

# THE PUBLIC LIBRARY OF CINCINNATI & HAMILTON COUNTY, OHIO COMPREHENSIVE ANNUAL FINANCIAL REPORT

*For the Year Ended December 31, 2014*



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LIBRARY  
of Cincinnati  
and  
Hamilton County



THE PUBLIC LIBRARY OF  
CINCINNATI AND HAMILTON COUNTY, OHIO

Comprehensive Annual Financial Report

For the Year Ended December 31, 2014

Issued by:

Molly DeFosse  
Fiscal Officer

The Public Library of Cincinnati and Hamilton County

Comprehensive Annual Financial Report

For the Year Ended December 31, 2014

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The Public Library of Cincinnati and Hamilton County

Comprehensive Annual Financial Report

For the Year Ended December 31, 2014

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**THE  
PUBLIC  
LIBRARY**  
of Cincinnati  
and  
Hamilton County

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Coombe Director*

Kimber L. Fender

*Fiscal Officer*

Molly DeFosse

May 21, 2015

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, 2014. 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 Fiscal Office.

State law requires that every general-purpose local government publish within 150 days of the close of each fiscal year a financial report. This report is published to fulfill that requirement for the year ended December 31, 2014.

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.

The Auditor of State of Ohio has issued an unmodified (clean) opinion on The Public Library of Cincinnati and Hamilton County's financial statements for the year ended December 31, 2014. 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 basic 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 50 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 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. After years of planning, an addition to the Main Library was opened in 1997 and renovation of the Main Library south building was completed in 1998. This created a state-of-the-art, seamless main library building of over one half million square feet. In 2008, the Library completed the Main Library for the 21st Century project . a new service model for the Main Library designed to better address changing customer needs. The cost of the building reconfiguration needed to implement this change was more than offset by the operational savings.

In 2013 and 2014, the Library continued its commitment to strengthening branches with the beginning of our largest branch facilities plan in more than 25 years. In 2014, the Avondale branch accessibility project was completed. In addition to making the branch fully accessible, the branch underwent a significant renovation. The Library also held groundbreaking ceremonies for new branch libraries in St. Bernard, Reading and Clifton. All projects will be paid for without debt and are projected for completion by summer of 2015.

## The Public Library of Cincinnati and Hamilton County

### MATERIALS AND SERVICES

Library cards are free to all Ohio residents. Cards are also free 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. As of the end of 2014 we had more than 579,000 cardholders. Nearly 90% of households in Hamilton County have at least one Library cardholder.

Our use statistics were high in many areas. Circulation was slightly over 18.2 million, surpassing 18 million for the first time ever. Digital downloads once again led the growth with 1,788,895 items downloaded, accounting for about 10% of our total circulation. Print (books and magazines) accounts for 50% of the items borrowed with the remaining 40% comprised of all forms of audiovisual materials. Reference questions were also up 8% surpassing 2.1 million as was program attendance which reached 510,000 for the more than 25,000 Library programs offered in 2014. Our Library was ranked 6th in circulation up from 7th in 2012. We are delighted that Hamilton County residents value and use their Library so much.

Looking beyond these services, the Library also offered many services to meet specific needs in our community: preparing our children for kindergarten, serving children living in poverty, improving reading skills for third grade students, assisting jobseekers, and helping adults prepare for the GED. These numbers are smaller than our circulation or visit counts but they are certainly just as important.

In 2014, the Library transitioned from Summer Reading to Summer Learning with great success. The traditional summer reading program saw a decrease in registrations but a substantial increase in completion. Brain Camps were offered at every location with some one-day camps and others week-long. The new Summer Camp Reading program assisted approximately 70 struggling readers over the six-week camp with documented reading improvements. In addition, the Library served nearly 18,000 lunches at several Library locations.

Library facilities are open six days per week at 36 branches and seven days per week at the Main Library and Clifton, Sharonville, Monfort Heights, and North Central branch Libraries.

The Library's website ([www.CincinnatiLibrary.org](http://www.CincinnatiLibrary.org)) provides online access to the Library's catalog, extensive reference databases, resources for readers such as our book and reading blog, homework help, digital resources, and information about the Library and its programs. Specialized web pages serve children, teens and older adults. Using the Library's website, Library cardholders may reserve, request or renew items, pay fines with a credit card, offer comments, ask a reference question and request materials from libraries throughout the world via interlibrary loan. Free Internet access is available at all locations. Self-service equipment at the Main Library and 29 branch libraries enables customers to check out their own materials and make cash and credit card payments. With the use of tablets and smartphones replacing desktop computers, the Library began piloting a mobile service model in 2014 with planned implementation at the three new branch libraries.

The Main Library has long served as a public reference and resource center for Hamilton County and surrounding counties and has been widely recognized as having one of the nation's top genealogical research collections. Popular materials are conveniently accessible in the Popular Library, teens have a place of their own in TeenSpot and students get homework help in Homework Central. The TechCenter offers state-of-the-art computer



## The Public Library of Cincinnati and Hamilton County

technology and computer use training. The Library continues to offer a complete U.S. Patent & Trademark Depository, a U.S. Documents Depository and an outstanding rare book collection. The Outreach Services Department serves the homebound and provides programs and book collections to elementary schools, nursing homes and other institutions. The Virtual Information Center serves customers via phone, email and text in their use of Library resources, including databases and downloadable materials.

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”*. Recent successes can be directly attributed to the strong focus placed on achieving the five major goals of the Library’s new Strategic Plan:

- Advance the use of digital content
- Excel in customer service
- Be the first choice for information and research
- Support literacy and lifelong learning
- Achieve financial security

### REPORTING ENTITY

The Library’s reporting entity has been defined in accordance with Statement No. 61 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 Annual meeting, the Board organizes for the ensuing year and elects a president, vice president and secretary, and appoints a fiscal officer. 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.

### AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Public Library of Cincinnati and Hamilton County for its comprehensive annual financial report for the year ended December 31, 2013. This was the twenty-first year that the Library has received this prestigious award.

Auditor Dave Yost presented the Ohio Auditor of State Award with Distinction to the Library for excellence in financial reporting for its comprehensive annual financial report for the year ended December 31, 2013.

In addition, Library Journal awarded the Library a five star rating, the highest rating possible for the second year in a row. The ranking considers per capita circulation, visits, program attendance, and Internet use.

## The Public Library of Cincinnati and Hamilton County

### 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. At a little over 800,000 people, Hamilton County's population is declining. The area remains the largest jurisdiction in the tri-state area and is the center of 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, access to an international airport, and easy access to national markets continue to provide a strong foundation for future growth.

In January 2008, the Public Library Fund (PLF) replaced the Library and Local Government Support Fund, which had funded Ohio's public libraries since 1986. In establishing the PLF, the state broadened the base of library funding to include all general revenue taxes and fixed the percentage for libraries at 2.2 percent of collections. By mid-2009, the percentage was reduced to 1.97 percent. The 2012-13 biennium budget set library funding at 95% of prior year distributions, less new deductions that fund the Ohio Public Library Information Network (OPLIN) and the Library for the Blind and Physically Handicapped. The 2014-15 biennium budget eliminated the fixed monthly distribution and returned to the percentage of revenue funding approach. The current budget decreased the percentage from 1.97 percent to 1.66 percent.

In November 2013, Hamilton County voters overwhelmingly renewed a 1-mill operating levy for ten years for the Library. Over the last several years, the levy revenue has offset the loss of state revenue. The levy will provide a dependable source of revenue through 2023 but will not provide any potential for growth.

Despite its continued decline, the PLF remained the primary source of the Library's income in 2014. The property tax levy was secondary, with additional moneys derived from fines, gifts, e-rate reimbursements, federal and state grants, investment earnings, rents and services. The Library continues to balance available funding with service needs by seeking grants and gifts and routinely evaluating service delivery efficiencies.

### LONG-TERM FINANCIAL PLANNING

The Library maintains a five-year financial projection at all times. It is updated as material changes to income and expenditures are determined, and it covers both operational and capital needs to maintain and enhance current services and facilities.

### OTHER INFORMATION

Highlights of the Library's financial activities in 2014 are outlined in Management's Discussion and Analysis, starting on page 4, and in the Notes to the Financial Statements.

Special thanks are extended to my Fiscal Office staff for their hard work and dedication in compiling cash reports, accrual information and capital assets information. I would also like to express appreciation to Dave Yost, Auditor of State, and to his Local Government Services staff for their assistance in preparing this report.



MOLLY DEFOSSE  
FISCAL OFFICER



**Government Finance Officers Association**

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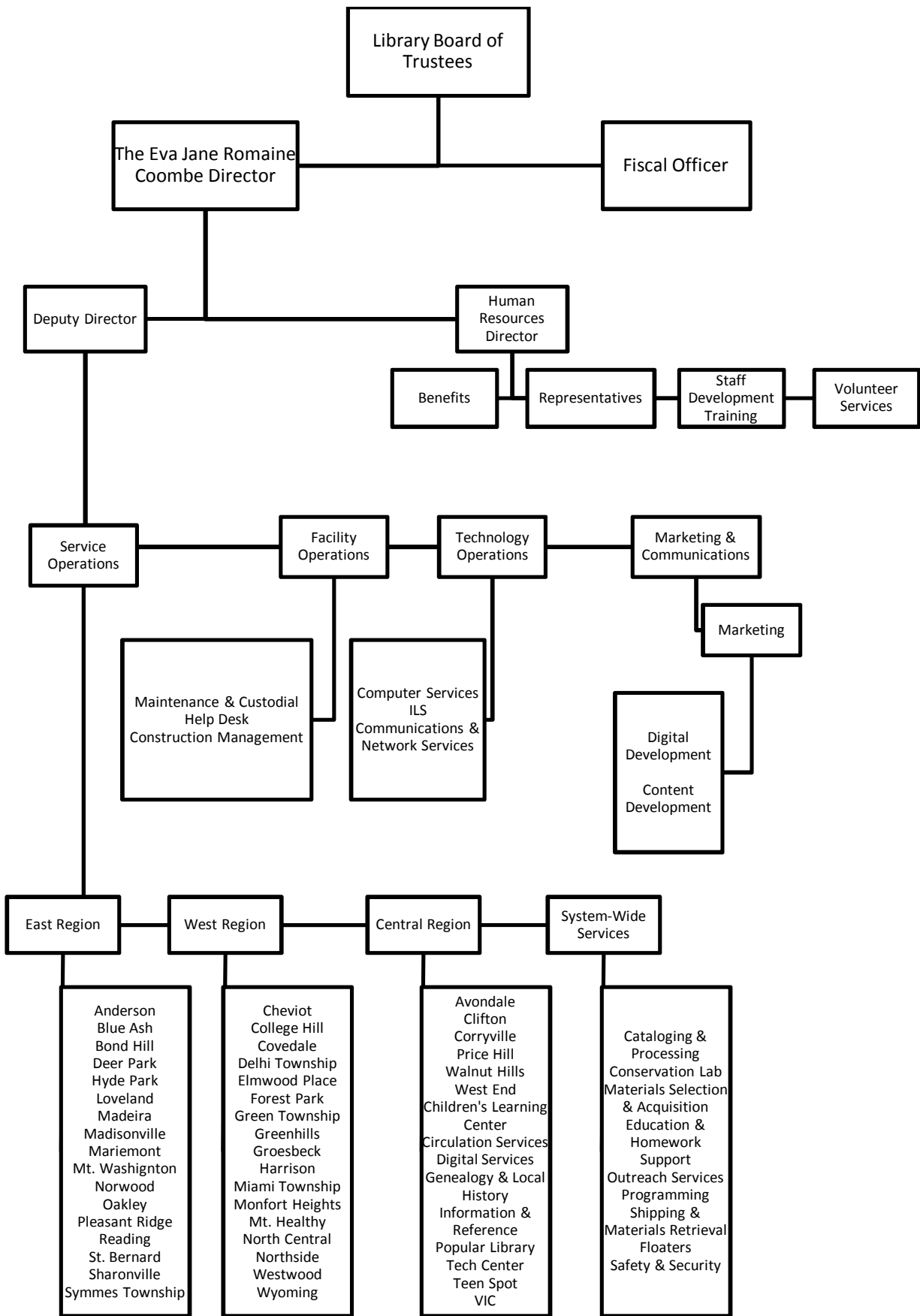
**The Public Library  
of Cincinnati and Hamilton County  
Ohio**

**For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended**

**December 31, 2013**

**Executive Director/CEO**

THE PUBLIC LIBRARY OF CINCINNATI AND HAMILTON COUNTY  
 ORGANIZATIONAL CHART  
 DECEMBER 31, 2014



THE PUBLIC LIBRARY OF CINCINNATI AND HAMILTON COUNTY

LIST OF PRINCIPAL OFFICIALS

DECEMBER 31, 2014

Board of Library Trustees

President	William J. Moran
Vice President	Ross A. Wright
Secretary	Paul G. Sittenfeld
Board Members	Robert G. Hendon Elizabeth H. LaMacchia Barbara W. Trauth Allan G. Zaring IV

Appointed Officials

The Eva Jane Romaine Coombe Director	Kimber L. Fender
Fiscal Officer	Molly DeFosse

Administrative Staff

Deputy Director	Greg Edwards
Director, Human Resources	Andrea Kaufman

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

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

To the Board of Trustees:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, each 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, 2014, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

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

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Library's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Library's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Public Library of Cincinnati and Hamilton County, Hamilton County, Ohio, as of December 31, 2014, and the respective changes in financial position thereof and the budgetary comparison for the General fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis* listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

*Supplementary and Other Information*

Our audit was conducted to opine on the Library's basic financial statements taken as a whole.

The introductory section, the financial section's combining statements, individual fund statements and schedules and the statistical section information present additional analysis and are not a required part of the basic financial statements.

The statements and schedules are management's responsibility, and derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected these statements and schedules to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling statements and schedules directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, these statements and schedules are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

We did not subject the introductory section and statistical section information to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or any other assurance on them.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated May 21, 2015, on our consideration of the Library's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters.



That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Library's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive, flowing style.

**Dave Yost**  
Auditor of State

Columbus, Ohio

May 21, 2015

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**The Public Library of Cincinnati and Hamilton County**  
*Management's Discussion and Analysis*

*For the Year Ended December 31, 2014*  
*Unaudited*

=====  
This comprehensive annual financial report presents The Public Library of Cincinnati and Hamilton County's financial performance for the year ended December 31, 2014. 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 . *government-wide financial statements*, plus a detailed look at specific financial activities . *fund financial statements*.

**Financial Highlights**

Key financial highlights for 2014 are as follows:

- At December 31, the Library's net position was almost \$134 million. Of this amount, \$35.5 million (unrestricted net position) may be used to meet ongoing obligations.
- At the close of the year, the Library's governmental funds reported combined fund balances of \$29.9 million, a \$4.5 million decrease from the prior year.
- At December 31, 2014, the Library had no debt.

**Government-wide Financial Statements**

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

The government-wide *statement of activities* presents changes in the net position reported on the government-wide statement of net position. 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 Operations and Maintenance, Information Services Support, and Business Administration.

The government-wide financial statements can be found starting on page 9.

**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 projects 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 13 individual governmental funds during the year ended December 31, 2014. Information is presented in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund. The General Fund, along with the Building and Repair Fund, are the only major funds. 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 2014 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 16-34 of this report.

### Government-wide Financial Analysis

Net position may serve over time as a useful indicator of a government's financial position. As of December 31, 2014, the Library's assets exceeded liabilities plus deferred inflows of resource by almost \$134 million. The table below provides a comparative analysis of net position between years 2014 and 2013:

	2014	2013	Change
Assets			
Current and Other Assets	\$68,421,376	\$70,402,620	(\$1,981,244)
Capital Assets, Net	89,838,832	84,898,227	4,940,605
Total Assets	<u>158,260,208</u>	<u>155,300,847</u>	<u>2,959,361</u>
Liabilities			
Current Liabilities	4,915,112	2,891,679	2,023,433
Long-Term Liabilities			-
Due Within One Year	1,633,558	1,605,489	28,069
Due in More than One Year	2,086,919	2,182,139	(95,220)
Total Liabilities	<u>8,635,589</u>	<u>6,679,307</u>	<u>1,956,282</u>
Deferred Inflows of Resources			
Property Taxes	<u>15,784,749</u>	<u>15,673,500</u>	<u>111,249</u>
Net Position			
Invested in Capital Assets	89,838,832	84,898,227	4,940,605
Restricted	8,451,806	8,640,838	(189,032)
Unrestricted	35,549,232	39,408,975	(3,859,743)
Total Net Position	<u>\$133,839,870</u>	<u>\$132,948,040</u>	<u>\$891,830</u>

The largest portion of the Library's net position (67%) reflects its capital assets . land and land improvements, fine art and rare book collections, construction in progress, 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. All of the Library's capital assets are free of outstanding debt.

An additional portion of the Library's net position (6%) represents restricted principal and other resources subject to external restrictions. The remaining balance of unrestricted net position (27%) 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 position, including a healthy positive balance of \$35.5 million in unrestricted net position.

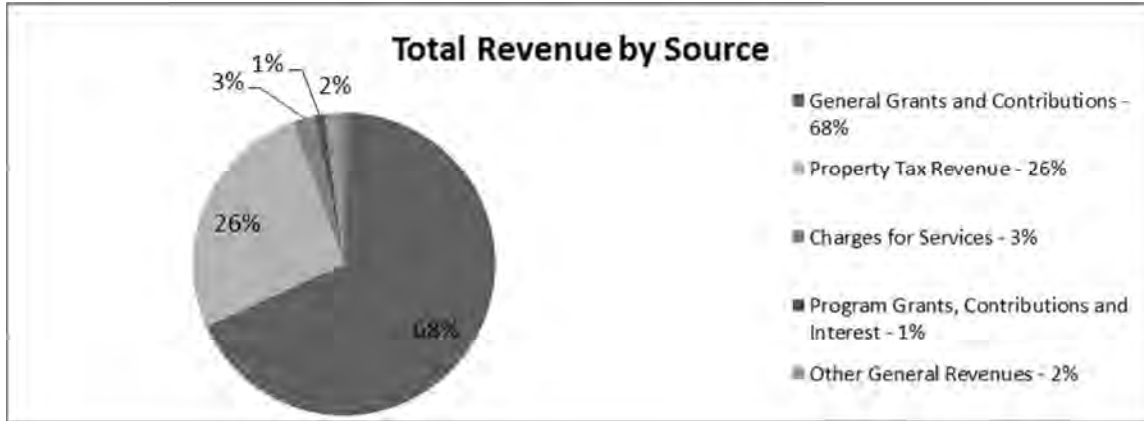
In fiscal year 2014, the Library's total net position increased by \$891,830 a change of almost 1%.

The following table explains the change in net position in terms of the Library's governmental activities. In fiscal year 2014, the Library's total revenues increased 1.7% which is primarily the result of the timing of one time revenue sources.

Overall expenses for 2014 increased by almost 4.6% from 2013 expenses as a result of expenses associated with the building projects as well as planned ongoing repair and maintenance projects.

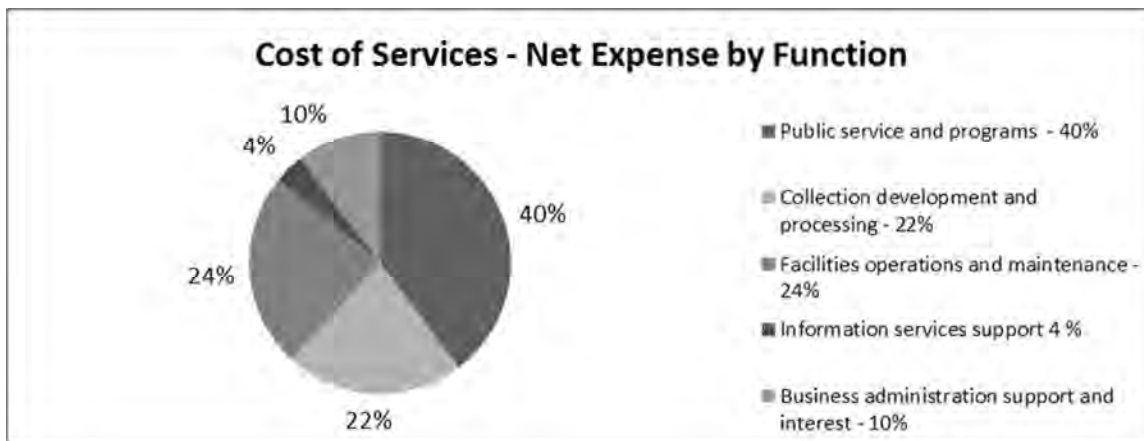
	2014	2013	Change
Revenues			
<u>Program Revenues:</u>			
Charges for Services	\$1,378,960	\$1,488,381	(\$109,421)
Operating Grants, Contributions and Earnings on Investments	578,702	751,023	(172,321)
<u>General Revenues:</u>			
Unrestricted Grants and Contributions	39,124,507	38,316,460	808,047
Local Tax	15,046,679	14,954,099	92,580
Other General Revenues	1,184,968	823,705	361,263
Total Revenues	<u>57,313,816</u>	<u>56,333,668</u>	<u>980,148</u>
Program Expenses			
Library Services	35,572,711	36,260,625	(687,914)
Support Services	20,854,374	17,700,651	3,153,723
Total Expenses	<u>56,427,085</u>	<u>53,961,276</u>	<u>2,465,809</u>
Increase in Net Position before Contributions	886,731	2,372,392	(1,485,661)
Contributions to Principal	5,099	4,956	143
Increase in Net Position	891,830	2,377,348	(1,485,518)
Net Position - Beginning of Year	132,948,040	130,570,692	
Net Position - End of Year	<u>\$133,839,870</u>	<u>\$132,948,040</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 Public Library Fund and a local property tax, which together in 2014 provided 94% 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 . 62%. Net expense by function is detailed in the table below and illustrated in the following graph.

Net Expense by Function	2014	2013	Change
Public Service and Programs	\$21,672,056	\$22,546,236	(\$874,180)
Collection Development and Processing	11,994,643	11,743,387	251,256
Facilities Operations and Maintenance	13,120,751	10,507,654	2,613,097
Information Services Support	2,008,484	1,759,322	249,162
Business Administration	5,673,489	5,165,273	508,216
<b>Total Net Expense by Function</b>	<b>\$54,469,423</b>	<b>\$51,721,872</b>	<b>\$2,747,551</b>



### Fund Financial Analysis

As previously noted, the General Fund and the Building and Repair Fund are the Library's only major funds. The fund balance of the General Fund decreased \$4,461,996 in 2014 primarily as a result of transferring funds to the Building and Repair Fund to complete the branch building project. The fund balance in the Building and Repair Fund increased by \$145,000 as a result of the net difference between transfers from the General Fund and implementation of planned capital projects.

## General Fund Budgetary Analysis

In 2014, original revenue and expenditure budgets remained unchanged during the year. There were significant variances from budget to actual in the area of salaries and benefits and purchased and contracted services. The salary savings is the result of continued implementation of ongoing cost savings measures, vacant positions and historically conservative budgeting of salaries and benefits. The variance in Purchased and Contracted Services is due to utility savings recognized through the two Energy Retrofit projects. Monies were transferred from the General Fund to the Building and Repair Fund, as budgeted, for the completion of three new library branches.

Actual revenues exceeded the budget by \$1,294,541, a difference of nearly 2.3%. As a result of ongoing management efforts to control operating costs and the factors influencing the budget modifications, actual expenditures were \$2,465,459 less than budgeted, a difference of approximately 4.3%.

## Capital Assets

As of December 31, 2014, the Library had \$89,838,832 invested in capital assets. The table below provides a comparative analysis of capital assets net of accumulated depreciation between 2014 and 2013. The significant increase in Construction in Progress reflects the completion of the Energy Retrofit 2 project and the Avondale Branch Accessibility Project in 2014 and St. Bernard Branch, Reading Branch, and Clifton Branch libraries all being in progress at December 31, 2014.

	2014	2013	Change
Land	\$14,266,034	\$14,388,434	(\$122,400)
Fine Arts and Rare Book Collection	17,614,531	17,614,531	0
Construction in Progress	4,953,806	1,403,665	3,550,141
Land Improvements	409,823	446,995	(37,172)
Buildings and Improvements	49,563,228	47,719,550	1,843,678
Furniture, Fixtures, and Equipment	2,961,914	3,309,597	(347,683)
Vehicles	69,496	15,455	54,041
Total Capital Assets	<u>\$89,838,832</u>	<u>\$84,898,227</u>	<u>\$4,940,605</u>

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

## Debt

The Library had no debt during 2014.

## Contacting the Library's Financial Management

This 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 Molly DeFosse, Fiscal Officer, 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 Position

December 31, 2014

	<u>Governmental Activities</u>
<b><u>Assets</u></b>	
Equity in Pooled Cash and Cash Equivalents	\$25,276,877
Accrued Interest Receivable	26,668
Intergovernmental Receivable	19,799,897
Prepaid Items	106,016
Supplies Inventory	156,503
Property Taxes Receivable	16,983,112
Investments	6,072,303
Capital Assets	
Land	14,266,034
Fine Art and Rare Books Collections	17,614,531
Construction in Progress	4,953,806
Depreciable Capital Assets, Net	53,004,461
Total Assets	<u>158,260,208</u>
<b><u>Liabilities</u></b>	
Accounts Payable	1,307,236
Contracts Payable	2,258,645
Accrued Salaries Payable	772,248
Intergovernmental Payable	576,983
Noncurrent liabilities:	
Due within one year	1,633,558
Due in more than one year	2,086,919
Total Liabilities	<u>8,635,589</u>
<b><u>Deferred Inflows of Resources</u></b>	
Property Taxes	15,784,749
Total Deferred Inflows of Resources	<u>15,784,749</u>
Total Liabilities and Deferred Inflows of Resources	<u>24,420,338</u>
<b><u>Net Position</u></b>	
Invested in Capital Assets	89,838,832
Restricted for Grants, Materials, and Programs	217,116
Restricted for Permanent Funds	
Expendable	1,496,459
Nonexpendable	6,738,231
Unrestricted	35,549,232
Total Net Position	<u>\$133,839,870</u>

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, 2014

<u>Functions/Programs</u>	<u>Program Revenues</u>			Net (Expense) Revenue and Changes in Net Position
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants, Contributions and Earnings on Investments</u>	
Library Services				
Public service and programs	\$23,276,690	\$1,378,960	\$225,674	(\$21,672,056)
Collection development and processing	12,296,021	0	301,378	(11,994,643)
Support Services				
Facilities operations and maintenance	13,172,401	0	51,650	(13,120,751)
Information services support	2,008,484	0	0	(2,008,484)
Business administration	5,673,489	0	0	(5,673,489)
Total Governmental Activities	<u>\$56,427,085</u>	<u>\$1,378,960</u>	<u>\$578,702</u>	<u>(54,469,423)</u>
General Revenues:				
Grants and contributions not restricted to specific programs				39,124,507
Property taxes levied for general purposes				15,046,679
Unrestricted earnings on investments				53,111
Miscellaneous				1,131,857
Contributions to principal for permanent funds				5,099
Total general revenues and contributions				<u>55,361,253</u>
Change in net position				891,830
Net position - beginning of the year				<u>132,948,040</u>
Net position - end of the year				<u>\$133,839,870</u>

See accompanying notes to the basic financial statements.

The Public Library of Cincinnati and Hamilton County

Balance Sheet  
Governmental Funds  
December 31, 2014

	General	Building & Repair	Other Governmental	Total Governmental Funds
<b><u>Assets</u></b>				
Equity in Pooled Cash and Cash Equivalents	\$13,717,955	\$9,145,714	\$2,413,208	\$25,276,877
Investments	0	0	6,072,303	6,072,303
Receivables:				
Accrued Interest	0	0	26,668	26,668
Intergovernmental	19,799,897	0	0	19,799,897
Property Taxes	16,983,112	0	0	16,983,112
Prepaid Items	106,016	0	0	106,016
Supplies Inventory	156,503	0	0	156,503
Total Assets	<u>\$50,763,483</u>	<u>\$9,145,714</u>	<u>\$8,512,179</u>	<u>\$68,421,376</u>
<b><u>Liabilities</u></b>				
Accounts Payable	\$1,246,863	\$0	\$60,373	\$1,307,236
Contracts Payable	0	2,258,645	0	2,258,645
Accrued Salaries Payable	772,248	0	0	772,248
Intergovernmental Payable	576,983	0	0	576,983
Total Liabilities	<u>2,596,094</u>	<u>2,258,645</u>	<u>60,373</u>	<u>4,915,112</u>
<b><u>Deferred Inflows of Resources</u></b>				
Property Taxes	15,784,749	0	0	15,784,749
Unavailable Revenue	17,862,213	0	0	17,862,213
Total Deferred Inflows of Resources	<u>33,646,962</u>	<u>0</u>	<u>0</u>	<u>33,646,962</u>
<b><u>Fund Balances</u></b>				
Nonspendable	262,519	0	6,738,231	7,000,750
Restricted	0	0	1,713,575	1,713,575
Committed	80,000	0	0	80,000
Assigned	1,561,251	6,887,069	0	8,448,320
Unassigned	12,616,657	0	0	12,616,657
Total Fund Balances	<u>14,520,427</u>	<u>6,887,069</u>	<u>8,451,806</u>	<u>29,859,302</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$50,763,483</u>	<u>\$9,145,714</u>	<u>\$8,512,179</u>	<u>\$68,421,376</u>

See accompanying notes to the basic financial statements.

The Public Library of Cincinnati and Hamilton County

Reconciliation of Total Governmental Fund Balances

To Net Position of Governmental Activities

December 31, 2014

Total fund balances in governmental funds		\$29,859,302
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds		89,838,832
Some of the Library's revenues will be collected after year-end, but are not available soon enough to pay for the current period expenditures and therefore are deferred in the funds:		
Intergovernmental revenue	16,663,851	
Property taxes	<u>1,198,362</u>	
		17,862,213
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds		
Compensated absences payable		<u>(3,720,477)</u>
Net Position of governmental activities		<u><u>\$133,839,870</u></u>

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, 2014

	General	Building & Repair	Other Governmental	Total Governmental Funds
<b>Revenues</b>				
Intergovernmental	\$37,608,593	\$0	\$133,864	\$37,742,457
Property taxes	16,172,491	0	0	16,172,491
Fines and fees	1,378,960	0	0	1,378,960
Earnings on investments	38,547	0	124,430	162,977
Services provided to other entities	603	0	0	603
Contributions, gifts and donations	38,141	51,650	222,280	312,071
Miscellaneous	1,131,254	0	0	1,131,254
<b>Total Revenues</b>	<b>56,368,589</b>	<b>51,650</b>	<b>480,574</b>	<b>56,900,813</b>
<b>Expenditures</b>				
Current				
Library Services				
Public service and programs	24,308,180	0	261,307	24,569,487
Collection development and processing	11,998,482	0	394,036	12,392,518
Support Services				
Facilities operations and maintenance	7,815,226	8,906,650	0	16,721,876
Information services support	2,164,844	0	0	2,164,844
Business administration	5,578,853	0	14,263	5,593,116
<b>Total Expenditures</b>	<b>51,865,585</b>	<b>8,906,650</b>	<b>669,606</b>	<b>61,441,841</b>
Excess (deficiency) of revenues over (under) expenditures	4,503,004	(8,855,000)	(189,032)	(4,541,028)
<b>Other Financing Sources (Uses)</b>				
Proceeds from sale of capital assets	35,000	0	0	35,000
Transfers in	0	9,000,000	0	9,000,000
Transfers out	(9,000,000)	0	0	(9,000,000)
<b>Total Other Financing Sources (Uses)</b>	<b>(8,965,000)</b>	<b>9,000,000</b>	<b>0</b>	<b>35,000</b>
Net change in fund balances	(4,461,996)	145,000	(189,032)	(4,506,028)
Fund balances - beginning of year	18,982,423	6,742,069	8,640,838	34,365,330
Fund balances - end of year	<b>\$14,520,427</b>	<b>\$6,887,069</b>	<b>\$8,451,806</b>	<b>\$29,859,302</b>

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, 2014

Net change in fund balances - total governmental funds (\$4,506,028)

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 asset additions in the current period. These items include:

Capital assets additions, net	8,037,170	
Depreciation expense	<u>(2,974,165)</u>	5,063,005

Governmental funds only report the disposal of capital assets to the extent the proceeds are received from the sale. In the Statement of Activities, a gain or loss is reported for each disposal.

Proceeds from sale of capital assets	(35,000)	
Loss on disposal of capital assets	<u>(87,400)</u>	(122,400)

Because some revenues will not be collected for several months after the Library's year-end, they are not considered "available" revenues and are deferred in governmental funds. Deferred inflows changed by these amounts:

Increase in intergovernmental	590,789	
Decrease in property taxes	<u>(200,687)</u>	390,102

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		<u>67,151</u>
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Change in net position of government activities \$891,830

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, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$35,212,876	\$35,212,876	\$37,489,545	\$2,276,669
Property taxes	17,510,160	17,510,160	16,172,491	(1,337,669)
Fines and fees	1,286,000	1,286,000	1,378,960	92,960
Earnings on investments	35,000	35,000	38,547	3,547
Services provided to other entities	5,000	5,000	603	(4,397)
Contributions, gifts and donations	51,000	51,000	38,141	(12,859)
Miscellaneous	889,964	889,964	1,131,254	241,290
Total Revenues	<u>54,990,000</u>	<u>54,990,000</u>	<u>56,249,541</u>	<u>1,259,541</u>
<b>Expenditures</b>				
Current				
Salaries and benefits				
Salaries and leave benefits	27,387,723	27,387,723	26,378,566	1,009,157
Retirement benefits	3,819,550	3,819,550	3,610,096	209,454
Insurance benefits	4,846,400	4,846,400	4,354,726	491,674
Supplies	1,263,717	1,313,717	1,280,318	33,399
Purchased and contracted services	9,585,067	9,085,067	8,440,630	644,437
Library materials and information	9,211,131	9,211,131	9,211,131	0
Other objects	500,000	700,000	658,270	41,730
Capital outlay	623,265	873,265	837,657	35,608
Total Expenditures	<u>57,236,853</u>	<u>57,236,853</u>	<u>54,771,394</u>	<u>2,465,459</u>
Excess (deficiency) of revenues over (under) expenditures	(2,246,853)	(2,246,853)	1,478,147	3,725,000
<b>Other financing sources (uses)</b>				
Proceeds from sale of capital assets	0	0	35,000	35,000
Transfers out	(9,000,000)	(9,000,000)	(9,000,000)	0
Total other financing sources (uses)	<u>(9,000,000)</u>	<u>(9,000,000)</u>	<u>(8,965,000)</u>	<u>35,000</u>
Net change in fund balance	(11,246,853)	(11,246,853)	(7,486,853)	3,760,000
Fund balance at beginning of year	14,550,000	14,550,000	14,550,000	0
Prior year encumbrances appropriated	2,686,853	2,686,853	2,686,853	0
Fund balance at end of year	<u>\$5,990,000</u>	<u>\$5,990,000</u>	<u>\$9,750,000</u>	<u>\$3,760,000</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, 2014

**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 40 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 the Eva Jane Romaine Coombe Director and Fiscal Officer 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 Governmental Accounting Standards Board Statement No. 61, "The Financial Reporting Entity: Omnibus", 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.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Library 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 more significant of the Library's accounting policies are described below.

**Basis of Presentation**

The Library's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

The Public Library of Cincinnati and Hamilton County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2014

*Governmental-wide Financial Statements*

The statement of net position and the statement of activities display information about the Library as a whole. The statement of net position presents the 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.

**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 and deferred inflows of resources is reported as fund balance.

The Library's major governmental funds are the General Fund and the Building and Repair Fund. The General Fund accounts for and reports 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 Building and Repair Fund is used 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.

The other governmental funds of the Library account for grants and other resources where use of the asset is restricted to a particular purpose.



## **Measurement Focus**

### *Government-wide Financial Statements*

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

### *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, current liabilities and deferred inflows of resources 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.

## **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, in the recording of deferred inflows of resources, and in the presentation of expenses versus expenditures.

### *Revenues-Exchange and Non-Exchange Transactions*

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 31 days of year-end.

Non-exchange transactions, in which the Library receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the year for which the taxes are levied (See Note 5). 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.

The Public Library of Cincinnati and Hamilton County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2014

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 Inflows of Resources*

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the Library, deferred inflows of resources include property taxes and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2014, but which were levied to finance year 2015 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the Library unavailable revenue includes delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

*Expenses/Expenditures*

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.

**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 are required to be budgeted and appropriated. Budgetary control is maintained at the object level within each fund. Budgetary modifications may only be made by resolution of the Board of Library Trustees.

*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 has been reviewed on an annual basis since 2007.

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*Estimated Resources*

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the Fiscal Officer. 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.

**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 2014, investments included U.S. Savings Bonds, Federal Agency Notes, money market mutual funds, and STAROhio. 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 net asset value per share, which is the price the investment could be sold for on December 31, 2014.

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

Ohio statutes specify the funds to receive an allocation of interest earnings. Interest and dividend revenue credited to the General Fund during 2014 amounted to \$38,547, which includes \$14,574 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".

**Inventory of Supplies**

Inventory is stated at cost on a first-in, first-out basis and is expended/expensed when used. Inventory consists of expendable supplies held for consumption.

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**Prepaid Items**

Payments made to vendors for services that will benefit periods beyond December 31, 2014, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount at the time of purchase and reflecting the expenditure/expense in the year in which services are consumed.

**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 position 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.

All reported capital assets, except land, construction in progress, 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

**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. The entire compensated absences liability is reported on the government-wide financial statements.

**Fund Balance**

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

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The classifications are as follows:

*Nonspendable* - The nonspendable classification includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The ~~not~~ in spendable form includes items that are not expected to be converted to cash.

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

Enabling legislation authorizes the Library to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and include a legally enforceable requirement that those resources be used only for specific purposes stipulated in the legislation. Legal enforceability means the Library can be compelled by an external party such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for purposes specified by the legislation.

*Committed* - The committed classification includes amounts that can be used only for the specific purposes imposed by formal action (resolution) of the Board of Library Trustees. The committed amounts cannot be used for any other purpose unless the Board of Library Trustees removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by the Board of Library Trustees, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

*Assigned* . Amounts in the assigned fund balance classification are intended to be used by the Library for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Board of Library Trustees. State statute authorizes the Fiscal Officer to assign fund balance for purchases on order provide such amounts have been lawfully appropriated.

*Unassigned* . Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

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

### **Internal Activity**

Transfers within governmental activities are eliminated on the government-wide financial statements.

Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the statement of activities. Payments for interfund services provided and used are not eliminated.

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

### **Accrued Liabilities and Long-Term Obligations**

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, compensated absences that will be paid from governmental funds are reported as liabilities in the fund financial statements only to the extent that they are due for payment during the current year.

### **Net Position**

Net Position represents the difference between all other elements on a Statement of Financial Position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position restricted for other purposes include amounts legally restricted or donor designated for specific purposes. The Library's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

### **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 – 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:

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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 restricted, committed, or assigned fund balance (GAAP basis).

Net Change in General Fund Balance

GAAP Basis	(\$4,461,996)
Revenue Accruals	(119,048)
Expenditure Accruals	186,223
Encumbrances	<u>(3,092,032)</u>
Budget Basis	<u><u>(\$7,486,853)</u></u>

**NOTE 4 - 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.

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.

Interim moneys may be invested in the following securities:

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

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

- C. No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
- D. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
- E. Bonds and other obligations of the State of Ohio;
- F. The State Treasurer's investment pool (STAR Ohio);
- G. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed 25 percent of the interim monies available for investment at any one time if trading requirements have been met; and
- H. Written repurchase agreements in the securities described in (1) or (2) provided 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 the term of the agreement must not exceed thirty days.

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. Investments may only be made through specified dealers and institutions.

#### Deposits

Custodial credit risk is the risk that, in event of a bank failure, the Library's deposits may not be returned. According to state law, public depositories must give security for all public funds on deposit in excess of those funds that are insured by the federal deposit insurance corporation (FDIC) or any other agency or instrumentality of the federal government. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by the FDIC, or may pledge a pool of government securities valued at least 105% of the total value of public monies on deposit at the institution. The Library has no deposit policy for custodial risk beyond the requirements of the State statute.

The Library's bank balance of \$23,876,179 is either covered by FDIC or collateralized by the financial institutions' public entity deposit pool.



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Investments

As of December 31, 2014, the Library had the following investments:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-2	2-3	3-5
StarOhio	\$1,047,059	\$1,047,059	\$0	\$0	\$0
First American Treasury Obligation Mutual Funds	567,787	567,787	0	0	0
Federal National Mortgage Assoc Medium Term Notes	863,531	354,344	307,395	201,792	0
U.S. Savings Bonds Series HH	74,000	37,000	27,000	0	10,000
Federal Home Loan Mortgage Corporation Notes	2,425,174	704,361	718,253	651,559	351,001
Federal National Mortgage Assoc. Debenture	1,464,636	0	556,596	351,953	556,087
Federal Farm Credit Bank Note	249,140	0	0	249,140	0
Federal Home Loan Bank Note	995,824	0	0	348,894	646,930
	<u>\$7,687,151</u>	<u>\$2,710,551</u>	<u>\$1,609,244</u>	<u>\$1,803,338</u>	<u>\$1,564,018</u>

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.

Credit Risk

The Federal Home Loan Bank notes, Federal National Mortgage Association, Federal Farm Credit Banks, 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 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.

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, 32 percent are in Federal Home Loan Mortgage Corporation notes, 30 percent are Federal National Mortgage Association notes and debentures, 13 percent are Federal Home Loan Bank notes, and 3 percent are Federal Farm Credit Bank notes.

**NOTE 5 - PROPERTY TAXES**

Property taxes include amounts levied against all real and public utility located in the Library district. Property tax revenue received during 2014 for real and public utility property taxes represents collections of 2013 taxes.

2014 real property taxes are levied after October 1, 2014, on the assessed value as of January 1, 2014, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2014 real property taxes are collected in and intended to finance 2015 operations.

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Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2014 public utility property taxes became a lien December 31, 2013, are levied after October 1, 2014, and are collected in 2014 with real property taxes.

The full tax rate for all Library operations for the year ended December 31, 2014, was \$1.00 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2014 property tax receipts were based are as follows:

Category	Assessed Value
Real Property	\$17,325,676,240
Public Utility Personal	843,929,210
Total	\$18,169,605,450

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the Library. The County Auditor periodically remits to the Library its portion of the taxes collected. Property taxes receivable represents real and public utility property taxes and outstanding delinquencies which were measurable as of December 31, 2014, and for which there was an enforceable legal claim. In governmental funds, the portion of the receivable not levied to finance 2014 operations is offset to deferred inflows of resources . property taxes. On the accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on the modified accrual basis the revenue has been reported as deferred inflows of resources . unavailable revenue.

**NOTE 6 - RECEIVABLES**

Receivables at December 31, 2014, consisted of intergovernmental, property taxes, and accrued earnings on investments. Intergovernmental receivables consisted of \$18,874,772 from the Public Library Fund and \$925,125 for homestead and rollback taxes. It is all recorded in the General Fund. Property taxes, although ultimately collectible, include some portion of delinquents that will not be collected within one year. All other receivables are considered fully collectible and will be received in one year due to the stable condition of state programs.

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**NOTE 7 – CAPITAL ASSETS**

Changes in capital assets during the year ended December 31, 2014, were as follows:

	Balance at 12/31/2013	Additions	Deductions	Balance at 12/31/2014
<u>Governmental Activities</u>				
Capital Assets, Not Being Depreciated:				
Land	\$14,388,434	\$0	(\$122,400)	\$14,266,034
Fine Art and Rare Book Collections	17,614,531	0	0	17,614,531
Construction in Progress	1,403,665	7,506,345	(3,956,204)	4,953,806
Total Capital Assets, Not Being Depreciated	<u>33,406,630</u>	<u>7,506,345</u>	<u>(4,078,604)</u>	<u>36,834,371</u>
Capital Assets Being Depreciated:				
Land Improvements	834,591	0	0	834,591
Buildings and Improvements	89,608,355	3,984,216	0	93,592,571
Furniture, Fixtures and Equipment	15,656,161	428,691	(60,052)	16,024,800
Vehicles	470,479	74,122	(140,050)	404,551
Totals Capital Assets, Being Depreciated	<u>106,569,586</u>	<u>4,487,029</u>	<u>(200,102)</u>	<u>110,856,513</u>
Less Accumulated Depreciation:				
Land Improvements	(387,596)	(37,172)	0	(424,768)
Building and Improvements	(41,888,805)	(2,140,538)	0	(44,029,343)
Furniture, Fixtures and Equipment	(12,346,564)	(776,374)	60,052	(13,062,886)
Vehicles	(455,024)	(20,081)	140,050	(335,055)
Total Accumulated Depreciation	<u>(55,077,989)</u>	<u>(2,974,165) *</u>	<u>200,102</u>	<u>(57,852,052)</u>
Total Capital Assets Being Depreciated, Net	<u>51,491,597</u>	<u>1,512,864</u>	<u>0</u>	<u>53,004,461</u>
Governmental Activities Capital Assets, Net	<u>\$84,898,227</u>	<u>\$9,019,209</u>	<u>(\$4,078,604)</u>	<u>\$89,838,832</u>

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

**NOTE 8 – LEASES**

The Library leases various buildings for library service operations under noncancelable operating leases. The total cost for these leases was \$326,933 for the year ended December 31, 2014. The future minimum lease payments for these leases are as follows:

<u>Year Ending December 31,</u>	
2015	\$296,734
2016	<u>164,763</u>
Total minimum lease payments	<u>\$461,497</u>

**NOTE 9 - DEFINED BENEFIT PENSION PLAN**

Ohio Public Employees Retirement System

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

OPERS provides retirement, disability, survivor and death benefits, and annual cost-of-living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/investments/cafr.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy . The Ohio Revised Code provides statutory authority for member and employer contributions and currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units. Member contribution rates, as set forth in the Ohio Revised Code, are not to exceed 10 percent of covered payroll for members in State and local divisions. For 2014, member and employer contribution rates were consistent across all three plans.

The Library's 2014 contribution rate was 14.0 percent. The portion of employer contributions used to fund pension benefits is net of post-employment health care benefits. For 2014, the portion of employer contribution allocated to health care was 2.00 percent for members in the Traditional Plan and the Combined Plan. Effective January 1, 2015, the portion of employer contributions allocated to health care remains at 2.0 percent for both plans, as recommended by OPERS's actuary.

The Library's required contributions for pension obligations to the traditional pension and combined plans for the years ended December 31, 2014, 2013, and 2012 were \$2,831,389, \$3,018,039, and \$2,411,220, respectively; 92 percent has been contributed for 2014, with the balance due included in intergovernmental payable. The full amount has been contributed for 2013 and 2012. Contributions to the member-directed plan for 2014 were \$199,763 made by the Library and \$142,687 made by plan members.

**NOTE 10 – POST-EMPLOYMENT BENEFITS**

Ohio Public Employees Retirement System

Plan Description . Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan- a cost-sharing, multiple-employer defined

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benefit pension plan; the Member-Directed Plan- a defined contribution plan; and the Combined Plan- a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing multiple-employer defined benefit post-employment health care plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement, to qualifying benefit recipients of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised Code permits, but does not require, OPERS to provide OPEB benefits to its eligible benefit recipients. Authority to establish and amend health care coverage is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report which may be obtained by visiting <https://www.opers.org/investments/cafr.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy . The Ohio Revised Code provides the statutory authority requiring public employers to fund post-retirement health care through contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2014, state and local employers contributed at a rate of 14.0 percent of earnable salary. These are the maximum employer contribution rates permitted by the Ohio Revised Code.

The post-employment health care plan was established under, and is administered in accordance with, Internal Revenue Code section 401(h). Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 2.0 percent during calendar year 2014. Effective January 1, 2015, the portion of employer contributions allocated to health care remains at 2.0 percent for both plans, as recommended by OPERS's actuary.

The OPERS Board of Trustees is also authorized to establish rules for retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the postemployment health care plan.

The Library's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2014, 2013, and 2012 were \$471,898, \$232,157, and \$978,472, respectively. For 2014, 92 percent has been contributed with the balance being reported in intergovernmental payable. The full amount has been contributed for 2013 and 2012.

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

**NOTE 11 - OTHER EMPLOYEE BENEFITS**

Compensated Absences - Accumulated Unpaid Vacation and Holiday Leave

Library employees who are eligible earn vacation leave at varying rates based upon length of service, full-time or part-time status, and union status. The Library recognizes four "open" holidays. These are national holidays on which the Library remains open; therefore, 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 five days, based on full-time or part-time status and union status. The total obligation for vacation and holiday accrual for the Library as a whole amounted to \$2,903,857 at December 31, 2014.

Compensated Absences - Accumulated Unpaid Sick Leave

All eligible employees earn sick leave on a pay period basis during their benefit year. In addition, an annual allocation is awarded to each full-time eligible employee who does not use more than 50 percent of their earned sick time 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 sick leave balance of 120 days and an unused annual sick leave balance of 60 days and have not used more than 50 percent of their earned sick leave 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 employee's 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, 2014 was \$816,620.

Medical and Dental Insurance

The Library provides medical insurance for full-time employees through an Anthem Lumenos Health Savings Account PPO. Dental insurance is provided through Metlife Dental. Employees are required to share in the cost of their medical and dental plans. The Library provides a \$20,000 life insurance policy for all full-time employees through Metlife.

**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 2014, the Library contracted with several insurance companies for primary coverage as follows:

<u>Coverages</u>	<u>Company</u>
Property and Equipment Breakdown Protection	Fireman's Fund Insurance Co. Ohio
Automobile	Great American Insurance Company
Crime	Travelers
Commercial General Liability and Commercial Umbrella	Great American Insurance Company
Excess Liability and Excess Non-Profit Director's & Officers	Chubb Insurance Company
Non-Profit Directors & Officers	Philadelphia Insurance Company

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 Public Library of Cincinnati and Hamilton County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2014

The Library also carries Public Official Bond coverage for the Fiscal Officer and the Fiscal Services Manager. 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, 2014, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Compensated Absences	<u>\$ 3,787,628</u>	<u>\$ 2,374,609</u>	<u>\$ 2,441,760</u>	<u>\$ 3,720,477</u>	<u>\$ 1,633,558</u>

Compensated absences will be paid from the General Fund.

**NOTE 14 – FUND BALANCES**

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

<u>Fund Balances</u>	<u>General</u>	<u>Building and Repair</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Nonspendable:				
Prepaid items	\$106,016	\$0	\$0	\$106,016
Supplies inventory	156,503	0	0	156,503
Principal restricted	0	0	6,738,231	6,738,231
Total Nonspendable	<u>262,519</u>	<u>0</u>	<u>6,738,231</u>	<u>7,000,750</u>
Restricted for:				
Library programs	<u>0</u>	<u>0</u>	<u>1,713,575</u>	<u>1,713,575</u>
Committed to contracts	<u>80,000</u>	<u>0</u>	<u>0</u>	<u>80,000</u>
Assigned to:				
Capital improvements and repair	0	6,887,069	0	6,887,069
Other purposes	1,561,251	0	0	1,561,251
Total Assigned	<u>1,561,251</u>	<u>6,887,069</u>	<u>0</u>	<u>8,448,320</u>
Unassigned	<u>12,616,657</u>	<u>0</u>	<u>0</u>	<u>12,616,657</u>
Total Fund Balances	<u>\$14,520,427</u>	<u>\$6,887,069</u>	<u>\$8,451,806</u>	<u>\$29,859,302</u>

**NOTE 15 – INTERFUND ACTIVITY**

Interfund Transfers and Advances

During 2014, there was one transfer from the General Fund to the Building and Repair Fund for \$9,000,000 for ongoing maintenance projects.

The Public Library of Cincinnati and Hamilton County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2014

**NOTE 16 - CONTINGENT LIABILITIES**

Federal and State Grants

For the period January 1, 2014 to December 31, 2014, 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.

**NOTE 17 – CHANGE IN ACCOUNTING PRINCIPLES**

For 2014, the Library implemented Governmental Accounting Standard Board (GASB) *Statement No. 69, “Governmental Combinations and Disposals of Government Operations,”* and *Statement No. 70, “Accounting and Financial Reporting for Nonexchange Financial Guarantees.”*

GASB Statement No. 69 establishes accounting and financial standards related to government combinations and disposals of government operations. The implementation of this statement did not result in any change in the Library’s financial statements.

GASB Statement No. 70 requires a government that extends a nonexchange financial guarantee to recognize a liability when qualitative factors and historical data, if any, indicate that it is more likely than not that the government will be required to make a payment on the guarantee. This statement also requires a government that has issued an obligation guaranteed in a nonexchange transaction to recognize revenue to the extent of the reduction in its guaranteed liabilities. This statement further requires a government that is required to repay a guarantor for making a payment on a guaranteed obligation or legally assuming the guaranteed obligation to continue to recognize a liability until legally related as an obligor. The implementation of this statement did not result in any change in the Library’s financial statements.

**NOTE 18 – SIGNIFICANT COMMITMENTS**

***Contractual Commitments***

At December 31, 2014, the Library’s significant contractual commitments consisted of the following:

Project	Amount	Paid to Date	Remaining on Contract
Clifton Renovation	\$2,787,680	\$1,589,895	\$1,197,785
Reading & St. Bernard	5,585,028	1,707,272	3,877,756
Main Library- Roof	1,831,104	1,249,860	581,244
<b>Total</b>	<b>\$10,203,812</b>	<b>\$4,547,027</b>	<b>\$5,656,785</b>



The Public Library of Cincinnati and Hamilton County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2014

***Encumbrances***

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end, the amount of encumbrances expected to be honored upon performance by the vendor in the next year were as follows:

Fund	Year-End Encumbrances
General	\$3,092,032
Building & Repair	6,299,814
Other nonmajor governmental funds	156,128
Total	<u>\$9,547,974</u>

## The Public Library of Cincinnati and Hamilton County

### Nonmajor Fund Descriptions

#### Special Revenue Funds

The Special Revenue Funds are used to account for and report revenue sources that are restricted or committed to expenditures for specific purposes other than debt service or capital projects and include:

Various Funds - To account for the Anderson/Mt. Washington Fund and the Gift Fund which are combined for reporting purposes.

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

Library Programs Fund - To account for various gifts that are restricted to fund library programs.

#### 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	Kahn	Kane/Merton
King	Library Materials	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 restricted 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 restricted 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 restricted gift from Edna Hendrie Hadley. Investment income is used for travel and study purposes for library employees.

Heisel/Dunlap Fund - To account for restricted 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 restricted 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 restricted gift from the estate of Cecilia J. Dwyer. Investment income is used to support outreach services.

Howard Fund - To account for a restricted 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, 2014

	Nonmajor Special Revenue	Nonmajor Permanent	Total Nonmajor Governmental
	<u>          </u>	<u>          </u>	<u>          </u>
<b><u>Assets</u></b>			
Equity in Pooled Cash and Cash Equivalents	\$274,855	\$2,138,353	\$2,413,208
Investments	0	6,072,303	6,072,303
Receivables:			
Accrued Interest	0	26,668	26,668
Total Assets	<u>\$274,855</u>	<u>\$8,237,324</u>	<u>\$8,512,179</u>
<b><u>Liabilities</u></b>			
Accounts Payable	\$57,739	\$2,634	\$60,373
Total Liabilities	<u>57,739</u>	<u>2,634</u>	<u>60,373</u>
<b><u>Fund Balances</u></b>			
Nonspendable	0	6,738,231	6,738,231
Restricted	217,116	1,496,459	1,713,575
Total Fund Balances	<u>217,116</u>	<u>8,234,690</u>	<u>8,451,806</u>
Total Liabilities and Fund Balances	<u>\$274,855</u>	<u>\$8,237,324</u>	<u>\$8,512,179</u>

The Public Library of Cincinnati and Hamilton County

Combining Balance Sheet

Nonmajor Special Revenue Funds

December 31, 2014

	<u>Various</u>	<u>Library Programs</u>	<u>Total</u>
<b><u>Assets</u></b>			
Equity in Pooled Cash and Cash Equivalents	\$211,750	\$63,105	\$274,855
Total Assets	<u>\$211,750</u>	<u>\$63,105</u>	<u>\$274,855</u>
<b><u>Liabilities</u></b>			
Accounts Payable	\$50,306	\$7,433	\$57,739
Total Liabilities	<u>50,306</u>	<u>7,433</u>	<u>57,739</u>
<b><u>Fund Balances</u></b>			
Restricted	161,444	55,672	217,116
Total Fund Balances	<u>161,444</u>	<u>55,672</u>	<u>217,116</u>
Total Liabilities and Fund Balances	<u>\$211,750</u>	<u>\$63,105</u>	<u>\$274,855</u>

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The Public Library of Cincinnati and Hamilton County  
Combining Balance Sheet  
Nonmajor Permanent Funds  
December 31, 2014

	Various Permanent	Armstrong	Feld	Hadley	Heisel/ Dunlap
<b><u>Assets</u></b>					
Equity in Pooled Cash and Cash Equivalents	\$368,541	\$916,527	\$534,422	\$44,005	\$35,633
Investments	873,093	888,593	2,499,352	76,015	275,653
Receivables:					
Accrued Interest	3,834	3,902	10,976	334	1,211
Total Assets	<u>\$1,245,468</u>	<u>\$1,809,022</u>	<u>\$3,044,750</u>	<u>\$120,354</u>	<u>\$312,497</u>
<b><u>Liabilities</u></b>					
Accounts Payable	\$0	\$0	\$2,137	\$0	\$0
Total Liabilities	<u>0</u>	<u>0</u>	<u>2,137</u>	<u>0</u>	<u>0</u>
<b><u>Fund Balances</u></b>					
Nonspendable	968,844	986,042	2,773,445	84,350	305,883
Restricted	276,624	822,980	269,168	36,004	6,614
Total Fund Balances	<u>1,245,468</u>	<u>1,809,022</u>	<u>3,042,613</u>	<u>120,354</u>	<u>312,497</u>
Total Liabilities and Fund Balances	<u>\$1,245,468</u>	<u>\$1,809,022</u>	<u>\$3,044,750</u>	<u>\$120,354</u>	<u>\$312,497</u>

<u>Kersten</u>	<u>Dwyer</u>	<u>Howard</u>	<u>Total</u>
\$76,789	\$24,306	\$138,130	\$2,138,353
88,791	116,959	1,253,847	6,072,303
390	514	5,507	26,668
<u>\$165,970</u>	<u>\$141,779</u>	<u>\$1,397,484</u>	<u>\$8,237,324</u>

<u>\$385</u>	<u>\$0</u>	<u>\$112</u>	<u>\$2,634</u>
385	0	112	2,634

98,529	129,786	1,391,352	6,738,231
67,056	11,993	6,020	1,496,459
<u>165,585</u>	<u>141,779</u>	<u>1,397,372</u>	<u>8,234,690</u>
<u>\$165,970</u>	<u>\$141,779</u>	<u>\$1,397,484</u>	<u>\$8,237,324</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, 2014

	Nonmajor Special Revenue	Nonmajor Permanent	Total Nonmajor Governmental
<b>Revenues</b>			
Intergovernmental	\$133,864	\$0	\$133,864
Earnings on investments	2,832	121,598	124,430
Contributions, gifts and donations	217,181	5,099	222,280
Total Revenues	<u>353,877</u>	<u>126,697</u>	<u>480,574</u>
<b>Expenditures</b>			
Current			
Library Services			
Public service and programs	231,140	30,167	261,307
Collection development and processing	263,090	130,946	394,036
Support Services			
Business administration	656	13,607	14,263
Total Expenditures	<u>494,886</u>	<u>174,720</u>	<u>669,606</u>
Net change in fund balances	(141,009)	(48,023)	(189,032)
Fund balances - beginning of year	358,125	8,282,713	8,640,838
Fund balances - end of year	<u>\$217,116</u>	<u>\$8,234,690</u>	<u>\$8,451,806</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, 2014

	<u>Various</u>	<u>LSTA Grant</u>	<u>Library Programs</u>	<u>Total</u>
<b><u>Revenues</u></b>				
Intergovernmental	\$1,000	\$132,864	\$0	\$133,864
Earnings on investments	483	0	2,349	2,832
Contributions, gifts and donations	114,668	56,600	45,913	217,181
Total Revenues	<u>116,151</u>	<u>189,464</u>	<u>48,262</u>	<u>353,877</u>
<b><u>Expenditures</u></b>				
Current				
Library Services				
Public service and programs	169,893	0	61,247	231,140
Collection development and processing	73,626	189,464	0	263,090
Support Services				
Business Administration	656	0	0	656
Total Expenditures	<u>244,175</u>	<u>189,464</u>	<u>61,247</u>	<u>494,886</u>
Net change in fund balances	(128,024)	0	(12,985)	(141,009)
Fund balances - beginning of year	<u>289,468</u>	<u>0</u>	<u>68,657</u>	<u>358,125</u>
Fund balances - end of year	<u><u>\$161,444</u></u>	<u><u>\$0</u></u>	<u><u>\$55,672</u></u>	<u><u>\$217,116</u></u>

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, 2014

	Various Permanent	Armstrong	Feld	Hadley
<b>Revenues</b>				
Earnings on investments	\$33,420	\$10,775	\$26,966	\$866
Contributions, gifts and donations	5,099	0	0	0
<b>Total Revenues</b>	<b>38,519</b>	<b>10,775</b>	<b>26,966</b>	<b>866</b>
<b>Expenditures</b>				
Current				
Library Services				
Public service and programs	5,713	0	0	0
Collection development and processing	17,626	0	99,145	0
Support Services				
Business administration	7,016	4,554	0	2,037
<b>Total Expenditures</b>	<b>30,355</b>	<b>4,554</b>	<b>99,145</b>	<b>2,037</b>
Net change in fund balances	8,164	6,221	(72,179)	(1,171)
Fund balances - beginning of year	1,237,304	1,802,801	3,114,792	121,525
Fund balances - end of year	<b>\$1,245,468</b>	<b>\$1,809,022</b>	<b>\$3,042,613</b>	<b>\$120,354</b>

<u>Heisel/ Dunlap</u>	<u>Kersten</u>	<u>Dwyer</u>	<u>Howard</u>	<u>Total</u>
\$2,923	\$32,120	\$1,262	\$13,266	\$121,598
0	0	0	0	5,099
<u>2,923</u>	<u>32,120</u>	<u>1,262</u>	<u>13,266</u>	<u>126,697</u>
0	22,050	2,404	0	30,167
0	0	4,228	9,947	130,946
0	0	0	0	13,607
<u>0</u>	<u>22,050</u>	<u>6,632</u>	<u>9,947</u>	<u>174,720</u>
2,923	10,070	(5,370)	3,319	(48,023)
<u>309,574</u>	<u>155,515</u>	<u>147,149</u>	<u>1,394,053</u>	<u>8,282,713</u>
<u>\$312,497</u>	<u>\$165,585</u>	<u>\$141,779</u>	<u>\$1,397,372</u>	<u>\$8,234,690</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, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Contributions, gifts and donations	\$0	\$0	\$51,650	\$51,650
Total revenues	<u>0</u>	<u>0</u>	<u>51,650</u>	<u>51,650</u>
<b>Expenditures</b>				
Current				
Purchased and contracted services	2,578,662	2,178,662	1,873,386	305,276
Capital outlay	10,606,199	12,006,199	11,480,570	525,629
Total expenditures	<u>13,184,861</u>	<u>14,184,861</u>	<u>13,353,956</u>	<u>830,905</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(13,184,861)</u>	<u>(14,184,861)</u>	<u>(13,302,306)</u>	<u>882,555</u>
<b>Other financing sources (uses)</b>				
Transfers in	9,000,000	9,000,000	9,000,000	0
Total other financing sources (uses)	<u>9,000,000</u>	<u>9,000,000</u>	<u>9,000,000</u>	<u>0</u>
Net change in fund balance	(4,184,861)	(5,184,861)	(4,302,306)	882,555
Fund balance at beginning of year	2,633,864	2,633,864	2,633,864	0
Prior year encumbrances appropriated	4,514,342	4,514,342	4,514,342	0
Fund balance at end of year	<u>\$2,963,345</u>	<u>\$1,963,345</u>	<u>\$2,845,900</u>	<u>\$882,555</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, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>Revenues</b>				
Intergovernmental receipts	\$0	\$2,000	\$1,000	(\$1,000)
Earnings on investments	0	0	483	483
Contributions, gifts and donations	65,000	97,000	114,668	17,668
<b>Total revenues</b>	<u>65,000</u>	<u>99,000</u>	<u>116,151</u>	<u>17,151</u>
<b>Expenditures</b>				
Current				
Supplies	111,850	113,850	88,612	25,238
Purchased and contracted services	32,825	32,825	21,056	11,769
Library materials and information	16,082	76,082	74,232	1,850
Capital outlay	48,500	98,500	76,756	21,744
<b>Total expenditures</b>	<u>209,257</u>	<u>321,257</u>	<u>260,656</u>	<u>60,601</u>
 Net change in fund balance	 (144,257)	 (222,257)	 (144,505)	 77,752
 Fund balance at beginning of year	 289,695	 289,695	 289,695	 0
Prior year encumbrances appropriated	932	932	932	0
<b>Fund balance at end of year</b>	<u><u>\$146,370</u></u>	<u><u>\$68,370</u></u>	<u><u>\$146,122</u></u>	<u><u>\$77,752</u></u>

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, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$132,864	\$132,864	\$132,864	\$0
Contributions, gifts and donations	56,600	56,600	56,600	0
Total revenues	<u>189,464</u>	<u>189,464</u>	<u>189,464</u>	<u>0</u>
<b>Expenditures</b>				
Capital outlay	189,464	189,464	189,464	0
Total expenditures	<u>189,464</u>	<u>189,464</u>	<u>189,464</u>	<u>0</u>
Net change in fund balance	0	0	0	0
Fund balance at beginning of year	0	0	0	0
Prior year encumbrances appropriated	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)

Library Programs Fund

For the Year Ended December 31, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Earnings on investments	\$0	\$0	\$2,349	\$2,349
Contributions, gifts and donations	25,000	25,000	45,913	20,913
Total revenues	<u>25,000</u>	<u>25,000</u>	<u>48,262</u>	<u>23,262</u>
<b>Expenditures</b>				
Current				
Supplies	40,637	30,637	28,594	2,043
Purchased and contracted services	25,000	35,000	28,785	6,215
Total expenditures	<u>65,637</u>	<u>65,637</u>	<u>57,379</u>	<u>8,258</u>
Net change in fund balance	(40,637)	(40,637)	(9,117)	31,520
Fund balance at beginning of year	68,658	68,658	68,658	0
Prior year encumbrances appropriated	637	637	637	0
Fund balance at end of year	<u>\$28,658</u>	<u>\$28,658</u>	<u>\$60,178</u>	<u>\$31,520</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, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Earnings on investments	\$17,985	\$17,985	\$29,449	\$11,464
Contributions, gifts and donations	1,000	1,000	5,099	4,099
<b>Total revenues</b>	<u>18,985</u>	<u>18,985</u>	<u>34,548</u>	<u>15,563</u>
<b>Expenditures</b>				
Current				
Salaries and benefits				
Salaries and leave benefits	0	1,000	1,000	0
Supplies	9,613	8,613	2,426	6,187
Purchased and contracted services	21,000	21,000	6,804	14,196
Library materials and information	17,000	17,000	14,563	2,437
Capital Outlay	10,000	10,000	5,713	4,287
<b>Total expenditures</b>	<u>57,613</u>	<u>57,613</u>	<u>30,506</u>	<u>27,107</u>
Net change in fund balance	(38,628)	(38,628)	4,042	42,670
Fund balance at beginning of year	1,244,932	1,244,932	1,244,932	0
Prior year encumbrances appropriated	613	613	613	0
<b>Fund balance at end of year</b>	<u>\$1,206,917</u>	<u>\$1,206,917</u>	<u>\$1,249,587</u>	<u>\$42,670</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, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Earnings on investments	\$10,000	\$10,000	\$11,876	\$1,876
Total revenues	<u>10,000</u>	<u>10,000</u>	<u>11,876</u>	<u>1,876</u>
<b>Expenditures</b>				
Current				
Supplies	16,741	16,741	4,554	12,187
Total expenditures	<u>16,741</u>	<u>16,741</u>	<u>4,554</u>	<u>12,187</u>
Net change in fund balance	(6,741)	(6,741)	7,322	14,063
Fund balance at beginning of year	1,809,934	1,809,934	1,809,934	0
Fund balance at end of year	<u>\$1,803,193</u>	<u>\$1,803,193</u>	<u>\$1,817,256</u>	<u>\$14,063</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, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Earnings on investments	\$26,000	\$26,000	\$30,064	\$4,064
Total revenues	<u>26,000</u>	<u>26,000</u>	<u>30,064</u>	<u>4,064</u>
<b>Expenditures</b>				
Current				
Library materials and information	126,480	126,480	107,700	18,780
Total expenditures	<u>126,480</u>	<u>126,480</u>	<u>107,700</u>	<u>18,780</u>
Net change in fund balance	(100,480)	(100,480)	(77,636)	22,844
Fund balance at beginning of year	3,142,374	3,142,374	3,142,374	0
Prior year encumbrances appropriated	1,480	1,480	1,480	0
Fund balance at end of year	<u>\$3,043,374</u>	<u>\$3,043,374</u>	<u>\$3,066,218</u>	<u>\$22,844</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, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Earnings on investments	\$800	\$800	\$960	\$160
Total revenues	<u>800</u>	<u>800</u>	<u>960</u>	<u>160</u>
<b>Expenditures</b>				
Current				
Salaries and benefits				
Other employee benefits	35,850	35,850	2,173	33,677
Total expenditures	<u>35,850</u>	<u>35,850</u>	<u>2,173</u>	<u>33,677</u>
Net change in fund balance	(35,050)	(35,050)	(1,213)	33,837
Fund balance at beginning of year	121,434	121,434	121,434	0
Prior year encumbrances appropriated	850	850	850	0
Fund balance at end of year	<u><u>\$87,234</u></u>	<u><u>\$87,234</u></u>	<u><u>\$121,071</u></u>	<u><u>\$33,837</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, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Earnings on investments	\$2,500	\$2,500	\$3,265	\$765
Total revenues	<u>2,500</u>	<u>2,500</u>	<u>3,265</u>	<u>765</u>
<b>Expenditures</b>				
Current				
Salaries and benefits				
Other employee benefits	1,600	1,600	0	1,600
Total expenditures	<u>1,600</u>	<u>1,600</u>	<u>0</u>	<u>1,600</u>
Net change in fund balance	900	900	3,265	2,365
Fund balance at beginning of year	310,727	310,727	310,727	0
Prior year encumbrances appropriated	1,600	1,600	1,600	0
Fund balance at end of year	<u>\$313,227</u>	<u>\$313,227</u>	<u>\$315,592</u>	<u>\$2,365</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, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Earnings on investments	\$25,000	\$25,000	\$32,230	\$7,230
Total revenues	<u>25,000</u>	<u>25,000</u>	<u>32,230</u>	<u>7,230</u>
<b>Expenditures</b>				
Current				
Supplies	30,178	30,178	22,375	7,803
Purchased and contracted services	10,000	10,000	0	10,000
Total expenditures	<u>40,178</u>	<u>40,178</u>	<u>22,375</u>	<u>17,803</u>
Net change in fund balance	(15,178)	(15,178)	9,855	25,033
Fund balance at beginning of year	156,402	156,402	156,402	0
Prior year encumbrances appropriated	178	178	178	0
Fund balance at end of year	<u>\$141,402</u>	<u>\$141,402</u>	<u>\$166,435</u>	<u>\$25,033</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, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Earnings on investments	\$1,200	\$1,200	\$1,407	\$207
Total revenues	<u>1,200</u>	<u>1,200</u>	<u>1,407</u>	<u>207</u>
<b>Expenditures</b>				
Current				
Supplies	5,027	5,027	3,382	1,645
Library materials and information	5,000	5,000	4,228	772
Total expenditures	<u>10,027</u>	<u>10,027</u>	<u>7,610</u>	<u>2,417</u>
Net change in fund balance	(8,827)	(8,827)	(6,203)	2,624
Fund balance at beginning of year	148,267	148,267	148,267	0
Fund balance at end of year	<u>\$139,440</u>	<u>\$139,440</u>	<u>\$142,064</u>	<u>\$2,624</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, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Earnings on investments	\$12,000	\$12,000	\$14,819	\$2,819
Total revenues	<u>12,000</u>	<u>12,000</u>	<u>14,819</u>	<u>2,819</u>
<b>Expenditures</b>				
Current				
Library materials and information	12,750	10,750	10,416	334
Total expenditures	<u>12,750</u>	<u>10,750</u>	<u>10,416</u>	<u>334</u>
Net change in fund balance	(750)	1,250	4,403	3,153
Fund balance at beginning of year	1,406,230	1,406,230	1,406,230	0
Prior year encumbrances appropriated	750	750	750	0
Fund balance at end of year	<u>\$1,406,230</u>	<u>\$1,408,230</u>	<u>\$1,411,383</u>	<u>\$3,153</u>

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# The Public Library of Cincinnati and Hamilton County

## Statistical Section

This part of the Public Library of Cincinnati and Hamilton County, Ohio's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Library's overall financial health.

<u>Contents</u>	<u>Pages</u>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the Library's financial performance and well-being has changed over time.	58-65
<b>Revenue Capacity</b> These schedules contain trend information to help the reader understand the Library's most significant sources of local revenue.	66-69
<b>Debt Capacity</b> These schedules present information to help the reader assess the affordability of the Library's current service levels of outstanding debt and the Library's ability to issue additional debt in the future.  The Library has not included a table for Direct and Overlapping Debt as the Library is a county-wide library.	70
<b>Economic and Demographic Information</b> These schedules offer economic and demographic indicators to help the reader understand the environment in which the Library's financial activities take place.	71-73
<b>Operating Information</b> These schedules contain service and infrastructure data to help the reader understand how the information in the Library's financial report relates to the services the Library provides and the activities it performs.	74-77

### Sources:

Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year.

The Public Library of Cincinnati and Hamilton County

Net Position by Component

Last Ten Years

(accrual basis of accounting)

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Governmental Activities:				
Invested in Capital Assets	\$93,760,981	\$91,574,791	\$91,680,184	\$90,835,880
Restricted	9,712,158	9,900,817	11,115,987	13,616,429
Unrestricted	<u>37,934,299</u>	<u>40,146,200</u>	<u>38,302,628</u>	<u>33,190,646</u>
Total Governmental Activities Net Position	<u>\$141,407,438</u>	<u>\$141,621,808</u>	<u>\$141,098,799</u>	<u>\$137,642,955</u>

\*Amount restated to correctly reflect accumulated depreciation

<u>2009 (*)</u>	<u>2010 (*)</u>	<u>2011 (*)</u>	<u>2012 (*)</u>	<u>2013</u>	<u>2014</u>
\$88,897,763	\$87,843,258	\$87,110,748	\$85,341,907	\$84,898,227	\$89,838,832
10,005,862	8,908,471	8,765,055	8,549,943	8,640,838	8,451,806
<u>21,324,264</u>	<u>27,465,034</u>	<u>32,602,540</u>	<u>36,678,842</u>	<u>39,408,975</u>	<u>35,549,232</u>
<u>\$120,227,889</u>	<u>\$124,216,763</u>	<u>\$128,478,343</u>	<u>\$130,570,692</u>	<u>\$132,948,040</u>	<u>\$133,839,870</u>

The Public Library of Cincinnati and Hamilton County

Changes in Net Position  
Last Ten Years  
(accrual basis of accounting)

	2005	2006	2007	2008
<b>Program Revenues:</b>				
Charges for Services:				
Library Services:				
Public Service and Programs	\$1,723,172	\$2,043,892	\$1,949,231	\$2,003,232
Collection Development and Processing	0	0	0	0
Operating grants, contributions, and earnings on investments:				
Library Services:				
Public Service and Programs	879,188	855,106	841,861	1,146,886
Collection Development and Processing	221,338	362,991	597,512	326,213
Support Services:				
Facilities operations and maintenance	207,176	184,960	419,888	1,307
Information services support	0	6,730	10,000	0
Business administration	10,278	20,621	25,869	18,788
<b>Total Program Revenues</b>	<b>3,041,152</b>	<b>3,474,300</b>	<b>3,844,361</b>	<b>3,496,426</b>
<b>Expenses:</b>				
Library Services:				
Public Service and Programs	24,809,705	24,616,153	24,757,848	25,328,735
Collection Development and Processing	11,347,223	11,082,554	11,739,723	11,708,306
Support Services:				
Facilities Operations and Maintenance	11,110,570	11,328,075	12,717,831	12,961,104
Information Services Support	2,947,289	3,014,084	3,038,053	2,604,637
Business Administration	3,397,102	3,468,006	3,458,818	3,620,791
Debt Service:				
Interest and Fiscal Charges	7,778	5,517	3,168	1,602
<b>Total Expenses</b>	<b>53,619,667</b>	<b>53,514,389</b>	<b>55,715,441</b>	<b>56,225,175</b>
<b>Net Expenses</b>	<b>(50,578,515)</b>	<b>(50,040,089)</b>	<b>(51,871,080)</b>	<b>(52,728,749)</b>
<b>General Revenues:</b>				
Governmental Activities:				
Grants and Contributions not Restricted to Specific Programs				
Property taxes levied for general purposes	48,306,813	48,307,419	49,289,425	47,887,165
Earnings on Investments	0	0	0	0
Gain on sale of capital asset	612,660	1,057,329	1,183,073	570,505
Other	168,179	0	87,644	0
Contributions to Principal for Permanent Funds	751,248	887,743	784,376	811,488
	7,275	1,968	3,553	3,747
<b>Total General Revenues and Contributions</b>	<b>49,846,175</b>	<b>50,254,459</b>	<b>51,348,071</b>	<b>49,272,905</b>
<b>Change in Net Position</b>	<b>(\$732,340)</b>	<b>\$214,370</b>	<b>(\$523,009)</b>	<b>(\$3,455,844)</b>

(1) In 2009 the Library experienced a 26% decrease in Public Library Funding. This severe cut prompted the need for the property tax levy in 2010.

\*Amount restated to correctly reflect accumulated depreciation

2009 (*)	2010 (*)	2011 (*)	2012 (*)	2013	2014
\$1,986,173 0	\$1,950,189 33,323	\$1,853,699 3,048	\$1,836,534 270	\$1,488,381 0	\$1,378,960 0
537,845 84,990	353,966 16,694	461,895 135,199	302,650 90,651	446,865 35,756	225,674 301,378
7,056 0 3,513	87,120 0 0	276,970 0 0	34,121 0 950	268,402 0 0	51,650 0 0
<u>2,619,577</u>	<u>2,441,292</u>	<u>2,730,811</u>	<u>2,265,176</u>	<u>2,239,404</u>	<u>1,957,662</u>
25,445,459 12,003,328	24,735,003 12,650,042	24,012,269 12,857,701	25,089,210 13,256,882	24,481,482 11,779,143	23,276,690 12,296,021
13,052,088 1,374,495 4,382,087 0	12,956,656 1,971,633 4,747,463 0	12,173,882 1,904,726 4,316,845 0	11,344,275 1,146,958 4,746,904 0	10,776,056 1,759,322 5,165,273 0	13,172,401 2,008,484 5,673,489 0
<u>56,257,457</u>	<u>57,060,797</u>	<u>55,265,423</u>	<u>55,584,229</u>	<u>53,961,276</u>	<u>56,427,085</u>
<u>(53,637,880)</u>	<u>(54,619,505)</u>	<u>(52,534,612)</u>	<u>(53,319,053)</u>	<u>(51,721,872)</u>	<u>(54,469,423)</u>
35,472,245 0 88,420 0 658,480 3,669	38,213,450 19,618,860 22,673 48,375 701,110 3,911	38,927,193 17,244,148 56,218 0 563,561 5,072	38,320,131 15,912,280 56,419 0 1,119,987 2,585	38,316,460 14,954,099 48,273 0 775,432 4,956	39,124,507 15,046,679 53,111 0 1,131,857 5,099
<u>36,222,814</u>	<u>58,608,379</u>	<u>56,796,192</u>	<u>55,411,402</u>	<u>54,099,220</u>	<u>55,361,253</u>
<u>(\$17,415,066)</u> (1)	<u>\$3,988,874</u>	<u>\$4,261,580</u>	<u>\$2,092,349</u>	<u>\$2,377,348</u>	<u>\$891,830</u>

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

	2005	2006	2007	2008	2009
General Fund					
Nonspendable	\$0	\$0	\$0	\$0	\$0
Committed	0	0	0	0	0
Assigned	0	0	0	0	0
Unassigned	0	0	0	0	0
Reserved	565,356	339,947	500,422	522,050	417,778
Unreserved	12,086,180	13,834,801	11,392,232	7,370,027	4,954,540
<b>Total General Fund</b>	<b>12,651,536</b>	<b>14,174,748</b>	<b>11,892,654</b>	<b>7,892,077</b>	<b>5,372,318</b>
All Other Governmental Funds					
Nonspendable	\$0	\$0	\$0	\$0	\$0
Restricted	0	0	0	0	0
Assigned	0	0	0	0	0
Reserved	6,715,451	7,072,431	7,395,041	7,777,583	7,184,646
Unreserved reported in:					
Special Revenue Funds	1,206,806	1,200,192	2,207,051	4,560,246	750,292
Capital Projects Funds	6,528,414	6,828,166	7,390,932	8,116,698	3,066,387
Permanent Funds	1,838,783	2,018,534	2,230,095	2,315,884	2,087,829
<b>Total All Other Governmental Funds</b>	<b>16,289,454</b>	<b>17,119,323</b>	<b>19,223,119</b>	<b>22,770,411</b>	<b>13,089,154</b>
<b>Total Governmental Funds</b>	<b>\$28,940,990</b>	<b>\$31,294,071</b>	<b>\$31,115,773</b>	<b>\$30,662,488</b>	<b>\$18,461,472</b>

(1) Fund balances were classified in accordance with GASB Statement No. 54.

2010 (1)	2011	2012	2013	2014
\$313,740	\$408,748	\$530,998	\$286,770	\$262,519
80,000	80,000	80,000	80,000	80,000
453,970	373,970	827,940	1,061,664	1,561,251
8,371,066	13,693,604	14,007,805	17,553,989	12,616,657
0	0	0	0	0
0	0	0	0	0
<u>9,218,776</u>	<u>14,556,322</u>	<u>15,446,743</u>	<u>18,982,423</u>	<u>14,520,427</u>
\$6,720,519	\$6,725,591	\$6,728,176	\$6,733,132	\$6,738,231
2,187,952	2,039,464	1,821,767	1,907,706	1,713,575
4,012,379	4,754,170	6,604,104	6,742,069	6,887,069
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
<u>12,920,850</u>	<u>13,519,225</u>	<u>15,154,047</u>	<u>15,382,907</u>	<u>15,338,875</u>
<u>\$22,139,626</u>	<u>\$28,075,547</u>	<u>\$30,600,790</u>	<u>\$34,365,330</u>	<u>\$29,859,302</u>

The Public Library of Cincinnati and Hamilton County

Changes in Fund Balances - Governmental Funds

Last Ten Years

(modified accrual basis of accounting)

	2005	2006	2007	2008
<b>Revenues:</b>				
Intergovernmental	\$48,952,702	\$48,954,721	\$49,417,777	\$48,116,998
Property taxes	0	0	0	0
Fines and fees	1,723,172	2,043,892	1,949,231	2,003,232
Earnings on investments	849,015	1,486,675	1,677,365	1,007,491
Contributions, gifts, and donations	443,616	355,728	1,438,084	2,948,735
Miscellaneous	751,248	887,743	906,360	811,488
<b>Total Revenues</b>	<b>52,719,753</b>	<b>53,728,759</b>	<b>55,388,817</b>	<b>54,887,944</b>
<b>Expenditures:</b>				
Current:				
Library services:				
Public service and programs	24,875,051	24,720,722	24,888,966	25,354,219
Collection development and processing	11,457,028	11,108,535	11,669,590	11,695,165
Support Services:				
Facilities operations and maintenance	8,816,293	8,707,535	12,234,308	11,211,724
Information services support	2,954,543	3,335,661	3,381,801	3,405,865
Business administration	3,395,252	3,437,752	3,441,977	3,625,151
Debt Service:				
Principal retirement	57,695	59,956	62,305	48,246
Interest and fiscal charges	7,778	5,517	3,168	859
<b>Total Expenditures</b>	<b>51,563,640</b>	<b>51,375,678</b>	<b>55,682,115</b>	<b>55,341,229</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>1,156,113</b>	<b>2,353,081</b>	<b>(293,298)</b>	<b>(453,285)</b>
<b>Other Financing Sources (Uses):</b>				
Proceeds from Sale of Capital Assets	340,152	0	115,000	0
Inception of Capital Lease	0	0	0	0
Transfers In	728,618	503,545	3,300,000	2,503,043
Transfers Out	(728,618)	(503,545)	(3,300,000)	(2,503,043)
<b>Total Other Financing Sources (Uses)</b>	<b>340,152</b>	<b>0</b>	<b>115,000</b>	<b>0</b>
<b>Net Change in Fund Balances</b>	<b>\$1,496,265</b>	<b>\$2,353,081</b>	<b>(\$178,298)</b>	<b>(\$453,285)</b>
<b>Debt Service as a Percentage of Noncapital Expenditures</b>	<b>0.1%</b>	<b>0.1%</b>	<b>0.1%</b>	<b>0.1%</b>



2009	2010	2011	2012	2013	2014
\$38,844,386	\$38,977,457	\$39,798,636	\$37,445,155	\$38,162,831	\$37,742,457
0	17,637,711	17,613,602	15,948,657	16,044,155	16,172,491
1,986,173	1,950,189	1,853,699	1,836,534	1,488,381	1,378,960
201,158	29,558	195,357	144,720	93,056	162,977
147,387	268,006	481,376	276,749	683,196	312,071
658,480	734,433	566,910	1,121,163	775,432	1,131,857
<u>41,837,584</u>	<u>59,597,354</u>	<u>60,509,580</u>	<u>56,772,978</u>	<u>57,247,051</u>	<u>56,900,813</u>
25,398,385	24,862,028	24,384,028	25,405,327	24,701,042	24,569,487
11,956,325	12,637,587	12,940,503	13,475,983	11,844,354	12,392,518
10,835,165	11,000,973	10,907,773	9,191,772	9,745,206	16,721,876
1,491,889	2,734,740	1,990,538	1,632,347	1,966,232	2,164,844
4,356,836	4,738,872	4,350,817	4,862,306	5,225,677	5,593,116
0	0	0	0	0	0
0	0	0	0	0	0
<u>54,038,600</u>	<u>55,974,200</u>	<u>54,573,659</u>	<u>54,567,735</u>	<u>53,482,511</u>	<u>61,441,841</u>
<u>(12,201,016)</u>	<u>3,623,154</u>	<u>5,935,921</u>	<u>2,205,243</u>	<u>3,764,540</u>	<u>(4,541,028)</u>
0	55,000	0	320,000	0	35,000
0	0	0	0	0	0
6,680,238	2,500,000	2,500,000	2,500,000	2,000,000	9,000,000
<u>(6,680,238)</u>	<u>(2,500,000)</u>	<u>(2,500,000)</u>	<u>(2,500,000)</u>	<u>(2,000,000)</u>	<u>(9,000,000)</u>
<u>0</u>	<u>55,000</u>	<u>0</u>	<u>320,000</u>	<u>0</u>	<u>35,000</u>
<u>(\$12,201,016)</u>	<u>\$3,678,154</u>	<u>\$5,935,921</u>	<u>\$2,525,243</u>	<u>\$3,764,540</u>	<u>(\$4,506,028)</u>
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

The Public Library of Cincinnati and Hamilton County  
 Assessed Value and Estimated Actual Value of Taxable Property  
 Last Five Years (1)

Year	Real Property			Tangible Personal Property				Ratio	Weighted Average Property Tax Rate (per \$1,000 of assessed value)
	Assessed Value			General Business		Totals			
	Residential/ Agricultural	Commercial/ Industrial/PU	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value		
2010	\$14,056,000,000	\$5,807,000,000	\$56,751,428,571	\$32,770,000	\$131,080,000	\$19,895,770,000	\$56,882,508,571	34.98%	1.00
2011	14,030,000,000	5,590,000,000	56,057,142,857	0	0	19,620,000,000	56,057,142,857	35.00%	1.00
2012	12,239,420,000	5,159,970,000	49,712,542,857	0	0	17,399,390,000	49,712,542,857	35.00%	1.00
2013	12,244,400,000	5,265,760,000	50,029,028,571	0	0	17,510,160,000	50,029,028,571	35.00%	1.00
2014	12,705,736,300	5,463,869,150	51,913,158,429	0	0	18,169,605,450	51,913,158,429	35.00%	1.00

(1) Prior to 2010, the Library did not have a property tax levy.

Real property is reappraised every six years with a State mandated update of the current market value in the third year following each reappraisal.

The assessed value of real property (including public utility real property) is 35 percent of estimated true value. Personal property tax is assessed on all tangible personal property used in business in Ohio.

The tangible personal property values associated with 2010 represent values of telecommunications companies. 2010 is the last filing year for telecommunications companies. General business tangible personal property tax was phased out beginning in 2006 with 2010 as the last year of collection.

For real property, the amounts generated by multiplying the assessed values by the applicable rates would be reduced by the 10 percent and 2 1/2 percent rollbacks and homestead exemptions before being billed.

Source: Hamilton County Auditor

The Public Library of Cincinnati and Hamilton County

Property Tax Levies and Collections

Last Five Years (1)

<u>Collection Year</u>	<u>Current Tax Levy (2)</u>	<u>Current Tax Collections</u>	<u>Percent of Current Tax Collections to Current Tax Levy</u>	<u>Delinquent Tax Collections (1)</u>	<u>Total Tax Collections</u>	<u>Percent of Total Tax Collections to Current Tax Levy(3)</u>
2010	\$17,829,538	\$16,367,759	91.80%	\$1,272,952	\$17,640,711	98.94%
2011	17,557,590	16,832,702	95.87%	780,900	17,613,602	100.32%
2012	15,983,633	15,202,234	95.11%	746,423	15,948,657	99.78%
2013	15,643,227	15,489,157	99.02%	554,998	16,044,155	102.56%
2014	15,673,500	15,601,048	99.54%	571,443	16,172,491	103.18%

**Source:** Office of the Auditor, Hamilton County, Ohio

(1) Prior to 2010, the Library did not have a property tax levy.

(2) Does not include homestead/rollback reimbursement from the State of Ohio.

(3) Penalties and interest are included, since by Ohio law they become part of the tax obligation as assessment occurs. Delinquent taxes based upon levy year, not collection year.

# The Public Library of Cincinnati and Hamilton County

## Principal Property Taxpayers Current Year and First Year

Name of Taxpayer	2014		
	Assessed Value (1)	Percent of Total Assesed Value	Rank
Duke Energy Ohio Inc	\$869,407,620	4.78%	1
City of Cincinnati	110,146,470	0.61%	2
Procter & Gamble Co	81,772,180	0.45%	3
Fifth Third Bank	40,087,900	0.22%	4
Dayton Power & Light Co	29,050,440	0.16%	5
Duke Realty Ohio	27,556,260	0.15%	6
Wells Fargo	26,936,180	0.15%	7
Carew Realty Inc	26,113,270	0.14%	8
CBRE	20,039,070	0.11%	9
CLP-SPF Roodwood Pavilion LLC	18,475,660	0.10%	10
Subtotal	1,249,585,050	6.88%	
All Other	16,920,020,400	93.12%	
Total	<u>\$18,169,605,450</u>	<u>100.00%</u>	

Name of Taxpayer	2010		
	Assessed Value (1)	Percent of Total Assesed Value	Rank
Duke Energy Ohio Inc	\$662,794,160	3.33%	1
City of Cincinnati	151,290,910	0.76%	2
Procter & Gamble Co	84,343,130	0.42%	3
Duke Realty Ohio	58,715,950	0.30%	4
Cincinnati Trophy LLC	29,827,250	0.15%	5
Carew Realty Inc	29,263,860	0.15%	6
Northgate Partners LLC	27,301,070	0.14%	7
Dayton Power & Light Co	25,571,150	0.13%	8
Columbia Development Corp	24,239,670	0.12%	9
OTR	24,150,000	0.12%	10
Subtotal	1,117,497,150	5.54%	
All Other	18,778,272,850	94.46%	
Total	<u>\$19,895,770,000</u>	<u>100.00%</u>	

Prior to 2010, the Library did not have a property tax levy.

(1) The assessed value is 35% of the market value of the property. Taxes are levied against the assessed value. the taxes are calculated annually using the reduction factor which maintains the existing level of taxes paid on voted millage. The taxing district collects the same amount of revenue that was voted regardless of increased property values, except for added value of new construction.

Source: Office of the Auditor, Hamilton County, Ohio, Total County Valuation

# The Public Library of Cincinnati and Hamilton County

## Direct and Overlapping Property Tax Rates

(Per \$1,000 of Assessed Value)

Last Five Years (1)

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
<b>County Direct Rates</b>					
General Fund	\$2.26	\$2.26	\$2.26	\$2.26	\$2.26
Crime Info Center	0.54	0.54	0.54	0.54	0.54
Museum Center	0.18	0.18	0.18	0.18	0.00
Zoo	0.46	0.46	0.46	0.46	0.46
Family Services & Treatment	0.34	0.34	0.34	0.34	0.34
Senior Services	1.29	1.29	1.29	1.29	1.29
Mental Health	2.99	2.99	2.99	2.99	2.99
Indigent Health Care	4.49	4.07	4.07	4.07	4.07
Children's Services	2.77	2.77	2.77	2.77	2.77
Development Disabilities	4.13	4.13	4.13	4.13	4.13
Parks	1.03	1.03	1.03	1.03	1.03
Public Library	1.00	1.00	1.00	1.00	1.00
<b>Total Hamilton County</b>	<u>\$21.48</u>	<u>\$21.06</u>	<u>\$21.06</u>	<u>\$21.06</u>	<u>\$20.88</u>
<b>City Rates</b>	.65-38.52	.65-20.13	.65-20.13	.65-20.13	.65-27.60
<b>Village Rates</b>	3.06-20.13	1.19-40.73	1.19-40.73	1.19-48.73	1.19-48.73
<b>School District Rates</b>	44.90-99.72	44.18-106.97	44.18-107.77	44.18-107.77	44.18-113.92
<b>Township Rates</b>	3.74-26.34	5.24-26.34	5.24-26.34	5.24-26.34	5.24-30.58
<b>Special District Rates</b>	2.25-12.05	2.25-12.05	2.28-12.05	2.25-12.05	1.50-12.05
<b>Joint Vocational Levy Rates</b>	1.93-2.70	1.93-2.70	1.93-2.70	1.93-2.70	1.93-2.70

Source: Ohio Department of Taxation, Office of the Auditor, Hamilton County, Ohio

The rates presented are the rates that, when applied to the assessed values presented in the Assessed Value Table, generated the property tax revenue for that year.

Rates may only be raised by obtaining the approval of a majority of the voters at a public election.

Real property tax rates are reduced so that inflationary increases in value do not generate additional taxes.

Real property is reappraised every six years and property values are updated in the third year following each reappraisal.

(1) Prior to 2010, the Library did not have a property tax levy.

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

Year	Capital Lease Payable	Percentage of Personal Income (1)	Per Capita (1)
2005	\$170,507	0.00%	0.21
2006	110,551	0.00%	0.13
2007	48,246	0.00%	0.06
2008	0	0.00%	0.00
2009	0	0.00%	0.00
2010	0	0.00%	0.00
2011	0	0.00%	0.00
2012	0	0.00%	0.00
2013	0	0.00%	0.00
2014	0	0.00%	0.00

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

(1) See 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

Year	Population (1)	Personal Income (2)	Per Capita Personal Income (3)	Hamilton County Unemployment Rate (4)
2005	806,652	\$32,215,260,924	\$39,937	5.7%
2006	822,596	34,002,005,660	41,335	5.0%
2007	842,369	36,038,230,558	42,782	5.0%
2008	851,494	37,703,302,826	44,279	5.6%
2009	855,062	38,234,097,330	44,715	8.9%
2010	802,374	37,227,408,738	46,397	9.4%
2011	800,362	38,425,612,445	48,010	8.6%
2012	802,038	38,947,903,470	48,561	7.0%
2013	804,520	40,522,867,880	50,369	7.1%
2014	806,631	42,101,298,414	52,194	5.3%

- Sources:** (1) U.S. Department of Commerce, U.S. Census Bureau web site  
(2) Calculated based on rounded per capita income multiplied by population  
(3) U.S. Department of Commerce, Bureau of Economic Analysis web site.  
Ohio's personal income increased 3.9% in 2014. County data for 2014 has  
been estimated based on a 3.9% increase from BEA's 2013 revised amount of  
\$40,415,100,000. County data released in November 2014.  
(4) Ohio Department of Job and Family Services web site

The Public Library of Cincinnati and Hamilton County

Principal Employers

Current Year and Nine Years Ago

Employer	2014			2005		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Kroger Co.	20,498	1	2.03%	14,000	2	1.38%
University of Cincinnati	15,378	2	1.52%	15,400	1	1.52%
Cincinnati Children's Hospital Medical Center	14,954	3	1.48%	8,102	7	0.80%
TriHealth Inc.	11,400	4	1.13%	7,648	8	0.75%
City of Cincinnati	11,156	5	1.10%			
Procter & Gamble Co.	11,000	6	1.09%	12,000	4	1.18%
UC Health	10,000	7	0.99%			
GE Aviation	8,670	8	0.86%			
Catholic Health Partners/Mercy Health Partners	8,210	9	0.81%			
St. Elizabeth Healthcare	7,270	10	0.72%			
Health Alliance of Greater Cincinnati				13,141	3	1.30%
Fifth Third Bancorp				8,964	5	0.88%
Toyota Motor Manufacturing North America Inc.				8,490	6	0.84%
Cincinnati Public Schools				7,589	9	0.75%
GE Transportation- Aircraft Engines				6,800	10	0.67%
Average County Employment for the Year	<u>1,012,100</u>			<u>1,013,420</u>		

Sources: Cincinnati Business Courier Book of Lists 2006 (2005 data) & 2015 (2014 data)  
 U.S. Bureau of Labor Statistics



The Public Library of Cincinnati and Hamilton County

Library Employees by Function

Last Ten Years

Function/Program	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Governmental Activities:</b>										
Library Services:										
Public Service and Programs	627	625	634	629	599	614	597	591	637	630
Collection Development and Processing	64	65	70	67	68	68	63	59	79	82
Support Services:										
Facilities Operations and Maintenance	79	75	75	75	75	67	54	32	43	43
Information Services Support	18	18	18	14	12	14	14	15	16	16
Business Administration	34	33	34	36	36	35	35	31	31	34
<i>Total Number of Employees</i>	<u>822</u>	<u>816</u>	<u>831</u>	<u>821</u>	<u>790</u>	<u>798</u>	<u>763</u>	<u>728</u>	<u>806</u>	<u>805</u>

Source: Library records

The Public Library of Cincinnati and Hamilton County

Operating Indicators by Function

Last Ten Years

Function/Program	2005	2006	2007	2008	2009
Library Services					
Public Service and Programs					
Items in Collection	9,545,692	9,551,178	9,545,414	9,530,479	8,959,303
Material Loans	14,344,449	14,783,307	14,875,594	15,627,452	16,372,499
Active Registered Borrowers	375,342	286,293	243,970	241,752	271,646
Number of Public Programs	15,546	14,874	14,033	14,567	14,578
Collection Development and Processing					
Items Purchased	358,784	355,468	369,766	367,602	361,228
Support Services					
Facilities Operations and Maintenance					
Facilities Maintained	45	45	45	45	45
Square Footage of Facilities	922,661	922,661	927,213	927,213	927,213
Information Services Support					
Computer Workstations/Devices	1,286	1,329	1,381	1,757	1,789
Online Resource Usage	34,070,381	42,994,289	71,159,640	87,344,129	110,286,831

Source: Library records

\*Catalog Searches no longer counted for Online Resource Usage

2010	2011	2012	2013	2014
8,780,764	8,819,759	9,558,816	9,793,942	10,161,894
16,311,136	17,600,307	17,335,953	17,884,498	18,249,132
349,139	425,454	483,110	526,678	579,158
14,247	17,546	20,964	23,178	25,093
381,780	340,298	321,279	332,345	362,333
45	45	43	43	43
929,982	931,537	917,083	917,083	916,574
1,834	1,941	1,934	2,202	2,217
65,046,467	137,120,046	118,964,203	20,179,323 *	17,114,285

The Public Library of Cincinnati and Hamilton County

Capital Assets Statistics by Function

Last Ten Years

	2005	2006	2007	2008
Library Services:				
Public Service and Programs				
Land	\$12,318,298	\$12,318,597	\$12,326,641	\$12,326,641
Land improvements	358,972	355,514	407,256	490,444
Buildings and improvements	49,355,898	47,853,729	47,735,190	46,510,156
Furniture, fixtures and equipment	2,428,906	1,992,694	1,763,244	1,901,610
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	1,442,029	1,400,877	1,392,790	1,345,455
Furniture, fixtures and equipment	26,691	21,898	180,885	166,819
Support Services:				
Facilities Operations and Maintenance				
Land	922,056	922,056	922,056	922,056
Buildings and improvements	4,858,858	4,726,774	4,699,487	4,539,771
Furniture, fixtures and equipment	389,230	365,263	378,277	393,044
Vehicles	43,153	60,735	63,248	104,443
Construction in progress	0	0	0	125,936
Information Services Support				
Land	54,432	54,432	54,432	54,432
Buildings and improvements	180,254	175,110	174,099	168,182
Furniture, fixtures and equipment	398,426	359,839	577,511	774,859
Business Administration				
Land	707,617	707,617	707,617	707,617
Buildings and improvements	2,343,298	2,276,425	2,263,284	2,186,364
Furniture, fixtures and equipment	53,383	43,795	32,426	68,064
	<u>\$93,931,488</u>	<u>\$91,685,342</u>	<u>\$91,728,430</u>	<u>\$90,835,880</u>

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

**Source:** Library capital asset records.

\*Amount restated to correctly reflect accumulated depreciation

<u>2009 (*)</u>	<u>2010 (*)</u>	<u>2011 (*)</u>	<u>2012 (*)</u>	<u>2013</u>	<u>2014</u>
\$12,326,641	\$12,320,016	\$12,320,016	\$12,268,873	\$12,268,873	\$12,146,473
480,202	490,869	471,191	471,863	446,995	409,823
45,302,405	44,045,389	42,680,799	41,932,318	40,780,204	40,040,148
1,680,974	2,059,240	1,764,154	1,775,488	1,648,080	1,388,615
435,456	435,456	435,456	435,456	435,456	435,456
17,614,531	17,614,531	17,614,531	17,614,531	17,614,531	17,614,531
1,301,138	1,257,218	1,211,981	1,176,827	1,129,890	1,077,287
192,635	151,525	197,340	212,284	211,337	326,667
922,056	922,056	922,056	922,056	922,056	922,056
4,390,239	4,247,499	4,094,863	3,976,247	3,817,874	6,546,266
339,792	179,401	488,101	581,826	592,273	549,483
77,367	92,645	61,556	36,433	15,455	69,496
0	165,585	1,153,978	252,834	1,403,665	4,953,806
54,432	54,432	54,432	54,432	54,432	54,432
162,643	157,153	151,498	147,104	141,237	134,662
725,050	825,790	742,382	790,393	812,909	667,678
707,617	707,617	707,617	707,617	707,617	707,617
2,114,349	2,057,253	1,983,744	1,926,618	1,850,345	1,764,865
70,236	59,583	55,053	58,707	44,998	29,471
<u>\$88,897,763</u>	<u>\$87,843,258</u>	<u>\$87,110,748</u>	<u>\$85,341,907</u>	<u>\$84,898,227</u>	<u>\$89,838,832</u>

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Dave Yost • Auditor of State





PUBLIC LIBRARY OF CINCINNATI AND HAMILTON COUNTY  
HAMILTON COUNTY

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# Dave Yost • Auditor of State

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

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

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Public Library of Cincinnati and Hamilton county, Hamilton County, (the Library) as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements and have issued our report thereon dated May 21, 2015.

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

As part of our financial statement audit, we considered the Library's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Library's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Library's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

### ***Compliance and Other Matters***

As part of reasonably assuring whether the Library's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

***Purpose of this Report***

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

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State

Columbus, Ohio

May 21, 2015



# Dave Yost • Auditor of State

**PUBLIC LIBRARY OF CINCINNATI AND 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  
JUNE 9, 2015**