,246</u>	<u>1,669,246</u>
Committed to contracts				
	<u>80,000</u>	<u>0</u>	<u>0</u>	<u>80,000</u>
Assigned to:				
Capital improvements and repair	0	6,654,019	0	6,654,019
Purchases on Order:				
Library Material and Information	390,730	0	0	390,730
Purchased and Contracted Services	387,460	0	0	387,460
Capital Outlay	235,604	0	0	235,604
Other Purposes	<u>128,655</u>	<u>0</u>	<u>0</u>	<u>128,655</u>
Total Assigned	<u>1,142,449</u>	<u>6,654,019</u>	<u>0</u>	<u>7,796,468</u>
Unassigned	<u>17,146,542</u>	<u>0</u>	<u>0</u>	<u>17,146,542</u>
Total Fund Balances	<u>\$18,884,345</u>	<u>\$6,654,019</u>	<u>\$8,406,749</u>	<u>\$33,945,113</u>

NOTE 15 – INTERFUND ACTIVITY

Interfund Transfers

During 2016, there was one transfer from the General Fund to the Building and Repair Fund for \$3,000,000 for ongoing maintenance projects.

NOTE 16 - CONTINGENT LIABILITIES

Federal and State Grants

For the period January 1, 2016 to December 31, 2016, the Library received federal and state grants for specific purposes that are subject to review and audit by grantor agencies or their designee. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, the Library believes such disallowance, if any, would be immaterial.

NOTE 17 – CHANGE IN ACCOUNTING PRINCIPLES

For 2016, the Library implemented the Governmental Accounting Standards Board (GASB) Statement No. 72, "Fair Value Measurement Application", GASB Statement No. 73, "Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68", GASB Statement No. 76, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments", GASB Statement No. 77, "Tax Abatement Disclosures." GASB Statement No. 79, "Certain External Investment Pools and Pool Participants"

The Public Library of Cincinnati and Hamilton County

Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

and GASB Statement No. 82, "Pension Issues an Amendment of GASB Statements No. 67, No. 68 and No. 73."

GASB Statement No. 72 addresses accounting and financial reporting issues related to fair value measurements. This Statement provides guidance for determining a fair value measurement for financial reporting purposes for applying fair value to certain investments and disclosures related to all fair value measurements. These changes were incorporated in the Library's 2016 financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 73 establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, *Accounting and Financial Reporting for Pensions*, as well as for the assets accumulated for purposes of providing those pensions. It also amends certain provisions of Statement No. 67, *Financial Reporting for Pension Plans*, and Statement 68. The implementation of this GASB pronouncement did not result in any changes to the Library's financial statements.

GASB Statement No. 76 identifies-in the context of the current governmental financial reporting environment-the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with generally accepted accounting principles (GAAP) and the framework for selecting those principles. The implementation of this GASB pronouncement did not result in any changes to the Library's financial statements.

GASB Statement No. 77 requires disclosure of information about the nature and magnitude of tax abatements. These changes were incorporated in the Library's 2016 financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 79 establishes accounting and financial reporting standards for qualifying external investment pools that elect to measure for financial reporting purposes all of their investments at amortized cost. This Statement provides accounting and financial reporting guidance also establishes additional note disclosure requirements for governments that participate in those pools. The Library participates in STAR Ohio which implemented GASB Statement No. 79 for 2016. The Library incorporated the corresponding GASB 79 guidance into their 2016 financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 82 improves consistency in the application of pension accounting. These changes were incorporated in the Library's 2016 financial statements; however, there was no effect on beginning net position/fund balance.

NOTE 18 – SIGNIFICANT COMMITMENTS

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>Fund</u>	<u>Year-End Encumbrances</u>
General	\$3,191,790
Building & Repair	3,777,678
Other nonmajor governmental funds	<u>21,259</u>
Total	<u><u>\$6,990,727</u></u>

The Public Library of Cincinnati and Hamilton County
Required Supplementary Information
Schedule of the Library's Proportionate Share of the Net Pension Liability
Ohio Public Employees Retirement System- Traditional Plan
Last Three Years (1)

	<u>2014</u>	<u>2015</u>	<u>2016</u>
Library's proportion of the net pension liability (asset)	0.187341%	0.187341%	0.185794%
Library's proportionate share of the net pension liability (asset)	\$22,085,063	\$22,595,418	\$32,181,863
Library's covered-employee payroll	\$22,678,392	\$22,967,900	\$23,133,783
Library's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	97.38%	98.38%	139.11%
Plan fiduciary net position as a percentage of the total pension liability	86.36%	86.45%	81.08%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2014 is not available. An additional column will be added each year. Amount presented as of the Library's measurement date which is the prior year end.

The Public Library of Cincinnati and Hamilton County
Required Supplementary Information
Schedule of Library Contributions
Ohio Public Employees Retirement System - Traditional Plan
Last Four Years (1)

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Contractually required contribution	\$2,948,191	\$2,756,148	\$2,776,054	\$2,966,001
Contributions in relation to the contractually required contribution	<u>(2,948,191)</u>	<u>(2,756,148)</u>	<u>(2,776,054)</u>	<u>(2,966,001)</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Library covered-employee payroll	\$22,678,392	\$22,967,900	\$23,133,783	\$24,716,675
Contributions as a percentage of covered-employee payroll	13.00%	12.00%	12.00%	12.00%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2013 is not available. An additional column will be added each year.

The Public Library of Cincinnati and Hamilton County

Nonmajor Fund Descriptions

Special Revenue Funds

The Special Revenue Funds are used to account for and report revenue sources that are restricted or committed to expenditures for specific purposes other than debt service or capital projects and include:

Various Funds - To account for the Anderson/Mt. Washington Fund and the Gift Fund which are combined for reporting purposes.

Library Programs Fund - To account for various gifts that are restricted to fund library programs.

Permanent Funds

The Permanent Funds are used to account for gifts and investment earnings that are donor restricted to expenditure for specific purposes. The following are descriptions of the Library's nonmajor permanent funds:

Various Permanent Funds

To account for the following separate funds which are combined for reporting purposes:

Anderson Library Committee	Karline Brown	Cochran	Incidental Expenses
Haven Gillespie	Glueck	Goldsmith	Greider
Abell	Hatfield	Hattendorf	Heekin
Huenefeld	Iacobucci	Kahn	Kane/Merton
King	Library Materials	Lenke	Lewis
Marsh	Meister	Nolan	O'Brien
Plaut	DeMarke	Rhein	Schild/SCORE
Sackett	Ruth G. Stern	Stern	Striker
T & R	Trager	Valerio Family	Levesay
Dehner			

Armstrong Fund - To account for a restricted gift from the estate of George W. Armstrong, Jr. for the general use and benefit of the Library. Investment income is used for occasional special events and to supplement the Karline Brown Fund.

Feld Fund - To account for a restricted gift from the estate of Natalie Feld. Investment income is used for the purchase of books on travel and world affairs.

Hadley Fund - To account for a restricted gift from Edna Hendrie Hadley. Investment income is used for travel and study purposes for library employees.

Heisel/Dunlap Fund - To account for restricted gifts from the estates of Emma E. Heisel and Alice M. Dunlap. Investment income is used to fund educational grants for library employees.

Kersten Fund - To account for a restricted gift from the estate of Dorothy M.M. Kersten. Investment income is used to fund library programs for children and teens.

Dwyer Fund - To account for a restricted gift from the estate of Cecilia J. Dwyer. Investment income is used to support outreach services.

Howard Fund - To account for a restricted gift from the estate of Jerome Howard. Investment income is used to purchase books of non-fiction, with an emphasis on nature and fine arts.

The Public Library of Cincinnati and Hamilton County

Combining Balance Sheet
Nonmajor Governmental Funds

December 31, 2016

	Nonmajor Special Revenue	Nonmajor Permanent	Total Nonmajor Governmental
	<u> </u>	<u> </u>	<u> </u>
<u>Assets</u>			
Equity in Pooled Cash and Cash Equivalents	\$334,388	\$1,946,827	\$2,281,215
Investments	0	6,121,436	6,121,436
Receivables:			
Accrued Interest	0	18,992	18,992
Total Assets	<u>\$334,388</u>	<u>\$8,087,255</u>	<u>\$8,421,643</u>
<u>Liabilities</u>			
Accounts Payable	\$4,250	\$10,644	\$14,894
Total Liabilities	<u>4,250</u>	<u>10,644</u>	<u>14,894</u>
<u>Fund Balances</u>			
Nonspendable	0	6,737,503	6,737,503
Restricted	330,138	1,339,108	1,669,246
Total Fund Balances	<u>330,138</u>	<u>8,076,611</u>	<u>8,406,749</u>
Total Liabilities and Fund Balances	<u>\$334,388</u>	<u>\$8,087,255</u>	<u>\$8,421,643</u>

The Public Library of Cincinnati and Hamilton County
 Combining Balance Sheet
 Nonmajor Special Revenue Funds
 December 31, 2016

	Various	Library Programs	Total
<u>Assets</u>			
Equity in Pooled Cash and Cash Equivalents	\$293,354	\$41,034	\$334,388
Total Assets	\$293,354	\$41,034	\$334,388
 <u>Liabilities</u>			
Accounts Payable	\$4,250	\$0	\$4,250
Total Liabilities	4,250	0	4,250
 <u>Fund Balances</u>			
Restricted	289,104	41,034	330,138
Total Fund Balances	289,104	41,034	330,138
Total Liabilities and Fund Balances	\$293,354	\$41,034	\$334,388

The Public Library of Cincinnati and Hamilton County
 Combining Balance Sheet
 Nonmajor Permanent Funds
 December 31, 2016

	Various Permanent	Armstrong	Feld	Hadley	Heisel/ Dunlap
Assets					
Equity in Pooled Cash and Cash Equivalents	\$333,991	\$902,155	\$372,194	\$41,169	\$36,716
Investments	884,510	895,040	2,517,481	76,566	277,653
Receivables:					
Accrued Interest	2,744	2,777	7,811	238	861
Total Assets	<u>\$1,221,245</u>	<u>\$1,799,972</u>	<u>\$2,897,486</u>	<u>\$117,973</u>	<u>\$315,230</u>
Liabilities					
Accounts Payable	\$0	\$0	\$10,495	\$0	\$0
Total Liabilities	<u>0</u>	<u>0</u>	<u>10,495</u>	<u>0</u>	<u>0</u>
Fund Balances					
Nonspendable	974,444	986,042	2,773,445	84,350	305,883
Restricted	246,801	813,930	113,546	33,623	9,347
Total Fund Balances	<u>1,221,245</u>	<u>1,799,972</u>	<u>2,886,991</u>	<u>117,973</u>	<u>315,230</u>
Total Liabilities and Fund Balances	<u>\$1,221,245</u>	<u>\$1,799,972</u>	<u>\$2,897,486</u>	<u>\$117,973</u>	<u>\$315,230</u>

<u>Kersten</u>	<u>Dwyer</u>	<u>Howard</u>	<u>Total</u>
\$127,461	\$14,889	\$118,252	\$1,946,827
89,435	117,808	1,262,943	6,121,436
277	366	3,918	18,992
<u>\$217,173</u>	<u>\$133,063</u>	<u>\$1,385,113</u>	<u>\$8,087,255</u>
\$60	\$0	\$89	\$10,644
<u>60</u>	<u>0</u>	<u>89</u>	<u>10,644</u>
98,529	129,786	1,385,024	6,737,503
118,584	3,277	0	1,339,108
<u>217,113</u>	<u>133,063</u>	<u>1,385,024</u>	<u>8,076,611</u>
<u>\$217,173</u>	<u>\$133,063</u>	<u>\$1,385,113</u>	<u>\$8,087,255</u>

The Public Library of Cincinnati and Hamilton County
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2016

	Nonmajor Special Revenue	Nonmajor Permanent	Total Nonmajor Governmental
Revenues			
Earnings on investments	\$15,518	\$132,129	\$147,647
Contributions, gifts and donations	375,134	3,300	378,434
Total Revenues	<u>390,652</u>	<u>135,429</u>	<u>526,081</u>
Expenditures			
Current			
Library Services			
Public service and programs	335,381	41,293	376,674
Collection development and processing	708	132,090	132,798
Support Services			
Business administration	614	27,776	28,390
Total Expenditures	<u>336,703</u>	<u>201,159</u>	<u>537,862</u>
Net change in fund balances	53,949	(65,730)	(11,781)
Fund balances - beginning of year	276,189	8,142,341	8,418,530
Fund balances - end of year	<u>\$330,138</u>	<u>\$8,076,611</u>	<u>\$8,406,749</u>

The Public Library of Cincinnati and Hamilton County
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2016

	Various	Library Programs	Total
<u>Revenues</u>			
Earnings on investments	\$12,043	\$3,475	\$15,518
Contributions, gifts and donations	364,175	10,959	375,134
Total Revenues	<u>376,218</u>	<u>14,434</u>	<u>390,652</u>
<u>Expenditures</u>			
Current			
Library Services			
Public service and programs	299,259	36,122	335,381
Collection development and processing	708	0	708
Support Services			
Business Administration	0	614	614
Total Expenditures	<u>299,967</u>	<u>36,736</u>	<u>336,703</u>
Net change in fund balances	76,251	(22,302)	53,949
Fund balances - beginning of year	212,853	63,336	276,189
Fund balances - end of year	<u>\$289,104</u>	<u>\$41,034</u>	<u>\$330,138</u>

The Public Library of Cincinnati and Hamilton County
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Permanent Funds
For the Year Ended December 31, 2016

	Various Permanent	Armstrong	Feld	Hadley
Revenues				
Earnings on investments	\$24,738	\$7,399	\$6,067	\$385
Contributions, gifts and donations	3,300	0	0	0
Total Revenues	<u>28,038</u>	<u>7,399</u>	<u>6,067</u>	<u>385</u>
Expenditures				
Current				
Library Services				
Public service and programs	200	0	0	0
Collection development and processing	28,456	0	93,397	0
Support Services				
Business administration	14,844	11,677	0	1,255
Total Expenditures	<u>43,500</u>	<u>11,677</u>	<u>93,397</u>	<u>1,255</u>
Net change in fund balances	(15,462)	(4,278)	(87,330)	(870)
Fund balances - beginning of year	1,236,707	1,804,250	2,974,321	118,843
Fund balances - end of year	<u>\$1,221,245</u>	<u>\$1,799,972</u>	<u>\$2,886,991</u>	<u>\$117,973</u>

<u>Heisel/ Dunlap</u>	<u>Kersten</u>	<u>Dwyer</u>	<u>Howard</u>	<u>Total</u>
\$605	\$90,214	\$273	\$2,448	\$132,129
0	0	0	0	3,300
<u>605</u>	<u>90,214</u>	<u>273</u>	<u>2,448</u>	<u>135,429</u>
0	36,772	4,321	0	41,293
0	0	0	10,237	132,090
0	0	0	0	27,776
<u>0</u>	<u>36,772</u>	<u>4,321</u>	<u>10,237</u>	<u>201,159</u>
605	53,442	(4,048)	(7,789)	(65,730)
314,625	163,671	137,111	1,392,813	8,142,341
<u>\$315,230</u>	<u>\$217,113</u>	<u>\$133,063</u>	<u>\$1,385,024</u>	<u>\$8,076,611</u>

The Public Library of Cincinnati and Hamilton County

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Budget Basis)

Building and Repair Fund

For the Year Ended December 31, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Contributions, gifts and donations	\$0	\$0	\$0	\$0
Total revenues	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Expenditures				
Current				
Purchased and contracted services	789,202	789,202	427,563	361,639
Capital outlay	3,582,818	4,582,818	3,979,068	603,750
Total expenditures	<u>4,372,020</u>	<u>5,372,020</u>	<u>4,406,631</u>	<u>965,389</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,372,020)</u>	<u>(5,372,020)</u>	<u>(4,406,631)</u>	<u>965,389</u>
Other financing sources (uses)				
Transfers in	2,000,000	3,000,000	3,000,000	0
Total other financing sources (uses)	<u>2,000,000</u>	<u>3,000,000</u>	<u>3,000,000</u>	<u>0</u>
Net change in fund balance	(2,372,020)	(2,372,020)	(1,406,631)	965,389
Fund balance at beginning of year	4,368,106	4,368,106	4,368,106	0
Prior year encumbrances appropriated	122,021	122,021	122,021	0
Fund balance at end of year	<u>\$2,118,107</u>	<u>\$2,118,107</u>	<u>\$3,083,496</u>	<u>\$965,389</u>

The Public Library of Cincinnati and Hamilton County
 Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Budget Basis)

Various Funds

For the Year Ended December 31, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues				
Intergovernmental receipts	\$1,000	\$1,000	\$0	(\$1,000)
Earnings on investments	0	0	12,043	12,043
Contributions, gifts and donations	264,500	354,500	364,175	9,675
Total revenues	<u>265,500</u>	<u>355,500</u>	<u>376,218</u>	<u>20,718</u>
Expenditures				
Current				
Supplies	192,368	212,368	181,739	30,629
Purchased and contracted services	70,291	110,291	82,300	27,991
Library materials and information	22,570	22,570	10,012	12,558
Capital outlay	27,100	57,100	33,555	23,545
Total expenditures	<u>312,329</u>	<u>402,329</u>	<u>307,606</u>	<u>94,723</u>
Net change in fund balance	(46,829)	(46,829)	68,612	115,441
Fund balance at beginning of year	202,712	202,712	202,712	0
Prior year encumbrances appropriated	16,179	16,179	16,179	0
Fund balance at end of year	<u>\$172,062</u>	<u>\$172,062</u>	<u>\$287,503</u>	<u>\$115,441</u>

The Public Library of Cincinnati and Hamilton County

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Budget Basis)

Library Programs Fund

For the Year Ended December 31, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Earnings on investments	\$0	\$0	\$3,475	\$3,475
Contributions, gifts and donations	25,000	25,000	10,959	(14,041)
Total revenues	<u>25,000</u>	<u>25,000</u>	<u>14,434</u>	<u>(10,566)</u>
Expenditures				
Current				
Supplies	20,370	20,370	19,403	967
Purchased and contracted services	20,000	20,000	17,365	2,635
Total expenditures	<u>40,370</u>	<u>40,370</u>	<u>36,768</u>	<u>3,602</u>
Net change in fund balance	(15,370)	(15,370)	(22,334)	(6,964)
Fund balance at beginning of year	62,998	62,998	62,998	0
Prior year encumbrances appropriated	370	370	370	0
Fund balance at end of year	<u>\$47,998</u>	<u>\$47,998</u>	<u>\$41,034</u>	<u>(\$6,964)</u>

The Public Library of Cincinnati and Hamilton County

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Budget Basis)

Various Permanent Funds

For the Year Ended December 31, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Earnings on investments	\$24,900	\$24,900	\$19,796	(\$5,104)
Contributions, gifts and donations	1,500	1,500	3,300	1,800
Total revenues	<u>26,400</u>	<u>26,400</u>	<u>23,096</u>	<u>(3,304)</u>
Expenditures				
Current				
Salaries and benefits				
Salaries and leave benefits	8,000	8,000	1,000	7,000
Supplies	6,000	6,000	3,578	2,422
Purchased and contracted services	24,145	29,145	11,315	17,830
Library materials and information	30,034	30,034	28,456	1,578
Total expenditures	<u>68,179</u>	<u>73,179</u>	<u>44,349</u>	<u>28,830</u>
Net change in fund balance	(41,779)	(46,779)	(21,253)	25,526
Fund balance at beginning of year	1,243,134	1,243,134	1,243,134	0
Prior year encumbrances appropriated	2,179	2,179	2,179	0
Fund balance at end of year	<u>\$1,203,534</u>	<u>\$1,198,534</u>	<u>\$1,224,060</u>	<u>\$25,526</u>

The Public Library of Cincinnati and Hamilton County

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Budget Basis)

Armstrong Fund

For the Year Ended December 31, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Earnings on investments	\$7,800	\$7,800	\$5,705	(\$2,095)
Total revenues	<u>7,800</u>	<u>7,800</u>	<u>5,705</u>	<u>(2,095)</u>
Expenditures				
Current				
Supplies	20,197	35,197	13,066	22,131
Purchased and contracted services	10,835	10,835	900	9,935
Total expenditures	<u>31,032</u>	<u>46,032</u>	<u>13,966</u>	<u>32,066</u>
Net change in fund balance	(23,232)	(38,232)	(8,261)	29,971
Fund balance at beginning of year	1,813,148	1,813,148	1,813,148	0
Prior year encumbrances appropriated	1,032	1,032	1,032	0
Fund balance at end of year	<u>\$1,790,948</u>	<u>\$1,775,948</u>	<u>\$1,805,919</u>	<u>\$29,971</u>

The Public Library of Cincinnati and Hamilton County

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Budget Basis)

Feld Fund

For the Year Ended December 31, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Earnings on investments	\$17,500	\$17,500	\$1,305	(\$16,195)
Total revenues	<u>17,500</u>	<u>17,500</u>	<u>1,305</u>	<u>(16,195)</u>
Expenditures				
Current				
Library materials and information	111,747	111,747	102,298	9,449
Total expenditures	<u>111,747</u>	<u>111,747</u>	<u>102,298</u>	<u>9,449</u>
Net change in fund balance	(94,247)	(94,247)	(100,993)	(6,746)
Fund balance at beginning of year	2,995,255	2,995,255	2,995,255	0
Prior year encumbrances appropriated	11,747	11,747	11,747	0
Fund balance at end of year	<u>\$2,912,755</u>	<u>\$2,912,755</u>	<u>\$2,906,009</u>	<u>(\$6,746)</u>

The Public Library of Cincinnati and Hamilton County

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Budget Basis)

Hadley Fund

For the Year Ended December 31, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Earnings on investments	\$600	\$600	\$240	(\$360)
Total revenues	<u>600</u>	<u>600</u>	<u>240</u>	<u>(360)</u>
Expenditures				
Current				
Salaries and benefits				
Other employee benefits	30,500	30,500	1,255	29,245
Total expenditures	<u>30,500</u>	<u>30,500</u>	<u>1,255</u>	<u>29,245</u>
Net change in fund balance	(29,900)	(29,900)	(1,015)	28,885
Fund balance at beginning of year	119,127	119,127	119,127	0
Prior year encumbrances appropriated	500	500	500	0
Fund balance at end of year	<u>\$89,727</u>	<u>\$89,727</u>	<u>\$118,612</u>	<u>\$28,885</u>

The Public Library of Cincinnati and Hamilton County

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Budget Basis)

Heisel/Dunlap Fund

For the Year Ended December 31, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Earnings on investments	\$1,900	\$1,900	\$80	(\$1,820)
Total revenues	<u>1,900</u>	<u>1,900</u>	<u>80</u>	<u>(1,820)</u>
Expenditures				
Current				
Salaries and benefits				
Other employee benefits	10,000	10,000	0	10,000
Total expenditures	<u>10,000</u>	<u>10,000</u>	<u>0</u>	<u>10,000</u>
Net change in fund balance	(8,100)	(8,100)	80	8,180
Fund balance at beginning of year	317,474	317,474	317,474	0
Fund balance at end of year	<u>\$309,374</u>	<u>\$309,374</u>	<u>\$317,554</u>	<u>\$8,180</u>

The Public Library of Cincinnati and Hamilton County

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Budget Basis)

Kersten Fund

For the Year Ended December 31, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Earnings on investments	\$30,500	\$30,500	\$90,046	\$59,546
Total revenues	<u>30,500</u>	<u>30,500</u>	<u>90,046</u>	<u>59,546</u>
Expenditures				
Current				
Supplies	25,520	25,520	23,829	1,691
Purchased and contracted services	15,000	15,000	13,247	1,753
Total expenditures	<u>40,520</u>	<u>40,520</u>	<u>37,076</u>	<u>3,444</u>
Net change in fund balance	(10,020)	(10,020)	52,970	62,990
Fund balance at beginning of year	164,069	164,069	164,069	0
Prior year encumbrances appropriated	520	520	520	0
Fund balance at end of year	<u>\$154,569</u>	<u>\$154,569</u>	<u>\$217,559</u>	<u>\$62,990</u>

The Public Library of Cincinnati and Hamilton County

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Budget Basis)

Dwyer Fund

For the Year Ended December 31, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Earnings on investments	\$800	\$800	\$50	(\$750)
Total revenues	<u>800</u>	<u>800</u>	<u>50</u>	<u>(750)</u>
Expenditures				
Current				
Supplies	3,013	3,013	2,292	721
Library materials and information	2,500	2,500	2,327	173
Total expenditures	<u>5,513</u>	<u>5,513</u>	<u>4,619</u>	<u>894</u>
Net change in fund balance	(4,713)	(4,713)	(4,569)	144
Fund balance at beginning of year	137,604	137,604	137,604	0
Prior year encumbrances appropriated	1,013	1,013	1,013	0
Fund balance at end of year	<u>\$133,904</u>	<u>\$133,904</u>	<u>\$134,048</u>	<u>\$144</u>

The Public Library of Cincinnati and Hamilton County

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Budget Basis)

Howard Fund

For the Year Ended December 31, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Earnings on investments	\$8,500	\$8,500	\$60	(\$8,440)
Total revenues	<u>8,500</u>	<u>8,500</u>	<u>60</u>	<u>(8,440)</u>
Expenditures				
Current				
Library materials and information	10,683	10,683	10,654	29
Total expenditures	<u>10,683</u>	<u>10,683</u>	<u>10,654</u>	<u>29</u>
Net change in fund balance	(2,183)	(2,183)	(10,594)	(8,411)
Fund balance at beginning of year	1,405,457	1,405,457	1,405,457	0
Prior year encumbrances appropriated	683	683	683	0
Fund balance at end of year	<u>\$1,403,957</u>	<u>\$1,403,957</u>	<u>\$1,395,546</u>	<u>(\$8,411)</u>

Statistical Section

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The Public Library of Cincinnati and Hamilton County

Statistical Section

This part of the Public Library of Cincinnati and Hamilton County, Ohio's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Library's overall financial health.

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Financial Trends These schedules contain trend information to help the reader understand how the Library's financial performance and well-being has changed over time.	62-69
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Debt Capacity These schedules present information to help the reader assess the affordability of the Library's current service levels of outstanding debt and the Library's ability to issue additional debt in the future. The Library has not included a table for Direct and Overlapping Debt as the Library is a county-wide library.	75
Economic and Demographic Information These schedules offer economic and demographic indicators to help the reader understand the environment in which the Library's financial activities take place.	76-78
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the Library's financial report relates to the services the Library provides and the activities it performs.	80-83

Sources:

Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year.

The Public Library of Cincinnati and Hamilton County

Net Position by Component

Last Ten Years

(accrual basis of accounting)

	<u>2007</u>	<u>2008</u>	<u>2009 (*)</u>	<u>2010 (*)</u>
Governmental Activities:				
Invested in Capital Assets	\$91,680,184	\$90,835,880	\$88,897,763	\$87,843,258
Restricted	11,115,987	13,616,429	10,005,862	8,908,471
Unrestricted	<u>38,302,628</u>	<u>33,190,646</u>	<u>21,324,264</u>	<u>27,465,034</u>
Total Governmental Activities Net Position	<u><u>\$141,098,799</u></u>	<u><u>\$137,642,955</u></u>	<u><u>\$120,227,889</u></u>	<u><u>\$124,216,763</u></u>

*Amount restated to correctly reflect accumulated depreciation

**Amount restated in accordance with GASB Statement No.68

2011 (*)	2012 (*)	2013	2014(**)	2015	2016
\$87,110,748	\$85,341,907	\$84,898,227	\$89,838,832	\$91,459,134	\$89,431,482
8,765,055	8,549,943	8,640,838	8,451,806	8,418,530	8,406,749
32,602,540	36,678,842	39,408,975	16,220,317	18,085,749	19,483,048
<u>\$128,478,343</u>	<u>\$130,570,692</u>	<u>\$132,948,040</u>	<u>\$114,510,955</u>	<u>\$117,963,413</u>	<u>\$117,321,279</u>

The Public Library of Cincinnati and Hamilton County

Changes in Net Position

Last Ten Years

(accrual basis of accounting)

	2007	2008	2009 (*)	2010 (*)
Program Revenues:				
Charges for Services:				
Library Services:				
Public Service and Programs	\$1,949,231	\$2,003,232	\$1,986,173	\$1,950,189
Collection Development and Processing	0	0	0	33,323
Operating grants, contributions, and earnings on investments:				
Library Services:				
Public Service and Programs	841,861	1,146,886	537,845	353,966
Collection Development and Processing	597,512	326,213	84,990	16,694
Support Services:				
Facilities operations and maintenance	419,888	1,307	7,056	87,120
Information services support	10,000	0	0	0
Business administration	25,869	18,788	3,513	0
Total Program Revenues	3,844,361	3,496,426	2,619,577	2,441,292
Expenses:				
Library Services:				
Public Service and Programs	24,757,848	25,328,735	25,445,459	24,735,003
Collection Development and Processing	11,739,723	11,708,306	12,003,328	12,650,042
Support Services:				
Facilities Operations and Maintenance	12,717,831	12,961,104	13,052,088	12,956,656
Information Services Support	3,038,053	2,604,637	1,374,495	1,971,633
Business Administration	3,458,818	3,620,791	4,382,087	4,747,463
Debt Service:				
Interest and Fiscal Charges	3,168	1,602	0	0
Total Expenses	55,715,441	56,225,175	56,257,457	57,060,797
Net Expenses	(51,871,080)	(52,728,749)	(53,637,880)	(54,619,505)
General Revenues:				
Governmental Activities:				
Grants and Contributions not Restricted to Specific Programs	49,289,425	47,887,165	35,472,245	38,213,450
Property taxes levied for general purposes	0	0	0	19,618,860
Earnings on Investments	1,183,073	570,505	88,420	22,673
Gain on sale of capital asset	87,644	0	0	48,375
Other	784,376	811,488	658,480	701,110
Contributions to Principal for Permanent Funds	3,553	3,747	3,669	3,911
Total General Revenues and Contributions	51,348,071	49,272,905	36,222,814	58,608,379
Change in Net Position	(\$523,009)	(\$3,455,844)	(\$17,415,066) (1)	\$3,988,874

(1) In 2009 the Library experienced a 26% decrease in Public Library Funding. This severe cut prompted the need for the property tax levy in 2010.

*Amount restated to correctly reflect accumulated depreciation

2011 (*)	2012 (*)	2013	2014	2015	2016
\$1,853,699	\$1,836,534	\$1,488,381	\$1,378,960	\$1,464,251	\$1,243,747
3,048	270	0	0	0	0
461,895	302,650	446,865	225,674	406,987	714,906
135,199	90,651	35,756	301,378	79,245	33,253
276,970	34,121	268,402	51,650	101,428	0
0	0	0	0	0	0
0	950	0	0	397	0
2,730,811	2,265,176	2,239,404	1,957,662	2,052,308	1,991,906
24,012,269	25,089,210	24,481,482	23,276,690	24,825,845	26,729,301
12,857,701	13,256,882	11,779,143	12,296,021	12,454,497	12,709,842
12,173,882	11,344,275	10,776,056	13,172,401	11,942,451	11,959,422
1,904,726	1,146,958	1,759,322	2,008,484	2,565,611	2,747,053
4,316,845	4,746,904	5,165,273	5,673,489	5,420,242	5,936,201
0	0	0	0	0	0
55,265,423	55,584,229	53,961,276	56,427,085	57,208,646	60,081,819
(52,534,612)	(53,319,053)	(51,721,872)	(54,469,423)	(55,156,338)	(58,089,913)
38,927,193	38,320,131	38,316,460	39,124,507	41,480,926	39,964,131
17,244,148	15,912,280	14,954,099	15,046,679	16,204,408	16,208,904
56,218	56,419	48,273	53,111	59,692	130,144
0	0	0	0	0	0
563,561	1,119,987	775,432	1,131,857	861,470	1,141,300
5,072	2,585	4,956	5,099	2,300	3,300
56,796,192	55,411,402	54,099,220	55,361,253	58,608,796	57,447,779
\$4,261,580	\$2,092,349	\$2,377,348	\$891,830	\$3,452,458	(\$642,134)

The Public Library of Cincinnati and Hamilton County

Fund Balances - Governmental Funds

Last Ten Years

(modified accrual basis of accounting)

	2007	2008	2009	2010 (1)
General Fund				
Nonspendable	\$0	\$0	\$0	\$313,740
Committed	0	0	0	80,000
Assigned	0	0	0	453,970
Unassigned	0	0	0	8,371,066
Reserved	500,422	522,050	417,778	0
Unreserved	11,392,232	7,370,027	4,954,540	0
Total General Fund	<u>11,892,654</u>	<u>7,892,077</u>	<u>5,372,318</u>	<u>9,218,776</u>
All Other Governmental Funds				
Nonspendable	\$0	\$0	\$0	\$6,720,519
Restricted	0	0	0	2,187,952
Assigned	0	0	0	4,012,379
Reserved	7,395,041	7,777,583	7,184,646	0
Unreserved reported in:				
Special Revenue Funds	2,207,051	4,560,246	750,292	0
Capital Projects Funds	7,390,932	8,116,698	3,066,387	0
Permanent Funds	2,230,095	2,315,884	2,087,829	0
Total All Other Governmental Funds	<u>19,223,119</u>	<u>22,770,411</u>	<u>13,089,154</u>	<u>12,920,850</u>
Total Governmental Funds	<u><u>\$31,115,773</u></u>	<u><u>\$30,662,488</u></u>	<u><u>\$18,461,472</u></u>	<u><u>\$22,139,626</u></u>

(1) Fund balances were classified in accordance with GASB Statement No. 54.

2011	2012	2013	2014	2015	2016
\$408,748	\$530,998	\$286,770	\$262,519	\$416,022	\$515,354
80,000	80,000	80,000	80,000	80,000	80,000
373,970	827,940	1,061,664	1,561,251	1,440,624	1,142,449
13,693,604	14,007,805	17,553,989	12,616,657	16,084,960	17,146,542
0	0	0	0	0	0
0	0	0	0	0	0
<u>14,556,322</u>	<u>15,446,743</u>	<u>18,982,423</u>	<u>14,520,427</u>	<u>18,021,606</u>	<u>18,884,345</u>
\$6,725,591	\$6,728,176	\$6,733,132	\$6,738,231	\$6,740,531	\$6,737,503
2,039,464	1,821,767	1,907,706	1,713,575	1,677,999	1,669,246
4,754,170	6,604,104	6,742,069	6,887,069	4,424,642	6,654,019
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>13,519,225</u>	<u>15,154,047</u>	<u>15,382,907</u>	<u>15,338,875</u>	<u>12,843,172</u>	<u>15,060,768</u>
<u>\$28,075,547</u>	<u>\$30,600,790</u>	<u>\$34,365,330</u>	<u>\$29,859,302</u>	<u>\$30,864,778</u>	<u>\$33,945,113</u>

The Public Library of Cincinnati and Hamilton County

Changes in Fund Balances - Governmental Funds

Last Ten Years

(modified accrual basis of accounting)

	2007	2008	2009	2010
Revenues:				
Intergovernmental	\$49,417,777	\$48,116,998	\$38,844,386	\$38,977,457
Property taxes	0	0	0	17,637,711
Fines and fees	1,949,231	2,003,232	1,986,173	1,950,189
Earnings on investments	1,677,365	1,007,491	201,158	29,558
Contributions, gifts, and donations	1,438,084	2,948,735	147,387	268,006
Miscellaneous	906,360	811,488	658,480	734,433
Total Revenues	55,388,817	54,887,944	41,837,584	59,597,354
Expenditures:				
Current:				
Library services:				
Public service and programs	24,888,966	25,354,219	25,398,385	24,862,028
Collection development and processing	11,669,590	11,695,165	11,956,325	12,637,587
Support Services:				
Facilities operations and maintenance	12,234,308	11,211,724	10,835,165	11,000,973
Information services support	3,381,801	3,405,865	1,491,889	2,734,740
Business administration	3,441,977	3,625,151	4,356,836	4,738,872
Debt Service:				
Principal retirement	62,305	48,246	0	0
Interest and fiscal charges	3,168	859	0	0
Total Expenditures	55,682,115	55,341,229	54,038,600	55,974,200
Excess of Revenues Over (Under) Expenditures	(293,298)	(453,285)	(12,201,016)	3,623,154
Other Financing Sources (Uses):				
Proceeds from Sale of Capital Assets	115,000	0	0	55,000
Inception of Capital Lease	0	0	0	0
Transfers In	3,300,000	2,503,043	6,680,238	2,500,000
Transfers Out	(3,300,000)	(2,503,043)	(6,680,238)	(2,500,000)
Total Other Financing Sources (Uses)	115,000	0	0	55,000
Net Change in Fund Balances	(\$178,298)	(\$453,285)	(\$12,201,016)	\$3,678,154
Debt Service as a Percentage of Noncapital Expenditures	0.1%	0.1%	0.0%	0.0%

2011	2012	2013	2014	2015	2016
\$39,798,636	\$37,445,155	\$38,162,831	\$37,742,457	\$41,005,594	\$39,960,649
17,613,602	15,948,657	16,044,155	16,172,491	16,226,162	16,300,929
1,853,699	1,836,534	1,488,381	1,378,960	1,464,251	1,243,747
195,357	144,720	93,056	162,977	145,887	269,402
481,376	276,749	683,196	312,071	325,740	612,201
566,910	1,121,163	775,432	1,131,857	985,544	1,141,300
<u>60,509,580</u>	<u>56,772,978</u>	<u>57,247,051</u>	<u>56,900,813</u>	<u>60,153,178</u>	<u>59,528,228</u>
24,384,028	25,405,327	24,701,042	24,569,487	25,723,835	25,742,717
12,940,503	13,475,983	11,844,354	12,392,518	12,483,229	12,632,780
10,907,773	9,191,772	9,745,206	16,721,876	12,813,932	9,185,917
1,990,538	1,632,347	1,966,232	2,164,844	2,647,622	3,110,119
4,350,817	4,862,306	5,225,677	5,593,116	5,479,084	5,776,360
0	0	0	0	0	0
0	0	0	0	0	0
<u>54,573,659</u>	<u>54,567,735</u>	<u>53,482,511</u>	<u>61,441,841</u>	<u>59,147,702</u>	<u>56,447,893</u>
<u>5,935,921</u>	<u>2,205,243</u>	<u>3,764,540</u>	<u>(4,541,028)</u>	<u>1,005,476</u>	<u>3,080,335</u>
0	320,000	0	35,000	0	0
0	0	0	0	0	0
2,500,000	2,500,000	2,000,000	9,000,000	2,000,000	3,000,000
(2,500,000)	(2,500,000)	(2,000,000)	(9,000,000)	(2,000,000)	(3,000,000)
<u>0</u>	<u>320,000</u>	<u>0</u>	<u>35,000</u>	<u>0</u>	<u>0</u>
<u>\$5,935,921</u>	<u>\$2,525,243</u>	<u>\$3,764,540</u>	<u>(\$4,506,028)</u>	<u>\$1,005,476</u>	<u>\$3,080,335</u>
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

The Public Library of Cincinnati and Hamilton County
Assessed Value and Estimated Actual Value of Taxable Property
Last Seven Years (1)

Year	Real Property			Tangible Personal Property				Weighted Average Property Tax Rate (per \$1,000 of assessed value)	
	Assessed Value			General Business		Totals			
	Residential/ Agricultural	Commercial/ Industrial/PU	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value		
2010	\$14,056,000,000	\$5,807,000,000	\$56,751,428,571	\$32,770,000	\$131,080,000	\$19,895,770,000	\$56,882,508,571	34.98%	1.00
2011	14,030,000,000	5,590,000,000	56,057,142,857	0	0	19,620,000,000	56,057,142,857	35.00%	1.00
2012	12,239,420,000	5,159,970,000	49,712,542,857	0	0	17,399,390,000	49,712,542,857	35.00%	1.00
2013	12,244,400,000	5,265,760,000	50,029,028,571	0	0	17,510,160,000	50,029,028,571	35.00%	1.00
2014	12,705,736,300	5,463,869,150	51,913,158,429	0	0	18,169,605,450	51,913,158,429	35.00%	1.00
2015	12,781,985,050	5,485,555,020	52,192,971,629	0	0	18,267,540,070	52,192,971,629	35.00%	1.00
2016	12,830,163,620	5,518,212,030	52,423,930,429	0	0	18,348,375,650	52,423,930,429	35.00%	1.00

(1) Prior to 2010, the Library did not have a property tax levy.

Real property is reappraised every six years with a State mandated update of the current market value in the third year following each reappraisal.

The assessed value of real property (including public utility real property) is 35 percent of estimated true value. The assessed value of public utility personal property ranges from 25 percent of true value for railroad property to 88 percent for electric transmission and distribution property. General business tangible personal property tax has been phased out, and during the phase out period, all general business tangible personal property was assessed at 12.5 percent for 2007, 6.25 percent for 2008 and zero for 2009. Beginning in 2007, House Bill 66 switched telephone companies from being public utilities to general business taxpayers and began a four year phase out of the tangible personal property tax on local and inter-exchange telephone companies, at 5 percent for 2010. No tangible personal property taxes were levied or collected in 2009 from general business taxpayers, (except telephone companies whose last year to pay tangible personal property tax was 2010).

The tangible personal property values associated with each year were the values that, when multiplied by the applicable rates, generated the property tax revenue billed in that year. For real property, the amounts generated by multiplying the assessed values by the applicable rates would be reduced by a 10 percent and a 2 1/2 percent rollback, and homestead exemptions before being billed.

Source: Hamilton County Auditor

The Public Library of Cincinnati and Hamilton County

Property Tax Levies and Collections

Last Seven Years (1)

Collection Year	Current Tax Levy (2)	Delinquent Tax Levy (3)	Total Tax Levy	Current Tax Collections (2)	Percent of Current Tax Collections to Total Tax Levy	Delinquent Tax Collections (3)	Total Tax Collections(2)	Percent of Total Tax Collections to Total Tax Levy
2010	\$18,248,554	\$1,417,627	\$19,666,181	\$16,367,759	83.23%	\$1,272,952	\$17,640,711	89.70%
2011	18,151,202	1,611,694	19,762,896	16,832,702	85.17%	780,900	17,613,602	89.12%
2012	16,248,167	1,381,473	17,629,640	15,202,234	86.23%	746,423	15,948,657	90.47%
2013	16,264,444	1,233,409	17,497,853	15,489,157	88.52%	554,998	16,044,155	91.69%
2014	16,275,801	1,032,815	17,308,616	15,601,048	90.13%	571,443	16,172,491	93.44%
2015	16,350,365	1,013,297	17,363,662	15,702,798	90.43%	523,364	16,226,162	93.45%
2016	16,414,649	922,122	17,336,771	15,824,143	91.28%	476,786	16,300,929	94.03%

Source: Office of the Auditor, Hamilton County, Ohio

(1) Prior to 2010, the Library did not have a property tax levy.

(2) Does not include homestead/rollback reimbursement from the State of Ohio.

(3) Penalties and interest are included, since by Ohio law they become part of the tax obligation as assessment occurs.

Note: Delinquencies are tracked by the date the parcel is first certified delinquent and penalties and interest are applied to the total delinquent balance.

The Public Library of Cincinnati and Hamilton County

Direct and Overlapping Property Tax Rates

(Per \$1,000 of Assessed Value)

Last Seven Years (1)

	<u>2010</u>	<u>2011</u>	<u>2012</u>
County Direct Rates			
General Fund	\$2.26	\$2.26	\$2.26
Crime Info Center	0.54	0.54	0.54
Museum Center	0.18	0.18	0.18
Zoo	0.46	0.46	0.46
Family Services & Treatment	0.34	0.34	0.34
Senior Services	1.29	1.29	1.29
Mental Health	2.99	2.99	2.99
Indigent Health Care	4.49	4.07	4.07
Children's Services	2.77	2.77	2.77
Development Disabilities	4.13	4.13	4.13
Parks	1.03	1.03	1.03
Public Library	1.00	1.00	1.00
Total Hamilton County	<u>\$21.48</u>	<u>\$21.06</u>	<u>\$21.06</u>
City Rates	.65-38.52	.65-20.13	.65-20.13
Village Rates	3.06-20.13	1.19-40.73	1.19-40.73
School District Rates	44.90-99.72	44.18-106.97	44.18-107.77
Township Rates	3.74-26.34	5.24-26.34	5.24-26.34
Special District Rates	2.25-12.05	2.25-12.05	2.28-12.05
Joint Vocational Levy Rates	1.93-2.70	1.93-2.70	1.93-2.70

Source: Ohio Department of Taxation, Office of the Auditor, Hamilton County, Ohio

The rates presented are the rates that, when applied to the assessed values presented in the Assessed Value Table, generated the property tax revenue for that year.

Rates may only be raised by obtaining the approval of a majority of the voters at a public election.

Real property tax rates are reduced so that inflationary increases in value do not generate additional taxes. Real property is reappraised every six years and property values are updated in the third year following each reappraisal.

(1) Prior to 2010, the Library did not have a property tax levy.

<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
\$2.26	\$2.26	\$2.26	\$2.26
0.54	0.54	0.54	0.54
0.18	0.00	0.00	0.00
0.46	0.46	0.46	0.46
0.34	0.34	0.34	0.34
1.29	1.29	1.29	1.29
2.99	2.99	2.99	2.99
4.07	4.07	4.07	4.07
2.77	2.77	2.77	2.77
4.13	4.13	4.13	4.13
1.03	1.03	1.03	1.03
1.00	1.00	1.00	1.00
<u>\$21.06</u>	<u>\$20.88</u>	<u>\$20.88</u>	<u>\$20.88</u>
.65-20.13	.65-27.60	.65-27.60	.65-27.60
1.19-48.73	1.19-48.73	1.19-48.73	1.19-48.73
44.18-107.77	44.18-113.92	44.18-113.92	44.18-113.92
5.24-26.34	5.24-30.58	5.24-30.58	5.24-30.58
2.25-12.05	1.50-12.05	1.50-12.05	1.50-12.05
1.93-2.70	1.93-2.70	1.93-2.70	1.93-2.70

The Public Library of Cincinnati and Hamilton County

Principal Property Taxpayers
Current Year and First Year

Name of Taxpayer	2016		
	Assessed Value (1)	Percent of Total Assesed Value	Rank
Duke Energy Ohio Inc	\$920,554,600	5.02%	1
City of Cincinnati	94,047,930	0.51%	2
Procter & Gamble Co	78,149,290	0.43%	3
Fifth Third Bank	48,332,430	0.26%	4
The Christ Hospital	44,382,320	0.24%	5
Dayton Power & Light Co	31,165,380	0.17%	6
Duke Energy Miami Fort LLC	29,798,240	0.16%	7
CLP-SPF Rookwood Commons	26,936,180	0.15%	8
Emery Realty Inc	26,113,270	0.14%	9
OTR	19,474,150	0.11%	10
	Subtotal	1,318,953,790	7.19%
	All Other	17,029,421,860	92.81%
Total		\$18,348,375,650	100.00%

Name of Taxpayer	2010		
	Assessed Value (1)	Percent of Total Assesed Value	Rank
Duke Energy Ohio Inc	\$662,794,160	3.33%	1
City of Cincinnati	151,290,910	0.76%	2
Procter & Gamble Co	84,343,130	0.42%	3
Duke Realty Ohio	58,715,950	0.30%	4
Cincinnati Trophy LLC	29,827,250	0.15%	5
Carew Realty Inc	29,263,860	0.15%	6
Northgate Partners LLC	27,301,070	0.14%	7
Dayton Power & Light Co	25,571,150	0.13%	8
Columbia Development Corp	24,239,670	0.12%	9
OTR	24,150,000	0.12%	10
	Subtotal	1,117,497,150	5.62%
	All Other	18,778,272,850	94.38%
Total		\$19,895,770,000	100.00%

Prior to 2010, the Library did not have a property tax levy.

(1) The assessed value is 35% of the market value of the property. Taxes are levied against the assessed value. The taxes are calculated annually using the reduction factor which maintains the existing level of taxes paid on voted millage. The taxing district collects the same amount of revenue that was voted regardless of increased property values, except for added value of new construction.

Source: Office of the Auditor, Hamilton County, Ohio, Total County Valuation

The Public Library of Cincinnati and Hamilton County
Ratio of Outstanding Debt By Type
Governmental Activities
Last Ten Years

Year	Capital Lease Payable	Percentage of Personal Income (1)	Per Capita (1)
2007	\$48,246	0.00%	0.06
2008	0	0.00%	0.00
2009	0	0.00%	0.00
2010	0	0.00%	0.00
2011	0	0.00%	0.00
2012	0	0.00%	0.00
2013	0	0.00%	0.00
2014	0	0.00%	0.00
2015	0	0.00%	0.00
2016	0	0.00%	0.00

Details regarding the Library's outstanding debt can be found in the notes to the financial statements when applicable.

(1) See Demographic and Economic Statistics for personal income and population data.

The Public Library of Cincinnati and Hamilton County
Demographic and Economic Statistics
Last Ten Years

Year	Population (1)	Personal Income (2)	Per Capita Personal Income (3)	Hamilton County Unemployment Rate (4)
2007	842,369	\$36,038,230,558	\$42,782	5.0%
2008	851,494	37,703,302,826	44,279	5.6%
2009	855,062	38,234,097,330	44,715	8.9%
2010	802,374	37,227,408,738	46,397	9.4%
2011	800,362	38,425,612,445	48,010	8.6%
2012	802,038	38,947,903,470	48,561	7.0%
2013	804,520	40,522,867,880	50,369	7.1%
2014	806,631	42,101,298,414	52,194	5.3%
2015	807,598	42,654,903,566	52,817	4.4%
2016	809,099	43,360,424,509	53,591	4.3%

- Sources:** (1) U.S. Department of Commerce, U.S. Census Bureau web site
(2) Calculated based on rounded per capita income multiplied by population
(3) U.S. Department of Commerce, Bureau of Economic Analysis web site.
Ohio's personal income increased 2.9% in 2016. County data for 2016 has
been estimated based on a 2.9% increase from BEA's 2015 revised amount of
\$42,060,595,000. County data released in November 2016.
(4) Ohio Department of Job and Family Services web site

The Public Library of Cincinnati and Hamilton County

Principal Employers

Current Year and Nine Years Ago

Employer	2016			2007		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Kroger Co.	21,646	1	2.08%	15,600	2	1.52%
Cincinnati Children's Hospital Medical Center	15,257	2	1.46%	9,464	5	0.92%
UC Health	12,200	3	1.17%			
TriHealth Inc.	11,992	4	1.15%	9,400	6	0.92%
Cincinnati/Northern Kentucky International Airport	10,166	5	0.98%			
Procter & Gamble Co.	10,000	6	0.96%	12,315	4	1.20%
University of Cincinnati	9,981	7	0.96%	15,864	1	1.54%
Mercy Health-Cincinnati	9,000	8	0.86%			
St. Elizabeth Healthcare	8,236	9	0.79%			
GE Aviation	7,800	10	0.75%	7,400	10	0.72%
Fifth Third Bancorp				7,645	7	0.74%
Health Alliance of Greater Cincinnati				14,785	3	1.44%
ABX Air Inc.				7,500	8	0.73%
Wal-Mart Stores				7,500	8	0.73%
Average County Employment for the Year	<u>1,042,560</u>			<u>1,026,900</u>		

Sources: Cincinnati Business Courier Book of Lists 2008 (2007 data) & 2016/2017 (2016 data)
 U.S. Bureau of Labor Statistics

The Public Library of Cincinnati and Hamilton County

Library Employees by Function

Last Ten Years

Function/Program	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental Activities:										
Library Services:										
Public Service and Programs	634	629	599	614	597	591	637	630	651	673
Collection Development and Processing	70	67	68	68	63	59	79	82	84	82
Support Services:										
Facilities Operations and Maintenance	75	75	75	67	54	32	43	43	45	44
Information Services Support	18	14	12	14	14	15	16	16	14	16
Business Administration	34	36	36	35	35	31	31	34	35	39
<i>Total Number of Employees</i>	<u>831</u>	<u>821</u>	<u>790</u>	<u>798</u>	<u>763</u>	<u>728</u>	<u>806</u>	<u>805</u>	<u>829</u>	<u>854</u>

Source: Library records

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The Public Library of Cincinnati and Hamilton County

Operating Indicators by Function

Last Ten Years

Function/Program	2007	2008	2009	2010
Library Services				
Public Service and Programs				
Items in Collection	9,545,414	9,530,479	8,959,303	8,780,764
Material Loans	14,875,594	15,627,452	16,372,499	16,311,136
Active Registered Borrowers	243,970	241,752	271,646	349,139
Number of Public Programs	14,033	14,567	14,578	14,247
Collection Development and Processing				
Items Purchased	369,766	367,602	361,228	381,780
Support Services				
Facilities Operations and Maintenance				
Facilities Maintained	45	45	45	45
Square Footage of Facilities	927,213	927,213	927,213	929,982
Information Services Support				
Computer Workstations/Devices	1,381	1,757	1,789	1,834
Online Resource Usage	71,159,640	87,344,129	110,286,831	65,046,467

Source: Library records

*Catalog Searches no longer counted for Online Resource Usage

2011	2012	2013	2014	2015	2016
8,819,759	9,558,816	9,793,942	10,161,894	9,886,509	9,694,102
17,600,307	17,335,953	17,884,498	18,249,132	18,771,227	21,226,498
425,454	483,110	526,678	579,158	620,062	531,588
17,546	20,964	23,178	25,093	17,098	17,468
340,298	321,279	332,345	362,333	372,038	327,858
45	43	43	43	42	42
931,537	917,083	917,083	916,574	925,567	938,902
1,941	1,934	2,202	2,217	2,479	2,559
137,120,046	118,964,203	20,179,323 *	17,114,285	17,973,823	17,603,604

The Public Library of Cincinnati and Hamilton County

Capital Assets Statistics by Function

Last Ten Years

	2007	2008	2009 (*)	2010 (*)
Library Services:				
Public Service and Programs				
Land	\$12,326,641	\$12,326,641	\$12,326,641	\$12,320,016
Land improvements	407,256	490,444	480,202	490,869
Buildings and improvements	47,735,190	46,510,156	45,302,405	44,045,389
Furniture, fixtures and equipment	1,763,244	1,901,610	1,680,974	2,059,240
Collection Development and Processing				
Land	435,456	435,456	435,456	435,456
Fine Arts and Rare Books	17,614,531	17,614,531	17,614,531	17,614,531
Buildings and improvements	1,392,790	1,345,455	1,301,138	1,257,218
Furniture, fixtures and equipment	180,885	166,819	192,635	151,525
Support Services:				
Facilities Operations and Maintenance				
Land	922,056	922,056	922,056	922,056
Buildings and improvements	4,699,487	4,539,771	4,390,239	4,247,499
Furniture, fixtures and equipment	378,277	393,044	339,792	179,401
Vehicles	63,248	104,443	77,367	92,645
Construction in progress	0	125,936	0	165,585
Information Services Support				
Land	54,432	54,432	54,432	54,432
Buildings and improvements	174,099	168,182	162,643	157,153
Furniture, fixtures and equipment	577,511	774,859	725,050	825,790
Business Administration				
Land	707,617	707,617	707,617	707,617
Buildings and improvements	2,263,284	2,186,364	2,114,349	2,057,253
Furniture, fixtures and equipment	32,426	68,064	70,236	59,583
	<u>\$91,728,430</u>	<u>\$90,835,880</u>	<u>\$88,897,763</u>	<u>\$87,843,258</u>

Land improvements, buildings and improvements, furniture and equipment and vehicles are presented net of accumulated depreciation.

Source: Library capital asset records.

*Amount restated to correctly reflect accumulated depreciation

<u>2011 (*)</u>	<u>2012 (*)</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
\$12,320,016	\$12,268,873	\$12,268,873	\$12,146,473	\$12,146,473	\$12,146,473
471,191	471,863	446,995	409,823	389,261	351,237
42,680,799	41,932,318	40,780,204	40,040,148	38,075,315	36,095,418
1,764,154	1,775,488	1,648,080	1,388,615	1,671,206	1,321,446
435,456	435,456	435,456	435,456	435,456	435,456
17,614,531	17,614,531	17,614,531	17,614,531	17,614,531	17,614,531
1,211,981	1,176,827	1,129,890	1,077,287	1,020,448	963,173
197,340	212,284	211,337	326,667	283,702	228,386
922,056	922,056	922,056	922,056	922,056	922,056
4,094,863	3,976,247	3,817,874	6,546,266	15,063,090	14,958,628
488,101	581,826	592,273	549,483	591,269	514,036
61,556	36,433	15,455	69,496	100,427	178,895
1,153,978	252,834	1,403,665	4,953,806	0	356,425
54,432	54,432	54,432	54,432	54,432	54,432
151,498	147,104	141,237	134,662	127,557	120,397
742,382	790,393	812,909	667,678	559,784	852,176
707,617	707,617	707,617	707,617	707,617	707,617
1,983,744	1,926,618	1,850,345	1,764,865	1,672,502	1,579,430
55,053	58,707	44,998	29,471	24,008	31,270
<u>\$87,110,748</u>	<u>\$85,341,907</u>	<u>\$84,898,227</u>	<u>\$89,838,832</u>	<u>\$91,459,134</u>	<u>\$89,431,482</u>

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Public Library of Cincinnati and Hamilton County Service Areas and Locations



- | | |
|--------------------|---------------------|
| 1. Main Library | 22. Madisonville |
| 2. Anderson | 23. Mariemont |
| 3. Avondale | 24. Miami Township |
| 4. Blue Ash | 25. Monfort Heights |
| 5. Bond Hill | 26. Mt. Healthy |
| 6. Cheviot | 27. Mt. Washington |
| 7. Clifton | 28. North Central |
| 8. College Hill | 29. Northside |
| 9. Corryville | 30. Norwood |
| 10. Covedale | 31. Oakley |
| 11. Deer Park | 32. Pleasant Ridge |
| 12. Delhi Township | 33. Price Hill |
| 13. Elmwood Place | 34. Reading |
| 14. Forest Park | 35. St. Bernard |
| 15. Green Township | 36. Sharonville |
| 16. Greenhills | 37. Symmes Township |
| 17. Groesbeck | 38. Walnut Hills |
| 18. Harrison | 39. West End |
| 19. Hyde Park | 40. Westwood |
| 20. Loveland | 41. Wyoming |
| 21. Madeira | |

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Dave Yost • Auditor of State

**PUBLIC LIBRARY OF CINCINNATI AND HAMILTON COUNTY
HAMILTON COUNTY**

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JULY 11, 2017**