

**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, 2020*

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$1,050,265			\$1,050,265
Public Library	2,683,157			2,683,157
Intergovernmental		125,000		125,000
Patron Fines and Fees	17,976			17,976
Contributions, Gifts and Donations	12,756			12,756
Earnings on Investments	18,747	7		18,754
Miscellaneous	137,720			137,720
<i>Total Cash Receipts</i>	<u>3,920,621</u>	<u>125,007</u>	<u>0</u>	<u>4,045,628</u>
<b>Cash Disbursements</b>				
Current:				
Library Services:				
Public Services and Programs	1,354,612			1,354,612
Collection Development and Processing	248,173			248,173
Support Services:				
Facilities Operation and Maintenance	476,950	33,071		510,021
Business Administration	1,318,947	2,814		1,321,761
				0
Capital Outlay	155,587	30,773	225,987	412,347
<i>Total Cash Disbursements</i>	<u>3,554,269</u>	<u>66,658</u>	<u>225,987</u>	<u>3,846,914</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>366,352</u>	<u>58,349</u>	<u>(225,987)</u>	<u>198,714</u>
<b>Other Financing Receipts (Disbursements)</b>				
Transfers In	104,671		290,241	394,912
Transfers Out	(290,241)		(104,671)	(394,912)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(185,570)</u>	<u>0</u>	<u>185,570</u>	<u>0</u>
Special Item				0
Extraordinary Item				0
<i>Net Change in Fund Cash Balances</i>	180,782	58,349	(40,417)	198,714
<i>Fund Cash Balances, January 1</i>	<u>5,207,326</u>	<u>22,324</u>	<u>104,671</u>	<u>5,334,321</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$5,388,108</u></u>	<u><u>\$80,673</u></u>	<u><u>\$64,254</u></u>	<u><u>\$5,533,036</u></u>

See accompanying notes to the basic financial statements

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*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**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. This fund is also referred to as a Capital Projects Fund. 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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***Special Revenue Funds continued***

- ***Coronavirus Relief Fund*** – This fund was established in 2020 with an initial intergovernmental grant from Ohio Office of Budget & Management. This is a restricted fund that was used to reimburse the library for additional costs related to the pandemic and make additional purchases for PPE, telecommunications, and other expenses related to public safety.

***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 2020 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.

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***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:

***Nonspendable*** - The Library classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes, nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Library and the nonspendable portion of the corpus in permanent funds.

***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. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

***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, 2020 was as follows:

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2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$3,920,621	\$3,920,621	\$0
Special Revenue	125,007	125,007	0
Debt Service			0
Capital Projects			0
Permanent			0
Private Purpose Trust			0
Total	\$4,045,628	\$4,045,628	\$0

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$4,246,483	\$3,773,222	\$473,261
Special Revenue	125,000	124,979	21
Debt Service			0
Capital Projects	290,241	290,240	1
Permanent			0
Private Purpose Trust			0
Total	\$4,661,724	\$4,188,441	\$473,283

**Note 4 – Deposits and Investments**

To improve cash management, cash received by the Library is pooled. Monies for all fund are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. The Library also has segregated accounts, which includes a payroll clearing account. A summary of the Library’s deposit and investment accounts as of December 31, 2020 are as follows:

	2020
<b>Cash Management Pool:</b>	
Demand deposits	\$2,322,684
Other time deposits (savings and NOW accounts)	170,345
Total deposits	2,493,029
STAR Ohio	589,156
STAR Plus	2,450,852
Total investments	3,040,008
<i>Total carrying amount of deposits and investments held in the Pool (ties to FS)</i>	\$5,533,036
<b>Segregated Accounts - Not held in the Pool:</b>	
Payroll Clearing Account (Not held in the Pool) **	\$10,629
<i>Total Outside Accounts ** (ties to worksheet tab outside accounts receivable)</i>	\$10,629

The Library has a payroll clearing account that is held outside of the deposit pool where gross payroll is held for distribution. The expenditures included in the accompanying financial statements reflect gross

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payroll. The balance in the Library's payroll clearing account represents unremitted employee payroll withholdings.

***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.

***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**

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The Library belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. The OPRM is also participated in a property primary excess of loss treaty. This treaty reimbursed the OPRM 30% for losses between \$200,000 and \$1,000,000. The reimbursement is based on the amount of loss between \$200,000 and \$1,000,000. Effective November 1, 2018, the OPRM the property retention remained unchanged, however, the Plan assumed 100% of the first \$250,000 casualty treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. Effective November 1, 2019, the OPRM's property retention increased from 30% to 33%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty. OPRM had 776 members as of December 31, 2019.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2019.

Assets	\$ 15,920,504
Liabilities	<u>( 11,329,011)</u>
Members' Equity	<u>\$ 4,591,493</u>

You can read the complete audited financial statements for OPRM at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).

### ***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.

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**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, 2020.

<i>Retirement Rates</i>	<i>Year</i>	<i>Member Rate</i>	<i>Employer Rate</i>
<i>OPERS – Local</i>	<i>2012 – 2020</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 2020. The portion of employer contributions allocated to health care for members in the member-directed plan was 4.0 percent during calendar year 2020.

**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, Logan-Hocking County District 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



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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 2020, the Library paid \$750 to SERLS for annual dues and fees.

**Note 11 – Change in Accounting Principle**

For 2020 (and 2019), the Library has made changes to their cash basis reporting model, changing to a regulatory filing; recent years (previous audited) were filed on a modified cash basis. These changes include removing the fund balance classifications from the combined statement of receipts, disbursements, and changes in fund balances (regulatory cash basis) for 2020 – all governmental fund types.

**Note 12– COVID-19**

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 continuing emergency measures will impact subsequent periods of the Library. The Library's investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. In addition, the impact on the Library's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.