

THE  
PUBLIC  
LIBRARY  
of Cincinnati  
and  
Hamilton County,  
Ohio

Comprehensive  
Annual  
Financial  
Report

For the Year Ended  
December 31, 2006





Mary Taylor, CPA  
Auditor of State

Board of Library Trustees  
The Public Library of Cincinnati and Hamilton County  
800 Vine Street  
Cincinnati, Ohio 45202

We have reviewed the *Independent Auditors' Report* of The Public Library of Cincinnati and Hamilton County, prepared by Bastin & Company, LLC, for the audit period January 1, 2006 through December 31, 2006. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Public Library of Cincinnati and Hamilton County is responsible for compliance with these laws and regulations.

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

July 11, 2007

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# Introductory Section

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**THE PUBLIC LIBRARY OF  
CINCINNATI AND HAMILTON COUNTY, OHIO**

**Comprehensive Annual Financial Report**

**For the Year Ended December 31, 2006**

**Issued by:**

**Patricia Schoettker**  
Clerk Treasurer

**The Public Library of Cincinnati and Hamilton County**  
**Comprehensive Annual Financial Report**  
**For the Year Ended December 31, 2006**  
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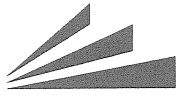
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THE  
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Bailey W. Turner

*Executive Director*  
Kimber L. Fender

*Clerk-Treasurer*  
Patricia Schoettker

June 8, 2007

To the Citizens of Hamilton County and  
The Board of Library Trustees of  
The Public Library of Cincinnati and Hamilton County

We are pleased to present to you the Comprehensive Annual Financial Report (CAFR) for The Public Library of Cincinnati and Hamilton County for the year ended December 31, 2006. This report contains the financial statements and other financial and statistical data that provide complete and full disclosure of all material financial aspects of The Public Library of Cincinnati and Hamilton County ("The Library"). This CAFR conforms to generally accepted accounting principles (GAAP) as applicable to governmental entities. The responsibility for the accuracy and completeness of all data presented, and the fairness of the presentation, rests with the management of the Library, specifically the Clerk-Treasurer's Office.

State law requires the every general-purpose local government publish with 150 days of the close of each fiscal year a complete set of audited financial statements. This report is published to fulfill that requirement for the year ended December 31, 2006.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free from any material misstatements.

Bastin and Company, LLC, Certified Public Accountants, have issued an unqualified ("clean") opinion on The Public Library of Cincinnati and Hamilton County's financial statements for the year ended December 31, 2006. The independent auditor's report is located at the front of the financial section of this report.

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

# THE PUBLIC LIBRARY OF CINCINNATI AND HAMILTON COUNTY

## HISTORY AND DEVELOPMENT

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

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

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

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

By the mid-'80s, skyrocketing public demand for downtown library services, a rapidly growing collection, and radical expansion of computerization had once again stretched the Main Library to the limits. Planning began in 1988, and in 1995, ground was broken for the further expansion of the Main Library. In January 1997, the addition to the Main Library was opened, and in 1998 the renovation of the main library south building was completed. This created a state-of-the-art, seamless main library building of over one half million square feet with 97 miles of shelving.

Since the completion of the Main Library renovation, the Library's commitment to strengthening the branches has resulted in the construction of a new Harrison Branch and in the expansion and/or renovation of several existing branches.

Today, The Public Library of Cincinnati and Hamilton County system provides comprehensive services countywide and beyond through its Main Library and 41 neighborhood branches.

# THE PUBLIC LIBRARY OF CINCINNATI AND HAMILTON COUNTY

## MATERIALS AND SERVICES

Library cards are free to all Ohio residents. Cards are also free by reciprocity agreement to Indiana residents of Dearborn County and through library consortium membership to Kentucky residents of Boone, Campbell and Kenton Counties. The card enables system-wide borrowing privileges, access to the Library's electronic resources, and serves as a debit card for copiers and printing. Library facilities are open up to six days per week at 40 branches and seven days per week at the Main Library and Clifton Branch Library.

The Library has a collection of almost 10 million items, including books, children's book and cassette kits, public documents, videos, CD-ROMs, CDs, audio books, DVDs, ebooks, digital audio, slides, maps, and sheet music, plus thousands of current magazine and newspaper subscriptions. While bestsellers and audiovisual materials account for a significant percentage of the Library's annual circulation, the Library's comprehensive book collection ranges from children's picture books to literature in dozens of languages. The Library also has collections of materials for adult new readers to complement its literacy services that include GED testing, literacy tutoring, workshops and English as a Second Language programs.

The Library's web site ([www.CincinnatiLibrary.org](http://www.CincinnatiLibrary.org)) provides access to the Library's online catalog and pictorial kids catalog, extensive reference databases, interactive book blog, Veterans History Project with streaming video, online homework help, selected sites by subject, and information about the Library and its programs. Specialized web pages – Kidspace and Teenspace – serve children up to age 12 and teens. Using the Library's web site, Library cardholders may reserve, request or renew items, as well as offer comments, ask a reference question, chat 24/7, and request materials from libraries throughout the world via interlibrary loan. Free Internet access is available at all locations that also offer wi-fi service.

The Main Library serves as a public reference and resource center for Hamilton County and surrounding counties, and is widely recognized as having one of the nation's top genealogical research collections. The Library also offers a complete U.S. Patent & Trademark Depository, a U.S. Documents Depository, an outstanding Rare Books & Special Collections Department, Jobspace (career and job resources), and a Grants Resource Center.

Two special services departments provide library service to those who are unable to use traditional library materials and services. The State Library has designated the Library to provide services for blind and physically handicapped readers in Ohio's 33 southern counties through the Regional Library for the Blind & Physically Handicapped. The Outreach Services Department serves the homebound, and provides programs and book collections to elementary schools, nursing homes, retirement centers, hospitals, and correctional facilities.

The Public Library of Cincinnati and Hamilton County system is widely regarded as one of the best libraries in the country, ranking among the top circulating libraries in the United States and rated a Top Ten American Library two years in a row by HAPLR. The Library has been an important information source for over 150 years and, despite funding challenges, continues to seek ways to fulfill our mission of *“connecting people with the world of ideas and information”*.



## THE PUBLIC LIBRARY OF CINCINNATI AND HAMILTON COUNTY

### REPORTING ENTITY

The Library's reporting entity has been defined in accordance with Statement No. 14 and Statement No. 39 of the Governmental Accounting Standards Board. The Library is under the control and management of a Board of Trustees consisting of seven members. Four members of the Board of Library Trustees are appointed by the County Commissioners and three by the judges of the Court of Common Pleas. Board members are appointed for a term of seven years, the term of one trustee expiring each year. At its January meeting, the Board organizes for the ensuing year and elects a president, vice president and secretary, and appoints a clerk treasurer. There is no potential for the Library to provide a financial benefit to or impose a financial burden on the County Commissioners, nor can the Commissioners significantly influence the programs, activities, or level of service performed or provided by the Library. Although the County Commissioners serve in a ministerial capacity as the taxing authority, the Library is fiscally independent of the county. The Board of Library Trustees makes decisions regarding whether to request approval of a tax, the rate and the purpose(s) of the levy. Once those decisions are made, the County Commissioners must place the levy on the ballot.

### ECONOMIC CONDITIONS AND OUTLOOK

The service area of the Library is the entire 413 square mile area encompassing Hamilton County and the City of Cincinnati (79 square miles), which is located wholly within the county borders. Although Hamilton County population has declined 2.7% from 2000 – 2006, the area remains the largest jurisdiction in the tri-state area and is the center of industry commerce as well as a major center of culture, arts, sports, conventions, and tourism. The county's diversified economy, competitive cost structure, skilled work force, international airport, and easy access to national markets continue to provide a strong foundation for future growth.

The Library receives the major portion of its income from the Library and Local Government Support Fund (LLGSF). The LLGSF is distributed to Ohio's 88 counties according to a fixed formula. Within Hamilton County, the distribution is based on the Library's need. Any remainder after the Library's needs are met is distributed on a fixed formula to 37 local governments. Additional moneys are derived from services, fines, federal and state grants, e-rate reimbursements, rents, gifts and investment earnings.

The LLGSF is based on the collection of state income tax and, therefore, is dependent on the economy of the state. Although set at 5.7 percent of the personal income tax, the fund has been frozen at 2000-2001 distribution levels since July 2001. In 2005, the Ohio Legislature passed a state budget that continues the freeze through June 2007. This budget also included language that reduces the personal income tax, the base on which the LLGSF is calculated. In response in part to the concern that these reductions may reduce future income below the freeze level, the Legislature established a Local and Library Revenue Distribution Task Force charged with studying potential sources of state funding for local governments, including public libraries. On November 29, 2006, the Task Force approved a report that recommends for public libraries broadening the revenue base to a percentage of total general revenue tax receipts, rather than personal income tax only, and a 3% increase in funding in fiscal year 2008 (starting July 2007). The approval or rejection of these recommendations is dependant upon the action of the Ohio Legislature as they approve their State budget for fiscal years 2008-2009.

## THE PUBLIC LIBRARY OF CINCINNATI AND HAMILTON COUNTY

The extended freeze of state funding of the past few years has resulted in a significant reduction in Library income since 2002. The Library's LLGSF income for 2006 remained static (only \$262,152 or 1/2 of a percent more than 2004), but was \$4.8 million less than the LLGSF received in 2000. A reduced schedule of service hours and the reduced staffing that went into effect in January 2003 was continued throughout 2006.

Planning and design began for the establishment of a new branch library in space leased from the Cincinnati/Hamilton County Community Action Agency in the community of Bond Hill. With the opening of this branch in August 2007, smaller branches in Bond Hill and Roselawn will close. This project has moved forward despite static income because the Library has committed to operating this new facility at a cost no greater than the combined cost of the two current facilities and the costs of renovating the leased space are being funded through donations.

The Library Board also approved moving forward with a redesign of the Main Library to better address the changing needs of our customers. The building reconfiguration required to implement this change will be more than offset by an operational savings of about \$1 million annually. Except for ongoing maintenance of facilities, plans for other new capital projects and renovations remain on hold.

To encourage efforts to keep public library funding strong, our Library joined with eight neighboring libraries in adjacent counties to complete an Economic Benefit Study. This study conducted by Levin, Driscoll & Fleeter showed that for every dollar the state invests in public libraries, communities receive \$3.81 in benefits.

### OTHER INFORMATION

Highlights of the Library's financial activities in 2006 are outlined in Management's Discussion and Analysis, starting on page 3, and in the Notes to the Financial Statements.

A special thanks is extended to my Financial Services staff for their hard work and dedication in compiling cash reports, accrual information and capital asset information. I would also like to express appreciation to Ms. Mary Taylor, Auditor of State, and to her Local Government Services staff for their assistance in preparing this report.



PATRICIA SCHOETTKER  
CLERK TREASURER

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

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

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
December 31, 2005

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

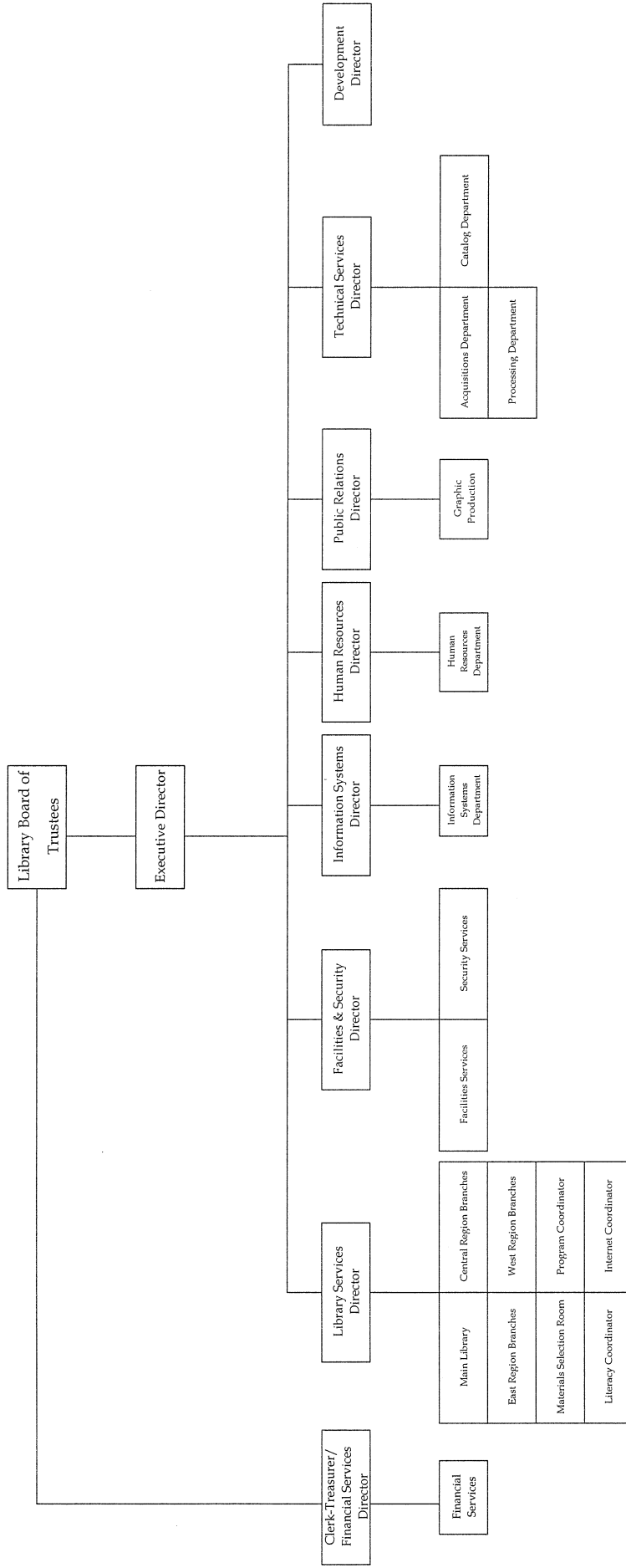


President

Executive Director

# THE PUBLIC LIBRARY OF CINCINNATI AND HAMILTON COUNTY

## ORGANIZATIONAL CHART



THE PUBLIC LIBRARY OF CINCINNATI AND HAMILTON COUNTY

LIST OF PRINCIPAL OFFICIALS  
DECEMBER 31, 2006

Board of Library Trustees

President	William J. Moran
Vice President	Charles D. Lindberg
Secretary	Bailey W. Turner
Board Members	Deliaan A. Gettler Tara L. Khoury Elizabeth H. LaMacchia Vacant (filled January, 2007)

Appointed Officials

Executive Director	Kimber L. Fender
Clerk-Treasurer/Financial Services Director	Patricia Schoettker

Administrative Staff

Director, Development	John Reusing
Director, Information Systems	Anne Herbert
Director, Human Resources	Mary Bennett-Brown
Director, Public Services	Keith Kuhn
Director, Public Relations	Amy Banister
Director, Technical Services	Catherine Sheanshang
Director, Facilities and Security	Ray Hils

# Financial Section

**Bastin & Company, LLC**  
*Certified Public Accountants*

**INDEPENDENT AUDITORS' REPORT**

To the Board of Library Trustees  
The Public Library of Cincinnati and Hamilton County

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of The Public Library of Cincinnati and Hamilton County, Hamilton County, Ohio (the Library) as of and for the year ended December 31, 2006, which collectively comprise the Library's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Library's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of The Public Library of Cincinnati and Hamilton County, Hamilton County, Ohio, as of December 31, 2006, and the respective changes in financial position thereof, and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 8, 2007, on our consideration of the Library's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis on pages 3 through 7 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Library's basic financial statements. The introductory section, combining and individual non-major fund financial statements and schedules and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual non-major fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Bastin & Company, L L C*

Cincinnati, Ohio  
June 8, 2007



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

*Management's Discussion and Analysis*

*For the Year Ended December 31, 2006*

*Unaudited*

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This comprehensive annual financial report presents The Public Library of Cincinnati and Hamilton County's financial performance for the year ended December 31, 2006. The report consists of a series of financial statements and notes to those statements, plus other supplementary information. The financial statements are organized to present both the Library's overall financial position – *governmental-wide financial statements*, plus a detailed look at specific financial activities – *fund financial statements*.

### Financial Highlights

Key financial highlights for 2006 are as follows:

- At December 31, the Library's net assets exceeded \$141 million. Of this amount, \$40 million (unrestricted net assets) may be used to meet ongoing obligations.
- At the close of the fiscal year, the Library's General Fund reported an ending fund balance of \$14.2 million, a \$1.5 million increase over the prior year.
- The Library's only debt as of December 31 was \$110,551, the outstanding balance of a capital lease for public copiers.

### Government-wide Financial Statements

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

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

The government-wide financial statements can be found starting on page 8.

### Fund Financial Statements

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

The Library's general fund, special revenue funds, capital project funds, and permanent funds are all classified as governmental funds. The funds are reported using the modified accrual accounting method, which measures cash and other financial assets that can readily be converted to cash. The governmental fund financial statements provide a detailed short-term view of the Library's general governmental operations and the basic services it provides. The statements

include the *balance sheet* and the *statement of revenues, expenditures, and changes in fund balances*. A reconciliation of the statement of revenues, expenditures, and changes in fund balances to the statement of activities facilitates a comparison between governmental funds and governmental activities.

The Library presents 19 individual governmental funds during the year ended December 31, 2006. Information is presented in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances only for the general fund, the only major fund. The remaining funds are reported together as a single “other governmental” fund. Individual data for several of these nonmajor funds is provided elsewhere in combining statements. Data from all remaining funds is combined with an appropriate fund or in a “various” fund presentation.

The Library adopts an annual appropriated budget for each of its funds. A budgetary comparison statement (Budget and Actual (Budget Basis)) has been provided for each governmental fund that had activity during 2006 to demonstrate compliance with this budget.

### Notes to the Financial Statements

Notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 15-33 of this report.

### Government-wide Financial Analysis

Net assets may serve over time as a useful indicator of a government’s financial position. As of December 31, 2006, the Library’s assets exceeded liabilities by over \$141 million. The table below provides a comparative analysis of net assets between fiscal year 2005 and 2006:

	<u>2006</u>	<u>2005</u>
Assets		
Current Assets	\$50,388,294	\$48,210,969
Investments	6,047,580	5,544,858
Capital Assets, Net	91,685,342	93,931,488
Total Assets	<u>148,121,216</u>	<u>147,687,315</u>
Liabilities		
Current Liabilities	(2,653,902)	(2,326,936)
Long Term Liabilities	(3,845,506)	(3,952,941)
Total Liabilities	<u>(6,499,408)</u>	<u>(6,279,877)</u>
Net Assets		
Invested in Capital Assets	91,574,791	93,760,981
Restricted	9,900,817	9,712,158
Unrestricted	40,146,200	37,934,299
Total Net Assets	<u>\$141,621,808</u>	<u>\$141,407,438</u>

The largest portion of the Library's net assets (65%) reflects its capital assets – land and improvements, fine art and rare book collections, buildings and improvements, furniture, fixtures and equipment, and vehicles. The Library uses these assets to provide services; consequently, these assets generally are not available for future spending. This could change if a decision is made in the future to consolidate services or facilities. With the exception of outstanding debt for public copiers, the Library's capital assets are free of outstanding debt.

An additional portion of the Library's net assets (7%) represents restricted principal and other resources subject to external restrictions. The remaining balance of unrestricted net assets (28%) may be used to meet the Library's ongoing activities, including planned capital projects. The Library is able to report positive balances in all three categories of net assets, including a healthy positive balance of \$40 million in unrestricted net assets.

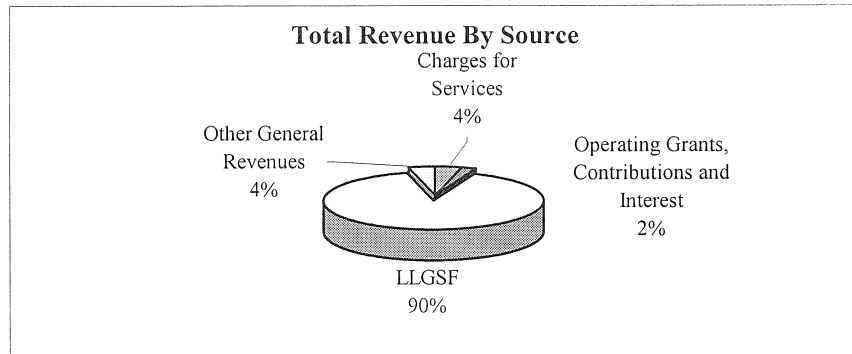
In fiscal year 2006, the Library's total net assets increased by \$214,370, a change of less than ½ of 1%.

The following table explains the change in net assets in terms of the Library's governmental activities. The comparative analysis between fiscal year 2005 and 2006 illustrates the current freeze of governmental revenue, specifically the Library and Local Government Support Fund (LLGSF). The LLGSF, a portion of the state personal income tax normally funded at 5.7% of collections, has been frozen since 2001.

An increase in program revenue can be attributed to new procedures for routine follow-up of past-due patron accounts and, if necessary, referral to a collection agency. Restricted contributions to the building fund for a new branch library in Bond Hill resulted in a one-time increase in general revenue. Program expenses were maintained at 2005 levels.

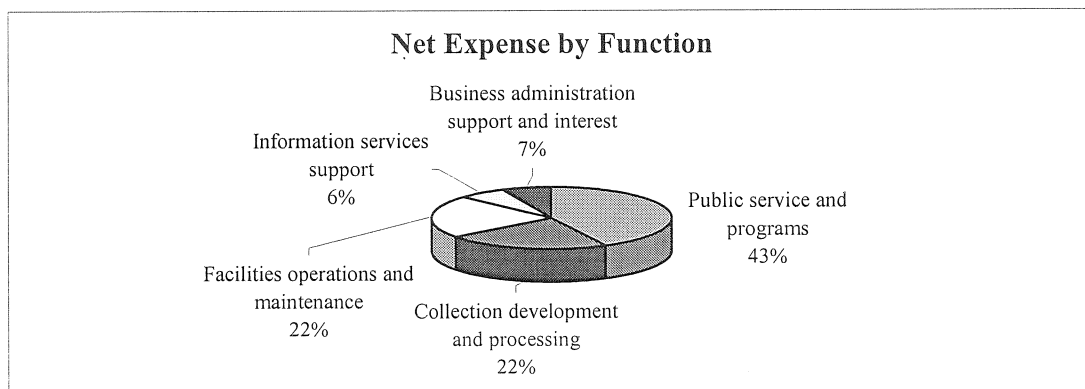
	2006	2005
Revenues		
<u>Program Revenues:</u>		
Charges for Services	\$2,043,892	\$1,723,172
Operating Grants, Contributions and Earnings on Investments	1,352,943	1,328,893
<u>General Revenues:</u>		
Unrestricted Grants and Contributions	48,307,419	48,306,813
Other General Revenues	2,022,537	1,352,995
Gain on Sale of Capital Asset	0	168,179
Total Revenues	<u>53,726,791</u>	<u>52,880,052</u>
Program Expenses		
Library Services	36,698,707	36,156,928
Support Services	17,810,165	17,454,961
Interest	5,517	7,778
Total Expenses	<u>53,514,389</u>	<u>53,619,667</u>
Change in Net Assets before Contributions	212,402	(739,615)
Contributions to Principal	1,968	7,275
Change in Net Assets	214,370	(732,340)
Net Assets - Beginning of Year	141,407,438	142,139,778
Net Assets - End of Year	<u>\$141,621,808</u>	<u>\$141,407,438</u>

Program revenues (nominal fines and fees), and grants and donations, while important, cannot begin to cover the full cost of providing free public library service, which is dependent upon intergovernmental revenue not restricted to specific programs. The following graph illustrates the Library’s reliance on intergovernmental revenue, specifically the Library and Local Government Support Fund (LLGSF), which in 2006 provided 90% of the Library’s total revenue for governmental activities.



In the words of our Mission Statement, the Public Library of Cincinnati and Hamilton County’s function is to “connect people with the work of ideas and information”. It follows then that the expenses for the governmental activity Library Services, which includes both Public Service and Programs and Collection Development and Processing, makes up the largest portion of net expense – 67%. Net expense by function is detailed in the table below and illustrated in the following graph.

	2006	2005
Net Expense by Function		
Public Service and Programs	\$21,718,332	\$22,207,037
Collection Development and Processing	10,791,190	11,116,053
Facilities Operations and Maintenance	11,143,115	10,903,394
Information Services Support	3,007,354	2,947,289
Business Administration	3,452,046	3,386,051
Interest	5,517	7,778
<b>Total Net Expense by Function</b>	<b>\$50,117,554</b>	<b>\$50,567,602</b>



## **Fund Financial Analysis**

As previously noted, the General Fund is the Library's only major fund. The fund balance of the General Fund increased by \$1,523,212 during 2006, not because of an increase in revenue, but through a concerted effort of the governing board, management and staff to reduce the net cost of providing library services. This additional fund balance will better enable the Library to continue to provide a high quality of service during an extended period of frozen state funding.

## **General Fund Budgetary Analysis**

The original budget was retained, unchanged, through the year.

Actual revenue exceeded the budget by \$838,332, primarily as a result of increasing fine and fee collections and interest rates. As a result of ongoing management efforts to control operating costs, actual expenditures were \$1 million less than budgeted.

## **Capital Assets**

As of December 31, 2006, the Library had \$91,685,342 invested in capital assets. The table below provides a comparative analysis of capital assets between fiscal year 2005 and 2006. The variance is primarily a result of depreciation.

	2006	2005
Land	\$14,438,158	\$14,438,158
Fine Arts and Rare Book Collection	17,614,531	17,614,531
Land Improvements	355,514	358,972
Buildings and Improvements	56,432,915	58,180,037
Furniture, Fixtures and Equipment	2,783,489	3,296,637
Vehicles	60,735	43,153
Total Net Expense by Function	<u>\$91,685,342</u>	<u>\$93,931,488</u>

For more information on capital assets, see Note 7 to the basic financial statements.

## **Debt**

The Library has a capital lease agreement in the amount of \$297,271. The amount outstanding at December 31, 2006 was \$110,551.

For more information on this lease, see Note 8 to the basic financial statements.

## **Contacting the Library's Financial Management**

The financial report is designed to provide our citizens with a general overview of the Library's finances and to show the Library's accountability for the money it receives. If you have any questions about this report or need additional information, contact Patricia Schoettker, Clerk Treasurer, The Public Library of Cincinnati and Hamilton County, 800 Vine Street, Cincinnati, Ohio, 45202.

**The Public Library of Cincinnati and Hamilton County**  
**Statement of Net Assets**  
**December 31, 2006**

	<b>Governmental Activities</b>
<u>Assets</u>	
Equity in Pooled Cash and Cash Equivalents	\$23,871,212
Accrued Interest Receivable	209,529
Intergovernmental Receivable	26,028,122
Prepaid Items	84,811
Supplies Inventory	194,620
Investments	6,047,580
Capital Assets	
Land	14,438,158
Fine Art and Rare Books Collections	17,614,531
Depreciable Capital Assets, Net	59,632,653
Total Assets	148,121,216
<u>Liabilities</u>	
Accounts payable	1,513,964
Accrued Salaries Payable	994,579
Intergovernmental Payable	145,359
Noncurrent liabilities:	
Due within one year	1,746,327
Due in more than one year	2,099,179
Total Liabilities	6,499,408
<u>Net Assets</u>	
Invested in capital assets, net of related debt	91,574,791
Restricted for other purposes	1,168,395
Restricted for permanent funds	
Expendable	2,026,783
Nonexpendable	6,705,639
Unrestricted	40,146,200
Total Net Assets	\$141,621,808

See accompanying notes to the basic financial statements.

The Public Library of Cincinnati and Hamilton County  
Statement of Activities  
For the Year Ended December 31, 2006

<u>Functions/Programs</u>	Program Revenues		Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants, Contributions and Earnings on Investments
Library Services			
Public service and programs	\$24,616,153	\$2,043,892	\$853,929
Collection development and processing	11,082,554	0	291,364
Support Services			
Facilities operations and maintenance	11,328,075	0	184,960
Information services support	3,014,084	0	6,730
Business administration	3,468,006	0	15,960
Interest	5,517	0	0
Total Governmental Activities	\$53,514,389	\$2,043,892	\$1,352,943
General Revenues:			
Grants and contributions not restricted to specific programs			48,307,419
Net increase in fair value of investments			89,244
Earnings on investments			1,045,550
Other			887,743
Contributions to principal for permanent funds			1,968
Total general revenues and contributions			50,331,924
Change in net assets			214,370
Net assets - beginning of the year			141,407,438
Net assets - end of the year			\$141,621,808

See accompanying notes to the basic financial statements.

**The Public Library of Cincinnati and Hamilton County**  
**Balance Sheet**  
**Governmental Funds**  
**December 31, 2006**

	General	Other Governmental	Total Governmental Funds
<b><u>Assets</u></b>			
Equity in Pooled Cash and Cash Equivalents	\$12,666,124	\$11,205,088	\$23,871,212
Investments	0	6,047,580	6,047,580
Receivables:			
Accrued Interest	150,147	59,382	209,529
Intergovernmental	26,028,122	0	26,028,122
Prepaid Items	84,811	0	84,811
Supplies Inventory	194,620	0	194,620
Advances To Other Funds	150,000	0	150,000
Total Assets	\$39,273,824	\$17,312,050	\$56,585,874
 <b><u>Liabilities</u></b>			
Accounts Payable	\$1,486,642	\$27,322	\$1,513,964
Accrued Salaries Payable	981,118	13,461	994,579
Intergovernmental Payable	143,415	1,944	145,359
Advances From Other Funds	0	150,000	150,000
Deferred Revenue	22,487,901	0	22,487,901
Total Liabilities	25,099,076	192,727	25,291,803
 <b><u>Fund Balances</u></b>			
Reserved for:			
Encumbrances	189,947	366,792	556,739
Advances	150,000	0	150,000
Restricted Principal	0	6,705,639	6,705,639
Unreserved, reported in:			
General Fund	13,834,801	0	13,834,801
Special Revenue Funds	0	1,200,192	1,200,192
Capital Projects Funds	0	6,828,166	6,828,166
Permanent Funds	0	2,018,534	2,018,534
Total Fund Balances	14,174,748	17,119,323	31,294,071
Total Liabilities and Fund Balances	\$39,273,824	\$17,312,050	\$56,585,874

See accompanying notes to the basic financial statements.



**The Public Library of Cincinnati and Hamilton County**  
**Reconciliation of Total Governmental Fund Balances**  
**To Net Assets of Governmental Activities**  
**December 31, 2006**

Total fund balances in governmental funds	\$31,294,071
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	91,685,342
Intergovernmental receivables are not available to pay for current-period expenditures and, therefore are deferred in the funds	22,487,901
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds	
Compensated absences payable	(3,734,955)
Capital leases payable	(110,551)
	(3,845,506)
Net assets of governmental activities	\$141,621,808

See accompanying notes to the basic financial statements.

**The Public Library of Cincinnati and Hamilton County**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended December 31, 2006**

	General	Other Governmental	Total Governmental Funds
<b><u>Revenues</u></b>			
Intergovernmental	\$48,314,149	\$640,572	\$48,954,721
Fines and fees	2,043,892	0	2,043,892
Earnings on investments	976,711	420,720	1,397,431
Contributions, gifts and donations	28,637	327,091	355,728
Net increase in fair value of investments	0	89,244	89,244
Miscellaneous	886,936	807	887,743
Total Revenues	<u>52,250,325</u>	<u>1,478,434</u>	<u>53,728,759</u>
<b><u>Expenditures</u></b>			
Current			
Library services			
Public service and programs	23,884,889	835,833	24,720,722
Collection development and processing	10,956,433	152,102	11,108,535
Support services			
Facilities operations and maintenance	8,649,839	57,696	8,707,535
Information services support	3,335,661	0	3,335,661
Business administration	3,334,818	102,934	3,437,752
Debt Service:			
Principal	59,956	0	59,956
Interest	5,517	0	5,517
Total Expenditures	<u>50,227,113</u>	<u>1,148,565</u>	<u>51,375,678</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,023,212</u>	<u>329,869</u>	<u>2,353,081</u>
<b><u>Other Financing Sources (Uses)</u></b>			
Transfers in	0	503,545	503,545
Transfers out	(500,000)	(3,545)	(503,545)
Total Other Financing Sources (Uses)	<u>(500,000)</u>	<u>500,000</u>	<u>0</u>
Net change in fund balance	1,523,212	829,869	2,353,081
Fund balances - beginning of year	12,651,536	16,289,454	28,940,990
Fund balances - end of year	<u>\$14,174,748</u>	<u>\$17,119,323</u>	<u>\$31,294,071</u>

See accompanying notes to the basic financial statements.

**The Public Library of Cincinnati and Hamilton County**  
**Reconciliation of the Statement of Revenues, Expenditures,**  
**and Changes in Fund Balances of Governmental Funds**  
**To the Statement of Activities**  
**For the Year Ended December 31, 2006**

Net change in fund balances - total governmental funds \$2,353,081

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period. These items include:

Capital asset additions	538,846	
Depreciation expense	(2,784,992)	
	(2,246,146)	(2,246,146)

Repayment of the principal of the capital leases consumes current financial resources of governmental funds, however, has no effect on net assets. This amount is the net effect of these differences in the treatment of capital leases. 59,956

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. The items include:

Decrease in compensated absences		47,479
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Change in net assets of governmental activities		\$214,370
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See accompanying notes to the basic financial statements.

**The Public Library of Cincinnati and Hamilton County**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Budget Basis)**  
**General Fund**  
**For the Year Ended December 31, 2006**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$48,307,419	\$48,307,419	\$48,314,149	\$6,730
Fines and fees	1,720,000	1,720,000	2,043,892	323,892
Earnings on investments	500,000	500,000	907,103	407,103
Contributions, gifts and donations	60,000	60,000	28,637	(31,363)
Miscellaneous	754,966	754,966	886,936	131,970
Total revenues	<u>51,342,385</u>	<u>51,342,385</u>	<u>52,180,717</u>	<u>838,332</u>
<b>Expenditures</b>				
Current				
Salaries and benefits				
Salaries and leave benefits	27,236,239	26,941,239	26,784,207	157,032
Retirement benefits	3,729,891	3,649,891	3,607,064	42,827
Insurance benefits	4,962,775	4,847,775	4,783,176	64,599
Other employee benefits	14,000	11,115	8,115	3,000
Supplies	883,459	946,460	929,266	17,194
Purchased and contracted services	6,817,447	7,249,364	6,848,719	400,645
Library materials and information	8,674,661	8,624,661	8,274,766	349,895
Other objects	54,200	55,200	51,600	3,600
Debt Service	99,201	99,201	99,201	0
Capital outlay	891,182	938,149	923,020	15,129
Total expenditures	<u>53,363,055</u>	<u>53,363,055</u>	<u>52,309,134</u>	<u>1,053,921</u>
Excess (deficiency) of revenues over (under) expenditures	(2,020,670)	(2,020,670)	(128,417)	1,892,253
<b>Other financing sources (uses)</b>				
Transfers out	<u>(500,000)</u>	<u>(500,000)</u>	<u>(500,000)</u>	<u>0</u>
Net change in fund balance	(2,520,670)	(2,520,670)	(628,417)	1,892,253
Fund balance at beginning of year	8,613,507	8,613,507	8,613,507	0
Prior year encumbrances appropriated	1,807,163	1,807,163	1,807,163	0
Fund balance at end of year	<u><u>\$7,900,000</u></u>	<u><u>\$7,900,000</u></u>	<u><u>\$9,792,253</u></u>	<u><u>\$1,892,253</u></u>

See accompanying notes to the basic financial statements.

**The Public Library of Cincinnati and Hamilton County**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2006**

NOTE 1 - REPORTING ENTITY

The Library was founded in 1853 as a school district library of the Cincinnati School Board. In 1898 when State laws were changed, The Public Library of Cincinnati and Hamilton County, Hamilton County, Ohio (the "Library") was established as a county district library completely separate from the Cincinnati School Board. Currently there is a main library located in downtown Cincinnati and forty-one branches located throughout Hamilton County.

The Board of Library Trustees has a membership of seven: three appointed by the Common Pleas Court Judges, and four by the Hamilton County Commissioners. Appointments are for seven-year terms and members serve without compensation. Under Ohio statutes, the Library is a body politic and corporate capable of suing and being sued, contracting, acquiring, holding, possessing and disposing of real and personal property, and of exercising such other powers and privileges as are conferred upon it by law. The Library also determines and operates under its own budget. The control and management of the Library is governed by sections 3375.22 to 3375.27 of the Ohio Revised Code. The Board of Library Trustees appoints an Executive Director and Clerk-Treasurer/Financial Services Director to administer the day-to-day operations of the Library.

There is no potential for the Library to provide a financial benefit or to impose a financial burden on the County Commissioners, nor can the Commissioners significantly influence the programs, activities, or level of service performed or provided by the Library. The Library is fiscally independent of the county, although the County Commissioners serve in a ministerial capacity as the taxing authority. The determination to request approval of a tax, the rate and the purpose(s) of the levy are discretionary decisions made solely by the Board of Library Trustees. Once those decisions are made, the County Commissioners must place the levy on the ballot.

Under the provisions of Statement No. 14 of the Governmental Accounting Standards Board, "The Financial Reporting Entity", the Library is considered to be a related organization of Hamilton County.

Component units are legally separate organizations for which the Library is financially accountable. The Library is financially accountable for an organization if the Library appoints a voting majority of the organization's governing board and (1) the Library is able to significantly influence the programs or services performed or provided by the organization; or (2) the Library is legally entitled to or can otherwise access the organization's resources; the Library is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Library is obligated for the debt of the organization. Component units may also include organizations for which the Library approves the budget, the issuance of debt or the levying of taxes. The Library has no component units.

**The Public Library of Cincinnati and Hamilton County**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2006**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of The Public Library of Cincinnati and Hamilton County have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Library also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental activities provided they do not conflict with or contradict GASB pronouncements. The more 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 assets and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

*Governmental-wide Financial Statements*

The statement of net assets and the statement of activities display information about the Library as a whole. The statement of net assets presents the financial condition of the governmental activities of the Library at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the Library's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants, contributions and interest that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the Library, with certain exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the Library.

*Fund Financial Statements*

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

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. All funds of the Library are governmental.

Governmental funds are those through which the governmental functions of the Library are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance.

**The Public Library of Cincinnati and Hamilton County**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2006**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

The Library's major governmental fund is the General Fund. This fund is the operating fund of the Library and is used to account 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 where use of the asset is restricted to a particular purpose.

C. Measurement Focus

Government-wide Financial Statements

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and liabilities associated with the operation of the Library are included on the statement of net assets. The statement of activities presents increases (i.e., revenues) and decreases (i.e., expenses) in total net assets.

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available. "Measurable" means the amount of the transaction can be determined, and "available" means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the Library, available means expected to be received within thirty-one days of year-end.

**The Public Library of Cincinnati and Hamilton County**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2006**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Non-exchange transactions, in which the Library receives value without directly giving equal value in return, include grants, entitlements and donations. On an accrual basis, revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the Library must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Library on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year-end: entitlements and earnings on investments.

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before eligibility requirements are met have also been recorded as deferred revenue. On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

On the accrual basis of accounting, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

E. Budgetary Process

The budgetary process is prescribed by internal control guidelines and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation resolution are subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources, as certified. All funds that receive LLGSF revenue are required to be budgeted. All funds are required to be appropriated. During 2006, the I-Net Production Studio - Special Revenue Fund, St. Bernard Branch – Capital Projects Fund and the Reading Branch – Capital Projects Fund had no cash activity and therefore no budgetary statement is presented. Budgetary control is maintained at the object level. Budgetary modifications may only be made by resolution of the Board of Library Trustees.



**The Public Library of Cincinnati and Hamilton County**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2006**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Budget

In 2003, Ohio Senate Bill 55 made changes (effective January 8, 2004) to Ohio Revised Code Section 5705.28, the section of law that requires the Library to submit an annual budget. As revised, Sec. 5705.281 provides that in any county in which a single library receives all of the county library and local government support fund or receives all of that portion of the fund that is distributed to libraries, the county budget commission may waive the requirement that the public library certify to the taxing authority its estimate of contemplated revenue and expenditures. However, if the county budget commission waives this requirement, it can require the library to provide any information the commission requires to perform its duties under this chapter.

In response to a request by the Library Board of Trustees, the Hamilton County Budget Commission, on January 28, 2005, approved a motion to allow the Library to file a modified tax budget for 2006, in a simplified but more useful format. This approval must be reviewed on an annual basis.

Estimated Resources

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the Clerk Treasurer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as final budgeted amounts on the budgetary statements reflect the amounts in the final amended certificate in effect at the time the final appropriations were passed.

Appropriations

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

F. Cash and Cash Equivalents

Cash received by the Library is pooled in a common group of bank accounts. Moneys for all funds, except the unexpendable portion of permanent funds, are maintained in the accounts or temporarily used to purchase investments. Individual fund integrity is maintained through Library records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the financial statements.

During 2006, investments included Certificates of Deposit, U.S. Treasury Notes, U.S. Savings Bonds, Federal Agency Bonds, STAROhio, and First American Treasury Mutual Fund accounts. STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio 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. Investments in STAROhio are valued at STAROhio's share price, which is the price the investment could be sold for on December 31, 2006.

**The Public Library of Cincinnati and Hamilton County**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2006**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

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

Ohio statutes specify the funds to receive an allocation of interest earnings. Interest and dividend revenue credited to the General Fund during 2006 amounted to \$976,711, which includes \$416,790 assigned from other Library funds.

Investments of the cash management pool and investments with a maturity of three months or less at the time they are purchased by the Library are presented on the financial statements as "Equity in Pooled Cash and Cash Equivalents".

G. Inventory of Supplies

Inventory is stated at cost on a first-in, first-out basis and is expended/expensed when used.

H. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2006, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expense/expenditure in the year in which services are consumed.

I. Capital Assets

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

Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. For certain assets, estimates were calculated by indexing estimated current costs back to the year of acquisition. Donated capital assets are recorded at their fair market values as of the date received. The Library maintains a capitalization threshold of \$1,500. The Library does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

**The Public Library of Cincinnati and Hamilton County**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2006**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

All reported capital assets, except land and fine art and rare books collections, are depreciated. Fine art and rare books collections are considered inexhaustible. Improvements are depreciated over the remaining useful lives of the related capital assets and leasehold improvements (included in building improvements) are depreciated over the life of the lease. Depreciation is computed using the straight-line method over the following useful lives:

Land Improvements	10 – 30 years
Buildings and Improvements	25 - 50 years
Furniture, Fixtures and Equipment	5 - 25 years
Vehicles	6 years

J. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributed to services already rendered and it is probable that the Library will compensate the employees for the benefits through paid time off or some other means.

The Library recognizes four "open" holidays. These are national holidays on which the Library remains open; therefore full-time employees who work earn an equal number of hours in holiday time. Holiday time is accrued as a liability at December 31.

Sick leave benefits are accrued as a liability using the termination method. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination payments. The liability is based on the Library's past experience in making termination payments.

K. Reservations of Fund Balance

Reservations of fund balances are established to identify the existence of assets that, because of their non-monetary nature or lack of liquidity, represent financial resources not available for current appropriation or expenditure, or the portion of fund balance that is legally segregated for a specific future use. Fund balances have been reserved for encumbrances, advances to other funds, and restricted principal (the contributions to the permanent funds).

L. Advances to Other Funds

Long-term interfund loans receivable are reported as advances and are offset equally by a fund balance reserve account which indicates that they do not constitute expendable available financial resources and therefore are not available for appropriation. These amounts are eliminated in the governmental activities column of the statement of net assets.

**The Public Library of Cincinnati and Hamilton County**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2006**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

M. Interfund Transactions

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures to the funds that initially paid for them are not presented on the financial statements.

N. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are 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. Net assets restricted for other purposes include amounts legally restricted or donor designated for specific purposes.

The Library applies restricted resources when an expense is incurred for purposes which both restricted and unrestricted net assets are available.

The government-wide statement of net assets reports \$9,900,817 of restricted net assets none of which are restricted by enabling legislation.

O. Estimates

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

NOTE 3 – CHANGES IN ACCOUNTING PRINCIPLES

For 2006, the Library has implemented GASB Statement No. 44, “Economic Condition Reporting: The Statistical Section”, an amendment of NCGA Statement 1 and GASB Statement No. 47, “Accounting for Termination Benefits.”

GASB Statement No. 44 defines the requirements for the statistical tables in the Comprehensive Annual Financial Report.

GASB Statement No. 47 establishes accounting and financial reporting standards for termination benefits. This statement clarifies and establishes reporting requirements for those benefits provided by employers to employees as an incentive or settlement for voluntary early termination or as a consequence of the involuntary early termination of services. The implementation of this statement had no effect on the Library’s financial statements for 2006.

**The Public Library of Cincinnati and Hamilton County**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2006**

NOTE 4 – BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis requires accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances.

The Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Budget Basis) for the General Fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Outstanding year-end encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balance (GAAP basis).

The adjustments necessary to convert the results of operations for the year on the GAAP basis to the budget basis for the General Fund are as follows:

<u>Net Change in General Fund</u>	
GAAP Basis	\$1,523,212
Revenue Accruals	(69,608)
Expenditure Accruals	(76,809)
Encumbrances	<u>(2,005,212)</u>
Budget Basis	<u><u>(\$628,417)</u></u>

NOTE 5 - DEPOSITS AND INVESTMENTS

State statutes classify moneys held by the Library into three categories.

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

Inactive deposits are public deposits that the Library has identified as not required for use within the current five-year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing no later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

**The Public Library of Cincinnati and Hamilton County**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2006**

NOTE 5 - DEPOSITS AND INVESTMENTS - continued

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

Protection of the Library's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Clerk-Treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public moneys deposited with the institution.

Interim moneys may be invested in the following securities:

- A. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to payment of principal and interest by the United States;
- B. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the 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;
- C. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
- D. Bonds and other obligations of the State of Ohio;
- E. No-load money market mutual funds consisting exclusively of obligations described in division (A) or (B) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and
- F. The State Treasurer's investment pool (STAROhio).

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 with a specific obligation or debt of the Library, and must be purchased with the expectation that it will be held to maturity.

**The Public Library of Cincinnati and Hamilton County**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2006**

NOTE 5 - DEPOSITS AND INVESTMENTS - continued

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

Deposits

At year-end, the carrying amount of the Library's deposits was \$17,644,340 and the bank balance was \$18,161,449. The Federal Deposit Insurance Corporation (FDIC) covered \$200,000 of the bank balance and the remaining bank balance was collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Library's name. In accordance with Ohio Revised Code, the remaining balance was covered by pooled collateral.

Investments

As of December 31, 2006, the Library had the following investments:

	<u>Fair Value</u>	<u>Maturity</u>
StarOhio	\$5,564,583	Average 35 days
First American Treasury Mutual Fund	\$662,289	Average 90 days
U. S. Treasury Bill	976,040	Less than one year
Federal Home Loan Bank Bonds	498,595	Less than one year
Federal Home Loan Bank Medium Term Note	493,750	Less than one year
Federal Home Loan Mortgage Co Medium Term Note	495,940	Less than one year
U.S. Treasury Notes	2,480,920	Less than one year
U.S. Savings Bonds Series HH	5,000	Less than one year
U.S. Treasury Notes	491,270	Less than two years
Federal Home Loan Mortgage Co Medium Term Note	491,565	Less than two years
U.S. Savings Bonds Series HH	28,500	Less than five years
U.S. Savings Bonds Series HH	<u>86,000</u>	More than five years
	<u>\$12,274,452</u>	

**The Public Library of Cincinnati and Hamilton County**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2006**

NOTE 5 - DEPOSITS AND INVESTMENTS - continued

Interest Rate Risk

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

Credit Risk

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

Custodial Credit Risk

For an investment, custodial credit 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 Home Loan Bank Notes, Federal National Mortgage Association Notes, and Federal Home Loan Mortgage Corporation Note are all exposed to custodial credit risk in that 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 the investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee.

Concentration of Credit Risk

The Library places no limit on the amount it may invest in any one issuer. Of the Library's total investments, 8 percent are in Federal Home Loan Mortgage Corporation Notes.

NOTE 6 - RECEIVABLES

Receivables at December 31, 2006, consisted of intergovernmental and earnings on investments. Intergovernmental receivables consisted of \$26,028,122 from the Local Library and Government Support Fund and is recorded in the General Fund. All receivables are considered fully collectible and will be received in one year due to the stable condition of state programs.



**The Public Library of Cincinnati and Hamilton County**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2006**

NOTE 7 – CAPITAL ASSETS

Changes in capital assets during the year ended December 31, 2006, were as follows:

	Balance at 12/31/05	Additions	Deductions	Balance at 12/31/06
<u>Governmental Activities</u>				
Capital Assets Not Being Depreciated:				
Land	\$14,438,158	\$0	\$0	\$14,438,158
Fine Art and Rare Book Collections	17,614,531	0	0	17,614,531
Totals Capital Assets, Not Being Depreciated	<u>32,052,689</u>	<u>0</u>	<u>0</u>	<u>32,052,689</u>
Capital Assets Being Depreciated:				
Land Improvements	517,384	11,940	0	529,324
Buildings and Improvements	85,082,539	22,975	0	85,105,514
Furniture, Fixtures and Equipment	13,872,615	468,137	(2,011,634)	12,329,118
Vehicles	446,882	35,794	(43,890)	438,786
Totals Capital Assets, Being Depreciated	<u>99,919,420</u>	<u>538,846</u>	<u>(2,055,524)</u>	<u>98,402,742</u>
Less Accumulated Depreciation:				
Land Improvements	(158,412)	(15,398)	0	(173,810)
Building and Improvements	(26,902,502)	(1,770,097)	0	(28,672,599)
Furniture, Fixtures and Equipment	(10,575,978)	(981,285)	2,011,634	(9,545,629)
Vehicles	(403,729)	(18,212)	43,890	(378,051)
Total Accumulated Depreciation	<u>(38,040,621)</u>	<u>(2,784,992) *</u>	<u>2,055,524</u>	<u>(38,770,089)</u>
Total Capital Assets Being Depreciated, Net	<u>61,878,799</u>	<u>(2,246,146)</u>	<u>0</u>	<u>59,632,653</u>
Governmental Activities Capital Assets, Net	<u>\$93,931,488</u>	<u>(\$2,246,146)</u>	<u>\$0</u>	<u>\$91,685,342</u>

\*Depreciation expense is charged to Facilities operations and maintenance.

**The Public Library of Cincinnati and Hamilton County**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2006**

NOTE 8 – LEASES

Operating Lease

The Library leases equipment used by the public in internet and microfilm printing under a noncancelable operating lease. Total costs were \$33,728 for the year ended December 31, 2006. The future minimum lease payments for this lease are as follows:

<u>Year Ending December 31,</u>	
2007	\$33,728
2008	<u>25,377</u>
Total	<u><u>\$59,105</u></u>

Capital Lease

In 2003, the Library entered into a lease agreement as lessee for financing the acquisition of public copier equipment. These lease agreements qualify as a capital lease for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date.

The assets acquired through the capital lease are included in Furniture, Fixtures, and Equipment with a basis of \$297,271 and accumulated depreciation of \$237,817.

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2006 are as follows:

<u>Year Ending December 31,</u>	
2007	\$65,473
2008	<u>49,024</u>
Total minimum lease payments	114,497
Less: amount representing interest	<u>(3,946)</u>
Present value of minimum lease payments	<u><u>\$110,551</u></u>

**The Public Library of Cincinnati and Hamilton County**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2006**

NOTE 9 - DEFINED BENEFIT PENSION PLAN

The Public Library of Cincinnati and Hamilton County contributes to the Ohio Public Employees Retirement System of Ohio (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 member and vested employer contributions plus any investment earnings. The combined plan is a cost sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar in nature to the traditional plan benefit. Member contributions, the investment of which is self-directed by member, 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, and death benefits to members of the traditional plan 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 that may be obtained by writing to the Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-6701 or (800) 222-7377.

For the year ended December 31, 2006, the members of all three plans were required to contribute 9 percent of their annual covered salaries. The employer contribution rate for pension benefits for 2006 was 9.2 percent. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Library's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2006, 2005, and 2004 were \$2,360,831, \$2,504,211, and \$2,553,369, respectively; 92% has been contributed for 2006 and 100% for 2005 and 2004. Contributions to the member-directed plan for 2006 were \$100,124 made by the Library and \$65,775 by the plan members.

NOTE 10 - POSTEMPLOYMENT BENEFITS

The Ohio Public Employers Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional plan or combined plans. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12, "Disclosure of Information on Postemployment Benefits Other Than Pension Benefits by State and Local Governmental Employers". A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2006 local government employer contribution rate was 13.7 percent of covered payroll for employees; 4.5 percent was the portion that was used to fund health care.

**The Public Library of Cincinnati and Hamilton County**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2006**

NOTE 10 - POSTEMPLOYMENT BENEFITS - continued

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2005, include a rate of return on investments of 6.5 percent, an annual increase in active employee total payroll of 4.0 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase at the projected wage inflation rate plus an additional factor ranging from .50 to 6.0 percent annually for the next nine years and 4.0 percent annually after nine years.

All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually, not to exceed a 12 percent corridor.

The number of active contributing participants in the traditional and combined plans totaled 369,214. The number of active contributing participants in both plans used in the December 31, 2005, actuarial valuation was 358,804. The Library's actual contributions for 2006, which were used to fund postemployment benefits, were \$1,154,754. The actual contribution and the actuarially required contribution amounts are the same. The actuarial value of OPERS's net assets available for payment of benefits at December 31, 2005, (the latest information available) were \$11.1 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$31.3 billion and \$20.2 billion, respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. To improve the solvency of the Health Care Fund, OPERS created a separate investment pool for health care assets. Member and employer contribution rates increased as of January 1, 2006, and January 1, 2007, which will allow additional funds to be allocated to the health care plan.

NOTE 11 - OTHER EMPLOYEE BENEFITS

Compensated Absences - Accumulated Unpaid Vacation and Holiday Leave

Library employees who are full-time earn vacation leave at varying rates based upon length of service. The Library recognizes 4 "open" holidays. These are national holidays on which the Library remains open; therefore, full-time employees who work earn an equal number of hours in holiday time. In the case of termination, death or retirement, an employee (or his or her estate) is paid for any unused vacation leave up to a maximum of 66 days and unpaid holiday leave up to a maximum of 5 days. The total obligation for vacation and holiday accrual for the Library as a whole amounted to \$2,754,110 at December 31, 2006.

**The Public Library of Cincinnati and Hamilton County**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2006**

NOTE 11 - OTHER EMPLOYEE BENEFITS - continued

Compensated Absences - Accumulated Unpaid Sick Leave

All full-time employees are given 15 days of monthly sick leave during their benefit year, which is accrued on a monthly basis. In addition, an annual allocation is awarded to each employee who does not use more than 7 ½ days during their benefit period. This annual sick leave allocation is calculated at 50 percent of the unused monthly days earned during their benefit year. An employee is allocated vested sick leave when they have an unused monthly sick leave balance of 120 days and an unused annual sick leave balance of 60 days and have not used more than 7 ½ days during their benefit period. Vested sick leave is calculated at 50 percent of the unused monthly days allocated during their benefit period and will be added to the employees vested sick leave balance. Upon retirement an employee is paid for their vested sick leave balance up to the maximum of 60 days. The total long-term obligation for sick leave accrual for the Library as a whole as of December 31, 2006 was \$980,845.

Medical and Dental Insurance

The Library provides medical insurance for full-time employees. An employee can choose between three health care plans: Anthem Blue Access PPO, Anthem Blue Preferred Primary HMO, and Anthem Blue Priority HMO. Dental insurance is provided through Anthem Dental PPO. Employees are required to share in the cost of their medical and dental plans.

NOTE 12 - RISK MANAGEMENT

The Library is exposed to various risks of loss related to torts, thefts of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. The Library carries three layers of insurance coverage. In 2006, the Library contracted with several insurance companies for primary coverage as follows:

<u>Coverage</u>	<u>Company</u>
Accident	Hartford Accident & Indemnity Company
Automobile	St. Paul/Travelers
Crime	St. Paul/Travelers
Commercial Property & Contents	Federal Insurance Company (Chubb Group)
Property/Fine Arts & Rare Books	AXA Art Insurance Group
Property/Library Materials & Valuable Papers	ACE Insurance Company of Ohio
Boiler and Machinery	St. Paul/Travelers
Commercial General Liability	St. Paul/Travelers
Commercial Umbrella	St. Paul/Travelers
Excess Liability	Fireman's Fund Insurance Co. of Ohio
Non-Profit Directors & Officers	Philadelphia Insurance Company
Excess Non-Profit Directors & Officers	St. Paul/Travelers

**The Public Library of Cincinnati and Hamilton County**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2006**

NOTE 12 - RISK MANAGEMENT - continued

No insurance settlement has exceeded insurance coverage during the last three years. There has been no significant decrease in the level of coverage from the prior year.

The Library pays the State of Ohio Bureau of Workers' Compensation System a premium based on a rate per \$100 of salaries.

The Library also carries Public Official Bond coverage for the Clerk-Treasurer and the Deputy-Clerk Treasurer. These bonds are provided by the Hartford Fire Insurance Company.

NOTE 13 - LONG-TERM LIABILITIES

Long-term liability activity for the year ended December 31, 2006, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within one Year
Capital Lease	\$170,507	\$0	(\$59,956)	\$110,551	\$62,305
Compensated Absences	3,782,434	1,987,562	(2,035,041)	3,734,955	1,684,022
Long Term Liabilities	<u>\$3,952,941</u>	<u>\$1,987,562</u>	<u>(\$2,094,997)</u>	<u>\$3,845,506</u>	<u>\$1,746,327</u>

Compensated absences will be paid from the General Fund and the Regional Library for the Blind Special Revenue Fund. The capital lease will be paid from the General Fund.

NOTE 14 – INTERFUND ACTIVITY

Interfund Transfers

Transfers made during the year-ended December 31, 2006, were as follows:

	<u>Transfers From:</u>		
	<u>General Fund</u>	<u>Various Special Revenue Fund</u>	<u>Total</u>
<u>Transfers To:</u>			
LSTA Grand Fund	\$0	\$3,545	\$3,545
Building & Repair Fund	500,000	0	500,000
Total	<u>\$500,000</u>	<u>\$3,545</u>	<u>\$503,545</u>

The interfund transfer from the Various Special Revenue Fund to the LSTA Fund was made to fund a share of the grant. The interfund transfers from the General Fund to the Building & Repair Fund were to fund various capital improvement projects.

**The Public Library of Cincinnati and Hamilton County**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2006**

NOTE 14 – INTERFUND ACTIVITY- continued

Advances To/From Other Funds

As of December 31, 2006, receivables and payables that resulted from an advance were as follows:

	<u>Advances From:</u>
	<u>General Fund</u>
<u>Advances to:</u>	
Library for the Blind Fund	<u><u>\$150,000</u></u>

The advance is to fund expenses that are incurred prior to receiving the revenue from the State. The timing difference is a result of the State of Ohio fiscal year end of June 30.

NOTE 15 - CONTINGENT LIABILITIES

Federal and State Grants

For the period January 1, 2006 to December 31, 2006, the Library received federal and state grants for specific purposes that are subject to review and audit by grantor agencies or their designee. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, the Library believes such disallowance, if any, would be immaterial.

# THE PUBLIC LIBRARY OF CINCINNATI AND HAMILTON COUNTY

## Nonmajor Fund Descriptions

### Special Revenue Funds

The Special Revenue Funds are used to account for revenue sources that are legally restricted or donor restricted to expenditures for specific purposes. The following are descriptions of the Library's nonmajor special revenue funds.

#### LSTA Grant Fund

To account for various Library Services and Technology Act (LSTA) grants that are legally restricted to expenditures for specified purposes.

#### I-Net Production Studio Fund

To account for money received when the city of Cincinnati granted a cable television franchise to Warner Cable, for participation in the Institutional Network (I-NET).

#### Regional Library for the Blind Fund

To account for federal and state grants received for the operation of one of two regional libraries in Ohio serving the blind and physically handicapped, per agreement with the State Library of Ohio.

#### Various Funds

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

Anderson/Mt. Washington	Hattendorf
Friedman	Hosbrook
Fey	Pet Memorial
Gifts	

#### Library Materials Fund

To account for various gifts to purchase library materials.

#### Dater Fund

To account for a gift from the Charles H. Dater Foundation for renovation, maintenance, operation, replacement and upkeep of the Westwood Branch Children's Library.

#### Library Programs Fund

To account for various gifts to fund library programs.

### Capital Projects Funds

The Capital Project Funds are used to account for the acquisition or construction of major capital facilities. The following are the descriptions of the Library's nonmajor capital project funds:

#### Building and Repair Fund

To account for transfers from the general fund to be used for the acquisition of property for future capital construction, for major capital improvements, and for emergency repair of library facilities, including catastrophic damage not covered by property insurance.

#### St. Bernard Branch Fund

To account for transfers from the general fund to be used for the construction of a new St. Bernard Branch Library. This fund had no activity during 2006 and, therefore, no budgetary statement is presented.

#### Reading Branch Fund

To account for transfers from the general fund to be used for the construction of a new Reading Branch Library. This fund had no activity during 2006 and, therefore, no budgetary statement is presented.



## Permanent Funds

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

### Various Permanent Funds

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

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

### Armstrong Fund

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

### Feld Fund

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

### Hadley Fund

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

### Heisel/Dunlap Fund

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

### Kersten Fund

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

### Dwyer Fund

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

### Howard Fund

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

**The Public Library of Cincinnati and Hamilton County**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**December 31, 2006**

	Nonmajor Special Revenue	Nonmajor Capital Projects	Nonmajor Permanent	Total Nonmajor Governmental
<b><u>Assets</u></b>				
Equity in Pooled Cash and Cash Equivalents	\$1,385,528	\$7,167,763	\$2,651,797	\$11,205,088
Investments			6,047,580	6,047,580
Receivables:				
Accrued Interest	3,059	0	56,323	59,382
Total Assets	<u>\$1,388,587</u>	<u>\$7,167,763</u>	<u>\$8,755,700</u>	<u>\$17,312,050</u>
<b><u>Liabilities</u></b>				
Accounts Payable	\$2,364	\$1,680	\$23,278	\$27,322
Accrued Salaries Payable	13,461	0	0	13,461
Intergovernmental Payable	1,944	0	0	1,944
Advances From Other Funds	150,000	0	0	150,000
Total Liabilities	<u>167,769</u>	<u>1,680</u>	<u>23,278</u>	<u>192,727</u>
<b><u>Fund Balances</u></b>				
Reserved for:				
Encumbrances	20,626	337,917	8,249	366,792
Restricted Principal	0	0	6,705,639	6,705,639
Unreserved, reported in:				
Special revenue funds	1,200,192	0	0	1,200,192
Capital projects fund	0	6,828,166	0	6,828,166
Permanent funds	0	0	2,018,534	2,018,534
Total Fund Balances	<u>1,220,818</u>	<u>7,166,083</u>	<u>8,732,422</u>	<u>17,119,323</u>
Total Liabilities and Fund Balances	<u>\$1,388,587</u>	<u>\$7,167,763</u>	<u>\$8,755,700</u>	<u>\$17,312,050</u>

The Public Library of Cincinnati and Hamilton County  
 Combining Balance Sheet  
 Nonmajor Special Revenue Funds  
 December 31, 2006

	I-Net Production Studio	Regional Library for the Blind	Various	Library Materials	Dater	Library Programs	Total
<b>Assets</b>							
Equity in Pooled Cash and Cash Equivalents	\$104,317	\$168,181	\$774,121	\$154,056	\$106,672	\$78,181	\$1,385,528
Receivables:							
Accrued Interest	0	0	2,062	220	220	557	3,059
Total Assets	<u>\$104,317</u>	<u>\$168,181</u>	<u>\$776,183</u>	<u>\$154,276</u>	<u>\$106,892</u>	<u>\$78,738</u>	<u>\$1,388,587</u>
<b>Liabilities</b>							
Accounts Payable	\$0	\$202	\$1,360	\$121	\$21	\$660	\$2,364
Accrued Salaries Payable	0	13,461	0	0	0	0	13,461
Intergovernmental Payable	0	1,944	0	0	0	0	1,944
Advances From Other Funds	0	150,000	0	0	0	0	150,000
Total Liabilities	<u>0</u>	<u>165,607</u>	<u>1,360</u>	<u>121</u>	<u>21</u>	<u>660</u>	<u>167,769</u>
<b>Fund Balances</b>							
Reserved for:							
Encumbrances	0	410	20,146	0	0	70	20,626
Unreserved	104,317	2,164	754,677	154,155	106,871	78,008	1,200,192
Total Fund Balances	<u>104,317</u>	<u>2,574</u>	<u>774,823</u>	<u>154,155</u>	<u>106,871</u>	<u>78,078</u>	<u>1,220,818</u>
Total Liabilities and Fund Balances	<u>\$104,317</u>	<u>\$168,181</u>	<u>\$776,183</u>	<u>\$154,276</u>	<u>\$106,892</u>	<u>\$78,738</u>	<u>\$1,388,587</u>

The Public Library of Cincinnati and Hamilton County  
 Combining Balance Sheet  
 Nonmajor Capital Projects Funds  
 December 31, 2006

	Building and Repair	St. Bernard Branch	Reading Branch	Total
<b><u>Assets</u></b>				
Equity in Pooled Cash and Cash Equivalents	\$2,833,231	\$2,884,532	\$1,450,000	\$7,167,763
Total Assets	\$2,833,231	\$2,884,532	\$1,450,000	\$7,167,763
<b><u>Liabilities</u></b>				
Accounts Payable	\$1,680	\$0	\$0	\$1,680
Total Liabilities	1,680	0	0	1,680
<b><u>Fund Balances</u></b>				
Reserved for:				
Encumbrances	337,917	0	0	337,917
Unreserved	2,493,634	2,884,532	1,450,000	6,828,166
Total Fund Balances	2,831,551	2,884,532	1,450,000	7,166,083
Total Liabilities and Fund Balances	\$2,833,231	\$2,884,532	\$1,450,000	\$7,167,763

The Public Library of Cincinnati and Hamilton County  
 Combining Balance Sheet  
 Nonmajor Permanent Funds  
 December 31, 2006

	Various Permanent	Armstrong	Feld	Hadley	Heisel/ Dunlap	Kersten	Dwyer	Howard	Total
<b>Assets</b>									
Equity in Pooled Cash and Cash Equivalents	\$373,948	\$846,014	\$676,989	\$48,084	\$43,809	\$387,398	\$72,506	\$203,049	\$2,651,797
Investments	844,371	889,276	2,501,273	76,073	275,865	88,860	117,050	1,254,812	6,047,580
Receivables:									
Accrued Interest	7,186	8,874	23,163	628	2,276	2,321	966	10,909	56,323
Total Assets	<u>\$1,225,505</u>	<u>\$1,744,164</u>	<u>\$3,201,425</u>	<u>\$124,785</u>	<u>\$321,950</u>	<u>\$478,579</u>	<u>\$190,522</u>	<u>\$1,468,770</u>	<u>\$8,755,700</u>
<b>Liabilities</b>									
Accounts Payable	\$0	\$17,645	\$280	\$0	\$4,236	\$393	\$0	\$724	\$23,278
Total Liabilities	<u>0</u>	<u>17,645</u>	<u>280</u>	<u>0</u>	<u>4,236</u>	<u>393</u>	<u>0</u>	<u>724</u>	<u>23,278</u>
<b>Fund Balances</b>									
Reserved for:									
Encumbrances	0	7,257	0	175	0	817	0	0	8,249
Restricted Principal	936,252	986,042	2,773,445	84,350	305,883	98,529	129,786	1,391,352	6,705,639
Unreserved	289,253	733,220	427,700	40,260	11,831	378,840	60,736	76,694	2,018,534
Total Fund Balances	<u>1,225,505</u>	<u>1,726,519</u>	<u>3,201,145</u>	<u>124,785</u>	<u>317,714</u>	<u>478,186</u>	<u>190,522</u>	<u>1,468,046</u>	<u>8,732,422</u>
Total Liabilities and Fund Balances	<u>\$1,225,505</u>	<u>\$1,744,164</u>	<u>\$3,201,425</u>	<u>\$124,785</u>	<u>\$321,950</u>	<u>\$478,579</u>	<u>\$190,522</u>	<u>\$1,468,770</u>	<u>\$8,755,700</u>

**The Public Library of Cincinnati and Hamilton County**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended December 31, 2006**

	Nonmajor Special Revenue	Nonmajor Capital Projects	Nonmajor Permanent	Total Nonmajor Governmental
<b><u>Revenues</u></b>				
Intergovernmental	\$640,572	\$0	\$0	\$640,572
Earnings on investments	63,314	0	357,406	420,720
Contributions, gifts and donations	140,163	184,960	1,968	327,091
Net increase in fair value of investments	0	0	89,244	89,244
Miscellaneous	75	0	732	807
<b>Total Revenues</b>	<b>844,124</b>	<b>184,960</b>	<b>449,350</b>	<b>1,478,434</b>
<b><u>Expenditures</u></b>				
<b>Current</b>				
<b>Library Services</b>				
Public service and programs	748,821	0	87,012	835,833
Collection development and processing	54,625	0	97,477	152,102
<b>Support Services</b>				
Facilities operations and maintenance	10,405	47,291	0	57,696
Information services support	0	0	0	0
Business administration	31,032	0	71,902	102,934
<b>Total Expenditures</b>	<b>844,883</b>	<b>47,291</b>	<b>256,391</b>	<b>1,148,565</b>
Excess (deficiency) of revenues over (under) expenditures	(759)	137,669	192,959	329,869
<b><u>Other Financing Sources (Uses)</u></b>				
Transfers in	3,545	500,000	0	503,545
Transfers out	(3,545)	0	0	(3,545)
<b>Total Other Financing Sources (Uses)</b>	<b>0</b>	<b>500,000</b>	<b>0</b>	<b>500,000</b>
Net change in fund balance	(759)	637,669	192,959	829,869
Fund balances - beginning of year	1,221,577	6,528,414	8,539,463	16,289,454
Fund balances - end of year	<u>\$1,220,818</u>	<u>\$7,166,083</u>	<u>\$8,732,422</u>	<u>\$17,119,323</u>

**The Public Library of Cincinnati and Hamilton County**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Special Revenue Funds**  
**For the Year Ended December 31, 2006**

	LSTA Grant	I-Net Production Studio	Regional Library for the Blind	Various	Library Materials	Dater	Library Programs	Total
<b><u>Revenues</u></b>								
Intergovernmental	\$10,637	\$0	\$629,935	\$0	\$0	\$0	\$0	\$640,572
Earnings on investments	0	0	0	45,872	4,933	5,979	6,530	63,314
Contributions, gifts and donations	0	0	0	92,242	17,505	20,000	10,416	140,163
Miscellaneous	0	0	0	75	0	0	0	75
Total Revenues	10,637	0	629,935	138,189	22,438	25,979	16,946	844,124
<b><u>Expenditures</u></b>								
Current								
Library Services								
Public service and programs	4,163	0	646,741	53,528	0	4,121	40,268	748,821
Collection development and processing	10,019	0	0	26,760	12,707	5,139	0	54,625
Support Services								
Facilities operations and maintenance	0	0	0	10,405	0	0	0	10,405
Business administration	0	0	0	31,032	0	0	0	31,032
Total Expenditures	14,182	0	646,741	121,725	12,707	9,260	40,268	844,883
Excess (deficiency) of revenues over (under) expenditures	(3,545)	0	(16,806)	16,464	9,731	16,719	(23,322)	(759)
<b><u>Other Financing Sources (Uses)</u></b>								
Transfers in	3,545	0	0	0	0	0	0	3,545
Transfers out	0	0	0	(3,545)	0	0	0	(3,545)
Total Other Financing Sources (Uses)	3,545	0	0	(3,545)	0	0	0	0
Net change in fund balance	0	0	(16,806)	12,919	9,731	16,719	(23,322)	(759)
Fund balances - beginning of year	0	104,317	19,380	761,904	144,424	90,152	101,400	1,221,577
Fund balances - end of year	\$0	\$104,317	\$2,574	\$774,823	\$154,155	\$106,871	\$78,078	\$1,220,818

**The Public Library of Cincinnati and Hamilton County**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Capital Projects Funds**  
**For the Year Ended December 31, 2006**

	Building and Repair	St. Bernard Branch	Reading Branch	Total
<b><u>Revenues</u></b>				
Contributions, gifts and donations	\$184,960	\$0	\$0	\$184,960
Total Revenues	184,960	0	0	184,960
<b><u>Expenditures</u></b>				
Current				
Support Services				
Facilities operations and maintenance	47,291	0	0	47,291
Total Expenditures	47,291	0	0	47,291
Excess (deficiency) of revenues over (under) expenditures	137,669	0	0	137,669
<b><u>Other Financing Sources (Uses)</u></b>				
Transfers in	500,000	0	0	500,000
Total Other Financing Sources (Uses)	500,000	0	0	500,000
Net change in fund balance	637,669	0	0	637,669
Fund balances - beginning of year	2,193,882	2,884,532	1,450,000	6,528,414
Fund balances - end of year	\$2,831,551	\$2,884,532	\$1,450,000	\$7,166,083



**The Public Library of Cincinnati and Hamilton County**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Permanent Funds**  
**For the Year Ended December 31, 2006**

	Various Permanent	Armstrong	Feld	Hadley	Heisel/ Dunlap	Kersten	Dwyer	Howard	Total
<b>Revenues</b>									
Earnings on investments	\$56,097	\$68,839	\$106,524	\$5,629	\$10,331	\$54,007	\$8,516	\$47,463	\$357,406
Contributions, gifts and donations	1,968	0	0	0	0	0	0	0	1,968
Net increase in fair value of investments	20,324	11,779	33,131	1,007	3,654	1,177	1,551	16,621	89,244
Miscellaneous	64	668	0	0	0	0	0	0	732
<b>Total Revenues</b>	<b>78,453</b>	<b>81,286</b>	<b>139,655</b>	<b>6,636</b>	<b>13,985</b>	<b>55,184</b>	<b>10,067</b>	<b>64,084</b>	<b>449,350</b>
<b>Expenditures</b>									
<b>Current</b>									
Library Services									
Public service and programs	0	0	0	0	0	86,385	627	0	87,012
Collection development and processing	18,761	0	31,956	0	0	0	6,294	40,466	97,477
Support Services									
Business administration	6,377	47,658	0	6,431	11,436	0	0	0	71,902
<b>Total Expenditures</b>	<b>25,138</b>	<b>47,658</b>	<b>31,956</b>	<b>6,431</b>	<b>11,436</b>	<b>86,385</b>	<b>6,921</b>	<b>40,466</b>	<b>256,391</b>
Net change in fund balances	53,315	33,628	107,699	205	2,549	(31,201)	3,146	23,618	192,959
Fund balances - beginning of year	1,172,190	1,692,891	3,093,446	124,580	315,165	509,387	187,376	1,444,428	8,539,463
<b>Fund balances - end of year</b>	<b>\$1,225,505</b>	<b>\$1,726,519</b>	<b>\$3,201,145</b>	<b>\$124,785</b>	<b>\$317,714</b>	<b>\$478,186</b>	<b>\$190,522</b>	<b>\$1,468,046</b>	<b>\$8,732,422</b>

**The Public Library of Cincinnati and Hamilton County**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Budget Basis)**  
**LSTA Grant Fund**  
**For the Year Ended December 31, 2006**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$10,637	\$18,137	\$10,637	(\$7,500)
Total revenues	<u>10,637</u>	<u>18,137</u>	<u>10,637</u>	<u>(7,500)</u>
<b>Expenditures</b>				
Current				
Supplies	663	663	663	0
Purchased and contracted services	3,500	3,500	3,500	0
Library materials and information	10,019	17,519	10,019	7,500
Total expenditures	<u>14,182</u>	<u>21,682</u>	<u>14,182</u>	<u>7,500</u>
Excess (deficiency) of revenues over (under) expenditures	(3,545)	(3,545)	(3,545)	0
<b>Other financing sources (uses)</b>				
Transfers in	<u>3,545</u>	<u>3,545</u>	<u>3,545</u>	<u>0</u>
Net change in fund balance	0	0	0	0
Fund balance at beginning of year	0	0	0	0
Fund balance at end of year	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

**The Public Library of Cincinnati and Hamilton County**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Budget Basis)**  
**Regional Library for the Blind Fund**  
**For the Year Ended December 31, 2006**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$314,968	\$629,935	\$629,935	\$0
Total revenues	<u>314,968</u>	<u>629,935</u>	<u>629,935</u>	<u>0</u>
<b>Expenditures</b>				
Current				
Salaries and benefits				
Salaries and leave benefits	186,923	356,559	350,003	6,556
Retirement benefits	25,608	49,018	47,931	1,087
Insurance benefits	19,473	35,638	35,585	53
Supplies	19,768	34,221	33,880	341
Purchased and contracted services	90,560	177,829	176,365	1,464
Library materials	3,000	750	0	750
Capital outlay	4,000	2,875	2,875	0
Total expenditures	<u>349,332</u>	<u>656,890</u>	<u>646,639</u>	<u>10,251</u>
Net change in fund balance	(34,364)	(26,955)	(16,704)	10,251
Fund balance at beginning of year	183,714	183,714	183,714	0
Prior year encumbrances appropriated	650	650	650	0
Fund balance at end of year	<u>\$149,350</u>	<u>\$156,759</u>	<u>\$167,010</u>	<u>\$10,251</u>

**The Public Library of Cincinnati and Hamilton County**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Budget Basis)**  
**Various Funds**  
**For the Year Ended December 31, 2006**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>Revenues</b>				
Earnings on investments	\$28,900	\$28,900	\$44,492	\$15,592
Contributions, gifts and donations	79,000	79,000	92,242	13,242
Miscellaneous	0	0	75	75
Total revenues	<u>107,900</u>	<u>107,900</u>	<u>136,809</u>	<u>28,909</u>
<b>Expenditures</b>				
Current				
Supplies	42,500	35,500	15,106	20,394
Purchased and contracted services	74,879	104,879	70,508	34,371
Library materials and information	39,938	39,938	28,779	11,159
Capital outlay	50,615	50,615	29,164	21,451
Total expenditures	<u>207,932</u>	<u>230,932</u>	<u>143,557</u>	<u>87,375</u>
Excess (deficiency) of revenues over (under) expenditures	(100,032)	(123,032)	(6,748)	116,284
<b>Other financing sources (uses)</b>				
Transfers out	<u>(3,545)</u>	<u>(3,545)</u>	<u>(3,545)</u>	<u>0</u>
Net change in fund balance	(103,577)	(126,577)	(10,293)	116,284
Fund balance at beginning of year	745,144	745,144	745,144	0
Prior year encumbrances appropriated	14,432	14,432	14,432	0
Fund balance at end of year	<u><u>\$655,999</u></u>	<u><u>\$632,999</u></u>	<u><u>\$749,283</u></u>	<u><u>\$116,284</u></u>

**The Public Library of Cincinnati and Hamilton County**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Budget Basis)**  
**Library Materials Fund**  
**For the Year Ended December 31, 2006**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Earnings on investments	\$5,500	\$5,500	\$4,896	(\$604)
Contributions, gifts and donations	10,000	10,000	17,505	7,505
Total revenues	<u>15,500</u>	<u>15,500</u>	<u>22,401</u>	<u>6,901</u>
<b>Expenditures</b>				
Current				
Library materials and information	20,000	20,000	13,043	6,957
Total expenditures	<u>20,000</u>	<u>20,000</u>	<u>13,043</u>	<u>6,957</u>
Net change in fund balance	(4,500)	(4,500)	9,358	13,858
Fund balance at beginning of year	144,083	144,083	144,083	0
Prior year encumbrances appropriated	206	206	206	0
Fund balance at end of year	<u><u>\$139,789</u></u>	<u><u>\$139,789</u></u>	<u><u>\$153,647</u></u>	<u><u>\$13,858</u></u>

**The Public Library of Cincinnati and Hamilton County**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Budget Basis)**  
**Dater Fund**  
**For the Year Ended December 31, 2006**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Earnings on investments	\$3,500	\$3,500	\$5,896	\$2,396
Contributions, gifts and donations	20,000	20,000	20,000	0
Total revenues	<u>23,500</u>	<u>23,500</u>	<u>25,896</u>	<u>2,396</u>
<b>Expenditures</b>				
Current				
Supplies	800	800	786	14
Purchased and contracts services	32,200	32,200	2,625	29,575
Library materials and information	6,000	6,000	5,426	574
Capital Outlay	8,500	8,500	710	7,790
Total expenditures	<u>47,500</u>	<u>47,500</u>	<u>9,547</u>	<u>37,953</u>
Net change in fund balance	(24,000)	(24,000)	16,349	40,349
Fund balance at beginning of year	<u>90,015</u>	<u>90,015</u>	<u>90,015</u>	<u>0</u>
Fund balance at end of year	<u><u>\$66,015</u></u>	<u><u>\$66,015</u></u>	<u><u>\$106,364</u></u>	<u><u>\$40,349</u></u>

**The Public Library of Cincinnati and Hamilton County**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Budget Basis)**  
**Library Programs Fund**  
**For the Year Ended December 31, 2006**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Earnings on investments	\$3,500	\$3,500	\$6,064	\$2,564
Contributions, gifts and donations	20,000	20,000	10,416	(9,584)
Miscellaneous	0	0	0	0
Total revenues	<u>23,500</u>	<u>23,500</u>	<u>16,480</u>	<u>(7,020)</u>
<b>Expenditures</b>				
Current				
Supplies	18,000	18,000	11,289	6,711
Purchased and contracted services	36,200	36,200	29,048	7,152
Total expenditures	<u>54,200</u>	<u>54,200</u>	<u>40,337</u>	<u>13,863</u>
Net change in fund balance	(30,700)	(30,700)	(23,857)	6,843
Fund balance at beginning of year	101,109	101,109	101,109	0
Prior year encumbrances appropriated	200	200	200	0
Fund balance at end of year	<u>\$70,609</u>	<u>\$70,609</u>	<u>\$77,452</u>	<u>\$6,843</u>

**The Public Library of Cincinnati and Hamilton County**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Budget Basis)**  
**Building and Repair Fund**  
**For the Year Ended December 31, 2006**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		(Negative)
<b>Revenues</b>				
Contributions, gifts and donations	\$625,000	\$625,000	\$184,960	(\$440,040)
Total revenues	<u>625,000</u>	<u>625,000</u>	<u>184,960</u>	<u>(440,040)</u>
<b>Expenditures</b>				
Current				
Purchased and contracted services	35,000	66,900	64,400	2,500
Capital outlay	715,000	683,100	320,808	362,292
Total expenditures	<u>750,000</u>	<u>750,000</u>	<u>385,208</u>	<u>364,792</u>
Excess (deficiency) of revenues over (under) expenditures	(125,000)	(125,000)	(200,248)	(75,248)
<b>Other financing sources (uses)</b>				
Transfers in	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	<u>0</u>
Net change in fund balance	375,000	375,000	299,752	(75,248)
Fund balance at beginning of year	<u>2,193,881</u>	<u>2,193,881</u>	<u>2,193,881</u>	<u>0</u>
Fund balance at end of year	<u><u>\$2,568,881</u></u>	<u><u>\$2,568,881</u></u>	<u><u>\$2,493,633</u></u>	<u><u>(\$75,248)</u></u>



**The Public Library of Cincinnati and Hamilton County**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Budget Basis)**  
**Various Permanent Funds**  
**For the Year Ended December 31, 2006**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b><u>Revenues</u></b>				
Earnings on investments	\$40,550	\$40,550	\$54,254	\$13,704
Contributions, gifts and donations	6,000	6,000	1,969	(4,031)
Miscellaneous revenue	0	0	64	64
Total revenues	<u>46,550</u>	<u>46,550</u>	<u>56,287</u>	<u>9,737</u>
<b><u>Expenditures</u></b>				
Current				
Salaries and benefits				
Other employee benefits	7,318	7,318	7,278	40
Supplies	1,500	1,500	1,423	77
Purchased and contracted services	0	500	187	313
Library materials and information	27,700	27,700	18,761	8,939
Other objects	2,500	2,500	1,606	894
Total expenditures	<u>39,018</u>	<u>39,518</u>	<u>29,255</u>	<u>10,263</u>
Net change in fund balance	7,532	7,032	27,032	20,000
Fund balance at beginning of year	1,176,963	1,176,963	1,176,963	0
Fund balance at end of year	<u>\$1,184,495</u>	<u>\$1,183,995</u>	<u>\$1,203,995</u>	<u>\$20,000</u>

**The Public Library of Cincinnati and Hamilton County**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Budget Basis)**  
**Armstrong Fund**  
**For the Year Ended December 31, 2006**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Earnings on investments	\$50,000	\$50,000	\$68,115	\$18,115
Miscellaneous revenue	668	668	668	0
<b>Total revenues</b>	<u>50,668</u>	<u>50,668</u>	<u>68,783</u>	<u>18,115</u>
<b>Expenditures</b>				
<b>Current</b>				
Salaries and benefits				
Other employee benefits	75,571	85,571	84,219	1,352
<b>Total expenditures</b>	<u>75,571</u>	<u>85,571</u>	<u>84,219</u>	<u>1,352</u>
<b>Net change in fund balance</b>	(24,903)	(34,903)	(15,436)	19,467
<b>Fund balance at beginning of year</b>	1,695,905	1,695,905	1,695,905	0
<b>Prior year encumbrances appropriated</b>	25,571	25,571	25,571	0
<b>Fund balance at end of year</b>	<u>\$1,696,573</u>	<u>\$1,686,573</u>	<u>\$1,706,040</u>	<u>\$19,467</u>

**The Public Library of Cincinnati and Hamilton County**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Budget Basis)**  
**Feld Fund**  
**For the Year Ended December 31, 2006**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Earnings on investments	\$90,000	\$90,000	\$99,265	\$9,265
Total revenues	<u>90,000</u>	<u>90,000</u>	<u>99,265</u>	<u>9,265</u>
<b>Expenditures</b>				
Current				
Library materials and information	35,372	35,372	32,576	2,796
Total expenditures	<u>35,372</u>	<u>35,372</u>	<u>32,576</u>	<u>2,796</u>
Net change in fund balance	54,628	54,628	66,689	12,061
Fund balance at beginning of year	3,108,753	3,108,753	3,108,753	0
Prior year encumbrances appropriated	372	372	372	0
Fund balance at end of year	<u>\$3,163,753</u>	<u>\$3,163,753</u>	<u>\$3,175,814</u>	<u>\$12,061</u>

**The Public Library of Cincinnati and Hamilton County**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Budget Basis)**  
**Hadley Fund**  
**For the Year Ended December 31, 2006**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Earnings on investments	\$3,500	\$3,500	\$5,470	\$1,970
Total revenues	<u>3,500</u>	<u>3,500</u>	<u>5,470</u>	<u>1,970</u>
<b>Expenditures</b>				
Current				
Salaries and benefits				
Other employee benefits	5,500	17,500	6,607	10,893
Total expenditures	<u>5,500</u>	<u>17,500</u>	<u>6,607</u>	<u>10,893</u>
Net change in fund balance	(2,000)	(14,000)	(1,137)	12,863
Fund balance at beginning of year	125,066	125,066	125,066	0
Fund balance at end of year	<u><u>\$123,066</u></u>	<u><u>\$111,066</u></u>	<u><u>\$123,929</u></u>	<u><u>\$12,863</u></u>

**The Public Library of Cincinnati and Hamilton County**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Budget Basis)**  
**Heisel/Dunlap Fund**  
**For the Year Ended December 31, 2006**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Earnings on investments	\$9,000	\$9,000	\$9,758	\$758
Total revenues	<u>9,000</u>	<u>9,000</u>	<u>9,758</u>	<u>758</u>
<b>Expenditures</b>				
Current				
Salaries and benefits				
Other employee benefits	10,010	10,010	7,200	2,810
Total expenditures	<u>10,010</u>	<u>10,010</u>	<u>7,200</u>	<u>2,810</u>
Net change in fund balance	(1,010)	(1,010)	2,558	3,568
Fund balance at beginning of year	316,413	316,413	316,413	0
Prior year encumbrances appropriated	510	510	510	0
Fund balance at end of year	<u><u>\$315,913</u></u>	<u><u>\$315,913</u></u>	<u><u>\$319,481</u></u>	<u><u>\$3,568</u></u>

**The Public Library of Cincinnati and Hamilton County**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Budget Basis)**  
**Kersten Fund**  
**For the Year Ended December 31, 2006**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>Revenues</b>				
Earnings on investments	\$35,000	\$35,000	\$53,608	\$18,608
Total revenues	<u>35,000</u>	<u>35,000</u>	<u>53,608</u>	<u>18,608</u>
<b>Expenditures</b>				
Current				
Supplies	45,000	45,000	42,488	2,512
Purchased and contracted services	47,125	47,125	46,471	654
Total expenditures	<u>92,125</u>	<u>92,125</u>	<u>88,959</u>	<u>3,166</u>
Net change in fund balance	(57,125)	(57,125)	(35,351)	21,774
Fund balance at beginning of year	508,254	508,254	508,254	0
Prior year encumbrances appropriated	2,125	2,125	2,125	0
Fund balance at end of year	<u>\$453,254</u>	<u>\$453,254</u>	<u>\$475,028</u>	<u>\$21,774</u>

**The Public Library of Cincinnati and Hamilton County**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Budget Basis)**  
**Dwyer Fund**  
**For the Year Ended December 31, 2006**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Earnings on investments	\$5,500	\$5,500	\$8,272	\$2,772
Total revenues	<u>5,500</u>	<u>5,500</u>	<u>8,272</u>	<u>2,772</u>
<b>Expenditures</b>				
Current				
Supplies	4,500	4,500	627	3,873
Library materials and information	7,500	7,500	6,294	1,206
Total expenditures	<u>12,000</u>	<u>12,000</u>	<u>6,921</u>	<u>5,079</u>
Net change in fund balance	(6,500)	(6,500)	1,351	7,851
Fund balance at beginning of year	<u>188,123</u>	<u>188,123</u>	<u>188,123</u>	<u>0</u>
Fund balance at end of year	<u><u>\$181,623</u></u>	<u><u>\$181,623</u></u>	<u><u>\$189,474</u></u>	<u><u>\$7,851</u></u>

**The Public Library of Cincinnati and Hamilton County**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Budget Basis)**  
**Howard Fund**  
**For the Year Ended December 31, 2006**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Earnings on investments	\$40,000	\$40,000	\$44,361	\$4,361
Total revenues	<u>40,000</u>	<u>40,000</u>	<u>44,361</u>	<u>4,361</u>
<b>Expenditures</b>				
Current				
Library materials and information	48,488	48,488	45,243	3,245
Total expenditures	<u>48,488</u>	<u>48,488</u>	<u>45,243</u>	<u>3,245</u>
Net change in fund balance	(8,488)	(8,488)	(882)	7,606
Fund balance at beginning of year	1,449,584	1,449,584	1,449,584	0
Prior year encumbrances appropriated	3,488	3,488	3,488	0
Fund balance at end of year	<u>\$1,444,584</u>	<u>\$1,444,584</u>	<u>\$1,452,190</u>	<u>\$7,606</u>



# Statistical Section

**THE FOLLOWING UNAUDITED STATISTICAL TABLES  
REFLECT SOCIAL AND ECONOMIC DATA,  
FINANCIAL TRENDS, AND FISCAL CAPACITY  
OF THE LIBRARY**

The Library has opted not to include an additional table for own source revenue as it represents only 4% of total revenue and is all income from patron fines and fees.

The Library has not included a table for Direct and Overlapping Debt as the Library is a county wide library.

**The Public Library of Cincinnati and Hamilton County**  
Net Assets by Component  
Last Five Years  
(accrual basis of accounting)

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	2002	2003	2004	2005	2006
Governmental Activities:					
Invested in Capital Assets, Net of Related Debt	\$101,273,805	\$99,046,288	\$96,016,005	\$93,760,981	\$91,574,791
Restricted	10,349,351	10,233,032	9,851,634	9,712,158	9,900,817
Unrestricted	38,819,068	40,014,143	36,272,139	37,934,299	40,146,200
Total Governmental Activities Net Assets	\$150,442,224	\$149,293,463	\$142,139,778	\$141,407,438	\$141,621,808

2003 was the first year GASB 34 was implemented.

**The Public Library of Cincinnati and Hamilton County**  
Changes in Net Assets  
Last Four Years  
(accrual basis of accounting)

	2003	2004	2005	2006
<b>Program Revenues:</b>				
Charges for Services:				
Library Services:				
Public Service and Programs	\$1,648,282	\$1,712,030	\$1,723,172	\$2,043,892
Operating grants, contributions, and earnings on investments				
Library Services:				
Public Service and Programs	1,056,290	818,224	879,496	853,929
Collection Development and Processing	246,923	174,194	231,170	291,364
Support Services:				
Facilities operations and maintenance	131,800	0	207,176	184,960
Information services support	21,000	7,720	0	6,730
Business administration	13,775	0	11,051	15,960
<b>Total Revenues</b>	<u>3,118,070</u>	<u>2,712,168</u>	<u>3,052,065</u>	<u>3,396,835</u>
<b>Expenses:</b>				
Library Services:				
Public Service and Programs	23,787,560	25,022,480	24,809,705	24,616,153
Collection Development and Processing	11,973,598	11,916,433	11,347,223	11,082,554
Support Services:				
Facilities Operations and Maintenance	11,580,120	11,817,801	11,110,570	11,328,075
Information Services Support	3,079,959	3,403,299	2,947,289	3,014,084
Business Administration	3,585,641	3,500,376	3,397,102	3,468,006
Debt Service:				
Interest and Fiscal Charges	2,819	9,953	7,778	5,517
<b>Total Expenses</b>	<u>54,009,697</u>	<u>55,670,342</u>	<u>53,619,667</u>	<u>53,514,389</u>
<b>Net Expenses</b>	<u>(50,891,627)</u>	<u>(52,958,174)</u>	<u>(50,567,602)</u>	<u>(50,117,554)</u>
<b>General Revenues:</b>				
Governmental Activities:				
Grants and Contributions not Restricted to Specific Programs	48,876,713	45,044,063	48,306,813	48,307,419
Net increase (decrease) in fair value of investments	(111,548)	(82,677)	(12,488)	89,244
Earnings on Investments	271,094	246,336	614,235	1,045,550
Gain on sale of capital asset	0	0	168,179	0
Miscellaneous	702,412	587,788	751,248	887,743
Contributions to Principal	4,195	8,979	7,275	1,968
<b>Total General Revenues</b>	<u>49,742,866</u>	<u>45,804,489</u>	<u>49,835,262</u>	<u>50,331,924</u>
<b>Change in Net Assets</b>	<u>(\$1,148,761)</u>	<u>(\$7,153,685)</u>	<u>(\$732,340)</u>	<u>\$214,370</u>

2003 was the first year GASB 34 was implemented.

**The Public Library of Cincinnati and Hamilton County**  
Fund Balances - Governmental Funds  
Last Four Years  
(modified accrual basis of accounting)

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
General Fund				
Reserved	\$1,389,772	\$595,521	\$565,356	\$339,947
Unreserved	8,924,113	9,682,367	12,086,180	13,834,801
<b>Total General Fund</b>	<u>10,313,885</u>	<u>10,277,888</u>	<u>12,651,536</u>	<u>14,174,748</u>
All Other Governmental Funds				
Reserved	7,266,113	7,065,895	6,715,451	7,072,431
Unreserved, Undesignated				
Reported in:				
Special Revenue Funds	1,608,532	1,254,563	1,206,806	1,200,192
Capital Projects Funds	7,270,041	7,041,663	6,528,414	6,828,166
Permanent Funds	1,908,744	1,804,716	1,838,783	2,018,534
<b>Total All Other Governmental Funds</b>	<u>18,053,430</u>	<u>17,166,837</u>	<u>16,289,454</u>	<u>17,119,323</u>
<b>Total Governmental Funds</b>	<u><u>\$28,367,315</u></u>	<u><u>\$27,444,725</u></u>	<u><u>\$28,940,990</u></u>	<u><u>\$31,294,071</u></u>

2003 was the first year GASB 34 was implemented.

**The Public Library of Cincinnati and Hamilton County**  
 Changes in Fund Balances - Governmental Funds  
 Last Four Years  
 (modified accrual basis of accounting)

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
<b>Revenues:</b>				
Intergovernmental	48,508,418	48,718,964	48,952,702	48,954,721
Fines and fees	1,648,282	1,712,030	1,723,172	2,043,892
Services provided to other entities				0
Contributions, gifts, and donations	523,745	210,314	443,616	355,728
Earnings on investments	480,702	414,182	861,503	1,397,431
Net increase (decrease) in fair value of investments	(111,548)	(82,677)	(12,488)	89,244
Miscellaneous	702,412	587,788	751,248	887,743
<b>Total Revenues</b>	<u>51,752,011</u>	<u>51,560,601</u>	<u>52,719,753</u>	<u>53,728,759</u>
<b>Expenditures:</b>				
Current:				
Library services:				
Public service and programs	24,770,129	24,989,151	24,875,051	24,720,722
Collection development and processing	12,038,862	11,899,780	11,457,028	11,108,535
Support Services:				
Facilities operations and maintenance	8,330,645	8,480,352	8,816,293	8,707,535
Information services support	3,994,359	3,571,299	2,954,543	3,335,661
Business administration	3,635,168	3,477,137	3,395,252	3,437,752
Debt Service:				
Principal retirement	13,550	55,519	57,695	59,956
Interest and fiscal charges	2,819	9,953	7,778	5,517
<b>Total Expenditures</b>	<u>52,785,532</u>	<u>52,483,191</u>	<u>51,563,640</u>	<u>51,375,678</u>
<b>Excess of Revenues Over Expenditures</b>	<u>(1,033,521)</u>	<u>(922,590)</u>	<u>1,156,113</u>	<u>2,353,081</u>
<b>Other Financing Sources (Uses):</b>				
Proceeds from Sale of Fixed Assets	0	0	340,152	0
Inception of Capital Lease	297,271			
Transfers - In	318,621	0	728,618	503,545
Transfers - Out	(318,621)	0	(728,618)	(503,545)
<b>Total Other Financing Sources (Uses)</b>	<u>297,271</u>	<u>0</u>	<u>340,152</u>	<u>0</u>
<b>Net Change in Fund Balances</b>	<u><u>(\$736,250)</u></u>	<u><u>(\$922,590)</u></u>	<u><u>\$1,496,265</u></u>	<u><u>\$2,353,081</u></u>
<b>Debt Service as a Percentage of Noncapital Expenditures</b>	0.0%	0.1%	0.1%	0.1%

2003 was the first year GASB 34 was implemented.

**The Public Library of Cincinnati and Hamilton County**  
Ratio of Outstanding Debt By Type  
Governmental Activities  
Last Ten Years

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Year	Capital Lease Payable	Percentage of Personal Income (1)	Per Capita (1)
1997	\$360,627	0.00%	\$0.42
1998	278,331	0.00%	\$0.33
1999	191,003	0.00%	\$0.23
2000	0	0.00%	\$0.00
2001	0	0.00%	\$0.00
2002	0	0.00%	\$0.00
2003	310,916	0.00%	\$0.38
2004	228,202	0.00%	\$0.28
2005	170,507	0.00%	\$0.21
2006	110,551	0.00%	\$0.13

Details regarding the Library's outstanding debt can be found in the notes to the financial statements

(1) See Schedule Demographic and Economic Statistics for personal income and population data.

**The Public Library of Cincinnati and Hamilton County**  
Demographic and Economic Statistics  
Last Ten Years

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Year	Population (1)	Personal Income (2)	Per Capita Personal Income (4)	Hamilton County Unemployment Rate (3)
1997	866,228	\$25,462,772,060	\$29,395	3.5%
1998	847,202	26,866,469,824	31,712	2.9%
1999	840,443	27,114,372,066	32,262	3.0%
2000	845,303	28,373,440,498	33,566	2.9%
2001	835,362	28,819,153,638	34,499	3.8%
2002	833,721	29,773,844,352	35,712	5.1%
2003	823,472	30,078,138,272	36,526	5.1%
2004	814,611	31,294,910,787	38,417	5.6%
2005	806,652	32,215,260,924	39,937	5.7%
2006	822,596	34,002,005,660	41,335	5.0%

**Sources:** (1) U.S. Census Bureau web site  
(2) Calculated based on Per capita income multiplied by population  
(3) Ohio Bureau of Employment Services web site  
(4) U.S. Department of Commerce, Bureau of Economic Analysis web site.  
County data for 2006 will be released in April 2008 but has been estimated based on a 3.5% increase from 2005.



**The Public Library of Cincinnati and Hamilton County**  
 Library Employees by Function  
 Last Eight Years

Function/Program	1999	2000	2001	2002	2003	2004	2005	2006
<b>Governmental Activities:</b>								
Library Services:								
Public Service and Programs	668	676	703	628	661	649	627	625
Collection Development and Processing	80	76	80	73	74	69	64	65
Support Services:								
Facilities Operations and Maintenance	77	81	85	84	85	86	79	75
Information Services Support	24	26	27	27	24	20	18	18
Business Administration	44	38	40	39	38	37	34	33
<i>Total Number of Employees</i>	<u>893</u>	<u>897</u>	<u>935</u>	<u>851</u>	<u>882</u>	<u>861</u>	<u>822</u>	<u>816</u>

Information is not available prior to 1999.

**The Public Library of Cincinnati and Hamilton County**  
 Operating Indicators By Function  
 Last Ten Years

Function/Program	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Library Services										
Public Service & Programs										
Items in Collection	9,133,681	9,653,049	9,993,586	10,076,270	10,363,842	10,261,257	10,288,800	9,574,449	9,545,692	9,551,178
Material Loans	12,502,014	12,805,278	13,149,907	13,326,369	13,808,229	14,403,659	14,861,011	14,713,793	14,344,449	14,783,307
Active Registered Borrowers	389,697	393,509	396,064	403,531	409,954	404,655	403,531	408,720	375,342	286,293
Number of Public Programs	na	na	11,532	12,182	12,967	13,935	16,169	15,417	15,546	14,874
Collection Development & Processing										
Items Purchased	264,047	329,499	293,466	297,479	329,434	360,909	373,228	369,228	358,784	355,468
Support Services										
Facilities Operations & Maintenance										
Facilities Maintained	43	43	44	45	45	45	45	45	45	45
Square Footage of Facilities	903,797	903,797	906,713	907,664	919,664	921,861	922,661	922,661	922,661	922,661
Information Services Support										
Computer Workstations	na	na	na	609	748	1,045	1,193	1,195	1,286	1,329
Online Resource Usage	na	na	na	na	na	12,663,026	14,551,253	26,245,535	34,070,381	42,994,289

na - The information is not available for these years.

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

Capital Assets Statistics by Function

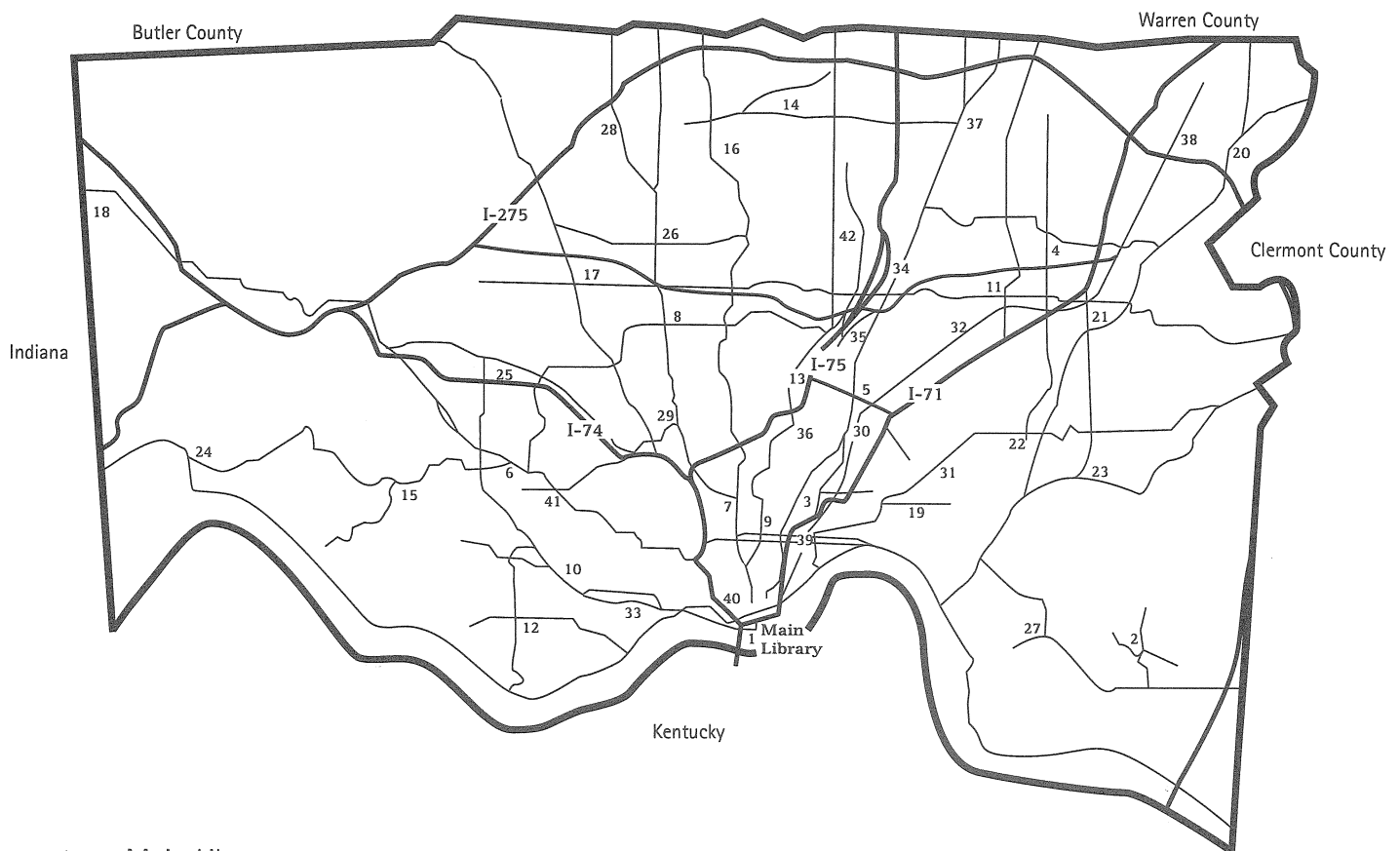
Last Four Years

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Library Services:				
Public Service and Programs				
Land	\$12,045,336	\$12,045,336	\$12,318,298	\$12,318,597
Land improvements	356,965	374,030	358,972	355,514
Buildings and improvements	52,494,965	50,926,155	49,355,898	47,853,729
Furniture and equipment	4,196,810	3,070,187	2,428,906	1,992,694
Collection Development and Processing				
Land	435,456	435,456	435,456	435,456
Fine Arts and Rare Books	17,614,531	17,614,531	17,614,531	17,614,531
Buildings and improvements	1,525,861	1,483,145	1,442,029	1,400,877
Furniture and equipment	46,119	33,738	26,691	21,898
Support Services:				
Facilities Operations and Maintenance				
Land	922,056	922,056	922,056	922,056
Buildings and improvements	5,126,080	4,990,868	4,858,858	4,726,774
Furniture and equipment	506,741	444,839	389,230	365,263
Vehicles	79,902	73,363	43,153	60,735
Information Services Support				
Land	54,432	54,432	54,432	54,432
Buildings and improvements	190,733	185,393	180,254	175,110
Furniture and equipment	454,644	405,473	398,426	359,839
Business Administration				
Land	707,617	707,617	707,617	707,617
Buildings and improvements	2,479,524	2,410,111	2,343,298	2,276,425
Furniture and equipment	92,238	67,477	53,383	43,795
	<u>\$99,330,010</u>	<u>\$96,244,207</u>	<u>\$93,931,488</u>	<u>\$91,685,342</u>

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

**Source:** Library capital asset records. The Library began to utilize the system in 2003; therefore, records are only available since then.

# Public Library of Cincinnati and Hamilton County Service Areas and Locations



- |                    |                     |
|--------------------|---------------------|
| 1. Main Library    | 22. Madisonville    |
| 2. Anderson        | 23. Mariemont       |
| 3. Avondale        | 24. Miami Township  |
| 4. Blue Ash        | 25. Monfort Heights |
| 5. Bond Hill       | 26. Mt. Healthy     |
| 6. Cheviot         | 27. Mt. Washington  |
| 7. Clifton         | 28. North Central   |
| 8. College Hill    | 29. Northside       |
| 9. Corryville      | 30. Norwood         |
| 10. Covedale       | 31. Oakley          |
| 11. Deer Park      | 32. Pleasant Ridge  |
| 12. Delhi Township | 33. Price Hill      |
| 13. Elmwood Place  | 34. Reading         |
| 14. Forest Park    | 35. Roselawn        |
| 15. Green Township | 36. St. Bernard     |
| 16. Greenhills     | 37. Sharonville     |
| 17. Groesbeck      | 38. Symmes Township |
| 18. Harrison       | 39. Walnut Hills    |
| 19. Hyde Park      | 40. West End        |
| 20. Loveland       | 41. Westwood        |
| 21. Madeira        | 42. Wyoming         |

# Bastin & Company, LLC

*Certified Public Accountants*

## **REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Library Trustees  
The Public Library of Cincinnati and Hamilton County

We have audited the basic financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of The Public Library of Cincinnati and Hamilton County, Hamilton County, Ohio (the Library), as of and for the year ended December 31, 2006, which collectively comprise the Library's basic financial statements, and have issued our report thereon dated June 8, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Library's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Library's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Library's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Library's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Library's financial statements that is more than inconsequential will not be prevented or detected by the Library's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Library's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Library's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board of Trustees, management, and the audit committee, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Bastin & Company, LLC". The signature is written in black ink on a light-colored background.

Cincinnati, Ohio  
June 8, 2007



Mary Taylor, CPA  
Auditor of State

THE PUBLIC LIBRARY OF CINCINNATI & HAMILTON COUNTY

HAMILTON COUNTY

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

CLERK OF THE BUREAU

CERTIFIED  
JULY 24, 2007