

DEFIANCE PUBLIC LIBRARY

DEFIANCE COUNTY

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2025

Defiance Public Library
Defiance County

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Defiance Public Library
Defiance County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2025

	General	Special Revenue	Capital Projects	Combined Total
Cash Receipts				
Property and Other Local Taxes	\$598,340			\$598,340
Public Library	1,610,823			1,610,823
Intergovernmental	58,939			58,939
Patron Fines and Fees	13,242			13,242
Contributions, Gifts and Donations	36,462	\$366,976		403,438
Earnings on Investments	104,135	2,802	\$23,200	130,137
Miscellaneous	8,250			8,250
<i>Total Cash Receipts</i>	<u>2,430,191</u>	<u>369,778</u>	<u>23,200</u>	<u>2,823,169</u>
Cash Disbursements				
Current:				
Library Services:				
Public Services and Programs	883,790			883,790
Collection Development and Processing	609,479			609,479
Support Services:				
Facilities Operation and Maintenance	221,808			221,808
Information Services	142,347			142,347
Business Administration	479,305			479,305
Capital Outlay	29,199		154,895	184,094
<i>Total Cash Disbursements</i>	<u>2,365,928</u>		<u>154,895</u>	<u>2,520,823</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>64,263</u>	<u>369,778</u>	<u>(131,695)</u>	<u>302,346</u>
Other Financing Receipts (Disbursements)				
Transfers In			50,000	50,000
Transfers Out	(50,000)			(50,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(50,000)</u>		<u>50,000</u>	
<i>Net Change in Fund Cash Balances</i>	<u>14,263</u>	<u>369,778</u>	<u>(81,695)</u>	<u>302,346</u>
<i>Fund Cash Balances, January 1</i>	<u>2,930,035</u>		<u>692,365</u>	<u>3,622,400</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$2,944,298</u></u>	<u><u>\$369,778</u></u>	<u><u>\$610,670</u></u>	<u><u>\$3,924,746</u></u>

See accompanying notes to the basic financial statements

Defiance Public Library
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Notes to the Financial Statements
For the Year Ended December 31, 2025

Note 1 – Reporting Entity

The Defiance Public Library (the Library), Defiance 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. City of Defiance Council appoints a seven-member Board of Trustees to govern the Library. The Library provides the community with various educational and literary resources.

Public Entity Risk Pool

The Library participates in a public entity risk pool. Note 7, to the financial statements provide additional information for this entity.

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 which is organized on a fund type basis.

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.

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 Fund:

Johnson Memorial Library Bequest Fund This fund accounts for a donation received for use at the Johnson Memorial Library.

Capital Project Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Library had the following significant capital project funds:

Permanent Improvement Fund This fund receives transfers from the General Fund and community donations to finance improvements to the main library building.

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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 (C). This basis is similar to the cash receipts and disbursements accounting basis. The Library 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 (C) permit.

Budgetary Process

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

A summary of 2025 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

Library employees earn sick and vacation time that can be used for time off. In certain circumstances, such as upon leaving employment or retirement, 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. 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*. 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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 11.

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2025 follows:

2025 Budgeted vs. Actual Receipts			
Fund Type	Budgeted	Actual	Variance
	Receipts	Receipts	
General	\$2,419,767	\$2,430,191	\$10,424
Special Revenue		369,778	369,778
Capital Projects	62,000	73,200	11,200
Total	\$2,481,767	\$2,873,169	\$391,402

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2025 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,701,751	\$2,439,462	\$262,289
Capital Projects	170,529	154,895	15,634
Total	<u>\$2,872,280</u>	<u>\$2,594,357</u>	<u>\$277,923</u>

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 include clearing accounts and amounts with fiscal and escrow agents that are not part of this pool. A summary of the Library's deposit and investment accounts are as follows:

	2025
<i>Cash Management Pool:</i>	
Demand deposits	\$605,302
Certificates of deposit	414,810
Total deposits	<u>1,020,112</u>
STAR Ohio	2,904,024
<i>Total carrying amount of deposits and investments held in the Pool</i>	<u><u>\$3,924,136</u></u>

Cash on Hand

The Library maintains cash on hand of \$610.

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 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 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.

Investments

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

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For the Year Ended December 31, 2025

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. In 2025, the State of Ohio General Assembly changed the PLF from a 1.7% of General Revenue Fund tax receipts to a line-item appropriation. The General Assembly set the line-item appropriation for the PLF at \$490 million in FY2026 and \$500 million in FY 2027.

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.

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 – Interfund Transfers

Transfers represent the allocation of unrestricted receipts collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

The general fund transferred \$50,000 to the Building & Repair Fund was made to provide additional resources for capital improvements.

Note 7 – Risk Management

Risk Pool Membership

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

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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.

Effective November 1, 2016, the OPRM elected to participate in a property loss corridor deductible. The property corridor includes losses paid between 70% and 75%. In 2018, the casualty loss corridor was eliminated, and the property corridor was adjusted to losses paid between 65% and 70%. Effective November 1, 2019, the property loss corridor was adjusted to losses between 60% and 67.5% and remained the same through October 31, 2022. Effective November 1, 2022, the property loss corridor was eliminated. OPRM had 847 members as of December 31, 2024.

The Pool's audited financial statements conform with accounting principles generally accepted in the United States of America, with the exception of a qualified opinion related to recording premiums and membership fees earned in full as of December 31, 2024. Those premiums and fees should be earned pro-rata over the individual coverage and membership periods of each policy. The financial statements reported the following assets, liabilities and equity at December 31, 2024 (the latest available).

Assets	\$ 24,456,615
Liabilities	(<u>16,692,162</u>)
Members' Equity	\$ <u>7,764,453</u>

You can read the complete audited financial statements for OPRM at the Plan's website, 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 flood insurance.

Note 8 – Defined Benefit Pension Plan

Ohio Public Employees Retirement System

The Library 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 percent of their gross salaries, and the Library contributed an amount equaling 14 percent of participants' gross salaries. The Library has paid all contributions required through December 31, 2025.

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Note 9 – Postemployment Benefits

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan. OPERS offers a health reimbursement arrangement (HRA) allowance to benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax-free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents. For calendar year 2025, the portion of employer contributions allocated to health care was 0 percent for members in the traditional pension plan and 2 percent for members in the legacy combined plan. For 2025, the portion of employer contributions allocated to health care for members in the member-directed plan was 4.0 percent; however, a portion of the health care rate was funded with reserves.

Note 10 – Construction and Contractual Commitments

The Library entered into a contract with an Architect to design an Annex Building and remodel the Defiance Public Library. As of December 31, 2025, \$340,323 is remaining to be paid on this contract.

Note 11 – Fund Balances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

Fund Balances	General
Outstanding Encumbrances	\$23,534

The fund balance of the special revenue fund is restricted. These assigned amounts in the capital projects funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.