



Dave Yost • Auditor of State



**LANE PUBLIC LIBRARY  
BUTLER COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Lane Public Library  
Butler County  
1396 University Boulevard  
Hamilton, Ohio 45011

To the Board of Trustees:

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

We have audited the accompanying modified cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lane Public Library, Butler County, Ohio (the Library), as of and for the years ended December 31, 2016 and 2015, 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 the modified cash accounting basis Note 2 describes. This responsibility includes determining that the modified cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Lane Public Library, Butler County, Ohio, as of December 31, 2016 and 2015, and the respective changes in modified cash financial position and the respective budgetary comparison for the General and Havinghurst Fund (for 2015 only) thereof for the years then ended in accordance with the accounting basis described in Note 2.

**Accounting Basis**

We draw attention to Note 2 of the financial statements, which describes the accounting basis. The financial statements are prepared on the modified cash basis of accounting, which differs from generally accepted accounting principles. We did not modify our opinion regarding this matter.

**Other Matters**

*Supplemental Information and Other Information*

Our audit was conducted to opine on the financial statements taken as a whole.

*Other Information*

We applied no procedures to Management's Discussion & Analysis. Accordingly, we express no opinion or any other assurance on it.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated August 21, 2017, on our consideration of the Library's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Library's internal control over financial reporting and compliance.



**Dave Yost**  
Auditor of State

Columbus, Ohio

August 21, 2017

**Lane Public Library**  
Management's Discussion and Analysis  
For the Years ended December 31, 2016 and 2015  
(Unaudited)

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This discussion and analysis of Lane Public Library's financial performance provides an overall view of the Library's financial activities for the years ended December 31, 2016 and December 31, 2015 within the limitations of the Library's modified cash basis accounting. The intent of this management's discussion and analysis is to look at the Library's financial performance as a whole. Readers should also review the basic financial statements and notes to enhance their understanding of the Library's financial performance.

**Financial Highlights**

Key highlights for 2015 are as follows:

Total Net Position decreased by \$3,103,411 or 17.5% from the prior year. The decrease is primarily the result of costs associated with the new Oxford Branch construction project taken from the Havighurst, Capital Projects, Building Maintenance and various Special Revenue Funds. These costs were offset by a net surplus in General Operating Funds, and earnings in the Roesel and Smith Archives Funds.

The Library's general receipts are primarily the Public Library Fund (PLF) and Real Estate Taxes. General receipts represent 96.9% of the total cash received for governmental activities during the year. Real Estate tax receipts decreased by .8% for 2015 and PLF tax receipts for 2015 increased by 10.5% compared to 2014.

Key highlights for 2016 are as follows:

Total Net Position increased by \$1,203,951 or 8.2% from the prior year. Since the Oxford Branch construction project had been completed in 2015, expenditures had decreased significantly in 2016 resulting in a net surplus primarily from General Operating Funds for the year.

The Library's general receipts are primarily the Public Library Fund (PLF) and Real Estate Taxes. General receipts represent 96.5% of the total cash received for governmental activities during the year. Real Estate tax receipts and PLF tax receipts for were flat for 2016 when compared to 2015.

**Lane Public Library**  
Management's Discussion and Analysis  
For the Years ended December 31, 2016 and 2015  
(Unaudited)

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**Using the Basic Financial Statements**

This annual report is presented in a format consistent with the presentation requirements of Governmental Standards Board Statement No. 34 and Statement No. 63, as applicable to the Library's modified cash basis of accounting.

This annual report consists of a series of financial statements and notes to those statements. These statements are prepared and organized so the reader can understand the Library as a financial whole or as an entire operating entity. The statements provide a detailed look at the Library's specific financial activities and conditions on a modified cash basis of accounting.

The Statement of Net Position – Modified Cash Basis and Statement of Activities – Modified cash basis provide information about the activities of the whole Library, presenting both an aggregate view of the Library's finances and a longer-term view of those finances. Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Library to segregate money whose use is restricted to a particular specified purpose. These statements tell how services were financed in the short term as well as what dollars remain for future spending. The fund financial statements also look at the Library's most significant funds with all other nonmajor funds presented in total in one column.

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

**Basis of Accounting**

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Library has elected to present its financial statements on a modified cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Library's modified cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the modified cash basis of accounting.



**Lane Public Library**  
Management's Discussion and Analysis  
For the Years ended December 31, 2016 and 2015  
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**Reporting the Library as a Whole**

The Statement of Net Position and the Statement of Activities reflect how the Library did financially during 2016 and 2015, within the limitations of modified cash basis accounting. The Statement of Net Position – Modified cash basis compares disbursements with program receipts for each governmental activity. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of disbursements with program receipts identifies how each governmental function draws from the Library's general receipts.

These statements report the Library's modified cash position and the changes in modified cash position. Keeping in mind the limitations of the modified cash basis of accounting, these changes can then be viewed as one way to measure the Library's financial health. Over time, increases or decreases in the Library's cash position is one indicator of whether the Library's financial health is improving or deteriorating. When evaluating the Library's financial condition, other nonfinancial factors should be considered as well. These nonfinancial factors include the condition of the Library's capital assets, the extent of the Library's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue source, the Public Library Fund (PLF).

The Statement of Net Position – Modified Cash Basis and the Statement of Activities – Modified cash basis present governmental activities, which include all of the Library's services. The Library has no business-type activities.

**Reporting the Library's Most Significant Funds**

Fund Financial statements provide detailed information about the Library's major funds – not the Library as a whole. The Library establishes separate funds to better manage its many activities and to help demonstrate that money that has restricted use is being spent for the intended purpose. All of the operating funds of the Library are governmental.

**Governmental Funds**

All of the Library's activities are reported in the governmental funds. The governmental fund financial statements provide a detailed short-term view of the Library's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Library's programs. The Library's major governmental fund for 2016 is the General Fund. For 2015, the General Fund, Capital Projects Fund, and the Havighurst Fund were major funds.

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Management's Discussion and Analysis  
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(Unaudited)

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These significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The programs reported in the governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements. The governmental fund financial statements can be found beginning on page 11 of this report.

**The Library as a Whole**

Recall that the Statement of Net Position pictures the Library as a whole. Table 1 provides a summary of the Library's net position for 2016 compared to 2015 on a modified cash basis:

(Table 1)  
**Net Position – Modified cash**

	<u>Governmental Activities</u>		
	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$12,885,830	\$11,681,585	\$14,035,807
Investments	<u>2,979,286</u>	<u>2,979,580</u>	<u>3,728,769</u>
<b>Total Assets</b>	<u>15,865,116</u>	<u>14,661,165</u>	<u>17,765,576</u>
<b>Net Assets</b>			
Restricted for:			
Special Revenue	599,641	567,256	3,555,042
Assigned	5,772,843	5,904,710	7,582,541
Unrestricted	<u>9,492,632</u>	<u>8,189,199</u>	<u>6,626,993</u>
<b>Total Net Position</b>	<u>\$15,865,116</u>	<u>\$14,661,165</u>	<u>\$17,764,576</u>

As noted in the table above, total net position of governmental activities decreased from 2014 to 2016. The primary reasons contributing to the decreases in cash balances are as follows:

Total Net Position decreased by \$1,899,460 from 2014 to 2016. The primary reasons can be attributed to the following:

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Management's Discussion and Analysis  
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The Special Revenue Funds decreased by \$2,955,401. This is primarily the result of construction costs for the New Oxford Lane Library Branch incurred during 2015. This was partially offset by revenue received from the Oxford Fund at Miami University. This fund was established in late 2015 by Miami University from the proceeds of the sale of the previous Oxford Lane Library facility to the City of Oxford. The Oxford Lane Library is scheduled to receive the earnings from this fund annually.

The decrease of \$1,809,698 in the Assigned Assets is primarily the construction costs associated with the New Oxford Lane Library Branch during 2015.

The Unrestricted Assets increase of \$2,865,639 is the result of the General Operating Fund expenses being less than revenues received in 2015 and 2016. When possible, the Library would like to incur annual savings by spending less than receipts received for the year. These funds can then be used toward special projects or operating expenses needed in future years.

Table 2 reflects the changes in net assets in 2016 and 2015 for governmental activities.  
(Table 2)

**Changes in Net Position**

Governmental Activities

	2016	2015	2014
<b>Receipts:</b>			
Program Receipts:			
Charges for Services	\$ 132,134	\$ 142,595	\$ 156,122
Operating Grants & Contributions	<u>165,610</u>	<u>117,928</u>	<u>441,094</u>
Total Program Cash Receipts	<u>297,744</u>	<u>260,523</u>	<u>597,216</u>
General Receipts			
Property Taxes Levied	2,212,920	2,210,496	2,228,665
Unrestricted Gifts & Contributions	45,563	36,239	9,860
Grants & Entitlements	5,257,017	5,268,416	4,769,285
Earnings on Investments	249,584	624,764	574,730
Miscellaneous	<u>93,247</u>	<u>27,912</u>	<u>15,722</u>
Total General Receipts	<u>7,858,331</u>	<u>8,167,827</u>	<u>7,598,262</u>
<b>Total Receipts</b>	<u>8,156,075</u>	<u>8,428,350</u>	<u>8,195,478</u>

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**Disbursements:**

Library Services			
Public Services	2,652,146	2,614,754	2,482,575
Collection Development & Processing	1,630,339	1,620,699	1,655,069
Support Services			
Facilities Operation & Maintenance	866,157	785,124	729,687
Information Services	406,115	383,600	349,189
Business Administration	1,030,805	901,751	816,503
Capital Outlay	<u>366,562</u>	<u>5,225,833</u>	<u>2,557,702</u>
<b>Total Disbursements</b>	<b>\$ <u>6,952,124</u></b>	<b>\$ <u>11,531,761</u></b>	<b>\$ <u>8,590,725</u></b>
<b>Change in Net Position</b>	1,203,951	(3,103,411)	(395,247)
<b>Net Assets Beginning of Year</b>	<u>14,661,165</u>	<u>17,764,576</u>	<u>18,159,823</u>
<b>Net Assets End of Year</b>	<u>\$15,865,116</u>	<u>\$ 14,661,165</u>	<u>\$17,764,576</u>

The vast majority of revenue supporting all governmental activities is general revenue. General revenue for 2016, 2015 and 2014 totaled \$7,858,331, \$8,167,827 and \$7,598,262 respectively or 96.5%, 96.9%, and 92.7% of total revenue.

The Library also carefully invests its funds in a variety of investment types with the primary focus being safety of principal, but with an attention to investment opportunities to increase yield. In 2016, the Library realized \$249,584 in Earnings on Investments which is 3.1% of the total revenue. In 2015, the Library realized \$624,764 in Earnings on Investments which is 7.4% of total revenue. In 2014, the Library realized \$574,730 in Earnings on Investments which is 7.0% of total revenue.

**Analysis of Overall Financial Positions and Results of Operations**

In Table 3, below, the total cost of services column contains all costs related to the programs and the net cost of services column shows how much of the total amount is not covered by program revenues. The net costs are program costs that must be covered by unrestricted State aid (Public Library Fund).

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**Management's Discussion and Analysis**  
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**(Unaudited)**

(Table 3)  
**Governmental Activities**

<u>Programs</u>	<u>Total Cost of Services 2016</u>	<u>Net Cost of Services 2016</u>	<u>Total Cost of Services 2015</u>	<u>Net Cost of Services 2015</u>	<u>Total Cost of Services 2014</u>	<u>Net Cost of Services 2014</u>
Library Services						
Public Service & Programs	\$ 2,652,146	\$ 2,354,402	\$ 2,614,754	\$ 2,354,231	\$2,482,575	\$1,885,359
Collection Development	1,630,339	1,630,339	1,620,699	1,620,699	1,655,069	1,655,069
Support Services						
Facilities Operations& Maint.	866,157	866,157	785,124	785,124	729,687	729,687
Information Services	406,115	406,115	383,600	383,600	349,189	349,189
Business Administration	1,030,805	1,030,805	901,751	901,751	816,503	816,503
Capital Outlay	<u>366,562</u>	<u>366,562</u>	<u>5,225,833</u>	<u>5,225,833</u>	<u>2,557,702</u>	<u>2,557,702</u>
Total Expenses	<u>\$ 6,952,124</u>	<u>\$ 6,654,380</u>	<u>\$11,531,761</u>	<u>\$11,271,238</u>	<u>\$8,590,725</u>	<u>\$7,993,509</u>

The dependence upon General Receipts is demonstrated in 2016 as total expenses were 88.5% of this revenue. The dependence upon General Receipts is demonstrated in 2015 as 141% of total expenses were supported through this revenue. The dependence upon General Receipts is demonstrated in 2014 as total expenses were 113% of this revenue.

**The Library's Funds**

Information about the Library's Governmental Funds begins on page 6. In 2016, all Governmental Funds had total revenue of \$8,156,075 and expenditures of \$6,952,124. In 2015, all Governmental Funds had total revenue of \$8,428,350 and expenditures of \$11,531,761. In 2014, all Governmental Funds had total revenue of \$8,195,478 and expenditures of \$8,590,725. The most significant fund is our general fund. In 2016, the unreserved fund balance for the general fund was \$9,492,632 compared to annual expenditures of \$6,640,438. In 2015, the unreserved fund balance for the general fund was \$8,189,199 compared to annual expenditures of \$6,491,611.

**General Fund Budgetary Highlights**

The Library's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursement and encumbrances. The most significant budgeted fund is the General Fund for 2016 and the General Fund and Havighurst Fund for 2015. During the course of 2016 and 2015, the Library amended its general fund budget, but no amendment increased total appropriations. For the General Fund in 2016, original and final budgeted revenues were \$7,639,242 and \$8,397,005; in 2015, they were \$8,802,290 and \$7,402,290 respectively. Original and final budgeted expenditures in the General Fund in 2016 were \$9,097,672 and \$8,498,058 and in 2015, they were \$8,747,599 and \$9,020,607.

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Management's Discussion and Analysis  
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(Unaudited)

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For 2016, the Final Revenue Budget reflected an increase of \$757,763 when compared to the original revenue budget. The increase in the Final Revenue Budget can be attributed to higher Property Tax and Intergovernmental Receipts being projected. The Actual Revenue Receipts for 2016 reflected a decrease of \$361,740 when compared to the Final Revenue Budget Amount. The decrease is the result of Property Tax, Intergovernmental and Contribution Receipts being less than Final Budget Projections. The Contribution Final Budget had a donation of \$300,000 projected to be used toward the purchase of a new Bookmobile. That purchase did not happen in 2016.

For 2016, the Final Disbursements Budget reflected a decrease of \$599,614 when compared to the Original Disbursements Budget. The decrease in the Final Disbursements Budget can be attributed primarily to Capital Outlays being less than originally projected. The amount originally budgeted for Building Improvements was adjusted in the final budget to reflect a more reasonable amount for potential emergencies. The Actual Disbursements for 2016 reflected a decrease of \$1,857,620 when compared to the Final Disbursements Budget amount. The decrease can be attributed to all departments spending less in 2016 with Capital Outlays having the most significant decrease. Potential emergencies, New Bookmobile, and other capital expenditures did not materialize in 2016.

For 2015, the Final Revenue Budget reflected a decrease of \$1,400,000 when compared to the original revenue budget. The decrease in the Final Revenue Budget can be attributed to how the sale of the previous Oxford Lane Library Branch would be handled. The proceeds of the sale would go directly to Miami University instead of the Library. A fund was established in late 2015 by Miami University from the proceeds of the sale of the previous Oxford Lane Library facility to the City of Oxford. The Oxford Lane Library is scheduled to receive the earnings from this fund annually. The Actual Revenue Receipts for 2016 reflected an increase of \$879,243 when compared to the Final Revenue Budget Amount. The increase is the result of Property Tax, Intergovernmental and Earnings on Investments receipts being more than Final Budget Projections.

For 2015, the Final Disbursements Budget reflected an increase of \$273,008 when compared to the Original Disbursements Budget. The increase in the Final Disbursements Budget can be attributed primarily to Capital Outlays being more than originally projected. The amount originally budgeted for Capital Outlays was adjusted in the final budget to reflect projected construction costs for the new Oxford Lane Library. The Actual Disbursements for 2015 reflected a decrease of \$2,528,996 when compared to the Final Disbursements Budget amount. The decrease can be attributed to all departments spending less in 2015 with Capital Outlays having the significant decrease. Potential emergencies, New Bookmobile, additional Oxford Branch construction costs and other capital expenditures did not materialize in 2015.

**Lane Public Library**  
Management's Discussion and Analysis  
For the Years ended December 31, 2016 and 2015  
(Unaudited)

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**Current Financial Issues**

Lane Public Library is committed to the highest standards of service for its users while maintaining a strong financial position. The Board of Trustees and administration closely monitor the Library's revenues and expenses.

The economic outlook for the State of Ohio continues to be uncertain. This concern about the State's fiscal status impacts the Library's future budgets. The Library Board of Trustees placed a five year .75 mil levy on the ballot in May of 2010. This levy passed and brought in tax levy receipts in 2016 and 2015 of approximately \$2,212,920 and \$2,210,496, respectively. A renewal levy for .75 mill and ten year term was placed on the ballot in May of 2015 and did pass.

During 2012, the Library started the initial process of building a new branch in Oxford, Ohio. Meetings were held to select possible building sites and present those findings to the Community. In 2013, the Library did enter into an agreement with an Architectural Firm to provide design services for the new library branch. In addition, the primary building site was selected and the Library has reached an agreement with the Developer on the land lease and site development costs. In 2014, a building contractor was selected for the construction of the new Library. Construction began in the summer of 2014 and the library took possession of the building on September 2, 2015.

**Contacting the Library's Financial Management**

This financial report is designed to provide citizens, taxpayers, investor and creditors with a general overview of the Library's finances and to reflect the Library's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Robert Carringer, Fiscal Officer, Lane Public Library, 1396 University Blvd., Hamilton, Ohio 45011.

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**Lane Public Library**  
*Statement of Net Position - Modified Cash Basis*  
*December 31, 2016*

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	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$12,885,830
Investments	<u>2,979,286</u>
<i>Total Assets</i>	<u><u>\$15,865,116</u></u>
<b>Net Position</b>	
Restricted for:	
Special Revenue	\$599,641
Unrestricted	<u>15,265,475</u>
<i>Total Net Position</i>	<u><u>\$15,865,116</u></u>

See accompanying notes to the basic financial statements.

**Lane Public Library**  
*Statement of Net Position - Modified Cash Basis*  
*December 31, 2015*

	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$11,681,585
Investments	<u>2,979,580</u>
<i>Total Assets</i>	<u><u>\$14,661,165</u></u>
<b>Net Position</b>	
Restricted for:	
Special Revenue	\$567,256
Unrestricted	<u>14,093,909</u>
<i>Total Net Position</i>	<u><u>\$14,661,165</u></u>

See accompanying notes to the basic financial statements.

**Lane Public Library**  
*Statement of Activities - Modified Cash Basis*  
*For the Year Ended December 31, 2016*

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Position
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
<b>Governmental Activities</b>				
Current:				
Library Services:				
Public Services and Programs	2,652,146	132,134	165,610	(\$2,354,402)
Collection Development and Processing	1,630,341			(1,630,341)
Support Services:				
Facilities Operation and Maintenance	866,157			(866,157)
Information Services	406,115			(406,115)
Business Administration	1,030,805			(1,030,805)
Capital Outlay	366,560			(366,560)
<i>Total Governmental Activities</i>	<u>6,952,124</u>	<u>132,134</u>	<u>165,610</u>	<u>(6,654,380)</u>
General Receipts:				
Property Taxes Levied for General Purposes				2,212,920
Unrestricted Gifts and Contributions				45,563
Grants/Entitlements not Restricted to Specific				5,257,017
Earnings on Investments				249,584
Miscellaneous				93,247
Total General Receipts & Contributions				<u>7,858,331</u>
Change in Net Position				1,203,951
<i>Net Position Beginning of Year</i>				<u>14,661,165</u>
<i>Net Position End of Year</i>				<u><u>\$15,865,116</u></u>

See accompanying notes to the basic financial statements.

**Lane Public Library**  
*Statement of Activities - Modified Cash Basis*  
*For the Year Ended December 31, 2015*

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Position
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
<b>Governmental Activities</b>				
Current:				
Library Services:				
Public Services and Programs	2,614,754	142,595	117,928	(\$2,354,231)
Collection Development and Processing	1,620,699			(1,620,699)
Support Services:				
Facilities Operation and Maintenance	785,124			(785,124)
Information Services	383,600			(383,600)
Business Administration	901,751			(901,751)
Capital Outlay	<u>5,225,833</u>			<u>(5,225,833)</u>
<i>Total Governmental Activities</i>	<u>11,531,761</u>	<u>142,595</u>	<u>117,928</u>	<u>(11,271,238)</u>
		General Receipts:		
				2,210,496
				36,239
				5,268,416
				624,764
				<u>27,912</u>
			Total General Receipts & Contributions	<u>8,167,827</u>
			Change in Net Position	(3,103,411)
			<i>Net Position Beginning of Year</i>	<u>17,764,576</u>
			<i>Net Position End of Year</i>	<u><u>\$14,661,165</u></u>

See accompanying notes to the basic financial statements.

**Lane Public Library**  
*Statement of Assets and Fund Balances- Modified Cash Basis*  
*Governmental Funds*  
*December 31, 2016*

	General	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$11,301,776	\$1,584,054	\$12,885,830
Cash and Cash Equivalents with Fiscal/Escrow Agents	-	-	0
Investments	2,979,286	-	2,979,286
<i>Total Assets</i>	<u>\$14,281,062</u>	<u>\$1,584,054</u>	<u>\$15,865,116</u>
<b>Fund Balances</b>			
Nonspendable			
Restricted		\$599,641	\$599,641
Assigned	4,788,430	984,413	5,772,843
Unassigned (Deficit)	9,492,632	-	9,492,632
<i>Total Fund Balances</i>	<u>\$14,281,062</u>	<u>\$1,584,054</u>	<u>\$15,865,116</u>

See accompanying notes to the basic financial statements.

**Lane Public Library**  
*Statement of Assets and Fund Balances- Modified Cash Basis*  
*Governmental Funds*  
*December 31, 2015*

	General	Capital Projects	Havighurst Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Equity in Pooled Cash and Cash Equivalents	\$9,906,655	\$483,652	\$257,803	\$928,959	\$11,577,069
Cash and Cash Equivalents with Fiscal/Escrow Agents	-	70,305	7,228	26,983	104,516
Investments	2,979,580	-	-	-	2,979,580
<i>Total Assets</i>	<u>\$12,886,235</u>	<u>\$553,957</u>	<u>\$265,031</u>	<u>\$955,942</u>	<u>\$14,661,165</u>
<b>Fund Balances</b>					
Nonspendable					
Restricted			\$265,031	\$302,225	\$567,256
Assigned	4,697,036	553,957	-	653,717	5,904,710
Unassigned (Deficit)	8,189,199	-	-	-	8,189,199
<i>Total Fund Balances</i>	<u>\$12,886,235</u>	<u>\$553,957</u>	<u>\$265,031</u>	<u>\$955,942</u>	<u>\$14,661,165</u>

See accompanying notes to the basic financial statements.

**Lane Public Library**  
*Statement of Receipts, Disbursements and Changes in Fund Balances - Modified Cash Basis*  
*Governmental Funds*  
*For the Year Ended December 31, 2016*

	General	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>			
Property and Other Local Taxes	\$2,212,920		\$2,212,920
Intergovernmental	5,257,017	-	5,257,017
Patron Fines and Fees	132,009	125	132,134
Contributions, Gifts and Donations	96,942	114,231	211,173
Earnings on Investments	243,130	6,454	249,584
Miscellaneous	93,247	0	93,247
<i>Total Receipts</i>	<u>8,035,265</u>	<u>120,810</u>	<u>8,156,075</u>
<b>Disbursements</b>			
Current:			
Library Services:			
Public Services and Programs	2,583,386	68,760	2,652,146
Collection Development and Processing	1,627,701	2,640	1,630,341
Support Services:			
Facilities Operation and Maintenance	866,157	-	866,157
Information Services	406,115	-	406,115
Business Administration	1,030,273	532	1,030,805
Capital Outlay	126,806	239,754	366,560
<i>Total Disbursements</i>	<u>6,640,438</u>	<u>311,686</u>	<u>6,952,124</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>1,394,827</u>	<u>(190,876)</u>	<u>1,203,951</u>
<i>Net Change in Fund Balances</i>	1,394,827	(190,876)	1,203,951
<i>Fund Balances Beginning of Year</i>	<u>12,886,235</u>	<u>1,774,930</u>	<u>14,661,165</u>
<i>Fund Balances End of Year</i>	<u>\$14,281,062</u>	<u>\$1,584,054</u>	<u>\$15,865,116</u>

See accompanying notes to the basic financial statements.

**Lane Public Library**  
*Statement of Receipts, Disbursements and Changes in Fund Balances - Modified Cash Basis*  
*Governmental Funds*  
*For the Year Ended December 31, 2015*

	General	Capital Projects	Havighurst Fund	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>					
Property and Other Local Taxes	\$2,210,496	-			\$2,210,496
Intergovernmental	5,268,416	-		-	5,268,416
Patron Fines and Fees	142,568	-		27	142,595
Contributions, Gifts and Donations	69,604	-	249	84,314	154,167
Earnings on Investments	562,743	1,815	2,745	57,461	624,764
Miscellaneous	27,706	-		206	27,912
<i>Total Receipts</i>	<u>8,281,533</u>	<u>1,815</u>	<u>2,994</u>	<u>142,008</u>	<u>8,428,350</u>
<b>Disbursements</b>					
Current:					
Library Services:					
Public Services and Programs	2,541,581	-	-	73,174	2,614,755
Collection Development and Processing	1,606,502	-	-	14,195	1,620,697
Support Services:					
Facilities Operation and Maintenance	785,124	-	-	-	785,124
Information Services	383,600	-	-	-	383,600
Business Administration	864,563	-	37,188	-	901,751
Capital Outlay	310,241	1,507,893	2,611,911	795,789	5,225,834
<i>Total Disbursements</i>	<u>6,491,611</u>	<u>1,507,893</u>	<u>2,649,099</u>	<u>883,158</u>	<u>11,531,761</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>1,789,922</u>	<u>(1,506,078)</u>	<u>(2,646,105)</u>	<u>(741,150)</u>	<u>(3,103,411)</u>
<i>Net Change in Fund Balances</i>	1,789,922	(1,506,078)	(2,646,105)	(741,150)	(3,103,411)
<i>Fund Balances Beginning of Year</i>	<u>11,096,313</u>	<u>2,060,035</u>	<u>2,911,136</u>	<u>1,697,092</u>	<u>17,764,576</u>
<i>Fund Balances End of Year</i>	<u>\$12,886,235</u>	<u>\$553,957</u>	<u>\$265,031</u>	<u>\$955,942</u>	<u>\$14,661,165</u>

See accompanying notes to the basic financial statements.



**Lane Public Library**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual - Budget Basis*  
*General Fund*  
*For the Year Ended December 31, 2016*

	Budgeted Amounts			(Optional)
	Original	Final	Actual	Variance with Final Budget Positive (Negative)
<b>Receipts</b>				
Property and Other Local Taxes	\$2,049,040	\$2,300,000	\$2,212,920	(\$87,080)
Intergovernmental	4,916,960	5,402,194	5,257,017	(145,177)
Patron Fines and Fees	160,000	159,975	132,009	(27,966)
Contributions, Gifts and Donations	334,500	345,000	96,942	(248,058)
Earnings on Investments	164,622	161,836	243,130	81,294
Miscellaneous	14,120	28,000	93,247	65,247
<i>Total Receipts</i>	<u>7,639,242</u>	<u>8,397,005</u>	<u>8,035,265</u>	<u>(361,740)</u>
<b>Disbursements</b>				
Current:				
Library Services:				
Public Services and Programs	2,881,404	2,869,609	2,583,386	286,223
Collection Development and Processing	1,820,589	1,814,898	1,627,701	187,197
Support Services:				
Facilities Operation and Maintenance	960,468	956,695	866,157	90,538
Information Services	422,893	420,738	406,115	14,623
Business Administration	1,082,318	1,082,339	1,030,273	52,066
Capital Outlay	1,930,000	1,353,779	126,806	1,226,973
<i>Total Disbursements</i>	<u>9,097,672</u>	<u>8,498,058</u>	<u>6,640,438</u>	<u>1,857,620</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(1,458,430)</u>	<u>(101,053)</u>	<u>1,394,827</u>	<u>1,495,880</u>
<i>Net Change in Fund Balance</i>	(1,458,430)	(101,053)	1,394,827	1,495,880
<i>Unencumbered Fund Balance Beginning of Year</i>	12,871,482	12,871,482	12,871,482	-
Prior Year Encumbrances Appropriated	<u>14,753</u>	<u>14,753</u>	<u>14,753</u>	<u>-</u>
<i>Unencumbered Fund Balance End of Year</i>	<u>\$11,427,805</u>	<u>\$12,785,182</u>	<u>\$14,281,062</u>	<u>\$1,495,880</u>

See accompanying notes to the basic financial statements.

**Lane Public Library**  
*Statement of Receipts, Disbursements and Changes  
In Fund Balance - Budget and Actual - Budget Basis  
General Fund  
For the Year Ended December 31, 2015*

	Budgeted Amounts			(Optional) Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Receipts</b>				
Property and Other Local Taxes	\$2,218,000	\$2,049,040	\$2,210,496	\$161,456
Intergovernmental	4,748,000	4,916,960	5,268,416	351,456
Patron Fines and Fees	222,500	216,500	142,568	(73,932)
Contributions, Gifts and Donations	34,500	34,500	69,604	35,104
Earnings on Investments	1,564,290	165,170	562,743	397,573
Miscellaneous	15,000	20,120	27,706	7,586
<i>Total Receipts</i>	<u>8,802,290</u>	<u>7,402,290</u>	<u>8,281,533</u>	<u>879,243</u>
<b>Disbursements</b>				
Current:				
Library Services:				
Public Services and Programs	2,785,251	2,785,661	2,541,581	244,080
Collection Development and Processing	1,947,882	1,948,759	1,606,502	342,257
Support Services:				
Facilities Operation and Maintenance	855,302	855,710	785,124	70,586
Information Services	388,335	388,738	383,600	5,138
Business Administration	920,829	921,236	864,563	56,673
Capital Outlay	1,850,000	2,120,503	310,241	1,810,262
<i>Total Disbursements</i>	<u>8,747,599</u>	<u>9,020,607</u>	<u>6,491,611</u>	<u>2,528,996</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>54,691</u>	<u>(1,618,317)</u>	<u>1,789,922</u>	<u>3,408,239</u>
<i>Net Change in Fund Balance</i>	54,691	(1,618,317)	1,789,922	3,408,239
<i>Unencumbered Fund Balance Beginning of Year</i>	11,048,813	11,048,813	11,048,813	-
Prior Year Encumbrances Appropriated	47,500	47,500	47,500	-
<i>Unencumbered Fund Balance End of Year</i>	<u>\$11,151,004</u>	<u>\$9,477,996</u>	<u>\$12,886,235</u>	<u>\$3,408,239</u>

See accompanying notes to the basic financial statements.

**Lane Public Library**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual - Budget Basis*  
*Havighurst Fund*  
*For the Year Ended December 31, 2015*

	Budgeted Amounts		Actual	(Optional)
	Original	Final		Variance with Final Budget Positive (Negative)
<b>Receipts</b>				
Contributions, Gifts and Donations			249	249
Earnings on Investments	5,000	5,000	2,745	(2,255)
Miscellaneous				0
<i>Total Receipts</i>	5,000	5,000	2,994	(2,006)
<b>Disbursements</b>				
Current:				
Library Services:				
Public Services and Programs				0
Collection Development and Processing				0
Support Services:				
Facilities Operation and Maintenance				0
Information Services				0
Business Administration	50,000	210,404	37,188	173,216
Capital Outlay	2,000,000	2,619,138	2,611,911	7,227
<i>Total Disbursements</i>	2,050,000	2,829,542	2,649,099	180,443
<i>Excess of Receipts Over (Under) Disbursements</i>	(2,045,000)	(2,824,542)	(2,646,105)	178,437
<i>Net Change in Fund Balance</i>	(2,045,000)	(2,824,542)	(2,646,105)	178,437
<i>Unencumbered Fund Balance Beginning of Year</i>	289,094	289,094	289,094	0
Prior Year Encumbrances Appropriated	2,622,042	2,622,042	2,622,042	0
<i>Unencumbered Fund Balance End of Year</i>	\$866,136	\$86,594	\$265,031	\$178,437

See accompanying notes to the basic financial statements.

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**Lane Public Library**  
Notes to the Basic Financial Statements  
For the Years ended December 31, 2016 and 2015

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**Note 1 – Description of the Library and Reporting Entity**

Lane Public Library was originally established in 1866 and was organized as a school district public library in 1923 under the laws of the State of Ohio. The Library has its own Board of Trustees of seven members who are appointed by the Hamilton City School District Board of Education. Appointments are for seven-year terms and members serve without compensation. Under Ohio statutes, the Library is a body politic and corporate capable of suing and being sued, contracting, acquiring, holding, possessing, and disposing of real property, and of exercising such other powers and privileges conferred upon it by law. The Library also determines and operates under its own budget. Control and management of the Library is governed by sections 3375.33 to 3375.39 of the Ohio Revised Code with the administration of the day-to-day operations of the Library being the responsibility of the Director and the financial accountability being the responsibility of the Fiscal Officer.

The Library is fiscally independent of the Board of Education, although the Board of Education serves in a ministerial capacity as the taxing authority for the Library. The determination to request approval of a tax levy, the role and purpose(s) of the levy, are discretionary decisions made solely by the Board of Library Trustees. Once those decisions are made, the Board of Education must put the levy on the ballot. There is no potential for the Library to provide a financial benefit to or impose a financial burden on the Board of Education.

Under the provisions of Statement No. 14 of the Governmental Accounting Standards Board, “The Financial Reporting Entity”, the Library is considered to be a related organization of the Hamilton City School District.

Component units are legally separate organizations for which the Library is financially accountable. The Library is financially accountable for an organization if the Library appoints a voting majority of the organization’s governing board and (1) the Library is able to significantly influence the programs or services performed or provided by the organization; or (2) the Library is legally entitled to or can otherwise access the organization’s resources; the Library is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Library is obligated for the debt of the organization. The Library is also financially accountable for any organizations which the Library approves the budget, the issuance of debt or the levying of taxes. Component units also include legally separate tax-exempt entities whose resources are for the direct benefit of the Library, are accessible to the Library and are significant in the amount to the Library. Lane Public Library has no component units.

The Friends of the Hamilton-Fairfield Lane Library and the Friends of the Oxford Lane Libraries are not-for-profit organizations with self-appointing boards. The Library is not financially accountable for the organizations, nor does the Library approve the budgets or

**Lane Public Library**  
Notes to the Basic Financial Statements  
For the Years ended December 31, 2016 and 2015

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**Note 1 – Description of the Library and Reporting Entity (continued)**

the issuance of debt for the organizations. Therefore, these organizations have been excluded from the reporting of the entity of the Library.

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

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

As discussed further in Note 2 C., the financial statements of Lane Public Library have been prepared on a modified cash basis of accounting. This modified cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the modified cash basis of accounting. The most significant of the Library's accounting policies are described below.

**A. 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 Statement which provide a more detailed level of financial information.

**Government-wide Financial Statements**

The Statement of Net Position and the Statement of Activities display information about the Library as a whole.

The Statement of Net Position presents the cash and investment balances of the governmental activities of the Library at year end. The Statement of Activities compares disbursements with program receipts for each of the Library's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Library is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program, and receipts of interest earned on grants that are required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct

**Lane Public Library**  
Notes to the Basic Financial Statements  
For the Years ended December 31, 2016 and 2015

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**Note 2 – Summary of Significant Accountings Policies (continued)**

disbursements with program receipts identifies the extent to which each governmental function is self-financing on a modified cash basis or draws from the Library's general receipts.

**Fund Financial Statements**

During the year, the Library segregates transactions related to certain library functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information for 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.

**B. Fund Accounting**

The Library uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. The Library's funds are all classified as governmental.

**Governmental Funds**

Governmental funds are financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions. Monies are assigned to the various governmental funds according to the purposes for which they may or may not be used. The following are the Library's major governmental funds.

General Fund – The general fund accounts for 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.

Capital Projects Fund – The capital projects fund accounts for monies set aside by the Board of Library Trustees specifically for major capital and technology improvements. For fiscal year 2016, the Capital Projects Fund was not classified as a major fund.

Havighurst Fund – Based on an updated legal opinion obtained in June, 2013, the Havighurst Fund was reclassified as a Special Revenue Fund for Fiscal Years 2011 and after. For Fiscal Years 2014 and 2015, a significant amount of the fund balance was used toward the construction of the new Oxford Lane Library Branch. For fiscal year 2016, the Havighurst Fund was not classified as a major fund.

**Lane Public Library**  
Notes to the Basic Financial Statements  
For the Years ended December 31, 2016 and 2015

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**Note 2 – Summary of Significant Accountings Policies (continued)**

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

**C. Basis of Accounting**

The Library's financial statements are prepared using the modified cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Library's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Modifications made by the Library are described in Section E of this note.

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued liabilities and the related expenses) are not recorded in these financial statements.

**D. Budgetary Process**

All funds, (except agency funds), are legally required to be appropriated. The appropriations resolution is the Trustees' authorization to spend resources and sets limits on cash disbursements plus encumbrances at the level of control selected by the Trustees. The legal level of control has been established at the fund and character or major category of the object code level for all funds. Budgetary modifications at the legal level of control may only be made by resolution of the Board of Library Trustees.

For control purposes, the Library estimates cash receipts for the year. These estimated receipts, together with the unencumbered carry-over balances from the prior year, set a limit on the amount the Trustees may appropriate. The estimated receipts may be revised during the year if projected increases or decreases in receipts are identified by the Fiscal Officer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amount of estimated resources at the time final appropriations were enacted by the Trustees.

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



**Lane Public Library**  
Notes to the Basic Financial Statements  
For the Years ended December 31, 2016 and 2015

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**Note 2 – Summary of Significant Accounting Principles (continued)**

that fund covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Trustees during the year.

E. Cash and Cash Equivalents

Library records identify the purchase of specific investments by specific funds.

To improve cash management, cash received by the Library is pooled and invested. Individual fund integrity is maintained through the Library's records. Cash equivalents and short-term investments in the pool are presented as "Equity in Pooled Cash and Cash Equivalents".

Investments with an initial maturity of more than three months and common stock that was not purchased from the pool are reported as investments. The USAA Fund and Koehler Fund were reported as investments in 2014 but were divested of all mutual funds and stocks in 2015. The majority of the Roesel Account is reported as investments for 2015 and 2016.

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

The nonnegotiable certificates of deposit are recorded at cost. The Havighurst, Latta, and Roesel Accounts are all recorded on a cost basis. All of these investments are gifts with the Latta, Havighurst, and Roesel Accounts being held and invested by National Retirement Consultants, Inc.

STAR 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 does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940.

STAR Ohio Plus is a cash management program that provides Ohio political subdivisions with access to hundreds of FDIC insured banks via one convenient account, offering participants full FDIC insurance up to \$15 million per account, a competitive yield, and weekly liquidity. The State Treasurer's office has endorsed this new program as a secure investment option for Public Funds Managers.

Investments in STAR Ohio and STAR Ohio Plus are valued at their respective share price, which is the price the investment could be sold for on December 31, 2016.

**Lane Public Library**  
Notes to the Basic Financial Statements  
For the Years ended December 31, 2016 and 2015

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**Note 2 – Summary of Significant Accounting Principles (continued)**

Investment procedures are restricted by the provision of the Ohio Revised Code. Earnings on Investment receipts credited to the general fund during 2016 amounted to \$243,130 and for 2015 amounted to \$562,743.

F. Restricted Assets

Cash, cash equivalents, and investments are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation. Restricted assets represent Other Governmental Funds of \$599,641 and \$567,256 for 2016 and 2015, respectively.

G. Net Position

Net position represents the difference between assets and liabilities. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Library or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The Library applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. The Library did not have any net position restricted by enabling legislation.

H. Capital Assets

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

I. 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 fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

**Lane Public Library**  
Notes to the Basic Financial Statements  
For the Years ended December 31, 2016 and 2015

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**Note 2 – Summary of Significant Accounting Principles (continued)**

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

***Committed*** The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (resolution) of Library Trustees. Those committed amounts cannot be used for any other purpose unless the Library Trustees remove or change the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

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

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

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

**Note 3– Budgetary Basis of Accounting**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis presented for the General Fund and Havighurst Fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the modified cash basis is that outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (cash balance). The encumbrances outstanding at year end (budgetary basis) amounted to \$15,824 in 2016 and \$14,753 in 2015 in the General Fund. The encumbrances outstanding at year end (budgetary

**Lane Public Library**  
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basis) amounted to The encumbrances outstanding at year end (budgetary basis) amounted to \$98,993 in 2016 and \$297,210 in 2015 in Other Governmental Funds.

**Note 4 – Deposits and Investments**

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

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

Inactive deposits are public deposits that the Board has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the Library can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes or any other obligation or security Issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association.

All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days.
4. Bonds and other obligations of the State of Ohio or Ohio local governments;

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**Note 4 – Deposits and Investments (continued)**

5. Time certificates of deposit or savings deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool, STAR Ohio. In addition, the State Treasurer's office has endorsed a new investment option for 2012, STAR Ohio Plus. This program is managed by an outside Investment Firm and is FDIC insured.

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. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Library, and must be purchased with the expectation that it will be held to maturity.

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

At December 31, 2015 and 2016, the Library had \$200 in Petty Cash and \$680 in the Change Fund.

**Deposits**

Custodial credit risk for deposits is the risk that in the event of bank failure, the Library will not be able to recover deposits or collateral securities that are in possession of an outside party. At December 31, 2016, \$3,423,801 of the Library's bank balance of \$3,903,853 was exposed to custodial credit risk because these deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent but not in the Library's name. At December 31, 2015, \$2,444,003 of the Library's bank balance of \$2,802,127 was exposed to custodial credit risk.

The Library has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or protected by eligible securities pledged to

**Lane Public Library**  
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and deposited either with the Library or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities

**Note 4 – Deposits and Investments (continued)**

deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Investments

As of December 31, 2016, the Library had the following investments:

<u>Investment Type</u>	<u>Carrying Value</u>	<u>Investment Maturities (in Years)</u>			
		<u>Less than 1</u>	<u>1-2</u>	<u>3-5</u>	<u>More than 5</u>
US Govt. Money Market	4,281,054	4,281,054			
Corporate Mutual Funds	2,580,851	2,580,851			
Common Stock	398,435	398,435			
Star Ohio	196,853	196,853			
Star Ohio Plus	6,801,083	6,801,083			
Total Investments	<u>\$14,258,276</u>	<u>\$14,258,276</u>			

As of December 31, 2015, the Library had the following investments:

<u>Investment Type</u>	<u>Carrying Value</u>	<u>Investment Maturities (in Years)</u>			
		<u>Less than 1</u>	<u>1-2</u>	<u>3-5</u>	<u>More than 5</u>
US Govt. Money Market	2,200,299	2,200,299			
Corporate Mutual Funds	2,580,851	2,580,851			
Common Stock	398,729	398,729			
Star Ohio	195,805	195,805			
Star Ohio Plus	6,775,411	6,775,411			
Total Investments	<u>\$12,151,095</u>	<u>\$12,151,095</u>			

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**Note 4 – Deposits and Investments (continued)**

Credit Risk

STAR Ohio carries a rating of AAAM by Standard and Poor's. The Library has no investment policy dealing with investment credit risk beyond the requirements in state statutes. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized rating service and that the money market fund be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service.

STAR Ohio Plus is endorsed by the State Treasurer of Ohio and administered by Public Funds Administrators (PFA). It allows public funds managers to deposit funds into a single, convenient account, which in turn will be deposited through the FICA program into multiple banks so the amounts that a single participant has on deposit in any single bank through STAR Plus will never exceed the FDIC insurance amount as set by the FDIC. STAR Plus is not a mutual fund or pooled account; instead, each Account is separately managed account in which the Participant directly owns the bank deposits made on its behalf.

Custodial Credit Risk

For an investment, custodial risk is the risk that, in the event of the failure of the counterparty, the Library will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Federal National Mortgage Association Notes, Federal Home Loan Mortgage Corporation Notes, and the Federal Home Loan Bank Notes are exposed to custodial risk as they are uninsured, unregistered, and held by the counterparty's trust department or agent but not in the Library's name.

The Library has no investment policy dealing with investment custodial risk beyond the requirements in ORC 135.14(M)(2) which states, "Payment for investments shall be made only upon the delivery of securities representing such investments to the treasurer, investing authority, or qualified trustee. If the securities transferred are not represented by a certificate, payment shall be made only upon the receipt of confirmation of transfer from the custodian by the treasurer, governing board, or qualified trustee."

Interest Rate Risk

Interest rate risk arises because the fair value of investment changes as interest rates change. The Library's investment policy addresses interest rate risk by requiring that the Library's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments, thereby avoiding that need to sell securities on the open market prior to maturity, and by investing operating funds primarily in short-term investments.

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The Library does not have an investment policy dealing with investment concentration of credit risk.

**Note 4 – Deposits and Investments (continued)**

**Concentration Of Credit Risk**

The following table indicates the percentage of each investment compared to the Library’s total portfolio as of December 31, 2016:

	Carrying Value	Percentage of Portfolio
Corporate Mutual Funds	\$4,281,054	32.2%
STAR OHIO Plus	\$6,801,083	51.2%
US Gov’t Money Market	\$2,200,299	16.6%

The following table indicates the percentage of each investment compared to the Library’s total portfolio as of December 31, 2015:

	Carrying Value	Percentage of Portfolio
Corporate Mutual Funds	\$2,580,851	21.2%
STAR OHIO Plus	\$6,775,411	55.8%
US Gov’t Money Market	\$2,200,299	18.1%

**Note 5 – Grants in Aid and Property Taxes**

**Grants in Aid**

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

**Property Taxes**

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

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



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Real property taxes are payable annually or semi-annually. If paid annually, payment is due

**Note 5 – Grants in Aid and Property Taxes (continued)**

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

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2016 public utility property taxes which became a lien December 31, 2015, are levied after October 1, 2016, and are collected in 2017 with real property taxes.

The full tax rate for all Library operations for the year ended December 31, 2016, was \$0.75 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2016 property tax receipts were based are as follows:

Real Property/Public Utility Personal Property: \$3,424,672,290

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.

**Note 6– Risk Management**

The Library is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions, injuries to employees; and natural disasters. During 2015 and 2016, the Library had property, casualty, and liability insurance coverage with The Cincinnati Insurance Company

During 2015 and 2016, the Library contracted with several companies for various types of insurance coverage as follows:

Company	Type of Coverage	Amount of Coverage
Cincinnati Insurance	Commercial Property, Vehicles, Liability, Errors and Omissions	\$1,000,000/ \$2,000,000
	Commercial Umbrella	\$5,000,000
Travelers Insurance Company	Surety Bond	\$50,000

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Notes to the Basic Financial Statements  
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Selective Insurance Company (discontinued August, 2015)	Surety Bond	\$50,000
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**Note 6– Risk Management (continued)**

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

The Library pays the State Workers’ Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs. The System administers and pays all claims.

**Note 7 – Defined Benefit Pension Plan**

**OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM**

Plan Description – The Library participates 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 in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to, but less than, the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost-of-living adjustments to members of the Traditional Pension and Combined Plans.

Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy 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 statutory authority for member and employer contributions. and currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units.. Member contribution rates, as set in the Ohio Revised Code, are not to exceed 10 percent. For the year ended December 31, 2016, members in state and local classifications contributed 10 percent of covered payroll. Members in the state and local divisions may participate in all three plans. For 2016, member and employer contribution rates were consistent across all three plans.

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Notes to the Basic Financial Statements  
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**Note 7 – Defined Benefit Pension Plan (continued)**

The Library's 2016 contribution rate was 14.0 percent of covered payroll. The portion of employer contributions used to fund pension benefits is net of post-employment health care benefits. The portion of employer contribution allocated to health care for members in the Traditional Plan was 2.0 percent during calendar year 2015. The portion of employer contributions allocated to health care for members in the Combined Plan was 2.0 percent during calendar year 2016.

The Library's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2016, 2015, and 2014 were \$392,111, \$392,551, and \$372,527, , respectively. The full amount has been contributed for 2016, 2015, and 2014.

**Note 8 – Postemployment Benefits**

Plan Description – 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 plan for qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage. The plan includes a medical plan, prescription drug program and Medicare Part B premium reimbursement.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 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 provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45. The Ohio Revised Code permits, but does not mandate, OPERS to provide the OPEB Plan to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/investments/cafr.shtml>, by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy – The post-employment health care plan was established under, and is

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administered in accordance with, Internal Revenue Code 401(h). The Ohio Revised Code provides the statutory authority requiring public employers to fund post-retirement health care

**Note 8 – Postemployment Benefits (continued)**

through contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2016, state and local employers contributed at a rate of 14.0 percent of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units.

Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 2.0 percent during calendar year 2016. The portion of employer contributions allocated to health care for members in the Combined Plan was 2.0 percent during calendar year 2016.

The Library's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2016, 2015, and 2014 were \$392,111, \$392,551, and \$372,527, respectively. The full amount has been contributed for 2016, 2015, and 2014.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing on January 1, 2014. With the recent passage of pension legislation under SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4 percent of employer contributions toward the health care fund after the end of the transition period.

**Note 9 – Fund Balances**

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Library is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds as of December 31, 2016 and December 31, 2015 are presented below:

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**Note 9 – Fund Balances (continued)**

Fund Balances at December 31, 2016

Fund Balances	General	Other Governmental Funds	Total Governmental Funds
Restricted for:			
Primarily for books, programs, etc		599,641	599,641
Total Restricted	-	599,641	599,641
Assigned to:			
Encumbrances	15,824	98,993	114,817
Capital Projects	-	885,420	885,420
Hamilton Branch (Roesel Fund)	4,405,263		4,405,263
Gifts & Memorials	313,427		313,427
Other Purposes	53,916		53,916
Total Assigned	4,788,430	984,413	5,772,843
Unassigned	9,492,632		9,492,632
Total Fund Cash Balances	\$14,281,062	\$1,584,054	\$15,865,116

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**Note 9 – Fund Balances (continued)**

Fund Balances at December 31, 2015

Fund Balances	General	Capital Projects	Havighurst Fund	Other Governmental Funds	Total Governmental Funds
Restricted for:					
primarily for books, programs, etc.				296,129	296,129
Construction of Oxford Facility			253,630	-	253,630
Total Restricted	-	-	253,630	296,129	549,759
Assigned to:					
Encumbrances	14,753	83,099	11,401	220,207	329,460
Capital Projects	-	470,858		439,606	910,464
Hamilton Branch (Roesel Fund)	4,358,640				4,358,640
Gifts and Memorials	277,552				277,552
Other Purposes	46,091				46,091
Total Assigned	4,697,036	553,957	11,401	659,813	5,922,207
Unassigned	8,189,199				8,189,199
Total Fund Balances	12,886,235	553,957	265,031	955,942	14,661,165

**Note 10 – Interfund Transfers**

The General Fund did not transfer any funds to the Capital Projects Funds in 2016 and 2015.



# Dave Yost • Auditor of State

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

Lane Public Library  
Butler County  
1396 University Boulevard  
Hamilton, Ohio 45011

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 Lane Public Library, Butler County, (the Library) as of and for the years ended December 31, 2016 and 2015, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements and have issued our report thereon dated August 21, 2017.

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

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

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

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

### ***Compliance and Other Matters***

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

***Purpose of this Report***

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

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

**Dave Yost**  
Auditor of State

Columbus, Ohio

August 21, 2017





# Dave Yost • Auditor of State

LANE PUBLIC LIBRARY

BUTLER 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  
SEPTEMBER 12, 2017