



Dave Yost • Auditor of State

PUBLIC LIBRARY OF CINCINNATI AND HAMILTON COUNTY
HAMILTON COUNTY

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Dave Yost • Auditor of State

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

Public Library of Cincinnati and Hamilton County
Hamilton County
800 Vine Street
Cincinnati, 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, 2017, 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 5, 2018, wherein we noted that the Library adopted Governmental Accounting Standards Board (GASB) Statement No. 81, *Irrevocable Split-Interest Agreements*.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

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

Dave Yost
Auditor of State

Columbus, Ohio

June 5, 2018

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THE PUBLIC LIBRARY OF CINCINNATI
AND HAMILTON COUNTY, OHIO

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

FOR THE YEAR ENDED
DECEMBER 31, 2017



THE
PUBLIC
LIBRARY
of Cincinnati
and
Hamilton County

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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, 2017

Issued by:

Molly DeFosse

Fiscal Officer/ Chief Finance & Facilities Officer

The Public Library of Cincinnati and Hamilton County

Comprehensive Annual Financial Report

For the Year Ended December 31, 2017

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The Public Library of Cincinnati and Hamilton County

Comprehensive Annual Financial Report

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

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*The Eva Jane Romaine
Coombe Director*
Kimber L. Fender

Fiscal Officer
Molly DeFosse

June 5, 2018

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, 2017. 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, 2017.

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, 2017. The independent auditor's report is located at the front of the financial section of this report.

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

HISTORY AND DEVELOPMENT

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

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

The Public Library of Cincinnati and Hamilton County

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

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

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

The Library continues its' commitment to strengthening branches. In 2014, the Avondale branch accessibility project was completed. In addition to making the branch fully accessible, the branch underwent a significant renovation. In 2015, the Library opened new branch libraries in St. Bernard, Reading and Clifton. The new branches have meeting rooms, tech labs, areas for children, teens and adults, and spaces to sit and read. Plus, Reading and St. Bernard have small makerspaces of their own. The buildings are all energy-efficient and St. Bernard and Reading are LEED Certified. In 2016, the Library opened expanded rental facilities at both Greenhills and Loveland branches. In addition, the Library has identified slightly over \$54 million in maintenance renovation and construction needs. These projects will commence in late 2018.

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 2017 we had nearly 496,000 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 19.8 million, which is slightly less than 2016. Print (books and magazines) accounts for 48% of the items borrowed, digital downloads account for 17% of the items borrowed, with the remaining 35% comprised of all forms of audiovisual materials. Our Library was ranked 2nd in the country for circulation behind only New York Public 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 children living in poverty, improving reading skills for third grade students, assisting jobseekers, and helping adults prepare for the GED. These numbers are smaller than our circulation or visit counts but they are certainly just as important.

In its fourth year, the *Summer Learning Program* was rebranded to *Summer Adventure!* and saw a 15 percent increase in participation. The traditional reading program of years past expanded to include activities and experiences beyond reading. The program incorporates Summer Reading, Summer Camp Reading, Summer Lunch Service, and Brain Camps. The program continued to engage all ages in summer learning activities.

The Public Library of Cincinnati and Hamilton County

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

The Library's website (www.CincinnatiLibrary.org) provides online access to the Library's catalog, extensive reference databases, resources for readers such as our book and reading blog, homework help, digital resources, and information about the Library and its programs. Specialized web pages serve children, teens and older adults. Using the Library's website, Library cardholders may reserve, request or renew items, pay fines with a credit card, offer comments, ask a reference question and request materials from libraries throughout the world via interlibrary loan. Free Internet access is available at all locations. Self-service equipment at the Main Library and all 40 branch libraries enables customers to check out their own materials and make cash and credit card payments. With the use of tablets and smartphones replacing desktop computers, the Library began moving to a mobile service model. The Library currently has 6 branches using this model.

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

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

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

REPORTING ENTITY

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

AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Public Library of Cincinnati and

The Public Library of Cincinnati and Hamilton County

Hamilton County for its comprehensive annual financial report for the fiscal year ended December 31, 2016. This was the twenty-fourth 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, 2016.

In addition, Library Journal awarded the Library a five star rating, the highest rating possible for the fifth 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 814,000 people, Hamilton County's population is slowly increasing. The area remains the largest jurisdiction in the tri-state area and is the center of commerce, as well as a major center of culture, arts, sports, conventions, and tourism. The County's diversified economy, competitive cost structure, skilled work force, access to an international airport, and easy access to national markets continue to provide a strong foundation for future growth.

In January 2008, the Public Library Fund (PLF) replaced the Library and Local Government Support Fund, which had funded Ohio's public libraries since 1986. In establishing the PLF, the state broadened the base of library funding to include all general revenue taxes and fixed the percentage for libraries at 2.2 percent of collections. By mid-2009, the percentage was reduced to 1.97 percent. The 2012-13 biennium budget set library funding at 95% of prior year distributions, less new deductions that fund the Ohio Public Library Information Network (OPLIN) and the Library for the Blind and Physically Handicapped. The 2014-15 biennium budget eliminated the fixed monthly distribution and returned to the percentage of revenue funding approach. The 2016-17 biennium budget decreased the percentage from 1.97 percent to 1.66 percent in the first year but increased slightly in July 2016 to 1.7%. The current (2017-18) 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 2017. The property tax levy was secondary, with additional moneys derived from fines, gifts, e-rate reimbursements, federal and state grants, investment earnings, rents and services. The Library continues to balance available funding with service needs by seeking grants and gifts and routinely evaluating service delivery efficiencies.

LONG-TERM FINANCIAL PLANNING

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

OTHER INFORMATION

Highlights of the Library's financial activities in 2017 are outlined in Management's Discussion and Analysis, starting on page 4, and in the Notes to the Financial Statements.

The Public Library of Cincinnati and Hamilton County

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



MOLLY DEFOSSE
FISCAL OFFICER/CHIEF FINANCE & FACILITIES OFFICER



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

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

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

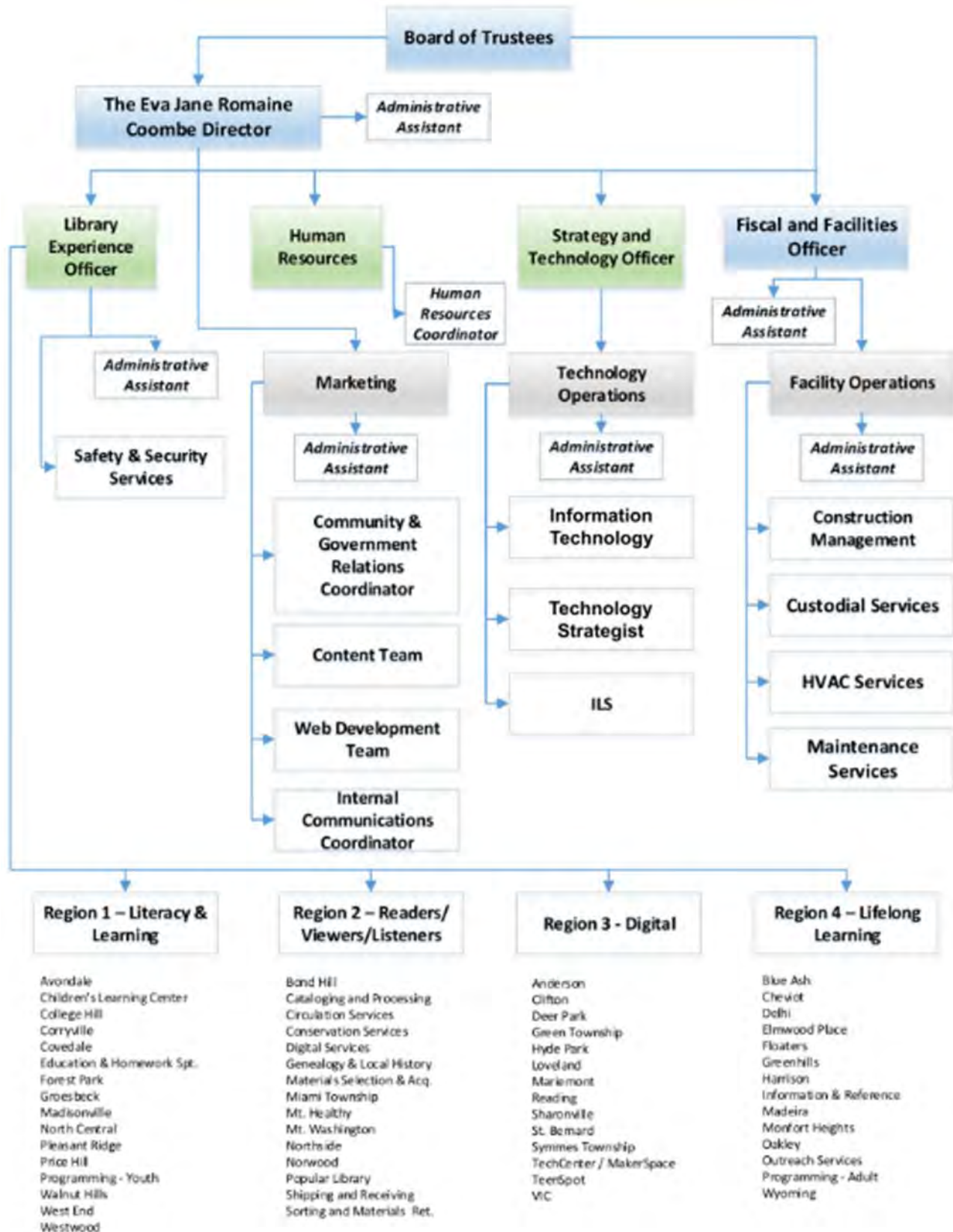
December 31, 2016

Christopher P. Morill

Executive Director/CEO

THE PUBLIC LIBRARY OF CINCINNATI AND HAMILTON COUNTY

ORGANIZATIONAL CHART
DECEMBER 31, 2017



THE PUBLIC LIBRARY OF CINCINNATI AND HAMILTON COUNTY

LIST OF PRINCIPAL OFFICIALS
DECEMBER 31, 2017

Board of Library Trustees

President	William J. Moran
Vice President	Robert G. Hendon
Secretary	Monica Donath Kohnen
Board Members	Karen R. Clemons Elizabeth H. LaMacchia Barbara W. Trauth Vacant

Appointed Officials

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

Senior Leadership Team

Chief Library Experience Officer	Vacant
Chief Strategy & Technology Officer	Paula Brehm-Heeger
Human Resources Director	Carl Allison
Marketing Manager	Chris Rice
Facility Operations Manager	Jeff Gerrein

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Financial Section

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Public Library of Cincinnati and Hamilton County
Hamilton County
800 Vine Street
Cincinnati, 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, 2017, 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, 2017, 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 2017, the Library adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 81, *Irrevocable Split-Interest Agreements*. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

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

The statements and schedules are management's responsibility, and derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected these statements and schedules to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling 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 5, 2018, on our consideration of the Library's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Library's internal control over financial reporting and compliance.

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

Dave Yost
Auditor of State

Columbus, Ohio

June 5, 2018

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The Public Library of Cincinnati and Hamilton County
Management's Discussion and Analysis
For the Year Ended December 31, 2017
Unaudited

This comprehensive annual financial report presents The Public Library of Cincinnati and Hamilton County's financial performance for the year ended December 31, 2017. 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 2017 are as follows:

-) At December 31, the Library's net position was \$111.2 million. Of this amount, \$12.3 million (unrestricted net position) may be used to meet ongoing obligations.
-) At the close of the year, the Library's governmental funds reported combined fund balances of \$33.5 million, a \$.5 million decrease from the prior year.
-) At December 31, 2017, the Library had no debt.

Government-wide Financial Statements

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

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

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

Fund Financial Statements

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

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

The Library presents 12 individual governmental funds during the year ended December 31, 2017. 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 2017 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, 2017
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 18-39 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, 2017, the Library's assets plus deferred outflows exceeded liabilities plus deferred inflows of resource by \$111.2 million. The table below provides a comparative analysis of net position between years 2017 and 2016:

	2017	2016*	Change
Assets			
Current and Other Assets	\$72,115,459	\$71,975,786	\$139,673
Capital Assets, Net	90,483,901	89,431,482	1,052,419
<i>Total Assets</i>	<u>162,599,360</u>	<u>161,407,268</u>	<u>1,192,092</u>
Deferred Outflows of Resources			
Pension	17,009,663	12,425,458	4,584,205
Liabilities			
Current Liabilities	3,980,752	3,271,204	709,548
Long-Term Liabilities			
Due Within One Year	1,804,666	1,732,429	72,237
Due in More than One Year:			
Net Pension Liability	43,422,811	32,181,863	11,240,948
Other Amounts	2,151,258	2,078,156	73,102
<i>Total Liabilities</i>	<u>51,359,487</u>	<u>39,263,652</u>	<u>12,095,835</u>
Deferred Inflows of Resources			
Property Taxes	16,094,883	15,998,000	96,883
Irrevocable Split-Interest Agreement	595,098	504,873	90,225
Pension	324,736	744,922	(420,186)
<i>Total Deferred Inflows of Resources</i>	<u>17,014,717</u>	<u>17,247,795</u>	<u>(233,078)</u>
Net Position			
Invested in Capital Assets	90,483,901	89,431,482	1,052,419
Restricted	8,441,260	8,406,749	34,511
Unrestricted	12,309,658	19,483,048	(7,173,390)
<i>Total Net Position</i>	<u>\$111,234,819</u>	<u>\$117,321,279</u>	<u>(\$6,086,460)</u>

*Restated to include GASB 81 implementation. No effect on net position.

The net pension liability (NPL) is the largest single liability reported by the Library at December 31, 2017 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions-an amendment of GASB Statement 27." For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the Library's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension costs, GASB 27 focused on a funding approach. This approach limited pension costs to

The Public Library of Cincinnati and Hamilton County
Management's Discussion and Analysis
For the Year Ended December 31, 2017
Unaudited

contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability*. GASB 68 takes an earnings approach to pension accounting; however, the nature of Ohio's statewide pension systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

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

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

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

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

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

The largest portion of the Library's net position (81%) reflects its capital assets – land and land improvements, fine art and rare book collections, construction in progress, buildings and improvements, furniture, fixtures and equipment, and vehicles. The Library uses these assets to provide services; consequently, these assets generally are not available for future spending. This could change if a decision is made in the future to consolidate services or facilities. All of the Library's capital assets are free of outstanding debt.

An additional portion of the Library's net position (8%) represents restricted principal and other resources subject to external restrictions. The remaining balance of unrestricted net position (11%) may be used to meet the Library's ongoing activities, including planned capital projects. The Library is able to report positive balances in all three categories of net position, including a healthy positive balance of \$12.3 million in unrestricted net position.

The Public Library of Cincinnati and Hamilton County
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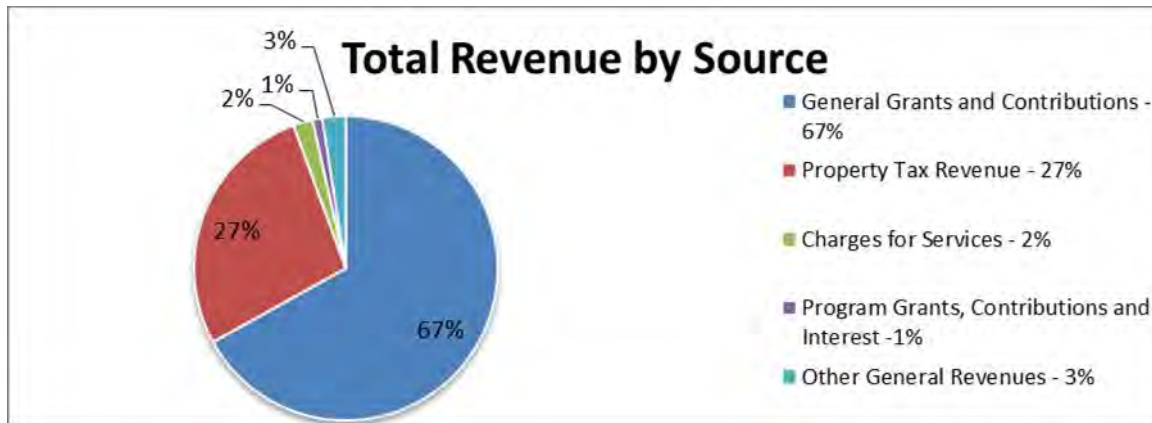
The following table explains the change in net position in terms of the Library's governmental activities.

	2017	2016	Change
Revenues			
Program Revenues			
Charges for Services	\$1,221,642	\$1,243,747	(\$22,105)
Operating Grants, Contributions and Earnings on Investments	620,722	748,159	(127,437)
General Revenues			
Unrestricted Grants and Contributions	39,765,475	39,964,131	(198,656)
Local Tax	16,303,119	16,208,904	94,215
Other General Revenues	1,480,219	1,271,444	208,775
Total Revenues	59,391,177	59,436,385	(45,208)
Program Expenses			
Library Services	40,250,125	39,439,143	810,982
Support Services	25,232,892	20,642,676	4,590,216
Total Expenses	65,483,017	60,081,819	5,401,198
Decrease in Net Position before Contributions	(6,091,840)	(645,434)	(5,446,406)
Contributions to Principal	5,380	3,300	2,080
<i>Decrease in Net Position</i>	(6,086,460)	(642,134)	(5,444,326)
<i>Net Position - Beginning of Year</i>	117,321,279	117,963,413	(642,134)
<i>Net Position - End of Year</i>	\$111,234,819	\$117,321,279	(\$6,086,460)

In fiscal year 2017, the Library's total revenues decreased less than 1% which is primarily the result of slight decreases in the Public Library Fund (PLF) being offset by increases in earnings on investments.

Overall program expenses for 2017 increased by 9% from 2016 expenses as a result of increased pension expense under GASB 68 due to a change in assumptions and increased salary expense due to the Board approving an entity wide 5% increase to salaries.

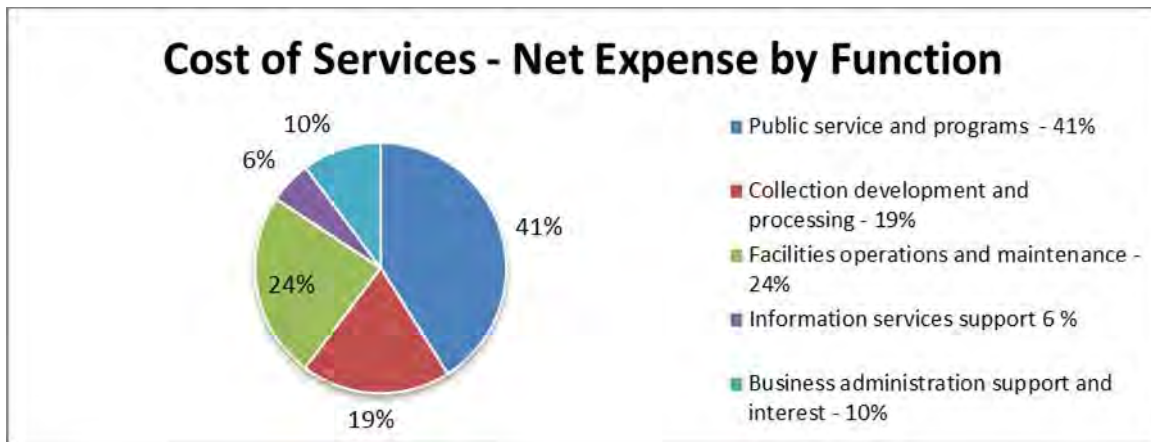
Program revenues (nominal fines and fees) and grants and donations, while important, cannot begin to cover the full cost of providing free public library service, which is dependent upon intergovernmental revenue not restricted to specific programs. The following graph illustrates the Library's reliance on intergovernmental revenue, specifically the Public Library Fund and a local property tax, which together in 2017 provided 94% of the Library's total revenue for governmental activities.



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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 – 60%. Net expense by function is detailed in the table below and illustrated in the following graph.

Net Expense by Function	2017	2016	Change
Public Service and Programs	\$26,090,410	\$24,770,648	\$1,319,762
Collection Development and Processing	12,317,351	12,676,589	(359,238)
Facilities Operations and Maintenance	15,228,643	11,959,422	3,269,221
Information Services Support	3,491,316	2,747,053	744,263
Business Administration	6,512,933	5,936,201	576,732
Total Net Expense by Function	<u>\$63,640,653</u>	<u>\$58,089,913</u>	<u>\$5,550,740</u>



Fund Financial Analysis

As previously noted, the General Fund and the Building and Repair Fund are the Library's only major funds. Overall, the fund balance of the General Fund increased \$1,558,771 in 2017. Revenues remained fairly consistent with the prior year, increasing by less than 1 percent. Expenditures and other financing uses decreased by less than 1 percent as a result of decreased transfers to the Building and Repair fund and increases in salary expense. The fund balance in the Building and Repair Fund decreased by \$2,030,536 as a result of the completion of ongoing maintenance projects.

General Fund Budgetary Analysis

In 2017, the Library amended its general fund budget, but the amendments were not significant. There were no significant variances from budget to actual in individual expenditure accounts. The overall variance was a result of conservative budget estimates in both salaries and benefits and utility expenses.

Budgeted revenues exceeded the actual by \$651,886 a difference of 1%. As a result of ongoing management efforts to control operating costs, actual expenditures were \$2,001,886 less than budgeted, a difference of 3%.

Capital Assets

As of December 31, 2017, the Library had \$90,483,901 invested in capital assets. The table below provides a comparative analysis of capital assets net of accumulated depreciation between 2017 and 2016. The increases are a result of the completion of the 2016 ongoing maintenance project.

The Public Library of Cincinnati and Hamilton County
Management's Discussion and Analysis
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	<u>2017</u>	<u>2016</u>	<u>Change</u>
Land	\$14,266,034	\$14,266,034	\$0
Fine Arts and Rare Book Collection	17,614,531	17,614,531	0
Construction in Progress	300,181	356,425	(56,244)
Land Improvements	352,052	351,237	815
Buildings and Improvements	54,918,023	53,717,046	1,200,977
Furniture, Fixtures, and Equipment	2,840,080	2,947,314	(107,234)
Vehicles	193,000	178,895	14,105
Total Capital Assets	<u>\$90,483,901</u>	<u>\$89,431,482</u>	<u>\$1,052,419</u>

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

Debt

The Library had no debt during 2017.

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, 2017

	<u>Governmental Activities</u>
<u>Assets</u>	
Equity in Pooled Cash and Cash Equivalents	\$27,695,444
Accrued Interest Receivable	26,650
Intergovernmental Receivable	20,056,500
Prepaid Items	129,008
Supplies Inventory	230,476
Property Taxes Receivable	17,132,763
Investments	6,249,520
Beneficial Interest in Assets Held by Others	595,098
Capital Assets	
Land	14,266,034
Fine Art and Rare Books Collections	17,614,531
Construction in Progress	300,181
Depreciable Capital Assets, Net	<u>58,303,155</u>
Total Assets	<u>162,599,360</u>
<u>Deferred Outflows of Resources</u>	
Pension	<u>17,009,663</u>
<u>Liabilities</u>	
Accounts Payable	1,581,889
Contracts Payable	571,812
Accrued Salaries Payable	1,219,002
Intergovernmental Payable	608,049
Noncurrent liabilities:	
Due within one year	1,804,666
Due in more than one year:	
Net Pension Liability	43,422,811
Other Amounts	<u>2,151,258</u>
Total Liabilities	<u>51,359,487</u>
<u>Deferred Inflows of Resources</u>	
Property Taxes	16,094,883
Irrevocable Split-Interest Agreement	595,098
Pension	<u>324,736</u>
Total Deferred Inflows of Resources	<u>17,014,717</u>
<u>Net Position</u>	
Invested in Capital Assets	90,483,901
Restricted for Grants, Materials, and Programs	397,876
Restricted for Permanent Funds:	
Collection Development	
Expendable	138,080
Nonexpendable	4,675,332
Employee Training & Awards	
Expendable	66,781
Nonexpendable	487,266
Public Programs	
Expendable	170,514
Nonexpendable	207,631
Other	
Expendable	918,798
Nonexpendable	1,378,982
Unrestricted	<u>12,309,658</u>
Total Net Position	<u><u>\$111,234,819</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, 2017

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants, Contributions and Earnings on Investments</u>	
Library Services				
Public service and programs	\$27,870,334	\$1,221,642	\$558,282	(\$26,090,410)
Collection development and processing	12,379,791	0	62,440	(12,317,351)
Support Services				
Facilities operations and maintenance	15,228,643	0	0	(15,228,643)
Information services support	3,491,316	0	0	(3,491,316)
Business administration	6,512,933	0	0	(6,512,933)
Total Governmental Activities	<u>\$65,483,017</u>	<u>\$1,221,642</u>	<u>\$620,722</u>	<u>(63,640,653)</u>
General Revenues:				
Grants and contributions not restricted to specific programs				39,765,475
Property taxes levied for general purposes				16,303,119
Unrestricted earnings on investments				306,660
Miscellaneous				1,173,559
Contributions to principal for permanent funds				5,380
Total general revenues and contributions				<u>57,554,193</u>
Change in net position				(6,086,460)
Net position - beginning of the year				<u>117,321,279</u>
Net position - end of the year				<u>\$111,234,819</u>

See accompanying notes to the basic financial statements.

The Public Library of Cincinnati and Hamilton County

Balance Sheet
Governmental Funds
December 31, 2017

	General	Building & Repair	Other Governmental	Total Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$20,245,320	\$5,261,147	\$2,188,977	\$27,695,444
Investments	0	0	6,249,520	6,249,520
Beneficial Interest in Assets Held by Others	0	0	595,098	595,098
Receivables:				
Accrued Interest	4,685	0	21,965	26,650
Intergovernmental	20,056,500	0	0	20,056,500
Property Taxes	17,132,763	0	0	17,132,763
Prepaid Items	129,008	0	0	129,008
Supplies Inventory	230,476	0	0	230,476
Total Assets	<u>\$57,798,752</u>	<u>\$5,261,147</u>	<u>\$9,055,560</u>	<u>\$72,115,459</u>
Liabilities				
Accounts Payable	\$1,496,835	\$65,852	\$19,202	\$1,581,889
Contracts Payable	0	571,812	0	571,812
Accrued Salaries Payable	1,219,002	0	0	1,219,002
Intergovernmental Payable	608,049	0	0	608,049
Total Liabilities	<u>3,323,886</u>	<u>637,664</u>	<u>19,202</u>	<u>3,980,752</u>
Deferred Inflows of Resources				
Property Taxes	16,094,883	0	0	16,094,883
Unavailable Revenue	17,936,867	0	0	17,936,867
Irrevocable Split-Interest Agreement	0	0	595,098	595,098
Total Deferred Inflows of Resources	<u>34,031,750</u>	<u>0</u>	<u>595,098</u>	<u>34,626,848</u>
Fund Balances				
Nonspendable	359,484	0	6,749,211	7,108,695
Restricted	0	0	1,692,049	1,692,049
Committed	80,000	0	0	80,000
Assigned	1,661,312	4,623,483	0	6,284,795
Unassigned	18,342,320	0	0	18,342,320
Total Fund Balances	<u>20,443,116</u>	<u>4,623,483</u>	<u>8,441,260</u>	<u>33,507,859</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$57,798,752</u>	<u>\$5,261,147</u>	<u>\$9,055,560</u>	<u>\$72,115,459</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, 2017

Total fund balances in governmental funds		\$33,507,859
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		90,483,901
The net pension liability is not due and payable in the current period. Therefore, the liability and related deferred inflows/outflows are not reported in governmental funds:		
Deferred outflows- pension	17,009,663	
Deferred Inflows- pension	(324,736)	
Net pension liability	<u>(43,422,811)</u>	(26,737,884)
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	16,898,987	
Property taxes	<u>1,037,880</u>	17,936,867
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds		
Compensated absences payable		<u>(3,955,924)</u>
Net Position of governmental activities		<u><u>\$111,234,819</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, 2017

	General	Building & Repair	Other Governmental	Total Governmental Funds
Revenues				
Intergovernmental	\$40,038,501	\$0	\$3,500	\$40,042,001
Property taxes	16,349,822	0	0	16,349,822
Fines and fees	1,218,580	0	0	1,218,580
Earnings on investments	285,190	0	159,873	445,063
Services provided to other entities	3,062	0	0	3,062
Contributions, gifts and donations	117,025	0	367,024	484,049
Miscellaneous	1,173,059	0	650	1,173,709
Total Revenues	59,185,239	0	531,047	59,716,286
Expenditures				
Current				
Library Services				
Public service and programs	26,175,275	0	359,890	26,535,165
Collection development and processing	11,854,463	0	110,256	11,964,719
Support Services				
Facilities operations and maintenance	8,194,607	4,030,536	0	12,225,143
Information services support	3,480,082	0	0	3,480,082
Business administration	5,922,041	0	26,390	5,948,431
Total Expenditures	55,626,468	4,030,536	496,536	60,153,540
Excess (deficiency) of revenues over (under) expenditures	3,558,771	(4,030,536)	34,511	(437,254)
Other Financing Sources (Uses)				
Transfers in	0	2,000,000	0	2,000,000
Transfers out	(2,000,000)	0	0	(2,000,000)
Total Other Financing Sources (Uses)	(2,000,000)	2,000,000	0	0
Net change in fund balances	1,558,771	(2,030,536)	34,511	(437,254)
Fund balances - beginning of year	18,884,345	6,654,019	8,406,749	33,945,113
Fund balances - end of year	\$20,443,116	\$4,623,483	\$8,441,260	\$33,507,859

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, 2017

Net change in fund balances - total governmental funds		(\$437,254)
Amounts reported for governmental activities in the statement of activities are different because:		
<p>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:</p>		
Capital assets additions, net	4,069,166	
Depreciation expense	<u>(3,016,747)</u>	1,052,419
<p>Contractually required contributions are reported as expenditures in governmental funds. However, the statement of net position reports these amounts as deferred outflows.</p>		
		3,135,952
<p>Except for amounts reported as deferred inflows/outflows, changes in the net position liability are reported as pension expense in the statement of activities.</p>		
		(9,372,509)
<p>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:</p>		
Decrease in intergovernmental	(273,026)	
Decrease in property taxes	<u>(46,703)</u>	(319,729)
<p>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:</p>		
Increase in compensated absences		<u>(145,339)</u>
Change in net position of government activities		<u><u>(\$6,086,460)</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 Balance -
Budget and Actual (Budget Basis)
General Fund
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues				
Intergovernmental	\$41,503,450	\$41,055,593	\$40,166,375	(\$889,218)
Property taxes	16,006,905	16,006,905	16,349,822	342,917
Fines and fees	1,155,000	1,155,000	1,218,580	63,580
Earnings on investments	115,000	115,000	281,691	166,691
Services provided to other entities	1,500	1,500	3,062	1,562
Contributions, gifts and donations	210,000	210,000	117,025	(92,975)
Miscellaneous	969,645	1,417,502	1,173,059	(244,443)
Total Revenues	<u>59,961,500</u>	<u>59,961,500</u>	<u>59,309,614</u>	<u>(651,886)</u>
Expenditures				
Current				
Salaries and benefits				
Salaries and leave benefits	29,146,261	29,146,261	28,370,200	776,061
Retirement benefits	4,051,413	4,051,413	3,884,901	166,512
Insurance benefits	4,954,048	4,954,048	4,675,359	278,689
Supplies	1,748,571	1,848,571	1,587,484	261,087
Purchased and contracted services	9,994,306	9,737,306	9,439,454	297,852
Library materials and information	9,698,325	9,705,325	9,705,325	0
Other objects	413,000	413,000	355,124	57,876
Capital outlay	1,147,366	1,297,366	1,133,557	163,809
Total Expenditures	<u>61,153,290</u>	<u>61,153,290</u>	<u>59,151,404</u>	<u>2,001,886</u>
Excess (deficiency) of revenues over (under) expenditures	(1,191,790)	(1,191,790)	158,210	1,350,000
Other financing sources (uses)				
Transfers out	(2,000,000)	(2,000,000)	(2,000,000)	0
Total other financing sources (uses)	<u>(2,000,000)</u>	<u>(2,000,000)</u>	<u>(2,000,000)</u>	<u>0</u>
Net change in fund balance	(3,191,790)	(3,191,790)	(1,841,790)	1,350,000
Fund balance at beginning of year	14,050,000	14,050,000	14,050,000	0
Prior year encumbrances appropriated	3,191,790	3,191,790	3,191,790	0
Fund balance at end of year	<u>\$14,050,000</u>	<u>\$14,050,000</u>	<u>\$15,400,000</u>	<u>\$1,350,000</u>

See accompanying notes to the basic financial statements.

The Public Library of Cincinnati and Hamilton County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

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

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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.

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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. The deferred outflows of resources related to pension are explained in Note 13.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the Library, deferred inflows of resources include property taxes, irrevocable split-interest agreement, pension, and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2017, but which were levied to finance year 2018 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 are reported on the government-wide statement of net position. (See Note 13)

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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.

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During 2017, 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 2017, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$50 million, requiring the excess amount to be transacted the following business day(s), but only to the \$50 million limit. All accounts of the participant will be combined for these purposes.

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

Ohio statutes specify the funds to receive an allocation of interest earnings. Interest and dividend revenue credited to the General Fund during 2017 amounted to \$285,190, which includes \$63,938 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, 2017, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount at the time of purchase and reflecting the expenditure/expense in the year in which services are consumed.

Capital Assets

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

Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. For certain assets, estimates were calculated by indexing estimated current costs back to the year of acquisition. Donated capital assets are recorded at their acquisition values as of the date

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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. 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

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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, claims and judgments, compensated absences and net pension liability that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year.

Net Position

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

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Estimates

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

Pensions

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

NOTE 3 – CHANGE IN ACCOUNTING PRINCIPLES

For 2017, the Library implemented the Governmental Accounting Standards Board's (GASB) *Implementation Guide No. 2016-1*. These changes were incorporated in the Library's 2017 financial statements; however, there was no effect on beginning net position/fund balance.

Also for 2017, the Library implemented the Governmental Accounting Standards Board (GASB) Statement No. 81, *Irrevocable Split-Interest Agreements*. This Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that governments recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This Statement requires that a government recognize revenue when the resources become applicable to the reporting period. These changes were incorporated in the Library's 2017 financial statements; however, there was no effect on beginning net position/fund balance.

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	\$1,558,771
Revenue Accruals	124,374
Expenditure Accruals	386,777
Encumbrances	<u>(3,911,712)</u>
Budget Basis	<u><u>(\$1,841,790)</u></u>

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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.

Interim moneys may be invested in the following securities:

- A. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
- B. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
- C. No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
- D. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
- E. Bonds and other obligations of the State of Ohio;
- F. The State Treasurer's investment pool (STAR Ohio);
- G. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met; and
- H. Written repurchase agreements in the securities described in (1) or (2) provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days.

Investments in stripped principal or interest obligations reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. Investments may only be made through specified dealers and institutions.

Deposits

Custodial credit risk for deposits is the risk that in the event of a bank failure, the Library will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$2,083,614 of the Library's bank balance of \$25,118,017 was exposed to custodial credit risk because those deposits were uninsured and uncollateralized. Certain timing issues related to fluctuations in depository

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balances contributed to the uncollateralized balance. These insufficiencies were corrected the next business day.

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

Eligible securities pledged to the Library and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured; or

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. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

Investments

The Library categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The below chart identifies the Library's recurring fair value measurements as of December 31, 2017. 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).

Investments are reported at fair value. As of December 31, 2017, 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	\$1,065,081	\$1,065,081	\$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	422,861	422,861	0	0	0
Total Fair Value - Level One Inputs	496,861	496,861	0	0	0
Fair Value- Level Two Inputs					
Negotiable Certificates of Deposit	248,630	0	248,630	0	0
Federal Farm Credit Bank Notes	539,752	0	0	294,972	244,780
Federal Home Loan Mortgage Corporation Medium Term Notes	2,218,048	0	888,047	345,145	984,856
Federal National Mortgage Assoc Debenture	799,561	799,561	0	0	0
Federal National Mortgage Association Notes	1,429,472	298,302	295,710	589,737	245,723
Federal Home Loan Bank Notes	2,178,877	0	597,063	0	1,581,814
Total Fair Value - Level Two Inputs	7,414,340	1,097,863	2,029,450	1,229,854	3,057,173
Total Investments	\$8,976,282	\$2,659,805	\$2,029,450	\$1,229,854	\$3,057,173

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Interest Rate Risk

The Library's investment policy does not address interest rate risk. State statute requires an investment to mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Library, and that an investment must be purchased with the expectation that it will be held until maturity. It has been the practice of the Library to immediately sell contributed investments that do not meet the Library's investment policy, unless the sale will result in a substantial loss.

Credit Risk

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

Concentration of Credit Risk

The Library places no limit on the amount it may invest in any one issuer. Of the Library's total investments, 25 percent are Federal National Mortgage Association notes and debentures, 25 percent are in Federal Home Loan Mortgage Corporation notes, 24 percent are Federal Home Loan Bank notes, and 6 percent are Federal Farm Credit Bank notes.

NOTE 6 – BENEFICIAL INTEREST

The Beneficial Interest in Assets Held by Others reported at December 31, 2017, is related to a charitable remainder trust using a third party as an intermediary. The balance of \$595,098 includes depository balances of \$36,724 measured at cost and recurring fair value measurement of various mutual fund balances of \$558,374 measured at fair value using quoted market prices (level 1 input) (See Note 5 for definition of input levels).

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 2017 for real and public utility property taxes represents collections of 2016 taxes.

2017 real property taxes are levied after October 1, 2017, on the assessed value as of January 1, 2017, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2017 real property taxes are collected in and intended to finance 2018 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. 2017 public utility property taxes became a lien December 31, 2016, are levied after October 1, 2017, and are collected in 2017 with real property taxes.

The full tax rate for all Library operations for the year ended December 31, 2017, was \$1.00 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2017 property tax receipts were based are as follows:

<u>Category</u>	<u>Assessed Value</u>
Real Property	\$17,496,276,000
Public Utility Personal	966,585,500
Total	<u>\$18,462,861,500</u>

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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, 2017, and for which there was an enforceable legal claim. In governmental funds, the portion of the receivable not levied to finance 2017 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 2017, the Library’s property tax revenues were reduced by \$180,374 under various tax abatement agreements entered into by the City of Cincinnati, City of Sharonville, Village of Mariemont and various other municipalities in Hamilton County.

NOTE 9 - RECEIVABLES

Receivables at December 31, 2017, consisted of accrued earnings on investments, intergovernmental, and property taxes. Intergovernmental receivables consisted of \$19,119,000 from the Public Library Fund and \$937,500 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.

NOTE 10 – CAPITAL ASSETS

Changes in capital assets during the year ended December 31, 2017, were as follows:

	<u>Balance at</u> <u>12/31/2016</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance at</u> <u>12/31/2017</u>
<u>Governmental Activities</u>				
Capital Assets, Not Being Depreciated:				
Land	\$14,266,034	\$0	\$0	\$14,266,034
Fine Art and Rare Book Collections	17,614,531	0	0	17,614,531
Construction in Progress	356,425	3,339,139	(3,395,383)	300,181
Total Capital Assets, Not Being Depreciated	<u>32,236,990</u>	<u>3,339,139</u>	<u>(3,395,383)</u>	<u>32,180,746</u>
Capital Assets Being Depreciated:				
Land Improvements	851,627	40,035	0	891,662
Buildings and Improvements	102,389,970	3,558,290	(147,287)	105,800,973
Furniture, Fixtures and Equipment	14,608,745	460,339	(434,560)	14,634,524
Vehicles	499,642	66,746	(57,210)	509,178
Totals Capital Assets, Being Depreciated	<u>118,349,984</u>	<u>4,125,410</u>	<u>(639,057)</u>	<u>121,836,337</u>
Less Accumulated Depreciation:				
Land Improvements	(500,390)	(39,220)	0	(539,610)
Building and Improvements	(48,672,924)	(2,357,313)	147,287	(50,882,950)
Furniture, Fixtures and Equipment	(11,661,431)	(567,573)	434,560	(11,794,444)
Vehicles	(320,747)	(52,641)	57,210	(316,178)
Total Accumulated Depreciation	<u>(61,155,492)</u>	<u>(3,016,747) *</u>	<u>639,057</u>	<u>(63,533,182)</u>
Total Capital Assets Being Depreciated, Net	<u>57,194,492</u>	<u>1,108,663</u>	<u>0</u>	<u>58,303,155</u>
Governmental Activities Capital Assets, Net	<u>\$89,431,482</u>	<u>\$4,447,802</u>	<u>(\$3,395,383)</u>	<u>\$90,483,901</u>

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

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NOTE 11 – LEASES

The Library leases various buildings for library service operations under noncancelable operating leases. The total cost for these leases was \$322,343 for the year ended December 31, 2017. The future minimum lease payments for these leases are as follows:

<u>Year Ending December 31,</u>	
2018	\$305,662
2019	271,774
2020	259,273
2021	250,145
2022	99,411
2023-2026	<u>409,651</u>
Total minimum lease payments	<u><u>\$1,595,916</u></u>

NOTE 12 – INTERFUND ACTIVITY

Interfund Transfers

During 2017, there was one transfer from the General Fund to the Building and Repair Fund for \$2,000,000 for ongoing maintenance projects.

NOTE 13 - DEFINED BENEFIT PENSION PLAN

Net Pension Liability

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

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

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

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

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

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Plan Description - Ohio Public Employees Retirement System (OPERS)

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

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

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

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
Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35

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

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

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

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

	State and Local
2017 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee	10.0 %
 2017 Actual Contribution Rates	
Employer:	
Pension	13.0 %
Post-employment Health Care Benefits	1.0
Total Employer	14.0 %
 Employee	 10.0 %

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Library's contractually required contribution was \$3,135,952 for 2017. Of this amount \$418,106 is reported as an intergovernmental payable.

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

The net pension liability for OPERS was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Library's proportion of the net pension liability was based on the Library's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	OPERS
Proportion of the Net Pension Liability:	
Current Measurement Date	0.19122000%
Prior Measurement Date	0.18579400%
Change in Proportionate Share	0.00542600%
Proportionate Share of the Net Pension Liability	\$43,422,811
Pension Expense	\$9,372,509

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At December 31, 2017, the Library reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS
Deferred Outflows of Resources	
Differences between expected and actual experience	\$58,856
Changes of assumptions	6,887,389
Net difference between projected and actual earnings on pension plan investments	6,466,659
Changes in proportion and differences between Library contributions and proportionate share of contributions	460,807
Library contributions subsequent to the measurement date	3,135,952
Total Deferred Outflows of Resources	\$17,009,663
 Deferred Inflows of Resources	
Differences between expected and actual experience	\$258,431
Changes in proportion and differences between Library contributions and proportionate share of contributions	66,305
Total Deferred Inflows of Resources	\$324,736

\$3,135,952 reported as deferred outflows of resources related to pension resulting from Library contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	OPERS
Year Ending December 31:	
2018	\$5,590,122
2019	5,830,732
2020	2,317,675
2021	(189,554)
Total	\$13,548,975

Actuarial Assumptions- OPERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2016, using the following actuarial assumptions applied to all periods included in the measurement in accordance with the requirements of GASB 67. In 2016, the OPERS' actuarial consultants conducted an experience study for the period 2011 through 2015, comparing assumptions to actual results. The experience study incorporates both a historical review and forward-looking projections to determine the appropriate set of assumptions to keep the plan on a path toward full funding. Information from this study led to changes in

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both demographic and economic assumptions, with the most notable being a reduction in the actuarially assumed rate of return from 8.0 percent down to 7.5 percent, for the defined benefit investments. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of December 31, 2016, compared with December 31, 2015, are presented below.

	<u>December 31, 2016</u>	<u>December 31, 2015</u>
Wage Inflation	3.25 percent	3.75 percent
Future Salary Increases, including inflation	3.25 to 10.05 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

For 2016, mortality rates are 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.

For 2015, mortality rates were based on the RP-2000 Mortality Table projected 20 years using Projection Scale AA. For males, 105 percent of the combined healthy male mortality rates were used. For females, 100 percent of the combined healthy female mortality rates were used. The mortality rates used in evaluating disability allowances were based on the RP-2000 mortality table with no projections. For males 120 percent of the disabled female mortality rates were used set forward two years. For females, 100 percent of the disabled female mortality rates were used.

The most recent experience study was completed for the five year period ended December 31, 2015. The prior experience study was completed for the five year period ended December 31, 2010.

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

During 2016, OPERS managed investments in four investment portfolios: the Defined Benefit portfolio, the 401(h) Health Care Trust portfolio, the 115 Health Care Trust portfolio and the Defined Contribution portfolio. The 401(h) Health Care Trust portfolio was closed as of June 30, 2016 and the net position transferred to the 115 Health Care Trust portfolio on July 1, 2016. The Defined Benefit portfolio contains the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. The Defined Benefit portfolio historically included the assets of the Member-Directed retiree medical accounts funded through the VEBA Trust. However, the VEBA Trust was closed as of June 30, 2016 and the net position transferred to the 115 Health Care Trust portfolio on July 1, 2016. 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 is 8.3 percent for 2016.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees

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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 2016 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	23.00 %	2.75 %
Domestic Equities	20.70	6.34
Real Estate	10.00	4.75
Private Equity	10.00	8.97
International Equities	18.30	7.95
Other Investments	18.00	4.92
Total	100.00 %	5.66 %

Discount Rate The discount rate used to measure the total pension liability for 2016 was 7.5 percent. The discount rate for 2015 was 8 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future 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 to Changes in the Discount Rate The following table presents the Library's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.5 percent, as well as what the Library's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.5 percent) or one-percentage-point higher (8.5 percent) than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Library's proportionate share of the net pension liability	\$66,338,042	\$43,422,811	\$24,327,008

NOTE 14 – POST-EMPLOYMENT BENEFITS

Ohio Public Employees Retirement System

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

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage, and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the traditional pension and combined plans. 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 45. See OPERS' CAFR referenced below for additional information.

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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#CAFR>, 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. 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 2017, state and local employers contributed at a rate of 14.0 percent of earnable salary. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 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 to the RMA for participants in the Member-Directed Plan for 2017 was 4.0 percent.

Substantially all of the Library's contribution allocated to fund postemployment health care benefits relates to the cost-sharing, multiple employer trusts. The corresponding contribution for the years ended December 31, 2017, 2016, and 2015 was \$266,665, \$522,898, and \$506,352, respectively. For 2017, 94 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2016 and 2015.

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 \$3,049,074 at December 31, 2017.

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, 2017 was \$906,850.

Medical, Dental and Life Insurance

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

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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 2017, the Library contracted with several insurance companies for primary coverage as follows:

<u>Coverages</u>	<u>Company</u>
Property and Equipment Breakdown Protection	Fireman's Fund Insurance Co. Ohio
Automobile	Allmerica Financial Benefit Ins Co (Hanover)
Crime	Travelers
Commercial General Liability and Commercial Umbrella	Citizens Insurance Co (Hanover)
Excess Liability and Excess Non-Profit Director's & Officers	Chubb Insurance Company
Non-Profit Directors & Officers	Philadelphia Insurance Company

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

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

NOTE 17 - LONG-TERM LIABILITIES

Long-term liability activity for the year ended December 31, 2017, was as follows:

	Balance 12/31/2016	Increase	Decrease	Balance 12/31/2017	Amount Due Within One Year
Net Pension Liability	\$32,181,863	\$11,240,948	\$0	\$43,422,811	\$0
Compensated Absences	3,810,585	2,685,450	2,540,111	3,955,924	1,804,666
Total	<u>\$35,992,448</u>	<u>\$13,926,398</u>	<u>\$2,540,111</u>	<u>\$47,378,735</u>	<u>\$1,804,666</u>

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. However, employer pension contributions are made from the General Fund. For additional information related to the net pension liability see Note 13. 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, 2017 to December 31, 2017, 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.

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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	\$129,008	\$0	\$0	\$129,008
Supplies inventory	230,476	0	0	230,476
Principal restricted	0	0	6,749,211	6,749,211
Total Nonspendable	<u>359,484</u>	<u>0</u>	<u>6,749,211</u>	<u>7,108,695</u>
Restricted for:				
Library programs	<u>0</u>	<u>0</u>	<u>1,692,049</u>	<u>1,692,049</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	4,623,483	0	4,623,483
Purchases on Order:				
Purchased and Contracted Services	559,196	0	0	559,196
Capital Outlay	474,249	0	0	474,249
Library Material and Information	431,136	0	0	431,136
Other Purposes	196,731	0	0	196,731
Total Assigned	<u>1,661,312</u>	<u>4,623,483</u>	<u>0</u>	<u>6,284,795</u>
Unassigned	<u>18,342,320</u>	<u>0</u>	<u>0</u>	<u>18,342,320</u>
Total Fund Balances	<u>\$20,443,116</u>	<u>\$4,623,483</u>	<u>\$8,441,260</u>	<u>\$33,507,859</u>

NOTE 20 – SIGNIFICANT COMMITMENTS

Contractual Commitments

At December 31, 2017, the Library's significant contractual commitments consisted of the following:

Vendor	Outstanding Balance
A.W. Farrell	\$ 1,381,775
Debra-Kuempel	\$ 333,097

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, 2017

Fund	Year-End Encumbrances
General	\$3,911,712
Building & Repair	1,747,467
Other nonmajor governmental funds	<u>108,402</u>
Total	<u><u>\$5,767,581</u></u>

NOTE 21 – SUBSEQUENT EVENTS

On May 8, 2018 the voters of Hamilton County approved an additional 1 mill, 10 year levy for the purpose of providing operating expenses and capital improvements for the Library. The levy commencing in 2018, first due in calendar year 2019 will provide an estimated additional \$19.3 million annually.

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 Four Years (1)

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

(1) Although this schedule is intended to reflect information for ten years, information prior to 2014 is not available. An additional column will be added each year.

Amount presented as of the Library's measurement date which is the prior year end.

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

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Contractually required contribution	\$2,948,191	\$2,756,148	\$2,776,054	\$2,966,001	\$3,135,952
Contributions in relation to the contractually required contribution	<u>(2,948,191)</u>	<u>(2,756,148)</u>	<u>(2,776,054)</u>	<u>(2,966,001)</u>	<u>(3,135,952)</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Library covered-employee payroll	\$22,678,392	\$22,967,900	\$23,133,783	\$24,716,675	\$24,122,708
Contributions as a percentage of covered-employee payroll	13.00%	12.00%	12.00%	12.00%	13.00%

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

The Public Library of Cincinnati and Hamilton County
Notes to the Required Supplementary Information
For the Year Ended December 31, 2017

Changes in Assumptions - OPERS

Amounts reported for 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>December 31, 2017</u>	<u>December 31, 2016 and Prior</u>
Wage Inflation	3.25 percent	3.75 percent
Future Salary Increases, including inflation	3.25 to 10.05 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 for 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.

The Public Library of Cincinnati and Hamilton County

Nonmajor Fund Descriptions

Special Revenue Funds

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

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

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

Permanent Funds

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

Various Permanent Funds

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

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

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

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

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

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

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

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

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

The Public Library of Cincinnati and Hamilton County

Combining Balance Sheet

Nonmajor Governmental Funds

December 31, 2017

	Nonmajor Special Revenue	Nonmajor Permanent	Total Nonmajor Governmental
<u>Assets</u>			
Equity in Pooled Cash and Cash Equivalents	\$406,176	\$1,782,801	\$2,188,977
Investments	0	6,249,520	6,249,520
Beneficial Interest in Assets Held by Others	595,098	0	595,098
Receivables:			
Accrued Interest	0	21,965	21,965
Total Assets	<u>\$1,001,274</u>	<u>\$8,054,286</u>	<u>\$9,055,560</u>
<u>Liabilities</u>			
Accounts Payable	\$8,300	\$10,902	\$19,202
<u>Deferred Inflows of Resources</u>			
Irrevocable Split-Interest Agreement	595,098	0	595,098
<u>Fund Balances</u>			
Nonspendable	0	6,749,211	6,749,211
Restricted	397,876	1,294,173	1,692,049
Total Fund Balances	<u>397,876</u>	<u>8,043,384</u>	<u>8,441,260</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$1,001,274</u>	<u>\$8,054,286</u>	<u>\$9,055,560</u>

The Public Library of Cincinnati and Hamilton County

Combining Balance Sheet

Nonmajor Special Revenue Funds

December 31, 2017

	<u>Various</u>	<u>Library Programs</u>	<u>Total</u>
<u>Assets</u>			
Equity in Pooled Cash and Cash Equivalents	\$361,024	\$45,152	\$406,176
Beneficial Interest in Assets Held by Others	595,098	0	595,098
Total Assets	<u>\$956,122</u>	<u>\$45,152</u>	<u>\$1,001,274</u>
<u>Liabilities</u>			
Accounts Payable	\$7,104	\$1,196	\$8,300
<u>Deferred Inflows of Resources</u>			
Irrevocable Split-Interest Agreement	595,098	0	595,098
<u>Fund Balances</u>			
Restricted	353,920	43,956	397,876
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$956,122</u>	<u>\$45,152</u>	<u>\$1,001,274</u>

The Public Library of Cincinnati and Hamilton County
Combining Balance Sheet
Nonmajor Permanent Funds
December 31, 2017

	Various Permanent	Armstrong	Feld	Hadley
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$308,723	\$882,416	\$265,213	\$40,051
Investments	907,280	913,039	2,568,107	78,106
Receivables:				
Accrued Interest	3,189	3,209	9,026	275
Total Assets	<u>\$1,219,192</u>	<u>\$1,798,664</u>	<u>\$2,842,346</u>	<u>\$118,432</u>
<u>Liabilities</u>				
Accounts Payable	\$275	\$0	\$10,291	\$0
Total Liabilities	<u>275</u>	<u>0</u>	<u>10,291</u>	<u>0</u>
<u>Fund Balances</u>				
Nonspendable	979,824	986,042	2,773,445	84,350
Restricted	239,093	812,622	58,610	34,082
Total Fund Balances	<u>1,218,917</u>	<u>1,798,664</u>	<u>2,832,055</u>	<u>118,432</u>
Total Liabilities and Fund Balances	<u>\$1,219,192</u>	<u>\$1,798,664</u>	<u>\$2,842,346</u>	<u>\$118,432</u>

<u>Heisel/ Dunlap</u>	<u>Kersten</u>	<u>Dwyer</u>	<u>Howard</u>	<u>Total</u>
\$33,651	\$141,636	\$10,979	\$100,132	\$1,782,801
283,236	91,235	120,177	1,288,340	6,249,520
995	321	422	4,528	21,965
<u>\$317,882</u>	<u>\$233,192</u>	<u>\$131,578</u>	<u>\$1,393,000</u>	<u>\$8,054,286</u>
\$0	\$135	\$176	\$25	\$10,902
0	135	176	25	10,902
305,883	98,529	129,786	1,391,352	6,749,211
11,999	134,528	1,616	1,623	1,294,173
<u>317,882</u>	<u>233,057</u>	<u>131,402</u>	<u>1,392,975</u>	<u>8,043,384</u>
<u>\$317,882</u>	<u>\$233,192</u>	<u>\$131,578</u>	<u>\$1,393,000</u>	<u>\$8,054,286</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, 2017

	Nonmajor Special Revenue	Nonmajor Permanent	Total Nonmajor Governmental
Revenues			
Intergovernmental	\$3,500	\$0	\$3,500
Earnings on investments	19,141	140,732	159,873
Contributions, gifts and donations	361,144	5,880	367,024
Miscellaneous	650	0	650
Total Revenues	<u>384,435</u>	<u>146,612</u>	<u>531,047</u>
Expenditures			
Current			
Library Services			
Public service and programs	315,726	44,164	359,890
Collection development and processing	971	109,285	110,256
Support Services			
Business administration	0	26,390	26,390
Total Expenditures	<u>316,697</u>	<u>179,839</u>	<u>496,536</u>
Net change in fund balances	67,738	(33,227)	34,511
Fund balances - beginning of year	330,138	8,076,611	8,406,749
Fund balances - end of year	<u>\$397,876</u>	<u>\$8,043,384</u>	<u>\$8,441,260</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, 2017

	<u>Various</u>	<u>Library Programs</u>	<u>Total</u>
<u>Revenues</u>			
Intergovernmental	\$3,500	\$0	\$3,500
Earnings on investments	15,937	3,204	19,141
Contributions, gifts and donations	323,479	37,665	361,144
Miscellaneous	650	0	650
Total Revenues	<u>343,566</u>	<u>40,869</u>	<u>384,435</u>
<u>Expenditures</u>			
Current			
Library Services			
Public service and programs	277,779	37,947	315,726
Collection development and processing	971	0	971
Total Expenditures	<u>278,750</u>	<u>37,947</u>	<u>316,697</u>
Net change in fund balances	64,816	2,922	67,738
Fund balances - beginning of year	<u>289,104</u>	<u>41,034</u>	<u>330,138</u>
Fund balances - end of year	<u><u>\$353,920</u></u>	<u><u>\$43,956</u></u>	<u><u>\$397,876</u></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, 2017

	Various Permanent	Armstrong	Feld	Hadley
<u>Revenues</u>				
Earnings on investments	\$27,017	\$17,721	\$23,973	\$1,097
Contributions, gifts and donations	5,880	0	0	0
Total Revenues	<u>32,897</u>	<u>17,721</u>	<u>23,973</u>	<u>1,097</u>
<u>Expenditures</u>				
Current				
Library Services				
Public service and programs	1,625	0	0	0
Collection development and processing	26,877	0	78,909	0
Support Services				
Business administration	6,723	19,029	0	638
Total Expenditures	<u>35,225</u>	<u>19,029</u>	<u>78,909</u>	<u>638</u>
Net change in fund balances	(2,328)	(1,308)	(54,936)	459
Fund balances - beginning of year	1,221,245	1,799,972	2,886,991	117,973
Fund balances - end of year	<u>\$1,218,917</u>	<u>\$1,798,664</u>	<u>\$2,832,055</u>	<u>\$118,432</u>

<u>Heisel/ Dunlap</u>	<u>Kersten</u>	<u>Dwyer</u>	<u>Howard</u>	<u>Total</u>
\$2,652	\$55,719	\$1,103	\$11,450	\$140,732
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>5,880</u>
<u>2,652</u>	<u>55,719</u>	<u>1,103</u>	<u>11,450</u>	<u>146,612</u>
0	39,775	2,764	0	44,164
0	0	0	3,499	109,285
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>26,390</u>
<u>0</u>	<u>39,775</u>	<u>2,764</u>	<u>3,499</u>	<u>179,839</u>
2,652	15,944	(1,661)	7,951	(33,227)
<u>315,230</u>	<u>217,113</u>	<u>133,063</u>	<u>1,385,024</u>	<u>8,076,611</u>
<u>\$317,882</u>	<u>\$233,057</u>	<u>\$131,402</u>	<u>\$1,392,975</u>	<u>\$8,043,384</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, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Contributions, gifts and donations	\$0	\$0	\$0	\$0
Total revenues	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Expenditures				
Current				
Purchased and contracted services	828,478	828,478	171,560	656,918
Capital outlay	5,949,201	5,949,201	5,175,934	773,267
Total expenditures	<u>6,777,679</u>	<u>6,777,679</u>	<u>5,347,494</u>	<u>1,430,185</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(6,777,679)</u>	<u>(6,777,679)</u>	<u>(5,347,494)</u>	<u>1,430,185</u>
Other financing sources (uses)				
Transfers in	2,000,000	2,000,000	2,000,000	0
Total other financing sources (uses)	<u>2,000,000</u>	<u>2,000,000</u>	<u>2,000,000</u>	<u>0</u>
Net change in fund balance	(4,777,679)	(4,777,679)	(3,347,494)	1,430,185
Fund balance at beginning of year	3,083,496	3,083,496	3,083,496	0
Prior year encumbrances appropriated	3,777,678	3,777,678	3,777,678	0
Fund balance at end of year	<u>\$2,083,495</u>	<u>\$2,083,495</u>	<u>\$3,513,680</u>	<u>\$1,430,185</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, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues				
Intergovernmental receipts	\$0	\$0	\$3,500	\$3,500
Earnings on investments	0	0	15,937	15,937
Contributions, gifts and donations	350,000	485,000	323,479	(161,521)
Miscellaneous	0	0	650	650
Total revenues	<u>350,000</u>	<u>485,000</u>	<u>343,566</u>	<u>(141,434)</u>
Expenditures				
Current				
Supplies	212,479	212,479	185,912	26,567
Purchased and contracted services	85,185	220,185	174,965	45,220
Library materials and information	8,871	8,871	7,082	1,789
Capital outlay	32,065	32,065	5,644	26,421
Total expenditures	<u>338,600</u>	<u>473,600</u>	<u>373,603</u>	<u>99,997</u>
Net change in fund balance	11,400	11,400	(30,037)	(41,437)
Fund balance at beginning of year	287,503	287,503	287,503	0
Prior year encumbrances appropriated	5,851	5,851	5,851	0
Fund balance at end of year	<u>\$304,754</u>	<u>\$304,754</u>	<u>\$263,317</u>	<u>(\$41,437)</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, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Earnings on investments	\$0	\$0	\$3,204	\$3,204
Contributions, gifts and donations	50,000	50,000	37,665	(12,335)
Total revenues	<u>50,000</u>	<u>50,000</u>	<u>40,869</u>	<u>(9,131)</u>
Expenditures				
Current				
Supplies	20,000	20,000	19,895	105
Purchased and contracted services	20,000	20,000	18,097	1,903
Total expenditures	<u>40,000</u>	<u>40,000</u>	<u>37,992</u>	<u>2,008</u>
Net change in fund balance	10,000	10,000	2,877	(7,123)
Fund balance at beginning of year	<u>41,034</u>	<u>41,034</u>	<u>41,034</u>	<u>0</u>
Fund balance at end of year	<u><u>\$51,034</u></u>	<u><u>\$51,034</u></u>	<u><u>\$43,911</u></u>	<u><u>(\$7,123)</u></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, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Earnings on investments	\$24,900	\$24,900	\$31,409	\$6,509
Contributions, gifts and donations	1,500	1,500	5,880	4,380
Total revenues	<u>26,400</u>	<u>26,400</u>	<u>37,289</u>	<u>10,889</u>
Expenditures				
Current				
Salaries and benefits				
Salaries and leave benefits	8,000	8,000	1,000	7,000
Supplies	5,349	5,349	3,693	1,656
Purchased and contracted services	24,500	24,500	3,380	21,120
Library materials and information	27,000	27,000	26,875	125
Total expenditures	<u>64,849</u>	<u>64,849</u>	<u>34,948</u>	<u>29,901</u>
Net change in fund balance	(38,449)	(38,449)	2,341	40,790
Fund balance at beginning of year	1,224,060	1,224,060	1,224,060	0
Prior year encumbrances appropriated	849	849	849	0
Fund balance at end of year	<u>\$1,186,460</u>	<u>\$1,186,460</u>	<u>\$1,227,250</u>	<u>\$40,790</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, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Earnings on investments	\$7,800	\$7,800	\$18,344	\$10,544
Total revenues	<u>7,800</u>	<u>7,800</u>	<u>18,344</u>	<u>10,544</u>
Expenditures				
Current				
Supplies	21,539	21,539	17,426	4,113
Purchased and contracted services	10,000	10,000	1,603	8,397
Total expenditures	<u>31,539</u>	<u>31,539</u>	<u>19,029</u>	<u>12,510</u>
Net change in fund balance	(23,739)	(23,739)	(685)	23,054
Fund balance at beginning of year	1,805,919	1,805,919	1,805,919	0
Prior year encumbrances appropriated	1,539	1,539	1,539	0
Fund balance at end of year	<u>\$1,783,719</u>	<u>\$1,783,719</u>	<u>\$1,806,773</u>	<u>\$23,054</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, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Earnings on investments	\$17,500	\$17,500	\$25,735	\$8,235
Total revenues	<u>17,500</u>	<u>17,500</u>	<u>25,735</u>	<u>8,235</u>
Expenditures				
Current				
Library materials and information	111,747	87,525	87,515	10
Total expenditures	<u>111,747</u>	<u>87,525</u>	<u>87,515</u>	<u>10</u>
Net change in fund balance	(94,247)	(70,025)	(61,780)	8,245
Fund balance at beginning of year	2,906,009	2,906,009	2,906,009	0
Prior year encumbrances appropriated	12,525	12,525	12,525	0
Fund balance at end of year	<u>\$2,824,287</u>	<u>\$2,848,509</u>	<u>\$2,856,754</u>	<u>\$8,245</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, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Earnings on investments	\$600	\$600	\$1,151	\$551
Total revenues	<u>600</u>	<u>600</u>	<u>1,151</u>	<u>551</u>
Expenditures				
Current				
Salaries and benefits				
Other employee benefits	5,000	5,000	678	4,322
Total expenditures	<u>5,000</u>	<u>5,000</u>	<u>678</u>	<u>4,322</u>
Net change in fund balance	(4,400)	(4,400)	473	4,873
Fund balance at beginning of year	118,612	118,612	118,612	0
Fund balance at end of year	<u>\$114,212</u>	<u>\$114,212</u>	<u>\$119,085</u>	<u>\$4,873</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, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Earnings on investments	\$1,900	\$1,900	\$2,844	\$944
Total revenues	<u>1,900</u>	<u>1,900</u>	<u>2,844</u>	<u>944</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	(3,100)	(3,100)	2,844	5,944
Fund balance at beginning of year	317,554	317,554	317,554	0
Fund balance at end of year	<u>\$314,454</u>	<u>\$314,454</u>	<u>\$320,398</u>	<u>\$5,944</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, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Earnings on investments	\$40,000	\$40,000	\$55,779	\$15,779
Total revenues	<u>40,000</u>	<u>40,000</u>	<u>55,779</u>	<u>15,779</u>
Expenditures				
Current				
Supplies	25,344	25,344	25,344	0
Purchased and contracted services	<u>15,020</u>	<u>15,020</u>	<u>14,491</u>	<u>529</u>
Total expenditures	<u>40,364</u>	<u>40,364</u>	<u>39,835</u>	<u>529</u>
Net change in fund balance	(364)	(364)	15,944	16,308
Fund balance at beginning of year	217,559	217,559	217,559	0
Prior year encumbrances appropriated	<u>364</u>	<u>364</u>	<u>364</u>	<u>0</u>
Fund balance at end of year	<u>\$217,559</u>	<u>\$217,559</u>	<u>\$233,867</u>	<u>\$16,308</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, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Earnings on investments	\$800	\$800	\$1,185	\$385
Total revenues	<u>800</u>	<u>800</u>	<u>1,185</u>	<u>385</u>
Expenditures				
Current				
Supplies	3,013	1,500	1,422	78
Library materials and information	2,500	2,000	1,984	16
Total expenditures	<u>5,513</u>	<u>3,500</u>	<u>3,406</u>	<u>94</u>
Net change in fund balance	(4,713)	(2,700)	(2,221)	479
Fund balance at beginning of year	134,048	134,048	134,048	0
Fund balance at end of year	<u>\$129,335</u>	<u>\$131,348</u>	<u>\$131,827</u>	<u>\$479</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, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Earnings on investments	\$8,500	\$8,500	\$12,328	\$3,828
Total revenues	<u>8,500</u>	<u>8,500</u>	<u>12,328</u>	<u>3,828</u>
Expenditures				
Current				
Library materials and information	3,632	3,632	3,622	10
Total expenditures	<u>3,632</u>	<u>3,632</u>	<u>3,622</u>	<u>10</u>
Net change in fund balance	4,868	4,868	8,706	3,838
Fund balance at beginning of year	1,395,546	1,395,546	1,395,546	0
Prior year encumbrances appropriated	132	132	132	0
Fund balance at end of year	<u>\$1,400,546</u>	<u>\$1,400,546</u>	<u>\$1,404,384</u>	<u>\$3,838</u>

Statistical Section

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The Public Library of Cincinnati and Hamilton County

Statistical Section

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

<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.	64-71
Revenue Capacity These schedules contain trend information to help the reader understand the Library's most significant sources of local revenue.	72-76
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.	77-79
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the Library's financial report relates to the services the Library provides and the activities it performs.	80-83

Sources:

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

The Public Library of Cincinnati and Hamilton County

Net Position by Component

Last Ten Years

(accrual basis of accounting)

	<u>2008</u>	<u>2009 (*)</u>	<u>2010 (*)</u>	<u>2011 (*)</u>
Governmental Activities:				
Invested in Capital Assets	\$90,835,880	\$88,897,763	\$87,843,258	\$87,110,748
Restricted	13,616,429	10,005,862	8,908,471	8,765,055
Unrestricted	<u>33,190,646</u>	<u>21,324,264</u>	<u>27,465,034</u>	<u>32,602,540</u>
Total Governmental Activities Net Position	<u>\$137,642,955</u>	<u>\$120,227,889</u>	<u>\$124,216,763</u>	<u>\$128,478,343</u>

*Amount restated to correctly reflect accumulated depreciation

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

<u>2012 (*)</u>	<u>2013</u>	<u>2014(**)</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
\$85,341,907	\$84,898,227	\$89,838,832	\$91,459,134	\$89,431,482	\$90,483,901
8,549,943	8,640,838	8,451,806	8,418,530	8,406,749	8,441,260
<u>36,678,842</u>	<u>39,408,975</u>	<u>16,220,317</u>	<u>18,085,749</u>	<u>19,483,048</u>	<u>12,309,658</u>
<u><u>\$130,570,692</u></u>	<u><u>\$132,948,040</u></u>	<u><u>\$114,510,955</u></u>	<u><u>\$117,963,413</u></u>	<u><u>\$117,321,279</u></u>	<u><u>\$111,234,819</u></u>

The Public Library of Cincinnati and Hamilton County

Changes in Net Position

Last Ten Years

(accrual basis of accounting)

	2008	2009 (*)	2010 (*)	2011 (*)
Program Revenues:				
Charges for Services:				
Library Services:				
Public Service and Programs	\$2,003,232	\$1,986,173	\$1,950,189	\$1,853,699
Collection Development and Processing	0	0	33,323	3,048
Operating grants, contributions, and earnings on investments:				
Library Services:				
Public Service and Programs	1,146,886	537,845	353,966	461,895
Collection Development and Processing	326,213	84,990	16,694	135,199
Support Services:				
Facilities operations and maintenance	1,307	7,056	87,120	276,970
Business administration	18,788	3,513	0	0
Total Program Revenues	3,496,426	2,619,577	2,441,292	2,730,811
Expenses:				
Library Services:				
Public Service and Programs	25,328,735	25,445,459	24,735,003	24,012,269
Collection Development and Processing	11,708,306	12,003,328	12,650,042	12,857,701
Support Services:				
Facilities Operations and Maintenance	12,961,104	13,052,088	12,956,656	12,173,882
Information Services Support	2,604,637	1,374,495	1,971,633	1,904,726
Business Administration	3,620,791	4,382,087	4,747,463	4,316,845
Debt Service:				
Interest and Fiscal Charges	1,602	0	0	0
Total Expenses	56,225,175	56,257,457	57,060,797	55,265,423
Net Expenses	(52,728,749)	(53,637,880)	(54,619,505)	(52,534,612)
General Revenues:				
Governmental Activities:				
Grants and Contributions not Restricted to Specific Programs	47,887,165	35,472,245	38,213,450	38,927,193
Property taxes levied for general purposes	0	0	19,618,860	17,244,148
Earnings on Investments	570,505	88,420	22,673	56,218
Gain on sale of capital asset	0	0	48,375	0
Other	811,488	658,480	701,110	563,561
Contributions to Principal for Permanent Funds	3,747	3,669	3,911	5,072
Total General Revenues and Contributions	49,272,905	36,222,814	58,608,379	56,796,192
Change in Net Position	(\$3,455,844)	(\$17,415,066) (1)	\$3,988,874	\$4,261,580

(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

2012 (*)	2013	2014	2015	2016	2017
\$1,836,534	\$1,488,381	\$1,378,960	\$1,464,251	\$1,243,747	\$1,221,642
270	0	0	0	0	0
302,650	446,865	225,674	406,987	714,906	558,282
90,651	35,756	301,378	79,245	33,253	62,440
34,121	268,402	51,650	101,428	0	0
950	0	0	397	0	0
2,265,176	2,239,404	1,957,662	2,052,308	1,991,906	1,842,364
25,089,210	24,481,482	23,276,690	24,825,845	26,729,301	27,870,334
13,256,882	11,779,143	12,296,021	12,454,497	12,709,842	12,379,791
11,344,275	10,776,056	13,172,401	11,942,451	11,959,422	15,228,643
1,146,958	1,759,322	2,008,484	2,565,611	2,747,053	3,491,316
4,746,904	5,165,273	5,673,489	5,420,242	5,936,201	6,512,933
0	0	0	0	0	0
55,584,229	53,961,276	56,427,085	57,208,646	60,081,819	65,483,017
(53,319,053)	(51,721,872)	(54,469,423)	(55,156,338)	(58,089,913)	(63,640,653)
38,320,131	38,316,460	39,124,507	41,480,926	39,964,131	39,765,475
15,912,280	14,954,099	15,046,679	16,204,408	16,208,904	16,303,119
56,419	48,273	53,111	59,692	130,144	306,660
0	0	0	0	0	0
1,119,987	775,432	1,131,857	861,470	1,141,300	1,173,559
2,585	4,956	5,099	2,300	3,300	5,380
55,411,402	54,099,220	55,361,253	58,608,796	57,447,779	57,554,193
\$2,092,349	\$2,377,348	\$891,830	\$3,452,458	(\$642,134)	(\$6,086,460)

The Public Library of Cincinnati and Hamilton County

Fund Balances - Governmental Funds

Last Ten Years

(modified accrual basis of accounting)

	2008	2009	2010 (1)	2011
General Fund				
Nonspendable	\$0	\$0	\$313,740	\$408,748
Committed	0	0	80,000	80,000
Assigned	0	0	453,970	373,970
Unassigned	0	0	8,371,066	13,693,604
Reserved	522,050	417,778	0	0
Unreserved	7,370,027	4,954,540	0	0
Total General Fund	<u>7,892,077</u>	<u>5,372,318</u>	<u>9,218,776</u>	<u>14,556,322</u>
All Other Governmental Funds				
Nonspendable	\$0	\$0	\$6,720,519	\$6,725,591
Restricted	0	0	2,187,952	2,039,464
Assigned	0	0	4,012,379	4,754,170
Reserved	7,777,583	7,184,646	0	0
Unreserved reported in:				
Special Revenue Funds	4,560,246	750,292	0	0
Capital Projects Funds	8,116,698	3,066,387	0	0
Permanent Funds	2,315,884	2,087,829	0	0
Total All Other Governmental Funds	<u>22,770,411</u>	<u>13,089,154</u>	<u>12,920,850</u>	<u>13,519,225</u>
Total Governmental Funds	<u><u>\$30,662,488</u></u>	<u><u>\$18,461,472</u></u>	<u><u>\$22,139,626</u></u>	<u><u>\$28,075,547</u></u>

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

2012	2013	2014	2015	2016	2017
\$530,998	\$286,770	\$262,519	\$416,022	\$515,354	\$359,484
80,000	80,000	80,000	80,000	80,000	80,000
827,940	1,061,664	1,561,251	1,440,624	1,142,449	1,661,312
14,007,805	17,553,989	12,616,657	16,084,960	17,146,542	18,342,320
0	0	0	0	0	0
0	0	0	0	0	0
<u>15,446,743</u>	<u>18,982,423</u>	<u>14,520,427</u>	<u>18,021,606</u>	<u>18,884,345</u>	<u>20,443,116</u>
\$6,728,176	\$6,733,132	\$6,738,231	\$6,740,531	\$6,737,503	\$6,749,211
1,821,767	1,907,706	1,713,575	1,677,999	1,669,246	1,692,049
6,604,104	6,742,069	6,887,069	4,424,642	6,654,019	4,623,483
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>15,154,047</u>	<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>\$30,600,790</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>

The Public Library of Cincinnati and Hamilton County

Changes in Fund Balances - Governmental Funds

Last Ten Years

(modified accrual basis of accounting)

	2008	2009	2010	2011
Revenues:				
Intergovernmental	\$48,116,998	\$38,844,386	\$38,977,457	\$39,798,636
Property taxes	0	0	17,637,711	17,613,602
Fines and fees	2,003,232	1,986,173	1,950,189	1,853,699
Earnings on investments	1,007,491	201,158	29,558	195,357
Contributions, gifts, and donations	2,948,735	147,387	268,006	481,376
Miscellaneous	811,488	658,480	734,433	566,910
Total Revenues	54,887,944	41,837,584	59,597,354	60,509,580
Expenditures:				
Current:				
Library services:				
Public service and programs	25,354,219	25,398,385	24,862,028	24,384,028
Collection development and processing	11,695,165	11,956,325	12,637,587	12,940,503
Support Services:				
Facilities operations and maintenance	11,211,724	10,835,165	11,000,973	10,907,773
Information services support	3,405,865	1,491,889	2,734,740	1,990,538
Business administration	3,625,151	4,356,836	4,738,872	4,350,817
Debt Service:				
Principal retirement	48,246	0	0	0
Interest and fiscal charges	859	0	0	0
Total Expenditures	55,341,229	54,038,600	55,974,200	54,573,659
Excess of Revenues Over (Under) Expenditures	(453,285)	(12,201,016)	3,623,154	5,935,921
Other Financing Sources (Uses):				
Proceeds from Sale of Capital Assets	0	0	55,000	0
Transfers In	2,503,043	6,680,238	2,500,000	2,500,000
Transfers Out	(2,503,043)	(6,680,238)	(2,500,000)	(2,500,000)
Total Other Financing Sources (Uses)	0	0	55,000	0
Net Change in Fund Balances	(\$453,285)	(\$12,201,016)	\$3,678,154	\$5,935,921
Debt Service as a Percentage of Noncapital Expenditures	0.1%	0.0%	0.0%	0.0%

2012	2013	2014	2015	2016	2017
\$37,445,155	\$38,162,831	\$37,742,457	\$41,005,594	\$39,960,649	\$40,042,001
15,948,657	16,044,155	16,172,491	16,226,162	16,300,929	16,349,822
1,836,534	1,488,381	1,378,960	1,464,251	1,243,747	1,218,580
144,720	93,056	162,977	145,887	269,402	445,063
276,749	683,196	312,071	325,740	612,201	484,049
1,121,163	775,432	1,131,857	985,544	1,141,300	1,176,771
<u>56,772,978</u>	<u>57,247,051</u>	<u>56,900,813</u>	<u>60,153,178</u>	<u>59,528,228</u>	<u>59,716,286</u>
25,405,327	24,701,042	24,569,487	25,723,835	25,742,717	26,535,165
13,475,983	11,844,354	12,392,518	12,483,229	12,632,780	11,964,719
9,191,772	9,745,206	16,721,876	12,813,932	9,185,917	12,225,143
1,632,347	1,966,232	2,164,844	2,647,622	3,110,119	3,480,082
4,862,306	5,225,677	5,593,116	5,479,084	5,776,360	5,948,431
0	0	0	0	0	0
0	0	0	0	0	0
<u>54,567,735</u>	<u>53,482,511</u>	<u>61,441,841</u>	<u>59,147,702</u>	<u>56,447,893</u>	<u>60,153,540</u>
<u>2,205,243</u>	<u>3,764,540</u>	<u>(4,541,028)</u>	<u>1,005,476</u>	<u>3,080,335</u>	<u>(437,254)</u>
320,000	0	35,000	0	0	0
2,500,000	2,000,000	9,000,000	2,000,000	3,000,000	2,000,000
(2,500,000)	(2,000,000)	(9,000,000)	(2,000,000)	(3,000,000)	(2,000,000)
<u>320,000</u>	<u>0</u>	<u>35,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$2,525,243</u>	<u>\$3,764,540</u>	<u>(\$4,506,028)</u>	<u>\$1,005,476</u>	<u>\$3,080,335</u>	<u>(\$437,254)</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 Eight Years (1)

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

(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 Eight 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%

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 Eight 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	<u>1.00</u>	<u>1.00</u>	<u>1.00</u>
Total Hamilton County	<u><u>\$21.48</u></u>	<u><u>\$21.06</u></u>	<u><u>\$21.06</u></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>
\$2.26	\$2.26	\$2.26	\$2.26	\$2.26
0.54	0.54	0.54	0.54	0.54
0.18	0.00	0.00	0.00	0.00
0.46	0.46	0.46	0.46	0.46
0.34	0.34	0.34	0.34	0.34
1.29	1.29	1.29	1.29	1.29
2.99	2.99	2.99	2.99	2.99
4.07	4.07	4.07	4.07	4.07
2.77	2.77	2.77	2.77	2.77
4.13	4.13	4.13	4.13	4.13
1.03	1.03	1.03	1.03	1.03
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>
.65-20.13	.65-27.60	.65-27.60	.65-27.60	3.06-20.13
1.19-48.73	1.19-48.73	1.19-48.73	1.19-48.73	0.65-48.73
44.18-107.77	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
2.25-12.05	1.50-12.05	1.50-12.05	1.50-12.05	2.25-12.05
1.93-2.70	1.93-2.70	1.93-2.70	1.93-2.70	1.93-2.70

The Public Library of Cincinnati and Hamilton County

Principal Property Taxpayers

Current Year and First Year

Name of Taxpayer	2017		
	Assessed Value (1)	Percent of Total Assesed Value	Rank
Duke Energy Ohio Inc	\$978,133,860	5.30%	1
City of Cincinnati	100,622,740	0.55%	2
Procter & Gamble Co	77,817,140	0.42%	3
Fifth Third Bank	47,576,100	0.26%	4
The Christ Hospital	42,946,760	0.23%	5
HGREIT II Edmondson Road LLC	39,200,010	0.21%	6
Duke Energy Miami Fort LLC	29,577,350	0.16%	7
HGREIT II Madison Road LLC	27,300,000	0.15%	8
Emery Realty Inc	23,766,200	0.13%	9
Cardinal Funding Company LLC	23,483,270	0.13%	10
	Subtotal	1,390,423,430	7.53%
	All Other	17,072,438,070	92.47%
Total		<u>\$18,462,861,500</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)
2008	851,494	\$37,703,302,826	\$44,279	5.6%
2009	855,062	38,234,097,330	44,715	8.9%
2010	802,374	37,227,408,738	46,397	9.4%
2011	800,362	38,425,612,445	48,010	8.6%
2012	802,038	38,947,903,470	48,561	7.0%
2013	804,520	40,522,867,880	50,369	7.1%
2014	806,631	42,101,298,414	52,194	5.3%
2015	807,598	42,654,903,566	52,817	4.4%
2016	809,099	43,360,424,509	53,591	4.3%
2017	813,822	44,547,802,458	54,739	4.4%

Sources: (1) U.S. Department of Commerce, U.S. Census Bureau web site

(2) Calculated based on rounded per capita income multiplied by population

(3) U.S. Department of Commerce, Bureau of Economic Analysis web site.

Ohio's personal income increased 2.4% in 2017. County data for 2017 has been estimated based on a 2.4% increase from BEA's 2016 revised amount of \$43,251,503,000. County data released in November 2017.

(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	2017			2008		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Kroger Co.	21,263	1	2.01%	15,600	1	1.51%
Cincinnati Children's Hospital Medical Center	15,429	2	1.46%	10,347	4	1.00%
Cincinnati/Northern Kentucky International Airport	12,682	3	1.20%			
TriHealth Inc.	12,000	4	1.14%	9,850	5	0.95%
UC Health	11,241	5	1.06%			
University of Cincinnati	10,551	6	1.00%	15,539	2	1.50%
General Electric	10,500	7	0.99%			
Mercy Health-Cincinnati	10,442	8	0.99%			
Procter & Gamble Co.	10,000	9	0.95%	12,900	3	1.25%
St. Elizabeth Healthcare	8,413	10	0.80%			
Health Alliance of Greater Cincinnati				9,475	6	0.92%
Wal-Mart Stores				7,787	7	0.75%
Fifth Third Bancorp				7,633	8	0.74%
ABX Air Inc				7,500	9	0.73%
Archdiocese of Cincinnati				7,500	9	0.73%
Average County Employment for the Year	<u>1,056,680</u>			<u>1,032,580</u>		

Sources: Cincinnati Business Courier Book of Lists 2009 (2008 data) & 2017/2018 (2017 data)
 U.S. Bureau of Labor Statistics

The Public Library of Cincinnati and Hamilton County

Library Employees by Function

Last Ten Years

Function/Program	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental Activities:										
Library Services:										
Public Service and Programs	629	599	614	597	591	637	630	651	673	668
Collection Development and Processing	67	68	68	63	59	79	82	84	82	75
Support Services:										
Facilities Operations and Maintenance	75	75	67	54	32	43	43	45	44	38
Information Services Support	14	12	14	14	15	16	16	14	16	17
Business Administration	36	36	35	35	31	31	34	35	39	36
<i>Total Number of Employees</i>	<u>821</u>	<u>790</u>	<u>798</u>	<u>763</u>	<u>728</u>	<u>806</u>	<u>805</u>	<u>829</u>	<u>854</u>	<u>834</u>

Source: Library records

The Public Library of Cincinnati and Hamilton County

Operating Indicators by Function

Last Ten Years

	2008	2009	2010	2011
Function/Program				
Library Services				
Public Service and Programs				
Items in Collection	9,530,479	8,959,303	8,780,764	8,819,759
Material Loans	15,627,452	16,372,499	16,311,136	17,600,307
Active Registered Borrowers	241,752	271,646	349,139	425,454
Number of Public Programs	14,567	14,578	14,247	17,546
Collection Development and Processing				
Items Purchased	367,602	361,228	381,780	340,298
Support Services				
Facilities Operations and Maintenance				
Facilities Maintained	45	45	45	45
Square Footage of Facilities	927,213	927,213	929,982	931,537
Information Services Support				
Computer Workstations/Devices	1,757	1,789	1,834	1,941
Online Resource Usage	87,344,129	110,286,831	65,046,467	137,120,046

Source: Library records

*Catalog Searches no longer counted for Online Resource Usage

2012	2013	2014	2015	2016	2017
9,558,816	9,793,942	10,161,894	9,886,509	9,694,102	9,696,276
17,335,953	17,884,498	18,249,132	18,771,227	21,226,498	19,838,362
483,110	526,678	579,158	620,062	531,588	495,895
20,964	23,178	25,093	17,098	17,468	17,951
321,279	332,345	362,333	372,038	327,858	323,023
43	43	43	42	42	42
917,083	917,083	916,574	925,567	938,902	938,902
1,934	2,202	2,217	2,479	2,559	2,716
118,964,203	20,179,323 *	17,114,285	17,973,823	17,603,604	16,073,226

The Public Library of Cincinnati and Hamilton County

Capital Assets Statistics by Function

Last Ten Years

	2008	2009 (*)	2010 (*)	2011 (*)
Library Services:				
Public Service and Programs				
Land	\$12,326,641	\$12,326,641	\$12,320,016	\$12,320,016
Land improvements	490,444	480,202	490,869	471,191
Buildings and improvements	46,510,156	45,302,405	44,045,389	42,680,799
Furniture, fixtures and equipment	1,901,610	1,680,974	2,059,240	1,764,154
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	1,345,455	1,301,138	1,257,218	1,211,981
Furniture, fixtures and equipment	166,819	192,635	151,525	197,340
Support Services:				
Facilities Operations and Maintenance				
Land	922,056	922,056	922,056	922,056
Buildings and improvements	4,539,771	4,390,239	4,247,499	4,094,863
Furniture, fixtures and equipment	393,044	339,792	179,401	488,101
Vehicles	104,443	77,367	92,645	61,556
Construction in progress	125,936	0	165,585	1,153,978
Information Services Support				
Land	54,432	54,432	54,432	54,432
Buildings and improvements	168,182	162,643	157,153	151,498
Furniture, fixtures and equipment	774,859	725,050	825,790	742,382
Business Administration				
Land	707,617	707,617	707,617	707,617
Buildings and improvements	2,186,364	2,114,349	2,057,253	1,983,744
Furniture, fixtures and equipment	68,064	70,236	59,583	55,053
	<u>\$90,835,880</u>	<u>\$88,897,763</u>	<u>\$87,843,258</u>	<u>\$87,110,748</u>

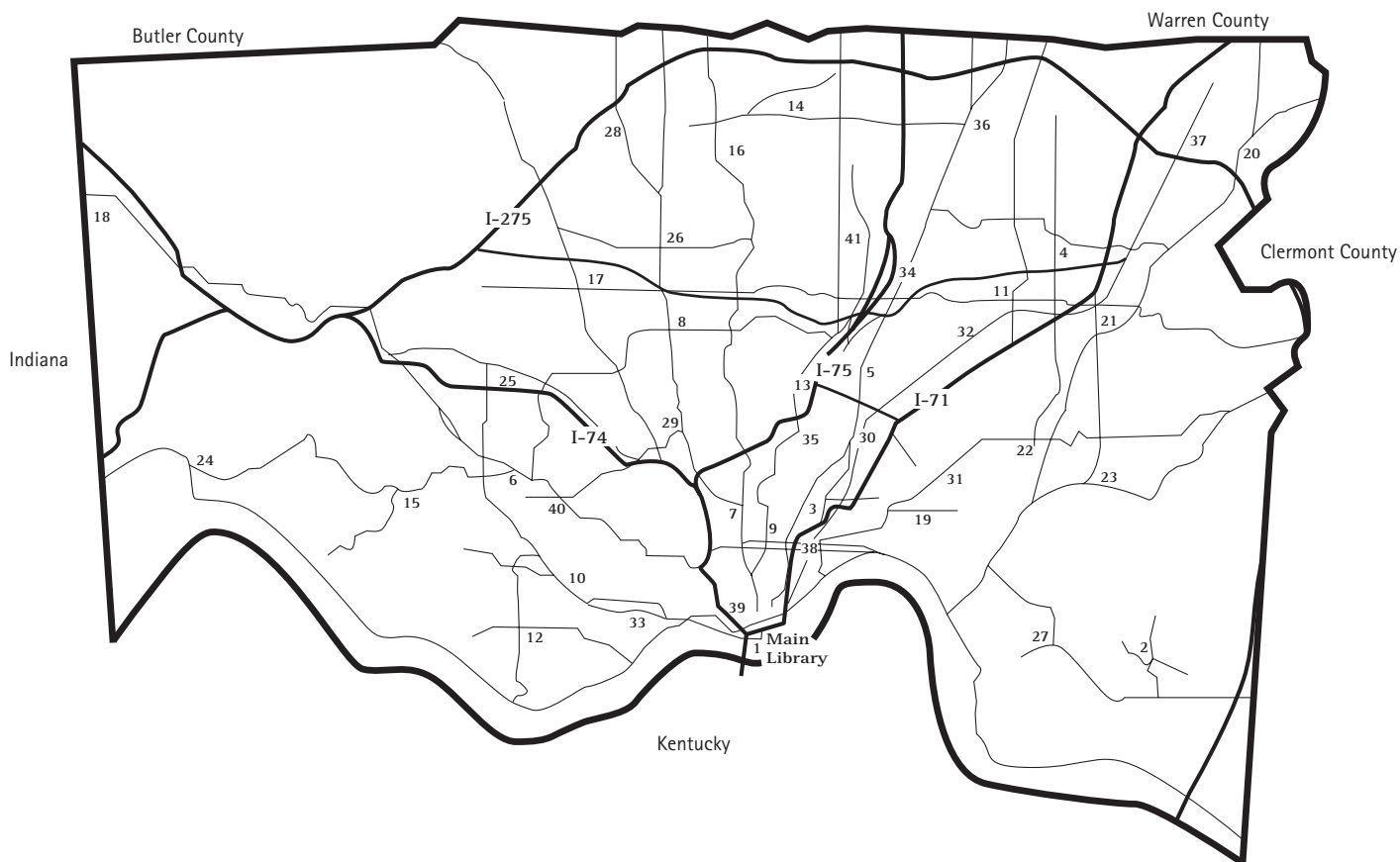
Land improvements, buildings and improvements, furniture and equipment and vehicles are presented net of accumulated depreciation.

Source: Library capital asset records.

*Amount restated to correctly reflect accumulated depreciation

<u>2012 (*)</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
\$12,268,873	\$12,268,873	\$12,146,473	\$12,146,473	\$12,146,473	\$12,146,473
471,863	446,995	409,823	389,261	351,237	352,052
41,932,318	40,780,204	40,040,148	38,075,315	36,095,418	37,742,450
1,775,488	1,648,080	1,388,615	1,671,206	1,321,446	1,175,032
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
1,176,827	1,129,890	1,077,287	1,020,448	963,173	920,905
212,284	211,337	326,667	283,702	228,386	199,075
922,056	922,056	922,056	922,056	922,056	922,056
3,976,247	3,817,874	6,546,266	15,063,090	14,958,628	14,629,435
581,826	592,273	549,483	591,269	514,036	475,426
36,433	15,455	69,496	100,427	178,895	193,000
252,834	1,403,665	4,953,806	0	356,425	300,181
54,432	54,432	54,432	54,432	54,432	54,432
147,104	141,237	134,662	127,557	120,397	115,114
790,393	812,909	667,678	559,784	852,176	959,827
707,617	707,617	707,617	707,617	707,617	707,617
1,926,618	1,850,345	1,764,865	1,672,502	1,579,430	1,510,119
58,707	44,998	29,471	24,008	31,270	30,720
<u>\$85,341,907</u>	<u>\$84,898,227</u>	<u>\$89,838,832</u>	<u>\$91,459,134</u>	<u>\$89,431,482</u>	<u>\$90,483,901</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 | |



Dave Yost • Auditor of State

PUBLIC LIBRARY OF CINCINNATI AND HAMILTON COUNTY

HAMILTON COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JUNE 26, 2018**