



OHIO AUDITOR OF STATE
KEITH FABER



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

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OHIO AUDITOR OF STATE KEITH FABER



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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, OH 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, 2018, 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 15, 2019 wherein we noted that the Library adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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



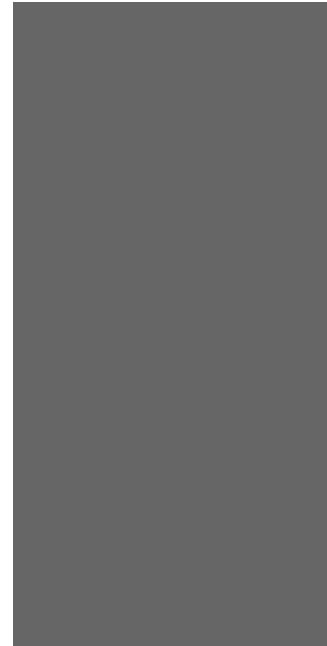
Keith Faber
Auditor of State

Columbus, Ohio

June 15, 2019



THE
PUBLIC
LIBRARY
of Cincinnati
and
Hamilton County



COMPREHENSIVE ANNUAL FINANCIAL REPORT

THE PUBLIC LIBRARY OF CINCINNATI
AND HAMILTON COUNTY, OHIO

FOR THE YEAR ENDED DECEMBER 31, 2018



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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, 2018

Issued by:

Molly DeFosse

Fiscal Officer/ Chief Finance & Facilities Officer

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The Public Library of Cincinnati and Hamilton County

Comprehensive Annual Financial Report

For the Year Ended December 31, 2018

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The Public Library of Cincinnati and Hamilton County

Comprehensive Annual Financial Report

For the Year Ended December 31, 2018

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**THE
PUBLIC
LIBRARY**
of Cincinnati
and
Hamilton County

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Karen R. Clemons
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Elizabeth H. LaMacchia
William J. Moran
Diane Cunningham Redden

Eva Jane Romaine
Coombe Director
Paula Brehm-Heeger

Fiscal Officer
Molly DeFosse

June 15, 2019

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, 2018. 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, 2018. 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, 2018. 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 2018, the Library closed on the purchase of a new distribution center. Renovations will take place throughout 2019 with an anticipated opening date of fall 2019.

Throughout 2018 and into 2019, focus is on planning and gathering community input related to the development of a Facilities Master Plan and the accessibility and renovation project at Price Hill. It is anticipated that the Facilities Master Plan will be completed in January 2020. Once the plan is complete, improvement work at branches will happen in phases over the next decade.

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 2018 we had nearly 511,600 cardholders. Over 80% of households in Hamilton County have at least one Library cardholder.

Our use statistics were high in many areas – circulation was over 19.9 million, which is slightly more than 2017. Print (books and magazines) accounts for 48% of the items borrowed, digital downloads account for 19% of the items borrowed, with the remaining 33% comprised of all forms of audiovisual materials. Our Library was ranked 3rd in the country for circulation behind only New York Public Library and King County (Seattle) Library. 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 families living in poverty, improving reading skills for third grade students, assisting jobseekers, and helping adults achieve their high school

The Public Library of Cincinnati and Hamilton County

equivalency. These numbers are smaller than our circulation or visit counts but they are certainly just as important.

In its fifth year, the *Summer Learning Program* was rebranded to *Summer Adventure!* and saw a 12 percent increase in participation. The traditional reading program of years past expanded to include activities and experiences beyond reading. The program incorporates activities that not only support literacy, but STEM (Science, Technology, Engineering and Math) skills and also address basic needs, such as free meals and snacks for youth from low-income families. The program continues to engage all ages in summer learning activities. Library facilities are open six days per week at 34 branches and seven days per week at the Main Library and Clifton, Monfort Heights, North Central, Reading, St. Bernard and Sharonville branch Libraries.

The Library's website (www.CincinnatiLibrary.org) provides online access to the Library's catalog, extensive reference databases, resources for readers such as our downloadable books, homework help, e-learning opportunities, streaming video service, 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.

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 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 and lifelong learning resource 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 six major goals of the Library's Strategic Plan:

-) Increase access to technology and digital content
-) Excel in customer service
-) Create a sustainable plan for facilities that meets the evolving needs of community members
-) Support student success, workforce development, and lifelong learning
-) Be good stewards of taxpayer funding
-) Become a top place to work in Cincinnati

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

The Public Library of Cincinnati and Hamilton County

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, 2017. This was the twenty-fifth 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.

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, 2017.

In addition, Library Journal awarded the Library a five star rating, the highest rating possible for the sixth 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 nearly 817,000 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 where the PLF percentage was reset to 1.66% of the GRF. As a result of a statewide campaign in 2014 to educate legislators and members of the media on state funding for Ohio's public libraries, the Ohio General Assembly temporarily increased the PLF from 1.66% to 1.7% for the 2016-17 biennium budget. The current (2018-19) biennium budget decreased the percentage from 1.7 percent to 1.68 percent.

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. In May 2018, Hamilton County voters approved an additional 1-mill operating levy for 10 years first due in 2019. The additional levy money will allow for continued growth and capital projects to be completed in a timely manner.

The PLF remained the primary source of the Library's income in 2018. 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.

The Public Library of Cincinnati and Hamilton County

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 2018 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 Keith Faber, 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, 2017

Christopher P. Morill

Executive Director/CEO

THE PUBLIC LIBRARY OF CINCINNATI AND HAMILTON COUNTY

ORGANIZATIONAL CHART
DECEMBER 31, 2018



THE PUBLIC LIBRARY OF CINCINNATI AND HAMILTON COUNTY

LIST OF PRINCIPAL OFFICIALS
DECEMBER 31, 2018

Board of Library Trustees

President	Robert G. Hendon
Vice President	Monica Donath Kohnen
Secretary	Elizabeth H. LaMacchia
Board Members	Nadine L. Allen Karen R. Clemons William J. Moran Diane Cunningham Redden

Appointed Officials

The Eva Jane Romaine Coombe Director	Paula Brehm-Heeger
Fiscal Officer/Chief Finance & Facilities Officer	Molly DeFosse

Senior Leadership Team

Chief Operating Officer	Vacant
Chief Technology & Logistics Officer	Vacant
Chief Strategy Officer	Beth Yoke
Chief Development Officer	Staci Dennison
Customer Experience Manager	Justyn Rampa
Facility Operations Manager	Jeff Gerrein
Human Resources Director	Carl Allison
ILS Manager	Karen Davis
Information Technology Manager	Bill Lane
Marketing Manager	Chris Rice
Regional Manager	Katie Greifenkamp
Regional Manager	Chris Holt
Regional Manager	Maria Sferra
Regional Manager	Holbrook Sample
Technology Strategist	Ryan Bley

Financial Section

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Public Library of Cincinnati and Hamilton County
Hamilton County
800 Vine Street
Cincinnati, OH 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, 2018, 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 such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

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

Opinion

In our opinion, based on our audit and the report of other auditors, 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, 2018, and the respective changes in financial position, and the budgetary comparison for the General fund, for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 3 to the financial statements, during 2018, the Library adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, Statement No. 85, *Omnibus 2017*, and Statement No. 89, *Accounting for Interest Cost Incurred before the End of the Construction Period*. We did not modify our opinion regarding these matters.

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 and other post-employment benefit liabilities and pension and other post-employment benefit 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 this information to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information 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, this information is 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 15, 2019, 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 "Keith Faber". The signature is written in a cursive, flowing style.

Keith Faber
Auditor of State

Columbus, Ohio

June 15, 2019

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The Public Library of Cincinnati and Hamilton County
Management's Discussion and Analysis
For the Year Ended December 31, 2018
Unaudited

This comprehensive annual financial report presents The Public Library of Cincinnati and Hamilton County's financial performance for the year ended December 31, 2018. 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 2018 are as follows:

-) At December 31, the Library's net position was \$89.4 million.
-) At the close of the year, the Library's governmental funds reported combined fund balances of \$32.8 million, a \$.7 million decrease from the prior year.
-) At December 31, 2018, 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 13 individual governmental funds during the year ended December 31, 2018. 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 2018 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, 2018
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 18-44 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, 2018, the Library's assets plus deferred outflows exceeded liabilities plus deferred inflows of resource by \$89.4 million. The table below provides a comparative analysis of net position between years 2018 and 2017:

	2018	2017*	Change
Assets			
Current and Other Assets	\$91,320,003	\$72,115,459	\$19,204,544
Capital Assets, Net	91,535,951	90,483,901	1,052,050
<i>Total Assets</i>	<u>182,855,954</u>	<u>162,599,360</u>	<u>20,256,594</u>
Deferred Outflows of Resources			
Pension	7,379,594	17,009,663	(9,630,069)
OPEB	1,580,921	324,886	1,256,035
<i>Total Deferred Outflows of Resources</i>	<u>8,960,515</u>	<u>17,334,549</u>	<u>(8,374,034)</u>
Liabilities			
Current Liabilities	4,224,825	3,980,752	244,073
Long-Term Liabilities			
Due Within One Year	1,738,757	1,804,666	(65,909)
Due in More than One Year:			
Net Pension Liability	28,680,287	43,422,811	(14,742,524)
Net OPEB Liability	20,500,117	19,855,248	644,869
Other Amounts	2,114,603	2,151,258	(36,655)
<i>Total Liabilities</i>	<u>57,258,589</u>	<u>71,214,735</u>	<u>(13,956,146)</u>
Deferred Inflows of Resources			
Property Taxes	34,830,491	16,094,883	18,735,608
Irrevocable Split-Interest Agreement	552,253	595,098	(42,845)
Pension	7,735,737	324,736	7,411,001
OPEB	2,060,121	-	2,060,121
<i>Total Deferred Inflows of Resources</i>	<u>45,178,602</u>	<u>17,014,717</u>	<u>28,163,885</u>
Net Position			
Invested in Capital Assets	91,535,951	90,483,901	1,052,050
Restricted	8,593,091	8,441,260	151,831
Unrestricted	(10,749,764)	(7,220,704)	(3,529,060)
<i>Total Net Position</i>	<u>\$89,379,278</u>	<u>\$91,704,457</u>	<u>(\$2,325,179)</u>

*Restated to include GASB 75 implementation.

The net pension liability (NPL) and the net OPEB liability are the largest liabilities reported by the Library at December 31, 2018 and are reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions-an amendment of GASB Statement 27" and GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," respectively. For 2018, the Library adopted GASB Statement 75, which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial

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statement will gain a clearer understanding of the Library's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability, and the net OPEB liability to the reported net position and subtracting the net pension asset and deferred outflows related to pension and OPEB.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's net pension liability or net OPEB liability. GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB 68 and GASB 75 require the net pension liability (asset) and the net OPEB liability to equal the Library's proportionate share of each plan's collective:

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

GASB notes that pension and OPEB 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 and other postemployment benefits. GASB noted that the unfunded portion of this 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 these liabilities. 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 Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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 retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan 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 retirement system is responsible for the administration of the pension and OPEB plans.

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 or the net OPEB liability. As explained above, changes in benefits, contribution rates, and return on investments affect the balance of these liabilities, 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 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 and the net OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68 and GASB 75, the Library's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's change in net pension liability (asset) and net OPEB liability, respectively, not accounted for as deferred inflows/outflows.

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As a result of implementing GASB 75, the Library is reporting a net OPEB liability and deferred inflows/outflows of resources related to OPEB on the accrual basis of accounting. This implementation also had the effect of restating net position at December 31, 2017, from \$111,234,819 to \$91,704,457.

Over time, the net position can serve as a useful indicator of a government's financial position. At December 31, 2018, the Library's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$89,379,278.

At year end, capital assets represented 50% of total assets. Capital assets include 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.

A portion of the Library's net position, \$8,593,091 represents restricted principal and other resources subject to external restrictions.

Current assets increased from the prior year primarily due to an increase in property taxes receivable as a result of a new 1 mil, 10 year levy being approved by the voters of Hamilton County in May of 2018. Long term liabilities decreased due to the decrease in the net pension liability.

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

	2018	2017	Change
Revenues			
Program Revenues			
Charges for Services	\$1,068,078	\$1,221,642	(\$153,564)
Operating Grants, Contributions and Earnings on Investments	1,441,562	620,722	820,840
Capital Grants and Contributions	513,390	-	513,390
General Revenues			
Unrestricted Grants and Contributions	42,168,367	39,765,475	2,402,892
Local Tax	16,859,786	16,303,119	556,667
Other General Revenues	1,019,728	1,480,219	(460,491)
Total Revenues	<u>63,070,911</u>	<u>59,391,177</u>	<u>3,679,734</u>
Program Expenses			
Library Services	40,416,413	40,250,125	166,288
Support Services	24,982,967	25,232,892	(249,925)
Total Expenses	<u>65,399,380</u>	<u>65,483,017</u>	<u>(83,637)</u>
Decrease in Net Position before Contributions	(2,328,469)	(6,091,840)	3,763,371
Contributions to Principal	3,290	5,380	(2,090)
Decrease in Net Position	<u>(2,325,179)</u>	<u>(6,086,460)</u>	<u>3,761,281</u>
Net Position - Beginning of Year*	<u>91,704,457</u>	<u>N/A</u>	<u>N/A</u>
Net Position - End of Year	<u><u>\$89,379,278</u></u>	<u><u>\$91,704,457</u></u>	<u><u>(\$2,325,179)</u></u>

*As restated

The information necessary to restate the 2017 beginning balances and the 2017 OPEB expense amounts for the effects of the initial implementation of GASB 75 is not available. Therefore, 2017 functional expenses still include OPEB expense of \$324,886 computed under GASB 45. GASB 45 required recognizing pension expense equal to the contractually required contributions to the plan. Under GASB 75, OPEB expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of OPEB expense. Under GASB 75, the 2018 statements report OPEB expense of \$1,521,281. Consequently, in order to compare 2018 total program expenses to 2017, the following adjustments are needed:

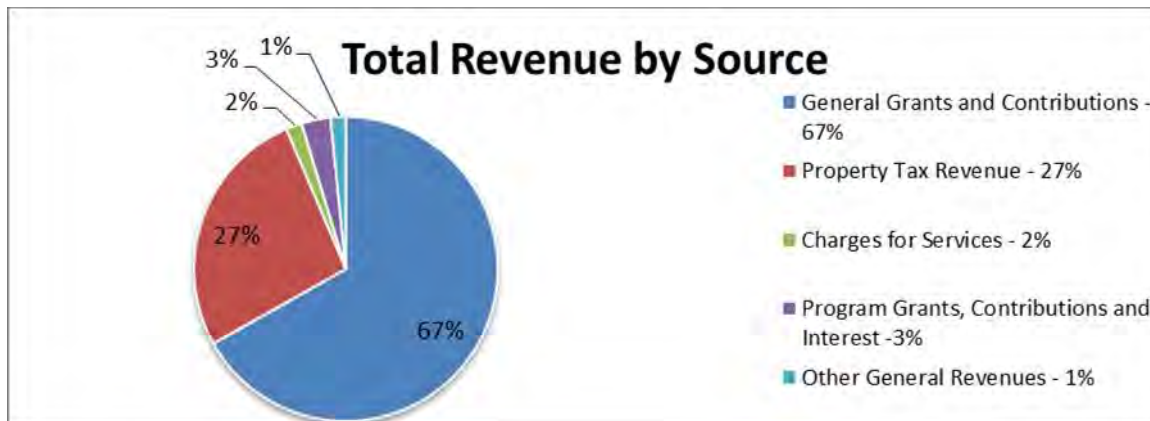
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Total 2018 program expenses under GASB 75	\$65,399,380
OPEB expense under GASB 75	(1,521,281)
2018 contractually required contribution	72,326
Adjusted 2018 program expenses	63,950,425
Total 2017 program expenses under GASB 45	65,483,017
Decrease in program expenses not related to OPEB	(\$1,532,592)

In fiscal year 2018, the Library's total revenues increased 6% which is the result of slight increase in all revenues being offset by a decrease in fines and fees. Contributions increased due to a capital donation of over \$500,000 restricted to a branch building improvement and additional e-rate funding.

Overall program expenses for 2018 stayed consistent. This was the result of a \$2.6 million increase in program expenses related to salary increases, collection development increases and technology increases offset by a decrease in expenses related to pension and OPEB liabilities.

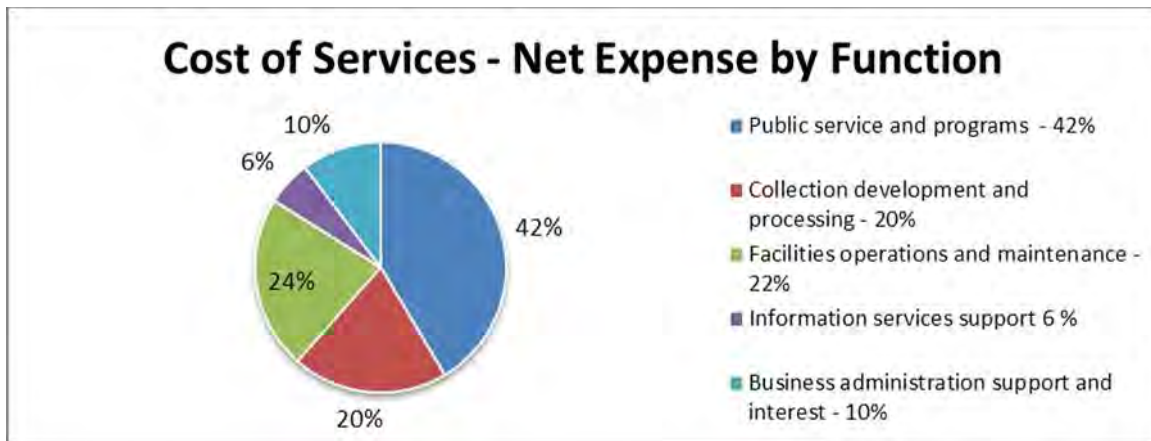
Program revenues (nominal fines and fees) and grants and donations, while important, cannot begin to cover the full cost of providing free public library service, which is dependent upon intergovernmental revenue not restricted to specific programs. The following graph illustrates the Library's reliance on intergovernmental revenue, specifically the Public Library Fund and a local property tax, which together in 2018 provided 94% of the Library's total revenue for governmental activities.



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 – 62%. Net expense by function is detailed in the table below and illustrated in the following graph.

Net Expense by Function	2018	2017	Change
Public Service and Programs	\$25,839,793	\$26,090,410	(\$250,617)
Collection Development and Processing	12,569,384	12,317,351	252,033
Facilities Operations and Maintenance	13,912,550	15,228,643	(1,316,093)
Information Services Support	3,606,343	3,491,316	115,027
Business Administration	6,448,280	6,512,933	(64,653)
Total Net Expense by Function	\$62,376,350	\$63,640,653	(\$1,264,303)

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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 decreased \$748,722 in 2018. Revenues increased by \$2 million primarily due to increased PLF revenues. Expenditures and other financing uses increased by 7.5 percent as a result of increased transfers to the Building and Repair fund, increases in salary and benefit expenses, increases in collection development expenses and increases in computer equipment. The fund balance in the Building and Repair Fund decreased by \$85,167 as a result of the completion of the roofing and flooring projects.

General Fund Budgetary Analysis

In 2018, the Library amended its general fund budget primarily for the purchase of the distribution center and new sorter. 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 budgeted amount by \$972,202 a difference of 2%. As a result of ongoing management efforts to control operating costs, actual expenditures were \$2,532,798 less than budgeted, a difference of 4%.

Capital Assets

As of December 31, 2018, the Library had \$91,535,951 invested in capital assets. The table below provides a comparative analysis of capital assets net of accumulated depreciation between 2018 and 2017. The increases are a result of the completion of the roofing projects, main flooring project and purchase of new vehicles.

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	<u>2018</u>	<u>2017</u>	<u>Change</u>
Land	\$14,105,823	\$14,266,034	(\$160,211)
Fine Arts and Rare Book Collection	17,614,531	17,614,531	0
Construction in Progress	0	300,181	(300,181)
Land Improvements	318,532	352,052	(33,520)
Buildings and Improvements	56,235,651	54,918,023	1,317,628
Furniture, Fixtures, and Equipment	3,008,126	2,840,080	168,046
Vehicles	<u>253,288</u>	<u>193,000</u>	<u>60,288</u>
Total Capital Assets	<u>\$91,535,951</u>	<u>\$90,483,901</u>	<u>\$1,052,050</u>

For more information on capital assets, see Note 10 to the basic financial statements.

Debt

The Library had no debt during 2018.

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, 2018

	Governmental Activities
<u>Assets</u>	
Equity in Pooled Cash and Cash Equivalents	\$27,226,459
Accrued Interest Receivable	35,638
Intergovernmental Receivable	20,526,886
Prepaid Items	162,050
Supplies Inventory	247,291
Property Taxes Receivable	36,153,002
Investments	6,184,379
Beneficial Interest in Assets Held by Others	552,253
Net Pension Asset	232,045
Capital Assets	
Land	14,105,823
Fine Art and Rare Books Collections	17,614,531
Depreciable Capital Assets, Net	59,815,597
Total Assets	<u>182,855,954</u>
<u>Deferred Outflows of Resources</u>	
Pension	7,379,594
OPEB	1,580,921
Total Deferred Outflows of Resources	<u>8,960,515</u>
<u>Liabilities</u>	
Accounts Payable	2,089,823
Contracts Payable	285,148
Accrued Salaries Payable	1,221,265
Intergovernmental Payable	628,589
Noncurrent liabilities:	
Due within one year	1,738,757
Due in more than one year:	
Net Pension Liability (See Note 13)	28,680,287
Net OPEB Liability (See Note 14)	20,500,117
Other Amounts	2,114,603
Total Liabilities	<u>57,258,589</u>
<u>Deferred Inflows of Resources</u>	
Property Taxes	34,830,491
Irrevocable Split-Interest Agreement	552,253
Pension	7,735,737
OPEB	2,060,121
Total Deferred Inflows of Resources	<u>45,178,602</u>
<u>Net Position</u>	
Invested in Capital Assets	91,535,951
Restricted for Grants, Materials, and Programs	520,695
Restricted for Permanent Funds:	
Collection Development	
Expendable	123,700
Nonexpendable	4,678,622
Employee Training & Awards	
Expendable	74,181
Nonexpendable	487,266
Public Programs	
Expendable	180,380
Nonexpendable	207,631
Other	
Expendable	941,634
Nonexpendable	1,378,982
Unrestricted	(10,749,764)
Total Net Position	<u><u>\$89,379,278</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, 2018

<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>	<u>Capital Grants and Contributions</u>	
Library Services					
Public service and programs	\$27,741,394	\$1,068,078	\$833,523	\$0	(\$25,839,793)
Collection development and processing	12,675,019	0	105,635	0	(12,569,384)
Support Services					
Facilities operations and maintenance	14,428,440	0	2,500	513,390	(13,912,550)
Information services support	4,106,247	0	499,904	0	(3,606,343)
Business administration	6,448,280	0	0	0	(6,448,280)
Total Governmental Activities	\$65,399,380	\$1,068,078	\$1,441,562	\$513,390	(62,376,350)
General Revenues:					
Grants and contributions not restricted to specific programs					42,168,367
Property taxes levied for general purposes					16,859,786
Unrestricted earnings on investments					550,267
Miscellaneous					387,492
Gain on sale of capital asset					81,969
Contributions to principal for permanent funds					3,290
Total general revenues and contributions					<u>60,051,171</u>
Change in net position					(2,325,179)
Net position - beginning of the year <i>(Restated See Note 3)</i>					<u>91,704,457</u>
Net position - end of the year					<u>\$89,379,278</u>

See accompanying notes to the basic financial statements.

The Public Library of Cincinnati and Hamilton County

Balance Sheet
Governmental Funds
December 31, 2018

	General	Building & Repair	Other Governmental	Total Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$19,928,202	\$4,883,669	\$2,414,588	\$27,226,459
Investments	0	0	6,184,379	6,184,379
Beneficial Interest in Assets Held by Others	0	0	552,253	552,253
Receivables:				
Accrued Interest	13,630	0	22,008	35,638
Intergovernmental	20,526,886	0	0	20,526,886
Property Taxes	36,153,002	0	0	36,153,002
Prepaid Items	162,050	0	0	162,050
Supplies Inventory	247,291	0	0	247,291
Total Assets	<u>\$77,031,061</u>	<u>\$4,883,669</u>	<u>\$9,173,228</u>	<u>\$91,087,958</u>
Liabilities				
Accounts Payable	\$2,001,734	\$60,205	\$27,884	\$2,089,823
Contracts Payable	0	285,148	0	285,148
Accrued Salaries Payable	1,221,265	0	0	1,221,265
Intergovernmental Payable	628,589	0	0	628,589
Total Liabilities	<u>3,851,588</u>	<u>345,353</u>	<u>27,884</u>	<u>4,224,825</u>
Deferred Inflows of Resources				
Property Taxes	34,830,491	0	0	34,830,491
Unavailable Revenue	18,654,588	0	0	18,654,588
Irrevocable Split-Interest Agreement	0	0	552,253	552,253
Total Deferred Inflows of Resources	<u>53,485,079</u>	<u>0</u>	<u>552,253</u>	<u>54,037,332</u>
Fund Balances				
Nonspendable	409,341	0	6,752,501	7,161,842
Restricted	0	0	1,840,590	1,840,590
Committed	80,000	0	0	80,000
Assigned	2,693,051	4,538,316	0	7,231,367
Unassigned	16,512,002	0	0	16,512,002
Total Fund Balances	<u>19,694,394</u>	<u>4,538,316</u>	<u>8,593,091</u>	<u>32,825,801</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$77,031,061</u>	<u>\$4,883,669</u>	<u>\$9,173,228</u>	<u>\$91,087,958</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, 2018

Total fund balances in governmental funds		\$32,825,801
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		91,535,951
The net pension asset, net pension liability and net OPEB liability are not due and payable in the current period; therefore, the asset, liability and related deferred inflows/outflows are not reported in governmental funds:		
Net Pension Asset	232,045	
Deferred Outflows- Pension	7,379,594	
Deferred Inflows- Pension	(7,735,737)	
Net Pension Liability	(28,680,287)	
Deferred Outflows- OPEB	1,580,921	
Deferred Inflows- OPEB	(2,060,121)	
Net OPEB Liability	<u>(20,500,117)</u>	(49,783,702)
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	17,332,077	
Property taxes	<u>1,322,511</u>	18,654,588
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds		
Compensated absences payable		<u>(3,853,360)</u>
Net Position of governmental activities		<u><u>\$89,379,278</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, 2018

	General	Building & Repair	Other Governmental	Total Governmental Funds
Revenues				
Intergovernmental	\$41,735,277	\$0	\$28,670	\$41,763,947
Property taxes	16,575,155	0	0	16,575,155
Fines and fees	1,067,520	0	0	1,067,520
Earnings on investments	510,676	0	253,216	763,892
Services provided to other entities	558	0	0	558
Contributions, gifts and donations	130,000	513,390	493,720	1,137,110
Miscellaneous	964,529	0	1,800	966,329
Total Revenues	60,983,715	513,390	777,406	62,274,511
Expenditures				
Current				
Library Services				
Public service and programs	27,322,037	0	497,797	27,819,834
Collection development and processing	12,335,496	0	110,398	12,445,894
Support Services				
Facilities operations and maintenance	8,431,515	4,098,557	0	12,530,072
Information services support	4,207,903	0	0	4,207,903
Business administration	6,177,666	0	17,380	6,195,046
Total Expenditures	58,474,617	4,098,557	625,575	63,198,749
Excess (deficiency) of revenues over (under) expenditures	2,509,098	(3,585,167)	151,831	(924,238)
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	242,180	0	0	242,180
Transfers in	0	3,500,000	0	3,500,000
Transfers out	(3,500,000)	0	0	(3,500,000)
Total Other Financing Sources (Uses)	(3,257,820)	3,500,000	0	242,180
Net change in fund balances	(748,722)	(85,167)	151,831	(682,058)
Fund balances - beginning of year	20,443,116	4,623,483	8,441,260	33,507,859
Fund balances - end of year	\$19,694,394	\$4,538,316	\$8,593,091	\$32,825,801

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, 2018

Net change in fund balances - total governmental funds (\$682,058)

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 capital asset additions exceeded depreciation in the current period. These items include:

Capital assets additions, net	4,565,237	
Depreciation expense	(3,286,281)	
	<u>1,278,956</u>	1,278,956

Governmental funds only report the disposal of capital assets to the extent the proceeds are received from the sale. In the Statement of Activities, a gain or loss is reported for each disposal.

Proceeds from sale of capital assets	(242,180)	
Gain on sale of capital asset	81,969	
Loss on disposal of capital assets	(66,695)	
	<u>(226,906)</u>	(226,906)

Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.

Pension	3,662,678	
OPEB	72,326	
	<u>3,735,004</u>	3,735,004

Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB liability are reported as pension/OPEB expense in the statement of activities.

Pension	(5,729,179)	
OPEB	(1,521,281)	
	<u>(7,250,460)</u>	(7,250,460)

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:

Decrease in intergovernmental	433,090	
Decrease in property taxes	284,631	
	<u>717,721</u>	717,721

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		102,564
		<u>102,564</u>

Change in net position of government activities (\$2,325,179)

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, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues				
Intergovernmental	\$40,198,616	\$41,031,877	\$41,697,981	\$666,104
Property taxes	16,113,784	16,113,784	16,575,155	461,371
Fines and fees	1,179,000	1,179,000	1,067,520	(111,480)
Earnings on investments	250,000	316,739	494,279	177,540
Services provided to other entities	1,500	1,500	558	(942)
Contributions, gifts and donations	210,000	210,000	130,000	(80,000)
Miscellaneous	1,104,920	1,104,920	964,529	(140,391)
Total Revenues	59,057,820	59,957,820	60,930,022	972,202
Expenditures				
Current				
Salaries and benefits				
Salaries and leave benefits	31,465,994	30,965,994	29,801,654	1,164,340
Retirement benefits	4,296,350	4,296,350	4,088,451	207,899
Insurance benefits	4,793,796	4,793,796	4,477,355	316,441
Supplies	1,900,332	2,400,332	2,352,036	48,296
Purchased and contracted services	10,588,811	10,838,811	10,365,593	473,218
Library materials and information	9,792,106	10,292,106	10,292,106	0
Other objects	360,000	360,000	336,091	23,909
Capital outlay	1,314,323	1,964,323	1,665,628	298,695
Total Expenditures	64,511,712	65,911,712	63,378,914	2,532,798
Excess (deficiency) of revenues over (under) expenditures	(5,453,892)	(5,953,892)	(2,448,892)	3,505,000
Other financing sources (uses)				
Proceeds from sale of capital assets	242,180	242,180	242,180	0
Transfers out	(2,000,000)	(3,500,000)	(3,500,000)	0
Total other financing sources (uses)	(1,757,820)	(3,257,820)	(3,257,820)	0
Net change in fund balance	(7,211,712)	(9,211,712)	(5,706,712)	3,505,000
Fund balance at beginning of year	15,400,000	15,400,000	15,400,000	0
Prior year encumbrances appropriated	3,911,712	3,911,712	3,911,712	0
Fund balance at end of year	\$12,100,000	\$10,100,000	\$13,605,000	\$3,505,000

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, 2018

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, 2018

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, 2018

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 7). 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 and OPEB. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 13 and 14.

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 as an inflow of resources (revenue) until that time. For the Library, deferred inflows of resources include property taxes, irrevocable split-interest agreement, pension, OPEB and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2018, but which were levied to finance year 2019 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. Deferred inflows related to irrevocable split-interest agreements have also been recorded 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 and OPEB are reported on the government-wide statement of net position. (See Notes 13 and 14)

The Public Library of Cincinnati and Hamilton County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

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, Section 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, 2018

During 2018, 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 2018, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, twenty-four hours advance notice is appreciated for deposits and withdrawals of \$25 million or more. STAR Ohio reserves the right to limit the transaction to \$100 million, requiring the excess amount to be transacted the following business day(s), but only to the \$100 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 2018 amounted to \$510,676, which includes \$106,560 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".

Beneficial Interest

The Library is reporting a *Beneficial Interest in Assets Held by Others* which represents the Library's right to a portion of the benefits from donated resources pursuant to a split-interest agreement in which a donor entered into a trust with characteristics that are equivalent to a split-interest agreement and transferred the resources to a third party intermediary. The portion of the *Beneficial Interest in Assets Held by Others* which represents cash is measured at cost while the portion represented by investments is measured at fair value. These amounts are offset by an *Irrevocable Split-Interest Agreement Deferred Inflow*.

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, 2018, 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. The Library was able to estimate the historical cost for the initial reporting of infrastructure by back trending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using

The Public Library of Cincinnati and Hamilton County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). 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:

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.

The Public Library of Cincinnati and Hamilton County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

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 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, compensated absences 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 fiscal year. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits.

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

The Public Library of Cincinnati and Hamilton County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

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/Other Post Employment Benefits (OPEB)

For purposes of measuring the net pension/OPEB liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions/OPEB, and pension/OPEB expense, information about the fiduciary net position of the pension/OPEB plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension/OPEB plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension/OPEB plans report investments at fair value.

NOTE 3 – CHANGE IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF NET POSITION

For 2018, the Library implemented Governmental Accounting Standards Board (GASB) Statement No. 85, Omnibus 2017, Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period, Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions, and related guidance from (GASB) Implementation Guide No. 2017-3, Accounting and Financial Reporting for Postemployment Benefits other Than Pensions (and Certain Issues Related to OPEB Plan Reporting).

For 2018, the Library implemented the Governmental Accounting Standards Board's (GASB) *Implementation Guide No. 2017-1*. These changes were incorporated in the Library's 2018 financial statements; however, there was no effect on beginning net position/fund balance.

GASB 85 addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits (OPEB)). These changes were incorporated in the Library's fiscal year 2018 financial statements; however, there was no effect on beginning net position/fund balance.

GASB 89 establishes accounting requirements for interest cost incurred before the end of a construction period. These changes were incorporated in the Library's 2018 financial statements; however, there was no effect on beginning net position.

GASB 75 established standards for measuring and recognizing Postemployment benefit liabilities, deferred outflows of resources, deferred inflows of resources and expense/expenditure. The implementation of this pronouncement had the following effect on net position as reported December 31, 2017:

	Governmental <u>Activities</u>
Net Position December 31, 2017	\$111,234,819
Adjustments:	
Net OPEB Liability	(19,855,248)
Deferred Outflow - Payments Subsequent to Measurement Date	<u>324,886</u>
Restated Net Position December 31, 2017	<u>\$91,704,457</u>

Other than employer contributions subsequent to the measurement date, the Library made no restatement for deferred inflows/outflows of resources as the information needed to generate these restatements was not available.

The Public Library of Cincinnati and Hamilton County
Notes to the Basic Financial Statements
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NOTE 4 – 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	(\$748,722)
Revenue Accruals	(53,693)
Expenditure Accruals	486,165
Encumbrances	<u>(5,390,462)</u>
Budget Basis	<u>(\$5,706,712)</u>

NOTE 5 - 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.

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

Interim 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

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

- C. No-load money market mutual funds consisting exclusively of obligations described in (A) or (B) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
- D. Interim deposits in the eligible institutions applying for interim monies to be evidenced by 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, or political subdivisions of Ohio, provided that, with respect to bonds or other obligations of political subdivisions, (a) the bonds or other obligations are payable from general revenues of the political subdivision and backed by the full faith and credit of the political subdivision, (b) the bonds or other obligations are rated at the time of purchase in the three highest classifications established by at least one nationally recognized standard rating service and purchased through a registered securities broker or dealer, (c) the aggregate value of the bonds or other obligations does not exceed twenty percent of interim monies available for investment at the time of purchase and (d) the Library is not the sole purchaser of the bonds or other obligations at original issuance;
- F. The State Treasurer's investment pool (STAR Ohio) and any other investment alternative offered to political subdivisions by the Treasurer of State;
- 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 (A) or (B) provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days.

Investments in stripped principal or interest obligations reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited.

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

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 table identifies the Library's recurring fair value measurements as of December 31, 2018. As discussed further in Note 2, STAR Ohio is reported at its share price (Net Asset value per share). 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).

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Investments are reported at fair value. As of December 31, 2018, 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	\$1,086,045	\$1,086,045	\$0	\$0	\$0
Fair Value- Level One Inputs					
U.S. Savings Bonds Series HH	74,000	74,000	0	0	0
First American Treasury Obligation Mutual Funds	538,081	538,081	0	0	0
Total Fair Value - Level One Inputs	612,081	612,081	0	0	0
Fair Value- Level Two Inputs					
Negotiable Certificates of Deposit	249,622	249,622	0	0	0
Federal Farm Credit Bank Notes	540,816	0	296,073	244,743	0
Federal Home Loan Mortgage Corporation Medium Term Notes	2,498,031	893,532	343,438	913,389	347,672
Federal National Mortgage Association Notes	1,333,962	296,286	590,937	0	446,739
Federal Home Loan Bank Notes	3,734,219	598,212	249,080	1,584,036	1,302,891
Total Fair Value - Level Two Inputs	8,356,650	2,037,652	1,479,528	2,742,168	2,097,302
Total Investments	\$10,054,776	\$3,735,778	\$1,479,528	\$2,742,168	\$2,097,302

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 notes, Federal Home Loan Mortgage Corporation notes, Federal Farm Credit Bank notes, and First American Treasury Obligation Mutual 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, 13 percent are Federal National Mortgage Association notes, 25 percent are in Federal Home Loan Mortgage Corporation notes, 37 percent are Federal Home Loan Bank notes, and 5 percent are Federal Farm Credit Bank notes.

NOTE 6 – BENEFICIAL INTEREST

The Beneficial Interest in Assets Held by Others reported at December 31, 2018, is related to a charitable remainder trust using a third party as an intermediary. The balance of \$552,253 includes depository balances of \$47,049 measured at cost and recurring fair value measurement of various mutual fund balances of \$505,204 measured at fair value using quoted market prices (level 1 input) (See Note 5 for definition of input levels).

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NOTE 7 - PROPERTY TAXES

Property taxes include amounts levied against all real and public utility located in the Library district. Property tax revenue received during 2018 for real and public utility property taxes represents collections of 2017 taxes.

2018 real property taxes are levied after October 1, 2018, on the assessed value as of January 1, 2018, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2018 real property taxes are collected in and intended to finance 2019 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. 2018 public utility property taxes became a lien December 31, 2017, are levied after October 1, 2018, and are collected in 2018 with real property taxes.

The full tax rate for all Library operations for the year ended December 31, 2018, was \$1.00 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2018 property tax receipts were based are as follows:

<u>Category</u>	<u>Assessed Value</u>
Real Property	\$18,333,373,230
Public Utility Personal	1,009,992,460
Total	<u>\$19,343,365,690</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, 2018, and for which there was an enforceable legal claim. In governmental funds, the portion of the receivable not levied to finance 2018 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.

NOTE 8 – TAX ABATEMENTS

For 2018, the Library's property tax revenues were reduced by \$337,102 under various tax abatement agreements entered into by the City of Cincinnati, City of Sharonville, City of Norwood, Village of Mariemont and various other municipalities in Hamilton County.

NOTE 9 - RECEIVABLES

Receivables at December 31, 2018, consisted of accrued earnings on investments, intergovernmental, and property taxes. Intergovernmental receivables consisted of \$19,456,520 from the Public Library Fund and \$1,070,366 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.

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NOTE 10 – CAPITAL ASSETS

Changes in capital assets during the year ended December 31, 2018, were as follows:

	<u>Balance at</u> 12/31/2017	<u>Additions</u>	<u>Deductions</u>	<u>Balance at</u> 12/31/2018
<u>Governmental Activities</u>				
Capital Assets, Not Being Depreciated:				
Land	\$14,266,034	\$0	(\$160,211)	\$14,105,823
Fine Art and Rare Book Collections	17,614,531	0	0	17,614,531
Construction in Progress	<u>300,181</u>	<u>1,669,801</u>	<u>(1,969,982)</u>	<u>0</u>
Total Capital Assets, Not Being Depreciated	<u>32,180,746</u>	<u>1,669,801</u>	<u>(2,130,193)</u>	<u>31,720,354</u>
Capital Assets Being Depreciated:				
Land Improvements	891,662	0	0	891,662
Buildings and Improvements	105,800,973	3,921,679	(233,550)	109,489,102
Furniture, Fixtures and Equipment	14,634,524	821,205	(403,453)	15,052,276
Vehicles	<u>509,178</u>	<u>122,534</u>	<u>(35,129)</u>	<u>596,583</u>
Totals Capital Assets, Being Depreciated	<u>121,836,337</u>	<u>4,865,418</u>	<u>(672,132)</u>	<u>126,029,623</u>
Less Accumulated Depreciation:				
Land Improvements	(539,610)	(33,520)	0	(573,130)
Building and Improvements	(50,882,950)	(2,604,051)	233,550	(53,253,451)
Furniture, Fixtures and Equipment	(11,794,444)	(586,464)	336,758	(12,044,150)
Vehicles	<u>(316,178)</u>	<u>(62,246)</u>	<u>35,129</u>	<u>(343,295)</u>
Total Accumulated Depreciation	<u>(63,533,182)</u>	<u>(3,286,281) *</u>	<u>605,437</u>	<u>(66,214,026)</u>
Total Capital Assets Being Depreciated, Net	<u>58,303,155</u>	<u>1,579,137</u>	<u>(66,695)</u>	<u>59,815,597</u>
Governmental Activities Capital Assets, Net	<u>\$90,483,901</u>	<u>\$3,248,938</u>	<u>(\$2,196,888)</u>	<u>\$91,535,951</u>

*Depreciation expense is charged to facilities and maintenance operations as this is the function where most assets are used.

NOTE 11 – LEASES

The Library leases various buildings for library service operations under noncancelable operating leases. The total cost for these leases was \$332,567 for the year ended December 31, 2018. The future minimum lease payments for these leases are as follows:

<u>Year Ending December 31,</u>	
2019	\$340,008
2020	315,034
2021	287,775
2022	99,412
2023	101,400
2024-2026	<u>308,251</u>
Total minimum lease payments	<u>\$1,451,880</u>

NOTE 12 – INTERFUND ACTIVITY

Interfund Transfers

During 2018, there was one transfer from the General Fund to the Building and Repair Fund for \$3,500,000 for ongoing maintenance projects.

NOTE 13 - DEFINED BENEFIT PENSION PLAN

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

Net Pension Liability (Asset)/Net OPEB Liability

The net pension liability (asset) and the net OPEB liability reported on the statement of net position represent liabilities to employees for pensions and OPEB, respectively. Pensions/OPEB are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions/OPEB are provided to an employee—on a deferred-payment basis—as 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/OPEB liability (asset) represent the Library's proportionate share of each pension/OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension/OPEB plan's fiduciary net position. The net pension/OPEB liability (asset) 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 these estimates 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 and OPEB.

GASB 68/75 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires funding to come from these employers. All pension contributions to date have come solely from these employers (which also includes pension costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. In addition, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium. State statute requires the retirement systems to amortize unfunded pension liabilities within 30 years. If the pension amortization period exceeds 30 years, each retirement system's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability (asset). Resulting adjustments to the net pension/OPEB liability (asset) would be effective when the changes are legally enforceable. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients.

The proportionate share of each plan's unfunded benefits is presented as a net pension/OPEB asset or a long-term net pension/OPEB liability on the accrual basis of accounting. Any liability for the contractually-required pension/OPEB contribution outstanding at the end of the year is included in intergovernmental payable on both the accrual and modified accrual bases of accounting. The remainder of this note includes the required pension disclosures. See Note 14 for the required OPEB disclosures.

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 combination cost-sharing, multiple-employer defined benefit/defined contribution pension plan.

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

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

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

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

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a traditional plan 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. Members retiring under the combined plan receive a cost-of-living adjustment of the defined benefit portion of their pension benefit. 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.

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

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

	State and Local
2018 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee *	10.0 %
 2018 Actual Contribution Rates	
Employer:	
Pension **	14.0 %
Post-employment Health Care Benefits **	0.0
Total Employer	14.0 %
 Employee	 10.0 %

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

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

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

For 2018, The Library's contractually required contribution was \$3,537,364 for the traditional plan, \$125,314 for the combined plan and \$253,142 for the member-directed plan. Of these amounts, \$425,301 is reported as an intergovernmental payable for the traditional plan, \$15,064 for the combined plan, and \$30,412 for the member-directed plan.

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

The net pension liability (asset) for OPERS was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The Library's proportion of the net pension liability (asset) 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 of the Library's defined benefit pension plans:

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	OPERS <u>Traditional Plan</u>	OPERS <u>Combined Plan</u>	<u>Total</u>
Proportion of the Net Pension Liability/Asset:			
Current Measurement Date	0.18281600%	0.17045500%	
Prior Measurement Date	<u>0.19122000%</u>	<u>0.13338600%</u>	
Change in Proportionate Share	<u>-0.00840400%</u>	<u>0.03706900%</u>	
Proportionate Share of the:			
Net Pension Liability	\$28,680,287	\$0	\$28,680,287
Net Pension Asset	0	232,045	232,045
Pension Expense	5,857,783	(128,604)	5,729,179

2018 pension expense for the member-directed defined contribution plan was \$253,142.

At December 31, 2018, the Library reported deferred outflows of resources and deferred inflows of resources related to defined benefit pensions from the following sources:

	OPERS <u>Traditional Plan</u>	OPERS <u>Combined Plan</u>	<u>Total</u>
Deferred Outflows of Resources			
Differences between expected and actual experience	\$29,290	\$0	\$29,290
Changes of assumptions	3,427,487	20,278	3,447,765
Changes in proportion and differences between Library contributions and proportionate share of contributions	239,861	0	239,861
Library contributions subsequent to the measurement date	<u>3,537,364</u>	<u>125,314</u>	<u>3,662,678</u>
Total Deferred Outflows of Resources	<u>\$7,234,002</u>	<u>\$145,592</u>	<u>\$7,379,594</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$565,198	\$69,127	\$634,325
Net difference between projected and actual earnings on pension plan investments	6,157,279	36,611	6,193,890
Changes in proportion and differences between Library contributions and proportionate share of contributions	<u>889,541</u>	<u>17,981</u>	<u>907,522</u>
Total Deferred Inflows of Resources	<u>\$7,612,018</u>	<u>\$123,719</u>	<u>\$7,735,737</u>

\$3,662,678 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 or increase to the net pension asset in 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

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Year Ending December 31:	OPERS Traditional Plan	OPERS Combined Plan	Total
2019	\$2,330,175	(\$13,799)	\$2,316,376
2020	(1,004,100)	(14,801)	(1,018,901)
2021	(2,711,339)	(23,003)	(2,734,342)
2022	(2,530,116)	(22,138)	(2,552,254)
2023	0	(9,283)	(9,283)
Thereafter	0	(20,417)	(20,417)
Total	<u>(\$3,915,380)</u>	<u>(\$103,441)</u>	<u>(\$4,018,821)</u>

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 the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2017, 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 valuation, reflecting experience study results, prepared as of December 31, 2017, are presented below.

	OPERS Traditional Plan	OPERS Combined Plan
Wage Inflation	3.25 percent	3.25 percent
Future Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation	3.25 to 8.25 percent including wage inflation
COLA or Ad Hoc COLA:		
Pre-January 7, 2013 Retirees	3 percent, simple	3 percent, simple
Post-January 7, 2013 Retirees	3 percent, simple through 2018, then 2.15 percent, simple	3 percent, simple through 2018, then 2.15 percent, simple
Investment Rate of Return	7.5 percent	7.5 percent
Actuarial Cost Method	Individual Entry Age	Individual Entry Age

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

The most recent experience study was completed for the five year period ended December 31, 2015.

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

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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.

During 2017, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets for the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. 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 annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was 16.82 percent for 2017.

The allocation of investment assets with 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 2017 and the long-term expected real rates of return:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)</u>
Fixed Income	23.00 %	2.20 %
Domestic Equities	19.00	6.37
Real Estate	10.00	5.26
Private Equity	10.00	8.97
International Equities	20.00	7.88
Other investments	18.00	5.26
Total	<u>100.00 %</u>	<u>5.66 %</u>

Discount Rate

The discount rate used to measure the total pension liability was 7.5 percent for the traditional plan and the combined plan. 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 benefits 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 (Asset) to Changes in the Discount Rate

The following table presents the Library's proportionate share of the net pension liability (asset) calculated using the current period discount rate assumption of 7.5 percent, as well as what the Library's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is one-percentage-point lower (6.5 percent) or one-percentage-point higher (8.5 percent) than the current rate:

	<u>1% Decrease (6.50%)</u>	<u>Discount Rate (7.50%)</u>	<u>1% Increase (8.50%)</u>
Library's proportionate share of the net pension liability (asset)			
OPERS Traditional Plan	\$50,928,881	\$28,680,287	\$10,131,663
OPERS Combined Plan	(126,137)	(232,045)	(305,114)

The Public Library of Cincinnati and Hamilton County
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Changes between Measurement Date and Report Date

In October 2018, the OPERS Board adopted a change in the investment return assumption, reducing it from 7.5 percent to 7.2 percent. This change will be effective for the 2018 valuation. The exact amount of the impact to the Library's net pension liability is not known.

NOTE 14 – POST-EMPLOYMENT BENEFITS

See Note 13 for a description of the net OPEB liability.

Plan Description - Ohio Public Employees Retirement System (OPERS)

Plan Description - The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the traditional pension and the combined plans. This trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit. 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 75. 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 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 postemployment health care through their contributions to OPERS. When funding is approved by OPERS Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2018, state and local employers contributed at a rate of 14.0 percent of earnable salary. This is the maximum employer contribution rate 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 1.0 percent during calendar year 2017. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2018 decreased to 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 into the RMA for participants in the Member-Directed Plan for 2018 was 4.0 percent.

The Public Library of Cincinnati and Hamilton County
Notes to the Basic Financial Statements
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Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Library's contractually required contribution was \$72,326 for 2018. Of this amount, \$8,689 is reported as an intergovernmental payable.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2016, rolled forward to the measurement date of December 31, 2017, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. The Library's proportion of the net OPEB liability was based on the Library's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	<u>OPERS</u>
Proportion of the Net OPEB Liability:	
Current Measurement Date	0.188780%
Prior Measurement Date	0.196580%
Change in Proportionate Share	-0.0078000%
Proportionate Share of the Net OPEB Liability	\$20,500,117
OPEB Expense	\$1,521,281

At December 31, 2018, the Library reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>OPERS</u>
Deferred Outflows of Resources	
Differences between expected and actual experience	\$15,969
Changes of assumptions	1,492,626
Library contributions subsequent to the measurement date	72,326
Total Deferred Outflows of Resources	\$1,580,921
Deferred Inflows of Resources	
Net difference between projected and actual earnings on OPEB plan investments	\$1,527,122
Changes in proportion and differences between Library contributions and proportionate share of contributions	532,999
Total Deferred Inflows of Resources	\$2,060,121

\$72,326 reported as deferred outflows of resources related to OPEB resulting from Library contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

The Public Library of Cincinnati and Hamilton County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

	<u>OPERS</u>
Year Ending December 31:	
2019	\$84,656
2020	84,656
2021	(339,056)
2022	(381,782)
Total	(\$551,526)

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 and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2016, rolled forward to the measurement date of December 31, 2017. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Wage Inflation	3.25 percent
Projected Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation
Single Discount Rate:	
Current measurement date	3.85 percent
Prior Measurement date	4.23 percent
Investment Rate of Return	6.50 percent
Municipal Bond Rate	3.31 percent
Health Care Cost Trend Rate	7.5 percent, initial 3.25 percent, ultimate in 2028
Actuarial Cost Method	Individual Entry Age

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

The most recent experience study was completed for the five year period ended December 31, 2015.

The long-term expected rate of return on health care 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.

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Notes to the Basic Financial Statements
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During 2017, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio is 15.2 percent for 2017.

The allocation of investment assets with the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The table below displays the Board-approved asset allocation policy for 2017 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	34.00 %	1.88 %
Domestic Equities	21.00	6.37
Real Estate Investment Trust	6.00	5.91
International Equities	22.00	7.88
Other investments	17.00	5.39
Total	100.00 %	4.98 %

Discount Rate

A single discount rate of 3.85 percent was used to measure the OPEB liability on the measurement date of December 31, 2017. A single discount rate of 4.23 percent was used to measure the OPEB liability on the measurement date of December 31, 2016. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.50 percent and a municipal bond rate of 3.31 percent. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2034. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2034, and the municipal bond rate was applied to all health care costs after that date.

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

The following table presents the Library's proportionate share of the net OPEB liability calculated using the single discount rate of 3.85 percent, as well as what the Library's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (2.85 percent) or one-percentage-point higher (4.85 percent) than the current rate:

	1% Decrease (2.85%)	Current Discount Rate (3.85%)	1% Increase (4.85%)
Library's proportionate share of the net OPEB liability	\$27,235,291	\$20,500,117	\$15,051,429

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Sensitivity of the Library's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate

Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability. The following table presents the net OPEB liability calculated using the assumed trend rates, and the expected net OPEB liability if it were calculated using a health care cost trend rate that is 1.0 percent lower or 1.0 percent higher than the current rate.

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2018 is 7.50 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.25 percent in the most recent valuation.

	<u>1% Decrease</u>	<u>Current Health Care Cost Trend Rate Assumption</u>	<u>1% Increase</u>
Library's proportionate share of the net OPEB liability	\$19,614,242	\$20,500,117	\$21,415,203

Changes between Measurement Date and Report Date

In October 2018, the OPERS Board adopted a change in the investment return assumption, reducing it from 6.5 percent to 6.0 percent. This change will be effective for the 2018 valuation. The exact amount of the impact to the Library's net OPEB liability is not known.

NOTE 15 - 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 \$2,982,119 at December 31, 2018.

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, 2018 was \$871,241.

Medical, Dental and Life Insurance

The Library provides medical insurance for full-time employees through an Anthem Lumenos Health Savings Account or PPO. Dental insurance is provided through Dental Care Plus. 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 Mutual of Omaha.

NOTE 16 - 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 2018, the Library contracted with several insurance companies for primary coverage as follows:

The Public Library of Cincinnati and Hamilton County
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<u>Coverages</u>	<u>Company</u>
Property and Equipment Breakdown Protection	Fireman's Fund Insurance Co.
Automobile	Allmerica Financial Benefit Ins Co (Hanover)
Crime and Cyber	Travelers
Fine Arts	AXA Art Insurance Corp
Commercial General Liability and Commercial Umbrella	Citizens Insurance Co of America (Hanover)
Excess Liability	Federal Insurance Company (Chubb)
Executive Liability	Philadelphia Indemnity 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 17 - LONG-TERM LIABILITIES

Long-term liability activity for the year ended December 31, 2018, was as follows:

	Balance 12/31/2017*	Increase	Decrease	Balance 12/31/2018	Amount Due Within One Year
Net Pension Liability	\$43,422,811	\$0	\$14,742,524	\$28,680,287	\$0
Net OPEB Liability	19,855,248	644,869	0	20,500,117	0
Compensated Absences	3,955,924	2,647,274	2,749,838	3,853,360	1,738,757
Total	<u>\$67,233,983</u>	<u>\$3,292,143</u>	<u>\$17,492,362</u>	<u>\$53,033,764</u>	<u>\$1,738,757</u>

*As Restated, See Note 3

The Library pays obligations related to employee compensation from the fund benefitting from their service. There is no repayment schedule for the net pension liability or net OPEB liability. However, employer pension contributions are made from the general fund. For additional information related to the net pension liability and net OPEB liability see Notes 13 and 14 respectively. Compensated absences will be paid from the general fund which is the fund which employees' salaries are paid.

NOTE 18 - CONTINGENT LIABILITIES

Federal and State Grants

For the period January 1, 2018 to December 31, 2018, 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.

Litigation

The Library is a defendant in a lawsuit. Although the outcome of this lawsuit is not presently determinable Library management is of the opinion that the ultimate disposition of claims and legal proceedings will not have a material adverse effect, if any, on the financial condition of the Library.

The Public Library of Cincinnati and Hamilton County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

NOTE 19 – 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:

Fund Balances	General	Building and Repair	Other Governmental Funds	Total
Nonspendable:				
Prepaid items	\$162,050	\$0	\$0	\$162,050
Supplies inventory	247,291	0	0	247,291
Principal restricted	0	0	6,752,501	6,752,501
Total Nonspendable	<u>409,341</u>	<u>0</u>	<u>6,752,501</u>	<u>7,161,842</u>
Restricted for:				
Library programs	<u>0</u>	<u>0</u>	<u>1,840,590</u>	<u>1,840,590</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	4,538,316	0	4,538,316
Purchases on Order:				
Purchased and Contracted Services	1,224,704	0	0	1,224,704
Capital Outlay	419,435	0	0	419,435
Library Material and Information	530,476	0	0	530,476
Other Purposes	518,436	0	0	518,436
Total Assigned	<u>2,693,051</u>	<u>4,538,316</u>	<u>0</u>	<u>7,231,367</u>
Unassigned	<u>16,512,002</u>	<u>0</u>	<u>0</u>	<u>16,512,002</u>
Total Fund Balances	<u>\$19,694,394</u>	<u>\$4,538,316</u>	<u>\$8,593,091</u>	<u>\$32,825,801</u>

NOTE 20 – SIGNIFICANT COMMITMENTS

Contractual Commitments

At December 31, 2018, the Library's significant contractual commitments consisted of the following:

Vendor	Outstanding Balance
A.W. Farrell	\$ 111,382
FRCH Design Worldwide	\$ 360,720
Kramer & Feldman	\$ 173,766
Motz Engineering	\$ 480,923

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:

The Public Library of Cincinnati and Hamilton County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Fund	Year-End Encumbrances
General	\$5,390,462
Building & Repair	1,369,035
Other nonmajor governmental funds	<u>58,685</u>
Total	<u><u>\$6,818,182</u></u>

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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 Five Years (1)

	2018	2017	2016	2015	2014
Library's proportion of the net pension liability	0.182816%	0.191220%	0.185794%	0.187341%	0.187341%
Library's proportionate share of the net pension liability	\$28,680,287	\$43,422,811	\$32,181,863	\$22,595,418	\$22,085,063
Library's covered payroll	\$24,122,708	\$24,716,675	\$23,133,783	\$22,967,900	\$22,678,392
Library's proportionate share of the net pension liability as a percentage of its covered payroll	118.89%	175.68%	139.11%	98.38%	97.38%
Plan fiduciary net position as a percentage of the total pension liability	84.66%	77.25%	81.08%	86.45%	86.36%

(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.

Amounts presented for each year were determined as of the Library's measurement date which is the prior year end.

See accompanying notes to the required supplementary information.

The Public Library of Cincinnati and Hamilton County
Required Supplementary Information
Schedule of the Library's Proportionate Share of the
Net Pension Asset
Ohio Public Employees Retirement System - Combined Plan
2018 (1)

	2018
Library's Proportion of the Net Pension Liability	0.170455%
Library's Proportionate Share of the Net Pension Asset	\$232,045
Library's Covered Payroll	\$700,600
Library's Proportionate Share of the Net Pension Asset as a Percentage of its Covered Payroll	-33.12%
Plan Fiduciary Net Position as a Percentage of the Total Pension Asset	137.28%

(1) Amounts for the combined plan are not presented prior to 2018 as the Library's participation in this plan was considered immaterial in previous years.

Amounts presented for each year were determined as of the Library's measurement date which is the prior year end.

See accompanying notes to the required supplementary information.

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

	<u>2018</u>	<u>2017</u>
Library's Proportion of the Net OPEB Liability	0.1887800%	0.1965800%
Library's Proportionate Share of the Net OPEB Liability	\$20,500,117	\$19,855,248
Library's Covered Payroll	\$26,739,633	\$27,166,883
Library's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	76.67%	73.09%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	54.14%	54.04%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2017 is not available. An additional column will be added each year.

Amounts presented for each year were determined as of the Library's measurement date which is the prior year end.

See accompanying notes to the required supplementary information.

The Public Library of Cincinnati and Hamilton County
Required Supplementary Information
Schedule of the Library's Contributions
Ohio Public Employees Retirement System
Last Five Years (1)(2)

	2018	2017	2016	2015	2014	2013
Net Pension Liability - Traditional Plan						
Contractually Required Contribution	\$3,537,364	\$3,135,952	\$2,966,001	\$2,776,054	\$2,756,148	\$2,948,191
Contributions in Relation to the Contractually Required Contribution	<u>(3,537,364)</u>	<u>(3,135,952)</u>	<u>(2,966,001)</u>	<u>(2,776,054)</u>	<u>(2,756,148)</u>	<u>(2,948,191)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Library Covered Payroll	\$25,266,886	\$24,122,708	\$24,716,675	\$23,133,783	\$22,967,900	\$22,678,392
Pension Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>13.00%</u>	<u>12.00%</u>	<u>12.00%</u>	<u>12.00%</u>	<u>13.00%</u>
Net Pension Liability - Combined Plan						
Contractually Required Contribution	\$125,314	\$91,078	\$62,305	\$58,221	\$75,561	
Contributions in Relation to the Contractually Required Contribution	<u>(125,314)</u>	<u>(91,078)</u>	<u>(62,305)</u>	<u>(58,221)</u>	<u>(75,561)</u>	
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	
Library Covered Payroll	\$895,100	\$700,600	\$519,208	\$485,175	\$629,675	
Pension Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>13.00%</u>	<u>12.00%</u>	<u>12.00%</u>	<u>12.00%</u>	
Net OPEB Liability - OPEB Plan						
Contractually Required Contribution	\$72,326	\$324,886	\$581,958	\$549,249	\$536,162	
Contributions in Relation to the Contractually Required Contribution	<u>(72,326)</u>	<u>(324,886)</u>	<u>(581,958)</u>	<u>(549,249)</u>	<u>(536,162)</u>	
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	
Library Covered Payroll (3)	\$27,970,136	\$26,739,633	\$27,166,883	\$25,326,533	\$25,024,464	
OPEB Contributions as a Percentage of Covered Payroll	<u>0.26%</u>	<u>1.21%</u>	<u>2.14%</u>	<u>2.17%</u>	<u>2.14%</u>	

(1) Information prior to 2014 is not available for combined and OPEB plans. Information prior to 2013 is not available for traditional plan.

(2) Beginning in 2016, OPERS used one trust fund as the funding vehicle for all health care plans; therefore, information prior to 2016 is not presented.

(3) The OPEB plan includes the members from the traditional plan, the combined plan and the member directed plan. The member directed pension plan is a defined contribution pension plan; therefore, the pension side is not included above.

See accompanying notes to the required supplementary information.

The Public Library of Cincinnati and Hamilton County
Notes to the Required Supplementary Information
For the Year Ended December 31, 2018

Changes in Assumptions – OPERS Pension

Amounts reported beginning in 2017 incorporate changes in assumptions used by OPERS in calculating the total pension liability in the latest actuarial valuation. These new assumptions compared with those used in 2016 and prior are presented below:

	<u>2017</u>	<u>2016 and prior</u>
Wage Inflation	3.25 percent	3.75 percent
Future Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation	4.25 to 10.05 percent including wage inflation
COLA or Ad Hoc COLA:		
Pre-January 7, 2013 Retirees	3 percent, simple	3 percent, simple
Post-January 7, 2013 Retirees	3 percent, simple through 2018, then 2.15 percent, simple	3 percent, simple through 2018, then 2.8 percent, simple
Investment Rate of Return	7.5 percent	8 percent
Actuarial Cost Method	Individual Entry Age	Individual Entry Age

Amounts reported beginning in 2017 use mortality rates based on the RP-2014 Healthy Annuitant mortality table. For males, Healthy Annuitant Mortality tables were used, adjusted for mortality improvement back to the observation period base of 2006 and then established the base year as 2015. For females, Healthy Annuitant Mortality tables were used, adjusted for mortality improvements back to the observation period base year of 2006 and then established the base year as 2010. The mortality rates used in evaluating disability allowances were based on the RP-2014 Disabled mortality tables, adjusted for mortality improvement back to the observation base year of 2006 and then established the base year as 2015 for males and 2010 for females. Mortality rates for a particular calendar year for both healthy and disabled retiree mortality tables are determined by applying the MP-2015 mortality improvement scale to the above described tables.

Amounts reported for 2016 and prior use mortality rates 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.

Changes in Assumptions – OPERS OPEB

For 2018, the single discount rate changed from 4.23 percent to 3.85 percent.

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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.

LSTA Grant Fund - To account for various Library Services and Technology Act (LSTA) grants that are restricted to expenditures for specified 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, 2018

	Nonmajor Special Revenue	Nonmajor Permanent	Total Nonmajor Governmental
<u>Assets</u>			
Equity in Pooled Cash and Cash Equivalents	\$542,722	\$1,871,866	\$2,414,588
Investments	0	6,184,379	6,184,379
Beneficial Interest in Assets Held by Others	552,253	0	552,253
Receivables:			
Accrued Interest	0	22,008	22,008
Total Assets	<u>\$1,094,975</u>	<u>\$8,078,253</u>	<u>\$9,173,228</u>
<u>Liabilities</u>			
Accounts Payable	<u>\$22,027</u>	<u>\$5,857</u>	<u>\$27,884</u>
<u>Deferred Inflows of Resources</u>			
Irrevocable Split-Interest Agreement	<u>552,253</u>	<u>0</u>	<u>552,253</u>
<u>Fund Balances</u>			
Nonspendable	0	6,752,501	6,752,501
Restricted	520,695	1,319,895	1,840,590
Total Fund Balances	<u>520,695</u>	<u>8,072,396</u>	<u>8,593,091</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$1,094,975</u>	<u>\$8,078,253</u>	<u>\$9,173,228</u>

The Public Library of Cincinnati and Hamilton County
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2018

	Various	Library Programs	Total
<u>Assets</u>			
Equity in Pooled Cash and Cash Equivalents	\$497,676	\$45,046	\$542,722
Beneficial Interest in Assets Held by Others	552,253	0	552,253
Total Assets	\$1,049,929	\$45,046	\$1,094,975
<u>Liabilities</u>			
Accounts Payable	\$19,309	\$2,718	\$22,027
<u>Deferred Inflows of Resources</u>			
Irrevocable Split-Interest Agreement	552,253	0	552,253
<u>Fund Balances</u>			
Restricted	478,367	42,328	520,695
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$1,049,929	\$45,046	\$1,094,975

The Public Library of Cincinnati and Hamilton County

Combining Balance Sheet
 Nonmajor Permanent Funds
 December 31, 2018

	Various Permanent	Armstrong	Feld	Hadley
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$319,797	\$913,703	\$256,914	\$42,215
Investments	900,398	903,081	2,540,101	77,255
Receivables:				
Accrued Interest	3,204	3,214	9,039	275
Total Assets	<u>\$1,223,399</u>	<u>\$1,819,998</u>	<u>\$2,806,054</u>	<u>\$119,745</u>
<u>Liabilities</u>				
Accounts Payable	\$0	\$946	\$1,302	\$0
Total Liabilities	<u>0</u>	<u>946</u>	<u>1,302</u>	<u>0</u>
<u>Fund Balances</u>				
Nonspendable	983,114	986,042	2,773,445	84,350
Restricted	240,285	833,010	31,307	35,395
Total Fund Balances	<u>1,223,399</u>	<u>1,819,052</u>	<u>2,804,752</u>	<u>119,745</u>
Total Liabilities and Fund Balances	<u>\$1,223,399</u>	<u>\$1,819,998</u>	<u>\$2,806,054</u>	<u>\$119,745</u>

<u>Heisel/ Dunlap</u>	<u>Kersten</u>	<u>Dwyer</u>	<u>Howard</u>	<u>Total</u>
\$41,840	\$154,234	\$11,688	\$131,475	\$1,871,866
280,147	90,240	118,867	1,274,290	6,184,379
997	321	423	4,535	22,008
<u>\$322,984</u>	<u>\$244,795</u>	<u>\$130,978</u>	<u>\$1,410,300</u>	<u>\$8,078,253</u>
\$0	\$3,351	\$0	\$258	\$5,857
0	3,351	0	258	5,857
305,883	98,529	129,786	1,391,352	6,752,501
17,101	142,915	1,192	18,690	1,319,895
<u>322,984</u>	<u>241,444</u>	<u>130,978</u>	<u>1,410,042</u>	<u>8,072,396</u>
<u>\$322,984</u>	<u>\$244,795</u>	<u>\$130,978</u>	<u>\$1,410,300</u>	<u>\$8,078,253</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, 2018

	Nonmajor Special Revenue	Nonmajor Permanent	Total Nonmajor Governmental
Revenues			
Intergovernmental	\$28,670	\$0	\$28,670
Earnings on investments	51,075	202,141	253,216
Contributions, gifts and donations	490,430	3,290	493,720
Miscellaneous	1,800	0	1,800
Total Revenues	<u>571,975</u>	<u>205,431</u>	<u>777,406</u>
Expenditures			
Current			
Library Services			
Public service and programs	449,066	48,731	497,797
Collection development and processing	90	110,308	110,398
Support Services			
Business administration	0	17,380	17,380
Total Expenditures	<u>449,156</u>	<u>176,419</u>	<u>625,575</u>
Net change in fund balances	122,819	29,012	151,831
Fund balances - beginning of year	397,876	8,043,384	8,441,260
Fund balances - end of year	<u>\$520,695</u>	<u>\$8,072,396</u>	<u>\$8,593,091</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, 2018

	<u>Various</u>	<u>LSTA Grant</u>	<u>Library Programs</u>	<u>Total</u>
<u>Revenues</u>				
Intergovernmental	\$0	\$28,670	\$0	\$28,670
Earnings on investments	33,020	0	18,055	51,075
Contributions, gifts and donations	484,680	0	5,750	490,430
Miscellaneous	1,800	0	0	1,800
Total Revenues	<u>519,500</u>	<u>28,670</u>	<u>23,805</u>	<u>571,975</u>
<u>Expenditures</u>				
Current				
Library Services				
Public service and programs	394,963	28,670	25,433	449,066
Collection development and processing	90	0	0	90
Total Expenditures	<u>395,053</u>	<u>28,670</u>	<u>25,433</u>	<u>449,156</u>
Net change in fund balances	124,447	0	(1,628)	122,819
Fund balances - beginning of year	<u>353,920</u>	<u>0</u>	<u>43,956</u>	<u>397,876</u>
Fund balances - end of year	<u>\$478,367</u>	<u>\$0</u>	<u>\$42,328</u>	<u>\$520,695</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, 2018

	Various Permanent	Armstrong	Feld	Hadley
Revenues				
Earnings on investments	\$38,964	\$32,451	\$44,624	\$2,038
Contributions, gifts and donations	3,290	0	0	0
Total Revenues	<u>42,254</u>	<u>32,451</u>	<u>44,624</u>	<u>2,038</u>
Expenditures				
Current				
Library Services				
Public service and programs	750	0	0	0
Collection development and processing	32,430	0	71,927	0
Support Services				
Business administration	4,592	12,063	0	725
Total Expenditures	<u>37,772</u>	<u>12,063</u>	<u>71,927</u>	<u>725</u>
Net change in fund balances	4,482	20,388	(27,303)	1,313
Fund balances - beginning of year	1,218,917	1,798,664	2,832,055	118,432
Fund balances - end of year	<u>\$1,223,399</u>	<u>\$1,819,052</u>	<u>\$2,804,752</u>	<u>\$119,745</u>

<u>Heisel/ Dunlap</u>	<u>Kersten</u>	<u>Dwyer</u>	<u>Howard</u>	<u>Total</u>
\$5,102	\$54,846	\$2,069	\$22,047	\$202,141
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3,290</u>
<u>5,102</u>	<u>54,846</u>	<u>2,069</u>	<u>22,047</u>	<u>205,431</u>
0	46,459	1,522	0	48,731
0	0	971	4,980	110,308
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>17,380</u>
<u>0</u>	<u>46,459</u>	<u>2,493</u>	<u>4,980</u>	<u>176,419</u>
5,102	8,387	(424)	17,067	29,012
<u>317,882</u>	<u>233,057</u>	<u>131,402</u>	<u>1,392,975</u>	<u>8,043,384</u>
<u>\$322,984</u>	<u>\$241,444</u>	<u>\$130,978</u>	<u>\$1,410,042</u>	<u>\$8,072,396</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, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Contributions, gifts and donations	\$0	\$0	\$513,390	\$513,390
Total revenues	<u>0</u>	<u>0</u>	<u>513,390</u>	<u>513,390</u>
Expenditures				
Current				
Purchased and contracted services	765,690	1,765,690	1,557,451	208,239
Capital outlay	3,981,777	4,981,777	4,202,453	779,324
Total expenditures	<u>4,747,467</u>	<u>6,747,467</u>	<u>5,759,904</u>	<u>987,563</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,747,467)</u>	<u>(6,747,467)</u>	<u>(5,246,514)</u>	<u>1,500,953</u>
Other financing sources (uses)				
Transfers in	2,000,000	3,500,000	3,500,000	0
Total other financing sources (uses)	<u>2,000,000</u>	<u>3,500,000</u>	<u>3,500,000</u>	<u>0</u>
Net change in fund balance	(2,747,467)	(3,247,467)	(1,746,514)	1,500,953
Fund balance at beginning of year	3,513,680	3,513,680	3,513,680	0
Prior year encumbrances appropriated	1,747,467	1,747,467	1,747,467	0
Fund balance at end of year	<u>\$2,513,680</u>	<u>\$2,013,680</u>	<u>\$3,514,633</u>	<u>\$1,500,953</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, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues				
Earnings on investments	\$0	\$0	\$33,021	\$33,021
Contributions, gifts and donations	425,000	430,000	484,680	54,680
Miscellaneous	0	0	1,800	1,800
Total revenues	<u>425,000</u>	<u>430,000</u>	<u>519,501</u>	<u>89,501</u>
Expenditures				
Current				
Supplies	246,661	246,661	153,509	93,152
Purchased and contracted services	276,294	276,294	257,629	18,665
Library materials and information	7,502	12,502	9,998	2,504
Capital outlay	30,000	30,000	10,831	19,169
Total expenditures	<u>560,457</u>	<u>565,457</u>	<u>431,967</u>	<u>133,490</u>
Net change in fund balance	(135,457)	(135,457)	87,534	222,991
Fund balance at beginning of year	263,317	263,317	263,317	0
Prior year encumbrances appropriated	97,707	97,707	97,707	0
Fund balance at end of year	<u>\$225,567</u>	<u>\$225,567</u>	<u>\$448,558</u>	<u>\$222,991</u>

The Public Library of Cincinnati and Hamilton County

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

LSTA Grant Fund

For the Year Ended December 31, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$28,670	\$28,670	\$28,670	\$0
Total revenues	<u>28,670</u>	<u>28,670</u>	<u>28,670</u>	<u>0</u>
Expenditures				
Capital Outlay	28,670	28,670	28,670	0
Total expenditures	<u>28,670</u>	<u>28,670</u>	<u>28,670</u>	<u>0</u>
Net change in fund balance	0	0	0	0
Fund balance at beginning of year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund balance at end of year	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></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, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Earnings on investments	\$0	\$0	\$18,055	\$18,055
Contributions, gifts and donations	30,000	30,000	5,750	(24,250)
Total revenues	<u>30,000</u>	<u>30,000</u>	<u>23,805</u>	<u>(6,195)</u>
Expenditures				
Current				
Supplies	21,240	21,240	18,561	2,679
Purchased and contracted services	10,000	10,000	8,158	1,842
Total expenditures	<u>31,240</u>	<u>31,240</u>	<u>26,719</u>	<u>4,521</u>
Net change in fund balance	(1,240)	(1,240)	(2,914)	(1,674)
Fund balance at beginning of year	43,911	43,911	43,911	0
Prior year encumbrances appropriated	1,240	1,240	1,240	0
Fund balance at end of year	<u>\$43,911</u>	<u>\$43,911</u>	<u>\$42,237</u>	<u>(\$1,674)</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, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Earnings on investments	\$31,686	\$31,686	\$37,089	\$5,403
Contributions, gifts and donations	1,500	1,500	3,290	1,790
Total revenues	<u>33,186</u>	<u>33,186</u>	<u>40,379</u>	<u>7,193</u>
Expenditures				
Current				
Salaries and benefits				
Salaries and leave benefits	8,000	8,000	1,000	7,000
Supplies	6,000	6,000	1,775	4,225
Purchased and contracted services	20,000	20,000	2,842	17,158
Library materials and information	33,000	33,000	32,617	383
Total expenditures	<u>67,000</u>	<u>67,000</u>	<u>38,234</u>	<u>28,766</u>
Net change in fund balance	(33,814)	(33,814)	2,145	35,959
Fund balance at beginning of year	<u>1,227,250</u>	<u>1,227,250</u>	<u>1,227,250</u>	<u>0</u>
Fund balance at end of year	<u><u>\$1,193,436</u></u>	<u><u>\$1,193,436</u></u>	<u><u>\$1,229,395</u></u>	<u><u>\$35,959</u></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, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Earnings on investments	\$17,500	\$17,500	\$30,543	\$13,043
Total revenues	<u>17,500</u>	<u>17,500</u>	<u>30,543</u>	<u>13,043</u>
Expenditures				
Current				
Supplies	17,500	17,500	12,479	5,021
Purchased and contracted services	<u>2,500</u>	<u>2,500</u>	<u>150</u>	<u>2,350</u>
Total expenditures	<u>20,000</u>	<u>20,000</u>	<u>12,629</u>	<u>7,371</u>
Net change in fund balance	(2,500)	(2,500)	17,914	20,414
Fund balance at beginning of year	<u>1,806,773</u>	<u>1,806,773</u>	<u>1,806,773</u>	<u>0</u>
Fund balance at end of year	<u><u>\$1,804,273</u></u>	<u><u>\$1,804,273</u></u>	<u><u>\$1,824,687</u></u>	<u><u>\$20,414</u></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, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Earnings on investments	\$26,000	\$26,000	\$39,257	\$13,257
Total revenues	<u>26,000</u>	<u>26,000</u>	<u>39,257</u>	<u>13,257</u>
Expenditures				
Current				
Library materials and information	83,401	83,401	82,244	1,157
Total expenditures	<u>83,401</u>	<u>83,401</u>	<u>82,244</u>	<u>1,157</u>
Net change in fund balance	(57,401)	(57,401)	(42,987)	14,414
Fund balance at beginning of year	2,856,754	2,856,754	2,856,754	0
Prior year encumbrances appropriated	8,401	8,401	8,401	0
Fund balance at end of year	<u>\$2,807,754</u>	<u>\$2,807,754</u>	<u>\$2,822,168</u>	<u>\$14,414</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, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Earnings on investments	\$1,200	\$1,200	\$1,875	\$675
Total revenues	<u>1,200</u>	<u>1,200</u>	<u>1,875</u>	<u>675</u>
Expenditures				
Current				
Salaries and benefits				
Other employee benefits	5,040	5,040	725	4,315
Total expenditures	<u>5,040</u>	<u>5,040</u>	<u>725</u>	<u>4,315</u>
Net change in fund balance	(3,840)	(3,840)	1,150	4,990
Fund balance at beginning of year	119,085	119,085	119,085	0
Prior year encumbrances appropriated	40	40	40	0
Fund balance at end of year	<u>\$115,285</u>	<u>\$115,285</u>	<u>\$120,275</u>	<u>\$4,990</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, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Earnings on investments	\$2,900	\$2,900	\$4,510	\$1,610
Total revenues	<u>2,900</u>	<u>2,900</u>	<u>4,510</u>	<u>1,610</u>
Expenditures				
Current				
Salaries and benefits				
Other employee benefits	5,000	5,000	0	5,000
Total expenditures	<u>5,000</u>	<u>5,000</u>	<u>0</u>	<u>5,000</u>
Net change in fund balance	(2,100)	(2,100)	4,510	6,610
Fund balance at beginning of year	320,398	320,398	320,398	0
Fund balance at end of year	<u>\$318,298</u>	<u>\$318,298</u>	<u>\$324,908</u>	<u>\$6,610</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, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Earnings on investments	\$40,000	\$40,000	\$54,655	\$14,655
Total revenues	<u>40,000</u>	<u>40,000</u>	<u>54,655</u>	<u>14,655</u>
Expenditures				
Current				
Supplies	25,135	35,135	34,988	147
Purchased and contracted services	15,000	25,000	11,606	13,394
Capital Outlay	0	15,000	0	15,000
Total expenditures	<u>40,135</u>	<u>75,135</u>	<u>46,594</u>	<u>28,541</u>
Net change in fund balance	(135)	(35,135)	8,061	43,196
Fund balance at beginning of year	233,867	233,867	233,867	0
Prior year encumbrances appropriated	135	135	135	0
Fund balance at end of year	<u>\$233,867</u>	<u>\$198,867</u>	<u>\$242,063</u>	<u>\$43,196</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, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Earnings on investments	\$1,200	\$1,200	\$1,816	\$616
Total revenues	<u>1,200</u>	<u>1,200</u>	<u>1,816</u>	<u>616</u>
Expenditures				
Current				
Supplies	1,819	1,819	1,776	43
Library materials and information	1,000	1,000	971	29
Total expenditures	<u>2,819</u>	<u>2,819</u>	<u>2,747</u>	<u>72</u>
Net change in fund balance	(1,619)	(1,619)	(931)	688
Fund balance at beginning of year	131,827	131,827	131,827	0
Prior year encumbrances appropriated	819	819	819	0
Fund balance at end of year	<u>\$131,027</u>	<u>\$131,027</u>	<u>\$131,715</u>	<u>\$688</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, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Earnings on investments	\$12,500	\$12,500	\$19,354	\$6,854
Total revenues	<u>12,500</u>	<u>12,500</u>	<u>19,354</u>	<u>6,854</u>
Expenditures				
Current				
Library materials and information	5,059	5,059	5,052	7
Total expenditures	<u>5,059</u>	<u>5,059</u>	<u>5,052</u>	<u>7</u>
Net change in fund balance	7,441	7,441	14,302	6,861
Fund balance at beginning of year	1,404,384	1,404,384	1,404,384	0
Prior year encumbrances appropriated	59	59	59	0
Fund balance at end of year	<u>\$1,411,884</u>	<u>\$1,411,884</u>	<u>\$1,418,745</u>	<u>\$6,861</u>

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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.

<u>Contents</u>	<u>Pages</u>
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.	74-81
Revenue Capacity These schedules contain trend information to help the reader understand the Library's most significant sources of local revenue.	82-86
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.	87-89
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.	90-93

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>2009 (*)</u>	<u>2010 (*)</u>	<u>2011 (*)</u>	<u>2012 (*)</u>
Governmental Activities:				
Invested in Capital Assets	\$88,897,763	\$87,843,258	\$87,110,748	\$85,341,907
Restricted	10,005,862	8,908,471	8,765,055	8,549,943
Unrestricted	<u>21,324,264</u>	<u>27,465,034</u>	<u>32,602,540</u>	<u>36,678,842</u>
Total Governmental Activities Net Position	<u>\$120,227,889</u>	<u>\$124,216,763</u>	<u>\$128,478,343</u>	<u>\$130,570,692</u>

*Amount restated to correctly reflect accumulated depreciation

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

***Amount restated in accordance with GASB Statement No.75

2013	2014(**)	2015	2016	2017(***)	2018
\$84,898,227	\$89,838,832	\$91,459,134	\$89,431,482	\$90,483,901	\$91,535,951
8,640,838	8,451,806	8,418,530	8,406,749	8,441,260	8,593,091
39,408,975	16,220,317	18,085,749	19,483,048	(7,220,704)	(10,749,764)
<u>\$132,948,040</u>	<u>\$114,510,955</u>	<u>\$117,963,413</u>	<u>\$117,321,279</u>	<u>\$91,704,457</u>	<u>\$89,379,278</u>

The Public Library of Cincinnati and Hamilton County

Changes in Net Position

Last Ten Years

(accrual basis of accounting)

	2009 (*)	2010 (*)	2011 (*)	2012 (*)
Program Revenues:				
Charges for Services:				
Library Services:				
Public Service and Programs	\$1,986,173	\$1,950,189	\$1,853,699	\$1,836,534
Collection Development and Processing	0	33,323	3,048	270
Operating grants, contributions, and earnings on investments:				
Library Services:				
Public Service and Programs	537,845	353,966	461,895	302,650
Collection Development and Processing	84,990	16,694	135,199	90,651
Support Services:				
Facilities operations and maintenance	7,056	87,120	276,970	34,121
Information services support	0	0	0	0
Business administration	3,513	0	0	950
Capital grants and contributions				
Support Services:				
Facilities operations and maintenance	0	0	0	0
Total Program Revenues	2,619,577	2,441,292	2,730,811	2,265,176
Expenses:				
Library Services:				
Public Service and Programs	25,445,459	24,735,003	24,012,269	25,089,210
Collection Development and Processing	12,003,328	12,650,042	12,857,701	13,256,882
Support Services:				
Facilities Operations and Maintenance	13,052,088	12,956,656	12,173,882	11,344,275
Information Services Support	1,374,495	1,971,633	1,904,726	1,146,958
Business Administration	4,382,087	4,747,463	4,316,845	4,746,904
Total Expenses	56,257,457	57,060,797	55,265,423	55,584,229
Net Expenses	(53,637,880)	(54,619,505)	(52,534,612)	(53,319,053)
General Revenues:				
Governmental Activities:				
Grants and Contributions not Restricted to Specific Programs				
Property taxes levied for general purposes	35,472,245	38,213,450	38,927,193	38,320,131
Earnings on Investments	0	19,618,860	17,244,148	15,912,280
Gain on sale of capital asset	88,420	22,673	56,218	56,419
Other	0	48,375	0	0
Other	658,480	701,110	563,561	1,119,987
Contributions to Principal for Permanent Funds	3,669	3,911	5,072	2,585
Total General Revenues and Contributions	36,222,814	58,608,379	56,796,192	55,411,402
Change in Net Position	(\$17,415,066)	\$3,988,874	\$4,261,580	\$2,092,349

(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

2013	2014	2015	2016	2017	2018
\$1,488,381	\$1,378,960	\$1,464,251	\$1,243,747	\$1,221,642	\$1,068,078
0	0	0	0	0	0
446,865	225,674	406,987	714,906	558,282	833,523
35,756	301,378	79,245	33,253	62,440	105,635
268,402	51,650	101,428	0	0	2,500
0	0	0	0	0	499,904
0	0	397	0	0	0
0	0	0	0	0	513,390
2,239,404	1,957,662	2,052,308	1,991,906	1,842,364	3,023,030
24,481,482	23,276,690	24,825,845	26,729,301	27,870,334	27,741,394
11,779,143	12,296,021	12,454,497	12,709,842	12,379,791	12,675,019
10,776,056	13,172,401	11,942,451	11,959,422	15,228,643	14,428,440
1,759,322	2,008,484	2,565,611	2,747,053	3,491,316	4,106,247
5,165,273	5,673,489	5,420,242	5,936,201	6,512,933	6,448,280
53,961,276	56,427,085	57,208,646	60,081,819	65,483,017	65,399,380
(51,721,872)	(54,469,423)	(55,156,338)	(58,089,913)	(63,640,653)	(62,376,350)
38,316,460	39,124,507	41,480,926	39,964,131	39,765,475	42,168,367
14,954,099	15,046,679	16,204,408	16,208,904	16,303,119	16,859,786
48,273	53,111	59,692	130,144	306,660	550,267
0	0	0	0	0	81,969
775,432	1,131,857	861,470	1,141,300	1,173,559	387,492
4,956	5,099	2,300	3,300	5,380	3,290
54,099,220	55,361,253	58,608,796	57,447,779	57,554,193	60,051,171
\$2,377,348	\$891,830	\$3,452,458	(\$642,134)	(\$6,086,460)	(\$2,325,179)

The Public Library of Cincinnati and Hamilton County

Fund Balances - Governmental Funds

Last Ten Years

(modified accrual basis of accounting)

	2009	2010 (1)	2011	2012
General Fund				
Nonspendable	\$0	\$313,740	\$408,748	\$530,998
Committed	0	80,000	80,000	80,000
Assigned	0	453,970	373,970	827,940
Unassigned	0	8,371,066	13,693,604	14,007,805
Reserved	417,778	0	0	0
Unreserved	4,954,540	0	0	0
Total General Fund	<u>5,372,318</u>	<u>9,218,776</u>	<u>14,556,322</u>	<u>15,446,743</u>
All Other Governmental Funds				
Nonspendable	\$0	\$6,720,519	\$6,725,591	\$6,728,176
Restricted	0	2,187,952	2,039,464	1,821,767
Assigned	0	4,012,379	4,754,170	6,604,104
Reserved	7,184,646	0	0	0
Unreserved reported in:				
Special Revenue Funds	750,292	0	0	0
Capital Projects Funds	3,066,387	0	0	0
Permanent Funds	2,087,829	0	0	0
Total All Other Governmental Funds	<u>13,089,154</u>	<u>12,920,850</u>	<u>13,519,225</u>	<u>15,154,047</u>
Total Governmental Funds	<u><u>\$18,461,472</u></u>	<u><u>\$22,139,626</u></u>	<u><u>\$28,075,547</u></u>	<u><u>\$30,600,790</u></u>

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

2013	2014	2015	2016	2017	2018
\$286,770	\$262,519	\$416,022	\$515,354	\$359,484	\$409,341
80,000	80,000	80,000	80,000	80,000	80,000
1,061,664	1,561,251	1,440,624	1,142,449	1,661,312	2,693,051
17,553,989	12,616,657	16,084,960	17,146,542	18,342,320	16,512,002
0	0	0	0	0	0
0	0	0	0	0	0
<u>18,982,423</u>	<u>14,520,427</u>	<u>18,021,606</u>	<u>18,884,345</u>	<u>20,443,116</u>	<u>19,694,394</u>
\$6,733,132	\$6,738,231	\$6,740,531	\$6,737,503	\$6,749,211	\$6,752,501
1,907,706	1,713,575	1,677,999	1,669,246	1,692,049	1,840,590
6,742,069	6,887,069	4,424,642	6,654,019	4,623,483	4,538,316
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>15,382,907</u>	<u>15,338,875</u>	<u>12,843,172</u>	<u>15,060,768</u>	<u>13,064,743</u>	<u>13,131,407</u>
<u>\$34,365,330</u>	<u>\$29,859,302</u>	<u>\$30,864,778</u>	<u>\$33,945,113</u>	<u>\$33,507,859</u>	<u>\$32,825,801</u>

The Public Library of Cincinnati and Hamilton County

Changes in Fund Balances - Governmental Funds

Last Ten Years

(modified accrual basis of accounting)

	2009	2010	2011	2012
Revenues:				
Intergovernmental	\$38,844,386	\$38,977,457	\$39,798,636	\$37,445,155
Property taxes	0	17,637,711	17,613,602	15,948,657
Fines and fees	1,986,173	1,950,189	1,853,699	1,836,534
Earnings on investments	201,158	29,558	195,357	144,720
Services provided to other entities	0	0	0	0
Contributions, gifts, and donations	147,387	268,006	481,376	276,749
Miscellaneous	658,480	734,433	566,910	1,121,163
Total Revenues	41,837,584	59,597,354	60,509,580	56,772,978
Expenditures:				
Current:				
Library services:				
Public service and programs	25,398,385	24,862,028	24,384,028	25,405,327
Collection development and processing	11,956,325	12,637,587	12,940,503	13,475,983
Support Services:				
Facilities operations and maintenance	10,835,165	11,000,973	10,907,773	9,191,772
Information services support	1,491,889	2,734,740	1,990,538	1,632,347
Business administration	4,356,836	4,738,872	4,350,817	4,862,306
Total Expenditures	54,038,600	55,974,200	54,573,659	54,567,735
Excess of Revenues Over (Under) Expenditures	(12,201,016)	3,623,154	5,935,921	2,205,243
Other Financing Sources (Uses):				
Proceeds from Sale of Capital Assets	0	55,000	0	320,000
Transfers In	6,680,238	2,500,000	2,500,000	2,500,000
Transfers Out	(6,680,238)	(2,500,000)	(2,500,000)	(2,500,000)
Total Other Financing Sources (Uses)	0	55,000	0	320,000
Net Change in Fund Balances	(\$12,201,016)	\$3,678,154	\$5,935,921	\$2,525,243
Debt Service as a Percentage of Noncapital Expenditures	0.0%	0.0%	0.0%	0.0%

2013	2014	2015	2016	2017	2018
\$38,162,831	\$37,742,457	\$41,005,594	\$39,960,649	\$40,042,001	\$41,763,947
16,044,155	16,172,491	16,226,162	16,300,929	16,349,822	16,575,155
1,488,381	1,378,960	1,464,251	1,243,747	1,218,580	1,067,520
93,056	162,977	145,887	269,402	445,063	763,892
0	0	0	0	0	558
683,196	312,071	325,740	612,201	484,049	1,137,110
775,432	1,131,857	985,544	1,141,300	1,176,771	966,329
<u>57,247,051</u>	<u>56,900,813</u>	<u>60,153,178</u>	<u>59,528,228</u>	<u>59,716,286</u>	<u>62,274,511</u>
24,701,042	24,569,487	25,723,835	25,742,717	26,535,165	27,819,834
11,844,354	12,392,518	12,483,229	12,632,780	11,964,719	12,445,894
9,745,206	16,721,876	12,813,932	9,185,917	12,225,143	12,530,072
1,966,232	2,164,844	2,647,622	3,110,119	3,480,082	4,207,903
5,225,677	5,593,116	5,479,084	5,776,360	5,948,431	6,195,046
<u>53,482,511</u>	<u>61,441,841</u>	<u>59,147,702</u>	<u>56,447,893</u>	<u>60,153,540</u>	<u>63,198,749</u>
<u>3,764,540</u>	<u>(4,541,028)</u>	<u>1,005,476</u>	<u>3,080,335</u>	<u>(437,254)</u>	<u>(924,238)</u>
0	35,000	0	0	0	242,180
2,000,000	9,000,000	2,000,000	3,000,000	2,000,000	3,500,000
<u>(2,000,000)</u>	<u>(9,000,000)</u>	<u>(2,000,000)</u>	<u>(3,000,000)</u>	<u>(2,000,000)</u>	<u>(3,500,000)</u>
<u>0</u>	<u>35,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>242,180</u>
<u>\$3,764,540</u>	<u>(\$4,506,028)</u>	<u>\$1,005,476</u>	<u>\$3,080,335</u>	<u>(\$437,254)</u>	<u>(\$682,058)</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 Nine Years (1)

Year	Real Property			Tangible Personal Property		Totals		Ratio	Weighted Average Property Tax Rate (per \$1,000 of assessed value)
	Assessed Value			General Business					
	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
2017	12,855,565,900	5,607,295,600	52,751,032,857	0	0	18,462,861,500	52,751,032,857	35.00%	1.00
2018	13,546,811,940	5,796,553,750	55,266,759,114	0	0	19,343,365,690	55,266,759,114	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 Nine 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%
2017	16,527,658	882,322	17,409,980	15,920,350	91.44%	429,472	16,349,822	93.91%
2018	16,670,579	1,167,158	17,837,737	16,093,055	90.22%	482,100	16,575,155	92.92%

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 Nine 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>	<u>2017</u>	<u>2018</u>
\$2.26	\$2.26	\$2.26	\$2.26	\$2.26	\$2.26
0.54	0.54	0.54	0.54	0.54	0.54
0.18	0.00	0.00	0.00	0.00	0.00
0.46	0.46	0.46	0.46	0.46	0.46
0.34	0.34	0.34	0.34	0.34	0.34
1.29	1.29	1.29	1.29	1.29	1.60
2.99	2.99	2.99	2.99	2.99	2.99
4.07	4.07	4.07	4.07	4.07	4.07
2.77	2.77	2.77	2.77	2.77	2.77
4.13	4.13	4.13	4.13	4.13	4.13
1.03	1.03	1.03	1.03	1.03	1.03
1.00	1.00	1.00	1.00	1.00	1.00
<u>\$21.06</u>	<u>\$20.88</u>	<u>\$20.88</u>	<u>\$20.88</u>	<u>\$20.88</u>	<u>\$21.19</u>
.65-20.13	.65-27.60	.65-27.60	.65-27.60	3.06-20.13	3.06-20.13
1.19-48.73	1.19-48.73	1.19-48.73	1.19-48.73	0.65-48.73	0.65-43.52
44.18-107.77	44.18-113.92	44.18-113.92	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	0.06-30.58	0.06-31.12
2.25-12.05	1.50-12.05	1.50-12.05	1.50-12.05	2.25-12.05	2.25-12.05
1.93-2.70	1.93-2.70	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	2018		
	Assessed Value (1)	Percent of Total Assesed Value	Rank
Duke Energy Ohio Inc	\$1,028,450,430	5.32%	1
City of Cincinnati	101,589,780	0.53%	2
Procter & Gamble Co	72,186,510	0.37%	3
Fifth Third Bank	47,605,820	0.25%	4
HGREIT II Edmondson Road LLC	39,200,010	0.20%	6
Duke Energy Miami Fort LLC	34,142,920	0.18%	7
Texas Gas Transmission LLC	31,803,680	0.16%	5
HGREIT II Madison Road LLC	27,300,000	0.14%	8
Kroger Co	21,685,670	0.11%	9
Acabay Atrium Two LP	19,925,860	0.10%	10
	Subtotal	1,423,890,680	7.36%
	All Other	17,919,475,010	92.64%
Total		<u>\$19,343,365,690</u>	<u>100.00%</u>

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		<u>\$19,895,770,000</u>	<u>100.00%</u>

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

Demographic and Economic Statistics

Last Ten Years

Year	Population (1)	Personal Income (2)	Per Capita Personal Income (3)	Hamilton County Unemployment Rate (4)
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%
2017	813,822	44,547,802,458	54,739	4.4%
2018	816,684	48,029,186,040	58,810	4.1%

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 3.3% in 2018. County data for 2018 has been estimated based on a 3.3% increase from BEA's 2017 revised amount of \$46,331,959,000. County data released in March 2018.

(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	2018			2009		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Kroger Co.	15,668	1	1.46%	17,000	1	1.71%
Cincinnati Children's Hospital Medical Center	15,661	2	1.46%	11,385	4	1.14%
Cincinnati/Northern Kentucky International Airport	13,678	3	1.28%			
TriHealth Inc.	12,500	4	1.17%	9,875	6	0.99%
UC Health	10,991	5	1.03%			
University of Cincinnati	10,798	6	1.01%	15,340	2	1.54%
Mercy Health	10,500	7	0.98%	7,316	9	0.74%
Procter & Gamble Co.	10,000	8	0.93%	13,000	3	1.31%
General Electric	9,700	9	0.91%			
St. Elizabeth Healthcare	8,587	10	0.80%			
Health Alliance of Greater Cincinnati				10,000	5	1.01%
Wal-Mart Stores				7,375	8	0.74%
Fifth Third Bancorp				7,219	10	0.73%
Archdiocese of Cincinnati				8,000	7	0.80%
Average County Employment for the Year	<u>1,071,650</u>			<u>994,930</u>		

Sources: *Cincinnati Business Courier Book of Lists 2010 (2009 data) & 2018/2019 (2018 data)*
U.S. Bureau of Labor Statistics

The Public Library of Cincinnati and Hamilton County

Library Employees by Function

Last Ten Years

Function/Program	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental Activities:										
Library Services:										
Public Service and Programs	599	614	597	591	637	630	651	673	668	679
Collection Development and Processing	68	68	63	59	79	82	84	82	75	72
Support Services:										
Facilities Operations and Maintenance	75	67	54	32	43	43	45	44	38	40
Information Services Support	12	14	14	15	16	16	14	16	17	17
Business Administration	36	35	35	31	31	34	35	39	36	37
<i>Total Number of Employees</i>	<u>790</u>	<u>798</u>	<u>763</u>	<u>728</u>	<u>806</u>	<u>805</u>	<u>829</u>	<u>854</u>	<u>834</u>	<u>845</u>

Source: Library records

The Public Library of Cincinnati and Hamilton County
 Operating Indicators by Function
 Last Ten Years

Function/Program	2009	2010	2011	2012
Library Services				
Public Service and Programs				
Items in Collection	8,959,303	8,780,764	8,819,759	9,558,816
Material Loans	16,372,499	16,311,136	17,600,307	17,335,953
Active Registered Borrowers	271,646	349,139	425,454	483,110
Number of Public Programs	14,578	14,247	17,546	20,964
Collection Development and Processing				
Items Purchased	361,228	381,780	340,298	321,279
Support Services				
Facilities Operations and Maintenance				
Facilities Maintained	45	45	45	43
Square Footage of Facilities	927,213	929,982	931,537	917,083
Information Services Support				
Computer Workstations/Devices	1,789	1,834	1,941	1,934
Online Resource Usage	110,286,831	65,046,467	137,120,046	118,964,203

Source: Library records

*Catalog Searches no longer counted for Online Resource Usage

2013	2014	2015	2016	2017	2018
9,793,942	10,161,894	9,886,509	9,694,102	9,696,276	9,794,026
17,884,498	18,249,132	18,771,227	21,226,498	19,838,362	19,953,082
526,678	579,158	620,062	531,588	495,895	511,127
23,178	25,093	17,098	17,468	17,951	16,937
332,345	362,333	372,038	327,858	323,023	305,444
43	43	42	42	42	43
917,083	916,574	925,567	938,902	938,902	975,790
2,202	2,217	2,479	2,559	2,716	2,728
20,179,323 *	17,114,285	17,973,823	17,603,604	16,073,226	14,825,606

The Public Library of Cincinnati and Hamilton County
Capital Assets Statistics by Function
Last Ten Years

	2009 (*)	2010 (*)	2011 (*)	2012 (*)
Library Services:				
Public Service and Programs				
Land	\$12,326,641	\$12,320,016	\$12,320,016	\$12,268,873
Land improvements	480,202	490,869	471,191	471,863
Buildings and improvements	45,302,405	44,045,389	42,680,799	41,932,318
Furniture, fixtures and equipment	1,680,974	2,059,240	1,764,154	1,775,488
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	1,301,138	1,257,218	1,211,981	1,176,827
Furniture, fixtures and equipment	192,635	151,525	197,340	212,284
Support Services:				
Facilities Operations and Maintenance				
Land	922,056	922,056	922,056	922,056
Buildings and improvements	4,390,239	4,247,499	4,094,863	3,976,247
Furniture, fixtures and equipment	339,792	179,401	488,101	581,826
Vehicles	77,367	92,645	61,556	36,433
Construction in progress	0	165,585	1,153,978	252,834
Information Services Support				
Land	54,432	54,432	54,432	54,432
Buildings and improvements	162,643	157,153	151,498	147,104
Furniture, fixtures and equipment	725,050	825,790	742,382	790,393
Business Administration				
Land	707,617	707,617	707,617	707,617
Buildings and improvements	2,114,349	2,057,253	1,983,744	1,926,618
Furniture, fixtures and equipment	70,236	59,583	55,053	58,707
	<u>\$88,897,763</u>	<u>\$87,843,258</u>	<u>\$87,110,748</u>	<u>\$85,341,907</u>

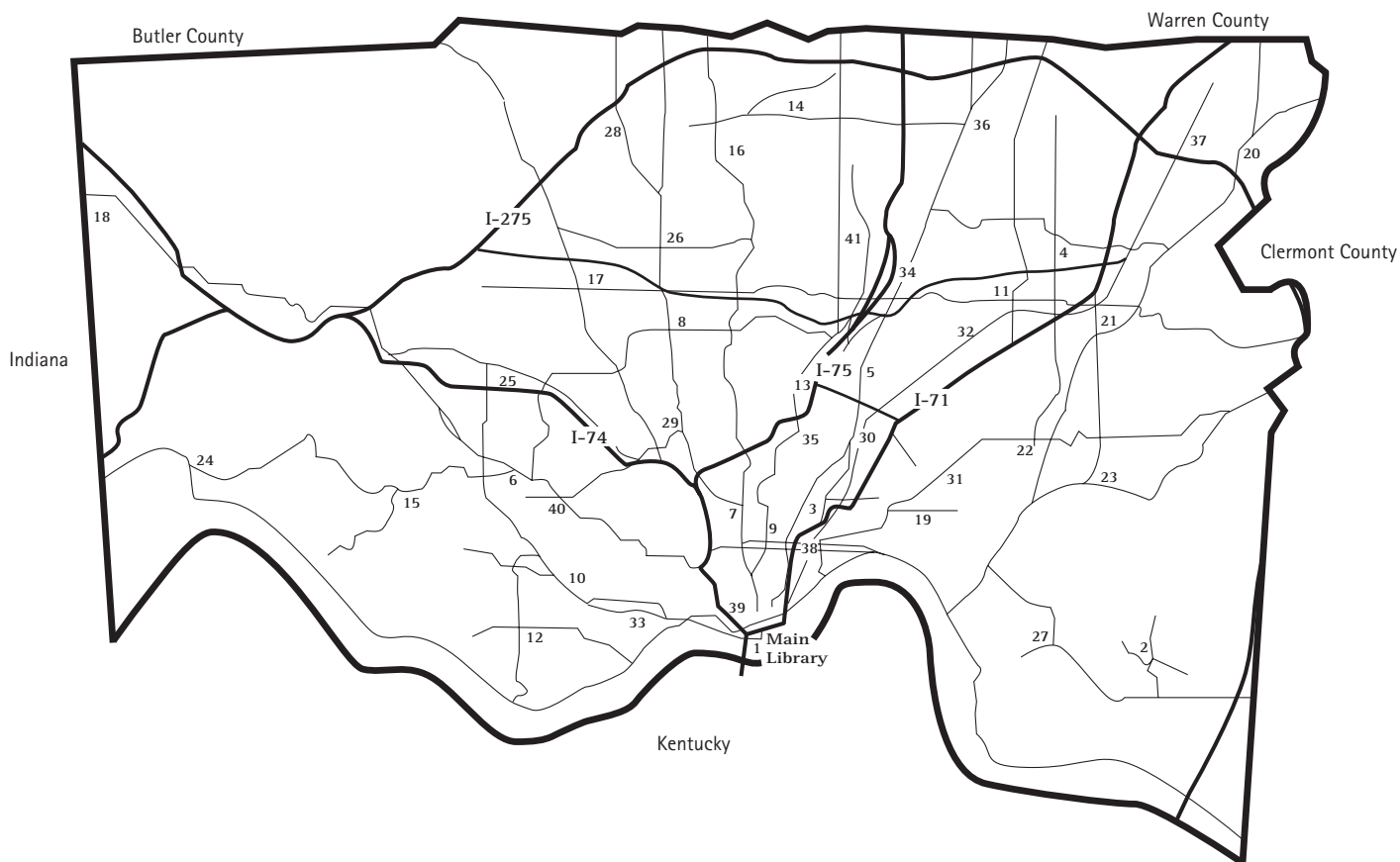
Land improvements, buildings and improvements, furniture and equipment and vehicles are presented net of accumulated depreciation.

Source: Library capital asset records.

*Amount restated to correctly reflect accumulated depreciation

<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$12,268,873	\$12,146,473	\$12,146,473	\$12,146,473	\$12,146,473	\$11,986,262
446,995	409,823	389,261	351,237	352,052	318,532
40,780,204	40,040,148	38,075,315	36,095,418	37,742,450	38,009,801
1,648,080	1,388,615	1,671,206	1,321,446	1,175,032	1,586,724
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
1,129,890	1,077,287	1,020,448	963,173	920,905	881,155
211,337	326,667	283,702	228,386	199,075	181,572
922,056	922,056	922,056	922,056	922,056	922,056
3,817,874	6,546,266	15,063,090	14,958,628	14,629,435	15,789,615
592,273	549,483	591,269	514,036	475,426	474,923
15,455	69,496	100,427	178,895	193,000	253,288
1,403,665	4,953,806	0	356,425	300,181	0
54,432	54,432	54,432	54,432	54,432	54,432
141,237	134,662	127,557	120,397	115,114	110,145
812,909	667,678	559,784	852,176	959,827	724,763
707,617	707,617	707,617	707,617	707,617	707,617
1,850,345	1,764,865	1,672,502	1,579,430	1,510,119	1,444,935
44,998	29,471	24,008	31,270	30,720	40,144
<u>\$84,898,227</u>	<u>\$89,838,832</u>	<u>\$91,459,134</u>	<u>\$89,431,482</u>	<u>\$90,483,901</u>	<u>\$91,535,951</u>

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 | |

OHIO AUDITOR OF STATE KEITH FABER



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, 2019**