



OHIO AUDITOR OF STATE
KEITH FABER



**LANE PUBLIC LIBRARY
BUTLER COUNTY
DECEMBER 31, 2020 AND 2019**

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**LANE PUBLIC LIBRARY
BUTLER COUNTY
DECEMBER 31, 2020 AND 2019**

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

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

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying modified cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Lane Public Library, Butler County, Ohio (the Library), as of and for the years ended December 31, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the modified cash accounting basis Note 2 describes. This responsibility includes determining that the modified cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Library's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Library's internal control. Accordingly, we express no 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, the financial statements referred to above present fairly, in all material respects, the respective modified cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Library, as of December 31, 2020 and 2019, and the respective changes in modified cash financial position and the budgetary comparison for the General Fund for the years then ended in accordance with the accounting basis described in Note 2.

Accounting Basis

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

Emphasis of Matter

As discussed in Note 11 to the 2020 financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Library. We did not modify our opinion regarding this matter.

Other Matters

Other Information

We applied no procedures to the 2020 management's discussion & analysis as listed in the table of contents. Accordingly, we express no opinion or any other assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2021, on our consideration of the Library's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Library's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio
December 7, 2021

Lane Public Library
Management's Discussion and Analysis
For the Year ended December 31, 2020
(Unaudited)

This discussion and analysis of the Lane Public Library's (the Library's) financial performance provides an overall view of the Library's financial activities for the year ended December 31, 2020 within the limitations of the Library's modified cash basis accounting. The intent of this management's discussion and analysis is to look at the Library's financial performance as a whole. Readers should also review the basic financial statements and notes to enhance their understanding of the Library's financial performance.

Financial Highlights

Key Highlights for 2020 are as follows:

Total Net Position increased by \$1,178,432 or 6.2% from the prior year. The increase is primarily the result of Net Surplus in General Operating Funds.

The Library's general receipts are primarily the Public Library Fund (PLF) and Real Estate Taxes. General receipts represent 98.5% of the total cash received for governmental activities during the year. Real Estate tax receipts decreased by .9% for 2020 and Intergovernmental receipts for 2020 increased by 1.5%.

The COVID-19 Pandemic that occurred during 2020 certainly brought a new perspective to our business and personal lives. As most businesses, our Library has been impacted, but more from an operational view than a financial one. The Library was originally closed for a couple of months but gradually reopened to our current six days per week with limited activities available for patrons. Initially, we thought there would be an overall decrease in operating revenues of up to 20% but that did not materialize. General Operating Expenses decreased by 8.54% for 2020 when compared to 2019. During this time no employees were laid off or furloughed. Overall, the Library still managed a Net Surplus for 2020 of \$1.178 million. The surplus balance we have incurred over the years will primarily be used for future capital projects including a couple new branch library facilities within the next several years.

Using the Basic Financial Statements

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

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

Lane Public Library
Management's Discussion and Analysis
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(Unaudited)

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

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

Basis of Accounting

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

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

Reporting the Library as a Whole

The Statement of Net Position and the Statement of Activities reflect how the Library did financially during 2020 within the limitations of modified cash basis accounting. The Statement of Net Position – Modified cash basis compares disbursements with program receipts for each governmental activity. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of disbursements with program receipts identifies how each governmental function draws from the Library's general receipts.

These statements report the Library's modified cash position and the changes in modified cash position. Keeping in mind the limitations of the modified cash basis of accounting,

Lane Public Library
Management's Discussion and Analysis
For the Year ended December 31, 2020
(Unaudited)

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

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

Reporting the Library's Most Significant Funds

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

Governmental Funds

All of the Library's activities are reported in the governmental funds. The governmental fund financial statements provide a detailed short-term view of the Library's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Library's programs. The Library's major governmental fund for 2020 is the General Fund.

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

The Library as a Whole

Recall that the Statement of Net Position pictures the Library as a whole. Table 1 provides a summary of the Library's net position for 2020 on a modified cash basis:

Lane Public Library
Management's Discussion and Analysis
For the Year ended December 31, 2020
(Unaudited)

(Table 1)
Net Position – Modified cash

	<u>Governmental Activities</u>	
	<u>2020</u>	<u>2019</u>
Assets		
Equity in Pooled Cash and Cash Equivalents	\$11,077,100	\$11,089,349
Investments	<u>9,198,310</u>	<u>8,007,629</u>
Total Assets	\$ <u>20,275,410</u>	\$ <u>19,096,978</u>
Net Position		
Restricted for:		
Special Revenue	499,920	581,936
Assigned	5,694,193	5,944,820
Unrestricted	<u>14,081,297</u>	<u>12,570,222</u>
Total Net Position	\$ <u>20,275,410</u>	\$ <u>19,096,978</u>

The total net position of governmental activities increased by \$1,178,432 or 6.2% for 2020. The primary reasons contributing to the increase in total Net Position are as follows:

The Special Revenue Funds decreased by \$82,016. This is primarily attributed to Lane Oxford Branch HVAC/Geothermal Expenses from the Havighurst Fund.

The decrease of \$261,973 in the Assigned Assets is primarily due to the transfer of General Funds to Capital Project Funds in December 2020, and additional contributions to the Elmer B. and Thelma M. Rose Fund for 2020. These were offset by Capital Outlays from the Roesel Fund for renovation costs associated with the New Technology Center.

The Unrestricted Assets increase of \$1,511,075 is the result of the General Operating Fund expenses being less than revenues received in 2020. When possible, the Library would like to incur annual savings by spending less than receipts received for the year. These funds can then be used toward capital projects or operating expenses needed in future years.

Lane Public Library
Management's Discussion and Analysis
For the Year ended December 31, 2020
(Unaudited)

Table 2 reflects the changes in net position in 2020 for governmental activities.
(Table 2)

Changes in Net Position

Governmental Activities

	2020	2019
Receipts:		
Program Receipts:		
Charges for Services	\$ 24,384	\$ 52,233
Operating Grants & Contributions	<u>106,814</u>	<u>117,919</u>
Total Program Cash Receipts	<u>131,198</u>	<u>170,152</u>
General Receipts		
Property Taxes Levied	2,294,846	2,316,342
Unrestricted Gifts & Contributions	58,497	6,901
Grants & Entitlements	5,763,946	5,680,938
Earnings on Investments	390,899	601,445
Miscellaneous	<u>91,478</u>	<u>62,688</u>
Total General Receipts	<u>8,599,666</u>	<u>8,668,324</u>
Total Receipts	<u>8,730,864</u>	<u>8,838,476</u>
Disbursements:		
Library Services		
Public Services	2,732,106	3,020,918
Collection Development & Processing	1,371,129	1,682,499
Support Services		
Facilities Operation & Maintenance	1,089,216	1,036,004
Information Services	353,109	365,267
Business Administration	919,435	984,910
Capital Outlay	<u>1,087,437</u>	<u>539,390</u>
Total Disbursements	<u>7,552,432</u>	<u>7,628,988</u>
Change in Net Position	1,178,432	1,209,488
Net Position Beginning of Year	<u>19,096,978</u>	<u>17,887,490</u>
Net Position End of Year	<u>\$20,275,410</u>	<u>\$19,096,978</u>

The vast majority of revenue supporting all governmental activities is general revenue. General revenue for 2020 totaled \$8,559,666, or 98.5%, of total revenue.

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Management's Discussion and Analysis
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The Library also carefully invests its funds in a variety of investment types with the primary focus being safety of principal, but with an attention to investment opportunities to increase yield. In 2020, the Library realized \$390,899 in Earnings on Investments which is 4.5% of the total revenue.

Analysis of Overall Financial Positions and Results of Operations

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

(Table 3)
Governmental Activities

<u>Programs</u>	Total Cost of Services <u>2020</u>	Net Cost of Services <u>2020</u>	Total Cost of Services <u>2019</u>	Net Cost of Services <u>2019</u>
Library Services				
Public Services & Programs	\$ 2,732,106	\$ 2,600,908	\$ 3,020,918	\$ 2,850,766
Collection Development	1,371,129	1,371,129	1,682,499	1,682,499
Support Services				
Facilities Operations& Maint.	1,089,216	1,089,216	1,036,004	1,036,004
Information Services	353,109	353,109	365,267	365,267
Business Administration	919,435	919,435	984,910	984,910
Capital Outlay	<u>1,087,437</u>	<u>1,087,437</u>	<u>539,390</u>	<u>539,390</u>
Total Expenses	<u>\$ 7,552,432</u>	<u>\$ 7,421,234</u>	<u>\$ 7,628,988</u>	<u>\$ 7,458,836</u>

The dependence upon General Receipts is demonstrated in 2020 as total expenses were 87.8% of this revenue. The dependence upon General Receipts is demonstrated in 2019 as 88.0% of total expenses were supported through this revenue.

The Library's Funds

Information about the Library's Governmental Funds begins on page 5. In 2020, all Governmental Funds had total revenue of \$8,730,864 and expenditures of \$7,552,432. In 2020, the unassigned fund balance for the general fund was \$14,079,543 compared to annual expenditures of \$7,676,050.

General Fund Budgetary Highlights

The Library's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursement and encumbrances. The most significant budgeted fund is the General Fund for 2020. During the course of 2020, the Library amended its general fund budget, but no amendment increased total appropriations. For the General Fund in 2020, original and final budgeted revenues were \$8,291,350 and \$8,410,918 respectively.

Lane Public Library
Management's Discussion and Analysis
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For 2020, the Final Revenue Budget reflected an increase of \$119,568 when compared to the original revenue budget. The increase in the Final Revenue Budget can be attributed to projected higher receipts for Earnings on Investments. The Actual Revenue Receipts for 2020 reflected an increase of \$137,591 when compared to the Final Revenue Budget Amount. The increase is the result of Intergovernmental, Contributions, and Miscellaneous Receipts being more than Final Budget Projections. This was partially offset by an actual decrease in property taxes and Patron Fines and Fees and Earnings on Investments received in 2020.

For 2020, the Final Disbursements Budget reflected an increase of \$890,393 when compared to the Original Disbursements Budget. The increase in the Final Disbursements Budget can be attributed primarily to Capital Outlays being higher than originally projected. The Final Disbursements Budget included an amount of \$800,000 for renovation costs associated with the New Technology Center.

The Actual Disbursements for 2020 reflected a decrease of \$2,264,888 when compared to the Final Disbursements Budget amount. The decrease can be attributed to all departments spending less in 2020 with Public Services, Collection Development, Facilities Operations, and Capital Outlays having the most significant decrease. The COVID-19 Virus is the primary reason our actual results were less than our Final Budget Disbursement amount. The New Technology Center Renovation project did happen in 2020. In addition, potential emergencies and other capital expenditures did not materialize in 2020.

Current Financial Issues

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

The economic outlook for the State of Ohio continues to be uncertain. This concern about the State's fiscal status impacts the Library's future budgets. The Library Board of Trustees placed a five-year .75 mil levy on the ballot in May of 2010 that was approved by voters. A renewal levy for .75 mill and ten-year term was placed on the ballot in May of 2015 and did pass. This levy brought in tax levy receipts in 2020 of approximately \$2,294,846.

Since the completion of the new Oxford Lane Library Branch in September 2015, the Library does not have a major construction project planned at this time. However, the Library continues to make investments in our facilities and systems on an annual basis. In 2020, the New Tech Center was renovated, the Hamilton Lane Branch had the exterior of the building painted and the Cupola repaired, and the HVAC Upgrade at the Oxford Lane Branch was started with the controls being replaced.

Lane Public Library
Management's Discussion and Analysis
For the Year ended December 31, 2020
(Unaudited)

Contacting the Library's Financial Management

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

Lane Public Library
Statement of Net Position - Modified Cash Basis
December 31, 2020

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$11,077,100
Investments	<u>9,198,310</u>
<i>Total Assets</i>	<u><u>\$20,275,410</u></u>
Net Position	
Restricted for:	
Special Revenue	\$499,920
Unrestricted	<u>19,775,490</u>
<i>Total Net Position</i>	<u><u>\$20,275,410</u></u>

See accompanying notes to the basic financial statements.

Lane Public Library
Statement of Activities - Modified Cash Basis
For the Year Ended December 31, 2020

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Position
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
Current:				
Library Services:				
Public Services and Programs	2,732,106	24,384	106,814	(\$2,600,908)
Collection Development and Processing	1,371,129			(1,371,129)
Support Services:				
Facilities Operation and Maintenance	1,089,216			(1,089,216)
Information Services	353,109			(353,109)
Business Administration	919,435			(919,435)
Capital Outlay	1,087,437			(1,087,437)
<i>Total Cash Disbursements</i>	<u>7,552,432</u>	<u>24,384</u>	<u>106,814</u>	<u>(7,421,234)</u>
General Receipts:				
Property Taxes Levied for General Purposes				2,294,846
Unrestricted Gifts and Contributions				58,497
Grants/Entitlements not Restricted to Specific Progr				5,763,946
Earnings on Investments				390,899
Miscellaneous				91,478
Total General Receipts & Contributions				<u>8,599,666</u>
Change in Net Position				1,178,432
<i>Net Position Beginning of Year</i>				<u>19,096,978</u>
<i>Net Position End of Year</i>				<u><u>\$20,275,410</u></u>

See accompanying notes to the basic financial statements.

Lane Public Library
Statement of Assets and Fund Balances- Modified Cash Basis
Governmental Funds
December 31, 2020

	General	Other Governmental Funds	Total Governmental Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	\$9,428,568	\$1,648,532	\$11,077,100
Investments	9,198,310	-	9,198,310
<i>Total Assets</i>	<u>\$18,626,878</u>	<u>\$1,648,532</u>	<u>\$20,275,410</u>
Fund Balances			
Restricted		\$463,568	463,568
Assigned	4,545,581	1,184,964	5,730,545
Unassigned (Deficit)	14,081,297	-	14,081,297
<i>Total Fund Balances</i>	<u>\$18,626,878</u>	<u>\$1,648,532</u>	<u>\$20,275,410</u>

See accompanying notes to the basic financial statements.

Lane Public Library

Statement of Receipts, Disbursements and Changes in Fund Balances - Modified Cash Basis

Governmental Funds

For the Year Ended December 31, 2020

	General	Other Governmental Funds	Total Governmental Funds
Receipts			
Property and Other Local Taxes	\$2,294,846		\$2,294,846
Intergovernmental	5,663,946	100,000.00	5,763,946
Patron Fines and Fees	24,310	74.00	24,384
Contributions, Gifts and Donations	89,641	75,670	165,311
Earnings on Investments	384,288	6,611	390,899
Miscellaneous	91,478	0	91,478
<i>Total Receipts</i>	<u>8,548,509</u>	<u>182,355</u>	<u>8,730,864</u>
Disbursements			
Current:			
Library Services:			
Public Services and Programs	2,650,016	82,090	2,732,106
Collection Development and Processing	1,370,269	860	1,371,129
Support Services:			
Facilities Operation and Maintenance	1,013,765	75,451	1,089,216
Information Services	353,109	-	353,109
Business Administration	919,434	-	919,434
Capital Outlay	869,457	217,981	1,087,438
<i>Total Disbursements</i>	<u>7,176,050</u>	<u>376,382</u>	<u>7,552,432</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>1,372,459</u>	<u>(194,027)</u>	<u>1,178,432</u>
Other Financing Sources (Uses)			
Transfers In		500,000	500,000
Transfers Out	(500,000)		(500,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(500,000)</u>	<u>500,000</u>	<u>-</u>
<i>Net Change in Fund Balances</i>	872,459	305,973	1,178,432
<i>Fund Balances Beginning of Year</i>	<u>17,754,419</u>	<u>1,342,559</u>	<u>19,096,978</u>
<i>Fund Balances End of Year</i>	<u>\$18,626,878</u>	<u>\$1,648,532</u>	<u>\$20,275,410</u>

See accompanying notes to the basic financial statements.

Lane Public Library
*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2020*

	Budgeted Amounts			(Optional) Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts				
Property and Other Local Taxes	\$2,500,000	\$2,500,000	\$2,294,846	(\$205,154)
Intergovernmental	5,305,000	5,285,000	5,663,946	378,946
Patron Fines and Fees	82,700	67,888	24,310	(43,578)
Contributions, Gifts and Donations	50,000	45,000	89,641	44,641
Earnings on Investments	320,250	478,680	384,288	(94,392)
Miscellaneous	33,400	34,350	91,478	57,128
<i>Total Receipts</i>	<u>8,291,350</u>	<u>8,410,918</u>	<u>8,548,509</u>	<u>137,591</u>
Disbursements				
Current:				
Library Services:				
Public Services and Programs	3,188,367	3,250,246	2,650,016	600,230
Collection Development and Processing	1,846,104	1,881,932	1,370,269	511,663
Support Services:				
Facilities Operation and Maintenance	1,286,975	1,311,954	1,013,765	298,189
Information Services	449,512	458,235	353,109	105,126
Business Administration	1,045,841	1,066,140	919,434	146,706
Capital Outlay	733,746	1,472,431	869,457	602,974
<i>Total Disbursements</i>	<u>8,550,545</u>	<u>9,440,938</u>	<u>7,176,050</u>	<u>2,264,888</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(259,195)</u>	<u>(1,030,020)</u>	<u>1,372,459</u>	<u>2,402,479</u>
Other Financing Sources (Uses)				
Transfers Out	(500,000)	(500,000)	(500,000)	-
<i>Total Other Financing Sources (Uses)</i>	<u>(500,000)</u>	<u>(500,000)</u>	<u>(500,000)</u>	<u>-</u>
<i>Net Change in Fund Balance</i>	(759,195)	(1,530,020)	872,459	2,402,479
<i>Unencumbered Fund Balance Beginning of Year</i>	17,743,717	17,743,717 #	17,743,717	-
Prior Year Encumbrances Appropriated	10,702	10,702	10,702	-
<i>Unencumbered Fund Balance End of Year</i>	<u>\$16,995,224</u>	<u>\$16,224,399</u>	<u>\$18,626,878</u>	<u>\$2,402,479</u>

See accompanying notes to the basic financial statements.

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Lane Public Library
Notes to the Basic Financial Statements
For the Year ended December 31, 2020

Note 1 – Description of the Library and Reporting Entity

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

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

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

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

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

Lane Public Library
Notes to the Basic Financial Statements
For the Year ended December 31, 2020

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

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

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

Note 2 – Summary of Significant Accounting Policies

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

A. Basis of Presentation

The Library's basic financial statements consist of Government-Wide statements, including a Statement of Net Position and a Statement of Activities, and Fund Financial Statement which provide a more detailed level of financial information.

Government-wide Financial Statements

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

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

Lane Public Library
Notes to the Basic Financial Statements
For the Year ended December 31, 2020

Note 2 – Summary of Significant Accountings Policies (continued)

Fund Financial Statements

During the year, the Library segregates transactions related to certain library functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information for the Library at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

B. Fund Accounting

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

Governmental Funds

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

General Fund – The general fund accounts for all financial resources except those required to be accounted for in another fund. The general fund balance is available to the Library for any purpose provided it is expended or transferred according to the general laws of Ohio.

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

C. Basis of Accounting

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

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

Lane Public Library
Notes to the Basic Financial Statements
For the Year ended December 31, 2020

Note 2 – Summary of Significant Accountings Policies (continued)

D. Budgetary Process

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

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

The appropriations resolution is subject to amendment throughout the year with the restriction that appropriations should not exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Trustees during the year.

E. Cash and Cash Equivalents

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

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

Investments with an initial maturity of more than one-year, mutual funds, and common stock that was not purchased from the pool are reported as investments. The majority of the Roesel Account is reported as investments for 2020. During the latter part of fiscal year 2018, a significant amount of General Funds from Star Ohio Plus and First Financial Bank were transferred to Meeder Investments for longer term investment options with higher interest rate yields.

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

Lane Public Library
Notes to the Basic Financial Statements
For the Year ended December 31, 2020

Note 2 – Summary of Significant Accountings Policies (continued)

The nonnegotiable certificates of deposit are recorded at cost. The Havighurst, Latta, and Roesel Accounts are all recorded on a cost basis. All of these investments are gifts with the Latta, Havighurst, and Roesel Accounts being held and invested by National Retirement Consultants, Inc. through 2019. On December 31, 2019, National Retirement Consultants, Inc. combined with 9258 Wealth Management. The new organization will operate under 9258 Wealth Management name. The Meeder Investment Account is also recorded on a cost basis.

STAR Ohio is an investment pool managed by the State Treasurer’s Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company but does operate in a manner consistent with Rule2a7 of the Investment Company Act of 1940.

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

Investments in STAR Ohio and STAR Ohio Plus are valued at their respective share price, which is the price the investment could be sold for on December 31, 2020.

Investment procedures are restricted by the provision of the Ohio Revised Code. Earnings on Investment receipts credited to the general fund during 2020 amounted to \$384,288.

F. Restricted Assets

Cash, cash equivalents, and investments are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation. Restricted assets represent Other Governmental Funds of \$463,568 for 2020.

G. Net Position

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

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

Lane Public Library
Notes to the Basic Financial Statements
For the Year ended December 31, 2020

Note 2 – Summary of Significant Accountings Policies (continued)

H. Capital Assets

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

I. Fund Balance

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

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

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

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

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

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

The Library applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are

Lane Public Library
Notes to the Basic Financial Statements
For the Year ended December 31, 2020

Note 2 – Summary of Significant Accountings Policies (continued)

available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Note 3– Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis presented for the General Fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the modified cash basis is that outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (cash balance). The encumbrances outstanding at year end (budgetary basis) amounted to \$1,824 in 2020 in the General Fund.

Note 4 – Deposits and Investments

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

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

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

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

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

1. United States Treasury bills, bonds, notes or any other obligation or security Issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;

Lane Public Library
Notes to the Basic Financial Statements
For the Year ended December 31, 2020

Note 4 – Deposits and Investments (continued)

2. Bonds, notes, debentures or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association.

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

3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days.
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool, STAR Ohio. In addition, the State Treasurer's office has endorsed a new investment option for 2012, STAR Ohio Plus. This program is managed by an outside Investment Firm and is FDIC insured.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Library, and must be purchased with the expectation that it will be held to maturity.

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

At December 31, 2020, the Library had \$200 in Petty Cash and \$630 in the Change Fund.

Lane Public Library
Notes to the Basic Financial Statements
For the Year ended December 31, 2020

Note 4 – Deposits and Investments (continued)

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the Library will not be able to recover deposits or collateral securities that are in possession of an outside party. At December 31, 2020, \$5,289,372 of the Library’s bank balance of \$5,789,372 was exposed to custodial credit risk because these deposits were uninsured and collateralized with securities held by the pledging financial institution’s trust department or agent but not in the Library’s name.

The Library has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either 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 one hundred five 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.

The Library’s financial institution joined OPCS as of January 2018.

Investments

As of December 31, 2020, the Library had the following investments:

<u>Investment Type</u>	<u>Investment Maturities (in Years)</u>			
	Carrying Value	Less Than 1	1-2	3-5
US Treasury Notes	312,115	212,951	-	99,164
US Govt Agency Bonds	1,620,703		299,970	1,320,733
Certificate of Deposit	4,500,628	-	1,943,921	2,556,707
US Govt Money Mkt	2,867,440	2,867,440		
Commercial Paper	1,178,589	1,178,589		
Corp. Mutual Funds	2,580,851	2,580,851		
Common Stock	396,964	396,964		
Star Ohio	209,112	209,112		
Star Ohio Plus	2,404,853	2,404,853		
Total	<u>16,071,255</u>	<u>9,850,760</u>	<u>2,243,891</u>	<u>3,976,604</u>

Lane Public Library
Notes to the Basic Financial Statements
For the Year ended December 31, 2020

Note 4 – Deposits and Investments (continued)

Credit Risk

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

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

Custodial Credit Risk

For an investment, custodial risk is the risk that, in the event of the failure of the counterparty, the Library will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Federal National Mortgage Association Notes, Federal

Home Loan Mortgage Corporation Notes, and the Federal Home Loan Bank Notes are exposed to custodial risk as they are uninsured, unregistered, and held by the counterparty's trust department or agent but not in the Library's name.

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

Interest Rate Risk

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

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

Lane Public Library
Notes to the Basic Financial Statements
For the Year ended December 31, 2020

Note 4 – Deposits and Investments (continued)

Concentration of Credit Risk

The following table indicates the percentage of each investment compared to the Library’s total portfolio as of December 31, 2020:

	Carrying Value	Percentage of
Certificate of Deposits	\$4,500,628	28.0%
US Gov’t Money Market	\$2,867,440	17.8%
Corporate Mutual Funds	\$2,580,851	16.1%
STAR OHIO Plus	\$2,404,853	15.0%
Us Gov’t Agency Bonds	\$1,620,703	10.1%

Note 5 – Grants in Aid and Property Taxes

Grants in Aid

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

Property Taxes

Property taxes include amounts levied against all real and public utility property located in the Library. Property tax revenue received during 2020 for real and public utility property taxes represents collections of 2019 taxes.

2020 real property taxes are levied after October 1, 2020, on the assessed value as of January 1, 2019, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2019 real property taxes are collected in and intended to finance 2020.

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. 2020 public utility property taxes which became a lien December 31, 2019, are levied after October 1, 2020, and are collected in 2021 with real property taxes.

Lane Public Library
Notes to the Basic Financial Statements
For the Year ended December 31, 2020

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

The full tax rate for all Library operations for the year ended December 31, 2020, was \$0.75 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2020 property tax receipts were based are as follows:

Real Property/Public Utility Personal Property: \$3,732,031,630

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the Library. The County Auditor periodically remits to the Library its portion of the taxes collected.

Note 6– Risk Management

The Library is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions, injuries to employees; and natural disasters. During 2020 the Library had property, casualty, and liability insurance coverage with The Cincinnati Insurance Company

During 2020 the Library contracted with two companies for various types of insurance coverage as follows:

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

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

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

Lane Public Library
Notes to the Basic Financial Statements
For the Year ended December 31, 2020

Note 7 – Defined Benefit Pension Plan

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM

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

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

Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions, and currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units. Member contribution rates, as set in the Ohio Revised Code, are not to exceed 10 percent. For the year ended December 31, 2020, members in state and local classifications contributed 10 percent of covered payroll. Members in the state and local divisions may participate in all three plans. For 2020, member and employer contribution rates were consistent across all three plans.

The Library's 2020 contribution rate was 14.0 percent of covered payroll. The portion of employer contributions used to fund pension benefits is net of post-employment health care benefits. The portion of employer contribution allocated to health care for members in the Traditional and Combined Plans was 0.0 percent during calendar year 2020.

The Library's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2020, was \$418,090.

Lane Public Library
Notes to the Basic Financial Statements
For the Year ended December 31, 2020

Note 8 – Postemployment Benefits

Plan Description – Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan—a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan—a defined contribution plan; and the Combined Plan—a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan

OPERS maintains a cost-sharing multiple-employer defined benefit post-employment health care plan for qualifying members of both the Traditional Pension and the Combined Plans.

Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage. The plan includes a medical plan, prescription drug program and Medicare Part B premium reimbursement.

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

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

Funding Policy – The post-employment health care plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). The Ohio Revised Code provides the statutory authority requiring public employers to fund post-retirement health care through contributions to OPERS. A portion of each employer’s contribution to OPERS is set aside for the funding of post-retirement health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2020, state and local employers contributed at a rate of 14.0 percent of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units.

Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional and Combined Plans was 0.0 percent during calendar year 2020.

The Library’s contractually required contribution for 2020 was \$418,090. The full amount has been contributed for 2020.

Lane Public Library
Notes to the Basic Financial Statements
For the Year ended December 31, 2020

Note 8 – Postemployment Benefits (continued)

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

Note 9 – Fund Balances

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Library is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the General Fund and all other governmental funds as of December 31, 2020 is presented below:

<u>Fund Balances</u>	<u>General</u>	Other Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
Restricted for:			
Primarily for books, programs, etc	-	463,568	463,568
Total Restricted	-	463,568	463,568
Assigned to:			
Encumbrances	1,824	36,352	38,176
Capital Projects	-	1,148,612	1,148,612
Hamilton Branch (Roesel Fund)	4,043,088	-	4,043,088
Gifts & Memorials	371,263	-	371,263
Other Purposes	131,160	-	131,130
Total Assigned	4,547,335	1,184,964	5,732,299
Unassigned	14,049,543	-	14,079,543
Total Fund Cash Balances	\$18,626,878	\$1,648,532	\$20,275,410

Note 10 – Interfund Transfers

The General Fund transferred a total of \$500,000 to the Capital Projects and Building Maintenance Funds in 2020.

Lane Public Library
Notes to the Basic Financial Statements
For the Year ended December 31, 2020

Note 11 – Subsequent Event

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

Lane Public Library
Statement of Net Position - Modified Cash Basis
December 31, 2019

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$11,089,349
Investments	<u>8,007,629</u>
<i>Total Assets</i>	<u><u>\$19,096,978</u></u>
Net Position	
Restricted for:	
Special Revenue	\$581,936
Unrestricted	<u>18,515,042</u>
<i>Total Net Position</i>	<u><u>\$19,096,978</u></u>

See accompanying notes to the basic financial statements.

Lane Public Library
Statement of Activities - Modified Cash Basis
For the Year Ended December 31, 2019

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Position
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
Current:				
Library Services:				
Public Services and Programs	3,020,918	52,233	117,919	(\$2,850,766)
Collection Development and Processing	1,682,499			(1,682,499)
Support Services:				
Facilities Operation and Maintenance	1,036,004			(1,036,004)
Information Services	365,267			(365,267)
Business Administration	984,910			(984,910)
Capital Outlay	539,390			(539,390)
<i>Total Cash Disbursements</i>	<u>7,628,988</u>	<u>52,233</u>	<u>117,919</u>	<u>(7,458,836)</u>
General Receipts:				
Property Taxes Levied for General Purposes				2,316,342
Unrestricted Gifts and Contributions				6,901
Grants/Entitlements not Restricted to Specific Progr				5,680,938
Earnings on Investments				601,455
Miscellaneous				62,688
				<u>8,668,324</u>
Total General Receipts & Contributions				<u>8,668,324</u>
Change in Net Position				1,209,488
<i>Net Position Beginning of Year</i>				<u>17,887,490</u>
<i>Net Position End of Year</i>				<u>\$19,096,978</u>

See accompanying notes to the basic financial statements.

Lane Public Library
Statement of Assets and Fund Balances- Modified Cash Basis
Governmental Funds
December 31, 2019

	General	Other Governmental Funds	Total Governmental Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	\$9,754,790	\$1,334,559	\$11,089,349
Investments	7,999,629	8,000	8,007,629
<i>Total Assets</i>	<u>\$17,754,419</u>	<u>\$1,342,559</u>	<u>\$19,096,978</u>
Fund Balances			
Nonspendable			
Restricted		\$581,936	581,936
Assigned	5,191,982	760,623	5,952,605
Unassigned (Deficit)	12,562,437	-	12,562,437
<i>Total Fund Balances</i>	<u>\$17,754,419</u>	<u>\$1,342,559</u>	<u>\$19,096,978</u>

See accompanying notes to the basic financial statements.

Lane Public Library

Statement of Receipts, Disbursements and Changes in Fund Balances - Modified Cash Basis

Governmental Funds

For the Year Ended December 31, 2019

	General	Other Governmental Funds	Total Governmental Funds
Receipts			
Property and Other Local Taxes	\$2,316,342		\$2,316,342
Intergovernmental	5,680,938		5,680,938
Patron Fines and Fees	52,233	-	52,233
Contributions, Gifts and Donations	49,798	75,022	124,820
Earnings on Investments	586,290	15,165	601,455
Miscellaneous	62,628	60	62,688
<i>Total Receipts</i>	<u>8,748,229</u>	<u>90,247</u>	<u>8,838,476</u>
Disbursements			
Current:			
Library Services:			
Public Services and Programs	2,945,135	75,783	3,020,918
Collection Development and Processing	1,677,535	4,964	1,682,499
Support Services:			
Facilities Operation and Maintenance	1,036,004	-	1,036,004
Information Services	365,267	-	365,267
Business Administration	984,910	-	984,910
Capital Outlay	121,573	417,817	539,390
<i>Total Disbursements</i>	<u>7,130,424</u>	<u>498,564</u>	<u>7,628,988</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>1,617,805</u>	<u>(408,317)</u>	<u>1,209,488</u>
Other Financing Sources (Uses)			
Transfers In		500,000	500,000
Transfers Out	(500,000)		(500,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(500,000)</u>	<u>500,000</u>	<u>-</u>
<i>Net Change in Fund Balances</i>	1,117,805	91,683	1,209,488
<i>Fund Balances Beginning of Year</i>	<u>16,636,614</u>	<u>1,250,876</u>	<u>17,887,490</u>
<i>Fund Balances End of Year</i>	<u>\$17,754,419</u>	<u>\$1,342,559</u>	<u>\$19,096,978</u>

See accompanying notes to the basic financial statements.

Lane Public Library
*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2019*

	Budgeted Amounts			(Optional) Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts				
Property and Other Local Taxes	\$2,400,000	\$2,500,000	\$2,316,342	(\$183,658)
Intergovernmental	5,305,000	5,305,000	5,680,938	375,938
Patron Fines and Fees	110,000	82,700	52,233	(30,467)
Contributions, Gifts and Donations	60,000	50,000	49,798	(202)
Earnings on Investments	262,475	320,300	586,290	265,990
Miscellaneous	36,500	33,400	62,628	29,228
<i>Total Receipts</i>	<u>8,173,975</u>	<u>8,291,400</u>	<u>8,748,229</u>	<u>456,829</u>
Disbursements				
Current:				
Library Services:				
Public Services and Programs	3,160,481	3,245,876	2,945,135	300,741
Collection Development and Processing	1,776,692	1,824,698	1,677,535	147,163
Support Services:				
Facilities Operation and Maintenance	1,144,765	1,175,692	1,036,004	139,688
Information Services	474,960	487,795	365,267	122,528
Business Administration	1,053,659	1,082,130	984,910	97,220
Capital Outlay	680,000	988,697	121,573	867,124
<i>Total Disbursements</i>	<u>8,290,557</u>	<u>8,804,888</u>	<u>7,130,424</u>	<u>1,674,464</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(116,582)</u>	<u>(513,488)</u>	<u>1,617,805</u>	<u>2,131,293</u>
Other Financing Sources (Uses)				
Transfers In				-
Transfers Out	(500,000)	(500,000)	(500,000)	-
<i>Total Other Financing Sources (Uses)</i>	<u>(500,000)</u>	<u>(500,000)</u>	<u>(500,000)</u>	<u>-</u>
<i>Net Change in Fund Balance</i>	(616,582)	(1,013,488)	1,117,805	2,131,293
<i>Unencumbered Fund Balance Beginning of Year</i>	16,622,323	16,622,323	16,622,323	-
Prior Year Encumbrances Appropriated	14,291	14,291	14,291	-
<i>Unencumbered Fund Balance End of Year</i>	<u>\$16,020,032</u>	<u>\$15,623,126</u>	<u>\$17,754,419</u>	<u>\$2,131,293</u>

See accompanying notes to the basic financial statements.

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Lane Public Library
Notes to the Basic Financial Statements
For the Year ended December 31, 2019

Note 1 – Description of the Library and Reporting Entity

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

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

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

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

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

Lane Public Library
Notes to the Basic Financial Statements
For the Year ended December 31, 2019

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

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

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

Note 2 – Summary of Significant Accounting Policies

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

A. Basis of Presentation

The Library's basic financial statements consist of Government-Wide statements, including a Statement of Net Position and a Statement of Activities, and Fund Financial Statement which provide a more detailed level of financial information.

Government-wide Financial Statements

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

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

Lane Public Library
Notes to the Basic Financial Statements
For the Year ended December 31, 2019

Note 2 – Summary of Significant Accountings Policies (continued)

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

Fund Financial Statements

During the year, the Library segregates transactions related to certain library functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information for the Library at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

B. Fund Accounting

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

Governmental Funds

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

General Fund – The general fund accounts for all financial resources except those required to be accounted for in another fund. The general fund balance is available to the Library for any purpose provided it is expended or transferred according to the general laws of Ohio.

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

C. Basis of Accounting

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

Lane Public Library
Notes to the Basic Financial Statements
For the Year ended December 31, 2019

Note 2 – Summary of Significant Accountings Policies (continued)

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

D. Budgetary Process

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

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

The appropriations resolution is subject to amendment throughout the year with the restriction that appropriations should not exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Trustees during the year.

E. Cash and Cash Equivalents

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

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

Investments with an initial maturity of more than one-year, mutual funds, and common stock that was not purchased from the pool are reported as investments. The majority of the Roesel Account is reported as investments for 2019. During the latter part of fiscal year 2018,

Lane Public Library
Notes to the Basic Financial Statements
For the Year ended December 31, 2019

Note 2 – Summary of Significant Accounting Principles (continued)

a significant amount of General Funds from Star Ohio Plus and First Financial Bank were transferred to Meeder Investments for longer term investment options with higher interest rate yields.

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

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

STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940.

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

Investments in STAR Ohio and STAR Ohio Plus are valued at their respective share price, which is the price the investment could be sold for on December 31, 2019.

Investment procedures are restricted by the provision of the Ohio Revised Code. Earnings on Investment receipts credited to the general fund during 2019 amounted to \$586,290.

F. Restricted Assets

Cash, cash equivalents, and investments are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation. Restricted assets represent Other Governmental Funds of \$581,936 for 2019.

Lane Public Library
Notes to the Basic Financial Statements
For the Year ended December 31, 2019

Note 2 – Summary of Significant Accounting Principles (continued)

G. Net Position

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

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

H. Capital Assets

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

I. Fund Balance

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

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

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

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

Lane Public Library
Notes to the Basic Financial Statements
For the Year ended December 31, 2019

Note 2 – Summary of Significant Accounting Principles (continued)

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

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

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

Note 3– Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis presented for the General Fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the modified cash basis is that outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (cash balance). The encumbrances outstanding at year end (budgetary basis) amounted to \$10,702 in 2019 for the General Fund. The encumbrances outstanding at year end (budgetary basis) amounted to \$0 in 2019 for Other Governmental Funds.

Note 4 – Deposits and Investments

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

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

Inactive deposits are public deposits that the Board has identified as not required for use within the current five-year period of designation of depositories. Inactive deposits must either be

Lane Public Library
Notes to the Basic Financial Statements
For the Year ended December 31, 2019

Note 4 – Deposits and Investments (continued)

evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

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

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

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

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

3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days.
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool, STAR Ohio. In addition, the State Treasurer's office has endorsed a new investment option for 2012, STAR Ohio Plus. This program is managed by an outside Investment Firm and is

Lane Public Library
Notes to the Basic Financial Statements
For the Year ended December 31, 2019

Note 4 – Deposits and Investments (continued)

FDIC insured.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Library, and must be purchased with the expectation that it will be held to maturity.

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

At December 31, 2019, the Library had \$200 in Petty Cash and \$630 in the Change Fund.

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the Library will not be able to recover deposits or collateral securities that are in possession of an outside party. At December 31, 2019, \$3,301,769 of the Library's bank balance of \$3,801,769 was exposed to custodial credit risk because these deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent but not in the Library's name

The Library has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either 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 one hundred five 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.

The Library's financial institution joined OPCS as of January 2018.

Lane Public Library
Notes to the Basic Financial Statements
For the Year ended December 31, 2019

Note 4 – Deposits and Investments (continued)

Investments

As of December 31, 2019, the Library had the following investments:

<u>Investment Type</u>	<u>Carrying Value</u>	<u>Investment Maturities (in Years)</u>		
		<u>Less Than 1</u>	<u>1-2</u>	<u>3-5</u>
US Treasury Notes	4,780,175	1,740,847	250,000	2,789,328
Certificate of Deposit	2,449,358	2,449,358	-	-
US Govt Mutual Fund	8,000	8,000		
US Govt Money Mkt	1,059,357	1,059,357		
Govt. & Corp. Bond Mutual Funds	1,982,486			1,982,486
Corp. Mutual Funds	2,580,851	2,580,851		
Common Stock	396,964	396,964		
Star Ohio	207,636	207,636		
Star Ohio Plus	2,390,909	2,390,909		
Total	15,855,736	10,833,922	250,000	4,771,814

Credit Risk

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

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

Lane Public Library
Notes to the Basic Financial Statements
For the Year ended December 31, 2019

Note 4 – Deposits and Investments (continued)

Custodial Credit Risk

For an investment, custodial risk is the risk that, in the event of the failure of the counterparty, the Library will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Federal National Mortgage Association Notes, Federal

Home Loan Mortgage Corporation Notes, and the Federal Home Loan Bank Notes are exposed to custodial risk as they are uninsured, unregistered, and held by the counterparty's trust department or agent but not in the Library's name.

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

Interest Rate Risk

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

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

Concentration of Credit Risk

The following table indicates the percentage of each investment compared to the Library's total portfolio as of December 31, 2019:

	Carrying Value	Percentage of
US Treasury Notes	\$4,780,715	30.1%
Certificate of Deposits	\$2,449,358	15.5%
Corporate Mutual Funds	\$2,580,851	16.3%
STAR OHIO Plus	\$2,390,909	15.1%
Gov't and Corporate Bonds	\$1,982,486	12.5%

Lane Public Library
Notes to the Basic Financial Statements
For the Year ended December 31, 2019

Note 5 – Grants in Aid and Property Taxes

Grants in Aid

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

Property Taxes

Property taxes include amounts levied against all real and public utility property located in the Library. Property tax revenue received during 2019 for real and public utility property taxes represents collections of 2018 taxes.

2019 real property taxes are levied after October 1, 2019, on the assessed value as of January 1, 2018, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2019 real property taxes are collected in and intended to finance 2020.

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. 2019 public utility property taxes which became a lien December 31, 2018, are levied after October 1, 2019, and are collected in 2020 with real property taxes.

The full tax rate for all Library operations for the year ended December 31, 2019, was \$0.75 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2019 property tax receipts were based are as follows:

Real Property/Public Utility Personal Property: \$3,704,612,980

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.

Lane Public Library
Notes to the Basic Financial Statements
For the Year ended December 31, 2019

Note 6– Risk Management

The Library is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions, injuries to employees; and natural disasters. During 2019, the Library had property, casualty, and liability insurance coverage with The Cincinnati Insurance Company

During 2019, the Library contracted with two companies for various types of insurance coverage as follows:

<u>Company</u>	<u>Type of Coverage</u>	<u>Amount of Coverage</u>
Cincinnati Insurance	Commercial Property, Vehicles, Liability, Errors and Omissions	\$1,000,000/ \$2,000,000
	Commercial Umbrella	\$5,000,000
Liberty Mutual (2019)	Surety Bond	\$50,000

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

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

Note 7 – Defined Benefit Pension Plan

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM

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

Lane Public Library
Notes to the Basic Financial Statements
For the Year ended December 31, 2019

Note 7 – Defined Benefit Pension Plan (continued)

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

Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions, and currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units. Member contribution rates, as set in the Ohio Revised Code, are not to exceed 10 percent. For the year ended December 31, 2019, members in state and local classifications contributed 10 percent of covered payroll. Members in the state and local divisions may participate in all three plans. For 2019, member and employer contribution rates were consistent across all three plans.

The Library's 2019 contribution rate was 14.0 percent of covered payroll. The portion of employer contributions used to fund pension benefits is net of post-employment health care benefits. The portion of employer contribution allocated to health care for members in the Traditional and Combined Plans was 1.0 percent during calendar year 2019.

The Library's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2019 was \$415,400. The full amount has been contributed for 2019.

Note 8 – Postemployment Benefits

Plan Description – Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan—a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan—a defined contribution plan; and the Combined Plan—a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan

OPERS maintains a cost-sharing multiple-employer defined benefit post-employment health care plan for qualifying members of both the Traditional Pension and the Combined Plans.

Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage. The plan includes a medical plan, prescription drug program and Medicare Part B premium reimbursement.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service

Lane Public Library
Notes to the Basic Financial Statements
For the Year ended December 31, 2019

Note 8 – Postemployment Benefits (continued)

credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care provided by OPERS meets the definition of Other Post Employment Benefit (OPEB) as described in GASB Statement 45. The Ohio Revised Code permits, but does not mandate, OPERS to provide the OPEB Plan to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

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

Funding Policy – The post-employment health care plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). The Ohio Revised Code provides the statutory authority requiring public employers to fund post-retirement health care through contributions to OPERS. A portion of each employer’s contribution to OPERS is set aside for the funding of post-retirement health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2019, state and local employers contributed at a rate of 14.0 percent of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units.

Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional and Combined Plans was 1.0 percent during calendar year 2019.

The Library’s required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2019 was \$415,400. The full amount has been contributed for 2019.

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

Note 9 – Fund Balances

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Library is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the General Fund and all other governmental funds as of December 31, 2019 are presented below:

Lane Public Library
Notes to the Basic Financial Statements
For the Year ended December 31, 2019

Fund Balances	<u>General</u>	Other Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
Restricted for:			
Primarily for books, programs, etc		581,936	581,936
Total Restricted	-	581,936	581,936
Assigned to:			
Encumbrances	10,702	-	10,702
Capital Projects	-	760,623	760,623
Hamilton Branch (Roesel Fund)	4,755,802		4,755,802
Gifts & Memorials	320,085		30,085
Other Purposes	<u>105,393</u>		<u>105,393</u>
Total Assigned	5,191,982	<u>760,623</u>	5,952,605
Unassigned	12,562,437		12,562,437
Total Fund Cash Balances	\$17,754,419	\$1,342,559	\$19,096,978

Note 10 – Interfund Transfers

The General Fund transferred a total of \$500,000 to the Capital Projects and Building Maintenance Funds in 2019.

OHIO AUDITOR OF STATE KEITH FABER



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

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

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the modified cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Lane Public Library, Butler County, (the Library) as of and for the years ended December 31, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements and have issued our report thereon dated December 7, 2021, wherein we noted the Library uses a special purpose framework other than generally accepted accounting principles. We also noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the Library.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Library's internal control over financial reporting (internal control) as a basis for designing audit procedures appropriate in the circumstances to the extent necessary to support our opinion 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 financial statements. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

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



Keith Faber
Auditor of State
Columbus, Ohio
December 7, 2021

OHIO AUDITOR OF STATE KEITH FABER



LANE PUBLIC LIBRARY

BUTLER COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 12/21/2021

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

This report is a matter of public record and is available online at
www.ohioauditor.gov