

Portsmouth Public Library*Scioto County**Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)**All Governmental Fund Types**For the Year Ended December 31, 2019*

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$1,043,496			\$1,043,496
Public Library	2,686,499			2,686,499
Patron Fines and Fees	42,991			42,991
Contributions, Gifts and Donations	15,445			15,445
Earnings on Investments	69,786	8		69,794
Miscellaneous	85,653			85,653
<i>Total Cash Receipts</i>	<u>3,943,870</u>	<u>8</u>	<u>0</u>	<u>3,943,878</u>
Cash Disbursements				
Current:				
Library Services:				
Public Services and Programs	1,346,191			1,346,191
Collection Development and Processing	281,070			281,070
Support Services:				
Facilities Operation and Maintenance	561,350			561,350
Business Administration	1,181,994			1,181,994
				0
Capital Outlay	157,103		33,439	190,542
<i>Total Cash Disbursements</i>	<u>3,527,708</u>	<u>0</u>	<u>33,439</u>	<u>3,561,147</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>416,162</u>	<u>8</u>	<u>(33,439)</u>	<u>382,731</u>
<i>Net Change in Fund Cash Balances</i>	416,162	8	(33,439)	382,731
<i>Fund Cash Balances, January 1</i>	<u>4,791,164</u>	<u>22,316</u>	<u>138,110</u>	<u>4,951,590</u>
Fund Cash Balances, December 31				
Nonspendable	0	0	0	0
Restricted	0	22,324	0	22,324
Committed	0	0	104,671	104,671
Assigned	75,964	0	0	75,964
Unassigned (Deficit)	5,131,362	0	0	5,131,362
<i>Fund Cash Balances, December 31</i>	<u>\$5,207,326</u>	<u>\$22,324</u>	<u>\$104,671</u>	<u>\$5,334,321</u>

See accompanying notes to the basic financial statements

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Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 1 – Reporting Entity

The Portsmouth Public Library (the Library), Scioto County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A seven-member Board of Trustees governs the Library; three members are appointed by the Common Pleas Court Judges and four members are appointed by the Scioto County Commissioners. The Library also determines and operates under its own budget. The control and management of the Library is governed by Sections 3375.22 to 3375.27 of the Ohio Revised Code. The Library provides the community with various educational and literary resources.

The Library is involved with the Southeast Regional Library System (SERLS) and the Ohio Valley Library Consortium (OVLC), both of which are defined as jointly governed organizations. Additional information concerning SERLS and the OVLC are presented in Note 9.

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Library’s financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types.

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 funds of the Library are presented below:

General Fund - The general fund accounts for and reports all financial resources not accounted for and reported 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.

Building and Repair Fund - The Building and Repair Fund accounts for and reports resources committed by the Board specifically for major capital and technology improvements to Library Buildings. Historically, the sources of revenue have been transfers from the general fund.

Special Revenue Funds - These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Library had the following significant Special Revenue Funds:

- ***Zella H. Besco Fund*** - This fund receives interest from a governmental savings account. The original bequest maintained that the funds are restricted to use for the provision of library services in the South Webster Branch.

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Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

Budgetary Process

The Board must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end. Budgetary expenditures may not exceed appropriations at the fund, function, and object level of control.

A summary of 2019 budgetary activity appears in Note 3.

Deposits and Investments

The Library's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

Capital Assets

The Library records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

Fund Balance

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

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Nonspendable - The Library classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

Restricted - Fund balance is *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 Board of Trustees can *commit* amounts via formal action (resolution). The Library must adhere to these commitments unless the Board amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned - Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by the Library Board 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 included 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 Activity

Budgetary activity for the year ending December 31, 2019 was as follows:

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$3,943,870	\$3,943,870	\$0
Special Revenue	8	8	0
Debt Service			0
Capital Projects			0
Permanent			0
Private Purpose Trust			0
Total	\$3,943,878	\$3,943,878	\$0

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2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$3,945,317	\$3,603,672	\$341,645
Special Revenue			0
Debt Service			0
Capital Projects	141,109	33,439	107,670
Permanent			0
Private Purpose Trust			0
Total	<u>\$4,086,426</u>	<u>\$3,637,111</u>	<u>\$449,315</u>

Note 4 – Deposits and Investments

The Library maintains a deposits and investments pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at December 31, 2019 was as follows:

	2019
Demand deposits	\$2,146,658
Savings	166,025
Total deposits	2,312,683
STAR Plus	2,436,641
STAR Ohio	584,997
Total investments	3,021,638
Total deposits and investments	\$5,334,321

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation (FDIC) or collateralized by securities specifically pledged by the financial institution to the Library; or collateralized through 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. The Library’s financial institution, Fifth Third, was approved for a reduced collateral rate of 50 percent through the Ohio Pooled Collateral System however all deposits were FDIC insured at year end.

Investments

Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

Note 5 – Grants in Aid and 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.

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Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the taxing authority of the subdivision to whose jurisdiction the Library is subject adopts rates. The State Department of Taxation, Division of Tax Equalization, adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Other Governments' Grants In Aid. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20. The Library's current 1.0 mil levy was renewed for a 5-year period during the November 5, 2019 election.

Public utilities are also taxed on personal and real property located within the taxing district.

The County is responsible for assessing property and for billing, collecting, and distributing all property taxes on behalf of the Library.

Note 6 – Risk Management

Workers' Compensation

Workers' Compensation coverage is provided by the State of Ohio. 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.

Commercial Insurance

The Library has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

The Library's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10% of their gross salaries, and the Library contributed an amount equaling 14% of participants' gross salaries. The Library has paid all contributions required through December 31, 2019.

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<i>Retirement Rates</i>	<i>Year</i>	<i>Member Rate</i>	<i>Employer Rate</i>
<i>OPERS – Local</i>	<i>2012 – 2019</i>	<i>10%</i>	<i>14%</i>

Note 8 – Postemployment Benefits

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, which includes multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for members in the traditional pension plan and combined plan was 0 percent during calendar year 2019. The portion of employer contributions allocated to health care for members in the member-directed plan was 4.0 percent during calendar year 2019.

Note 9 – Jointly Governed Organizations

The Southeast Regional Library System (SERLS) is a cooperative regional library system created and governed accordingly to the provisions of Section 3375.70 through 3375.3, Ohio Revised Code. SERLS is comprised of autonomous public libraries in the Ohio counties of Athens, Belmont, Delaware, Fairfield, Franklin, Gallia, Guernsey, Hocking, Jackson, Jefferson, Lawrence, Licking, Meigs, Monroe, Morgan, Muskingum, Noble, Perry, Pickaway, Pike, Ross, Scioto, Vinton, and Washington, as well as school libraries, public, academic, and special libraries. SERLS’ Board of Trustees consists of fifteen members: twelve public library representatives, one academic representative, one school representative, and one special representative. The Portsmouth Public Library’s control over budgeting and financing of SERLS is limited to its voting authority and its representation on the SERLS’ Board of Trustees.

Ohio Valley Library Consortium is a cooperative agreement between the Oak Hill Public Library, Sylvester Memorial Wellston Public Library, Jackson City Library, Herbert Wescoat Memorial Library, Portsmouth Public Library, Meigs County District Library, and Briggs Lawrence County Public Library. The Board of Trustees is comprised of one member from each Library, normally the Library Director or his/her assignee. Each Library pays a share of subscription and support fees for the database to The Library Corporation and each Library maintains their own individually. The purpose of the OVLC is for resource sharing with participating members.

Note 10 – Related Party Transactions

The Library pays an annual fee to the Southeast Regional Library System (SERLS), a jointly governed organization of which the Library is a member. SERLS provides training programs. In 2019, the Library paid \$740 to SERLS for annual dues and fees.