



THE  
PUBLIC  
LIBRARY

of Cincinnati  
and  
Hamilton County,  
Ohio

**Comprehensive Annual  
Financial Report**

For the Year Ended December 31, 2005





**Auditor of State  
Betty Montgomery**

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

We have reviewed the *Independent Auditors' Report* of The Public Library of Cincinnati and Hamilton County, prepared by Bastin & Company, LLC, for the audit period January 1, 2005 through December 31, 2005. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY  
Auditor of State

July 6, 2006

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# Introductory Section

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

**Comprehensive Annual Financial Report**

**For the Year Ended December 31, 2005**

**Issued by:**

**Patricia Schoettker**  
Clerk Treasurer

**The Public Library of Cincinnati and Hamilton County  
 Comprehensive Annual Financial Report  
 For the Year Ended December 31, 2005  
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THE  
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of Cincinnati  
and  
Hamilton County

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William J. Moran  
President

Charles D. Lindberg  
Vice President

Bailey W. Turner  
Secretary

Charles W. Anness

Deliaan A. Gettler

Tara L. Khoury

Elizabeth H. LaMacchia

Joseph S. Stern, Jr.  
Trustee Emeritus

Kimber L. Fender  
Executive Director

Patricia Schoettker  
Clerk-Treasurer

May 25, 2006

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, 2005. This report contains the financial statements and other financial and statistical data that provide complete and full disclosure of all material financial aspects of The Public Library of Cincinnati and Hamilton County ("The Library"). This CAFR conforms to generally accepted accounting principles (GAAP) as applicable to governmental entities. The responsibility for the accuracy and completeness of all data presented, and the fairness of the presentation, rests with the management of the Library, specifically the Clerk-Treasurer's Office.

This Comprehensive Annual Financial Report is divided into three sections:

1. The **Introductory Section** includes a table of contents, transmittal letter, the Certificate of Achievement for Excellence in Financial Reporting, the organizational chart of the Library, and a list of principal officials.
2. The **Financial Section** includes the independent accountants' report on the financial statements, management's discussion and analysis, basic financial statements, notes to the basic financial statements and the combining statements of nonmajor funds and other schedules that provide detailed information relative to the basic financial statements.
3. The **Statistical Section** includes selective financial, economic and demographic information, generally presented on a multi-year basis for comparative purposes.

# THE PUBLIC LIBRARY OF CINCINNATI AND HAMILTON COUNTY

## HISTORY AND DEVELOPMENT

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

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

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

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

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

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

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

## THE PUBLIC LIBRARY OF CINCINNATI AND HAMILTON COUNTY

### MATERIALS AND SERVICES

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

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

The Library's web site ([www.CincinnatiLibrary.org](http://www.CincinnatiLibrary.org)) provides access to the Library's online catalog, extensive reference databases and information about the Library and its programs. Specialized web pages – Kidspace and Teenspace – serve children up to age 12 and teens. Using the Library's web site, Library cardholders may reserve, request or renew items, as well as offer comments, ask a reference question and request materials from libraries throughout the world via interlibrary loan. Free Internet access is available at all locations, along with a wide selection of web-based research databases.

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

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

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

# THE PUBLIC LIBRARY OF CINCINNATI AND HAMILTON COUNTY

## REPORTING ENTITY

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

## ECONOMIC CONDITIONS AND OUTLOOK

The service area of the Library is the entire 413 square mile area encompassing Hamilton County and the City of Cincinnati (79 square miles), which is located wholly within the county borders. From 2000 – 2005, Hamilton County population has declined 4.6%. Although Hamilton County remains the third most populous county in the State, the populations of surrounding counties in Ohio have grown over the past five years; 5.3% in Butler County, 7.1% in Clermont County, and 24.1% in Warren County.

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

The LLGSF is based on the collection of state income tax and, therefore, is dependent on the economy of the state. Although set at 5.7 percent of the personal income tax, the fund has been frozen at 2000-2001 distribution levels since July 2001. In 2005, the Ohio Legislature passed a new state budget that continues the freeze through June 2007. Because this budget also includes language that reduces the personal income tax, the base on which the LLGSF is calculated, there is concern that these reductions may reduce future income below the freeze level. In response in part to this concern, the Legislature established a Local and Library Revenue Distribution Task Force charged with studying potential sources of state funding for local governments, including public libraries, which have the capacity for growth and stability. The Task Force is to submit a report setting forth its recommendations, together with suggested legislation to implement the recommendations, not later than December 1, 2006.

## THE PUBLIC LIBRARY OF CINCINNATI AND HAMILTON COUNTY

The extended freeze of state funding of the past few years has resulted in a significant reduction in Library income since 2002. The Library's LLGSF income for 2005 remained static (only \$262,152 or 1/2 of a percent more than 2004), but was \$4.8 million less than the LLGSF received in 2000. A reduced schedule of service hours and the reduced staffing that went into effect in January 2003 was continued throughout 2005 and further cost-cutting measures were implemented, including the merging of the Government and Business and Public Documents and Patents departments into one department and the elimination of approximately 40 positions through reorganization. New capital projects and renovations remained on hold.

### OTHER INFORMATION

Highlights of the Library's financial activities in 2005 are outlined in Management's Discussion and Analysis, starting on page 3, and in the Notes to the Financial Statements.

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

  
PATRICIA SCHOETTKER  
CLERK TREASURER

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

The Public Library  
of Cincinnati and Hamilton County,  
Ohio

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
December 31, 2004

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



*Carla E. Perry*

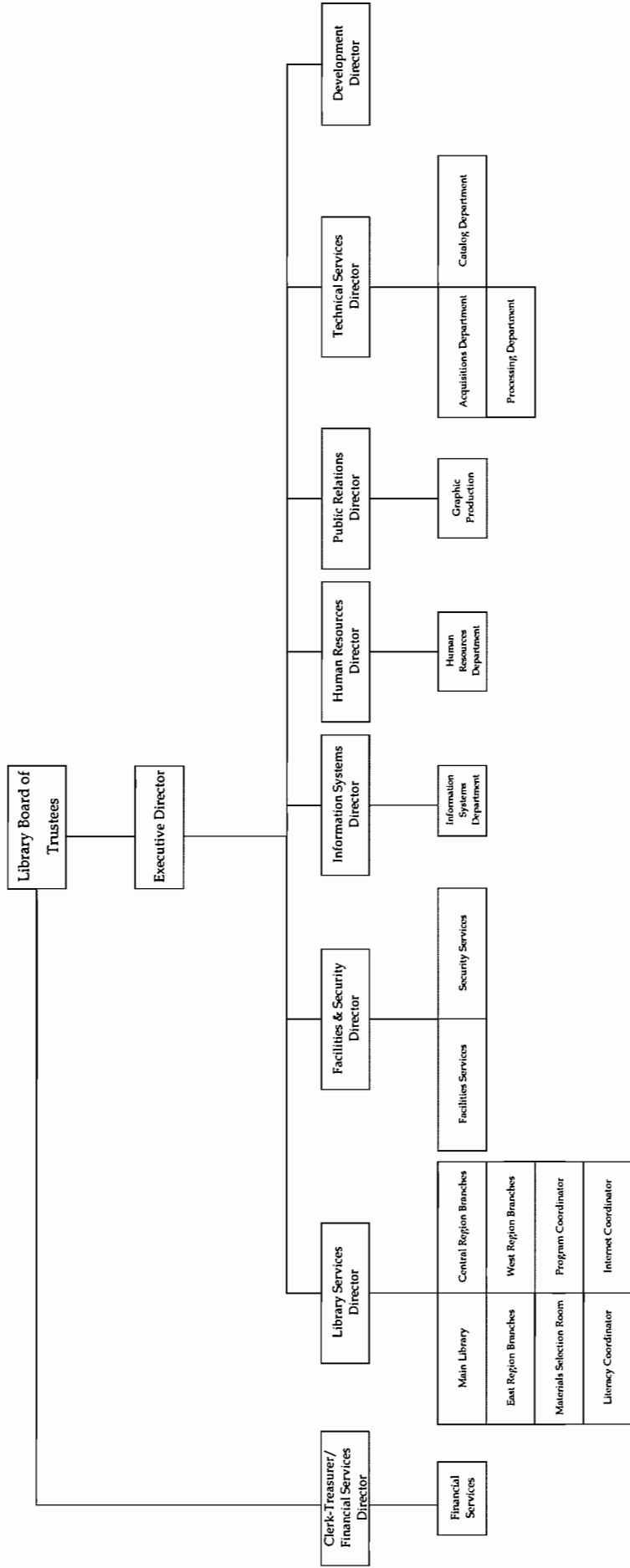
President

*Jeffrey R. Emer*

Executive Director

THE PUBLIC LIBRARY OF CINCINNATI AND HAMILTON COUNTY

ORGANIZATIONAL CHART



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

**LIST OF PRINCIPAL OFFICIALS  
AS OF DECEMBER 31, 2005**

Board of Library Trustees

President	Charles W. Anness
Vice President	William J. Moran
Secretary	Charles D. Lindberg
Board Members	Deliaan A. Gettler Tara L. Khoury Elizabeth H. LaMacchia Bailey W. Turner

Appointed Officials

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

Administrative Staff

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



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# Financial Section

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

**INDEPENDENT AUDITORS' REPORT**

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

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of The Public Library of Cincinnati and Hamilton County, Hamilton County, Ohio (the Library) as of and for the year ended December 31, 2005, which collectively comprise the Library's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Library's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of The Public Library of Cincinnati and Hamilton County, Hamilton County, Ohio, as of December 31, 2005, and the respective changes in financial position thereof, and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 25, 2006, on our consideration of the Library's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis on pages 3 through 8 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

*Bastin & Company, L L C*

Cincinnati, Ohio  
May 25, 2006

**The Public Library of Cincinnati and Hamilton County, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2005*  
*Unaudited*

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This comprehensive annual financial report presents The Public Library of Cincinnati and Hamilton County's financial performance for the year ended December 31, 2005. The report consists of a series of financial statements and notes to those statements, plus other supplementary information. The financial statements are organized to present both the Library's overall financial position – *governmental-wide financial statements*, plus a detailed look at specific financial activities – *fund financial statements*.

### **Financial Highlights**

Key financial highlights for 2005 are as follows:

- At December 31, the Library's net assets exceeded \$141 million. Of this amount, \$31 million (unrestricted net assets) may be used to meet ongoing obligations.
- At the close of the fiscal year, the Library's General Fund reported an ending fund balance of \$12.7 million, a \$2.4 million increase over the prior year.
- The Library's only debt as of December 31 was a \$170,507 capital lease for public copiers.

### **Government-wide Financial Statements**

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

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

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

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

The Library presents 21 individual governmental funds during the year ended December 31, 2005. Information is presented in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances only for the general fund, the only major fund. The remaining funds are reported together as a single “other governmental” fund. Individual data for several of these nonmajor funds is provided elsewhere in combining statements. Data from all remaining funds is combined with an appropriate fund or in a “various” fund presentation.

The Library adopts an annual appropriated budget for each of its funds. A budgetary comparison statement (Budget and Actual (Budget Basis)) has been provided for each governmental fund that had activity during 2005 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 assets may serve over time as a useful indicator of a government’s financial position. As of December 31, 2005, the Library’s assets exceeded liabilities by over \$141 million. The table below provides a comparative analysis of net assets between fiscal year 2004 and 2005:

	2005	2004
Assets		
Current Assets	\$48,210,969	\$46,402,482
Investments	5,544,858	6,089,474
Capital Assets, Net	93,931,488	96,244,207
Total Assets	147,687,315	148,736,163
Liabilities		
Current Liabilities	(2,326,936)	(2,558,725)
Long Term Liabilities	(3,952,941)	(4,037,660)
Total Liabilities	(6,279,877)	(6,596,385)
Net Assets		
Invested in Capital Assets	93,760,981	96,016,005
Restricted	16,240,572	17,111,254
Unrestricted	31,405,885	29,012,519
Total Net Assets	\$141,407,438	\$142,139,778

The largest portion of the Library's net assets (66%) reflects its capital assets -- land and improvements, fine art and rare book collections, buildings and improvements, furniture, fixtures and equipment, and vehicles. The Library uses these assets to provide services; consequently, these assets generally are not available for future spending. This could change if a decision is made in the future to consolidate services or facilities. With the exception of outstanding debt for public copiers, the Library's capital assets are free of outstanding debt.

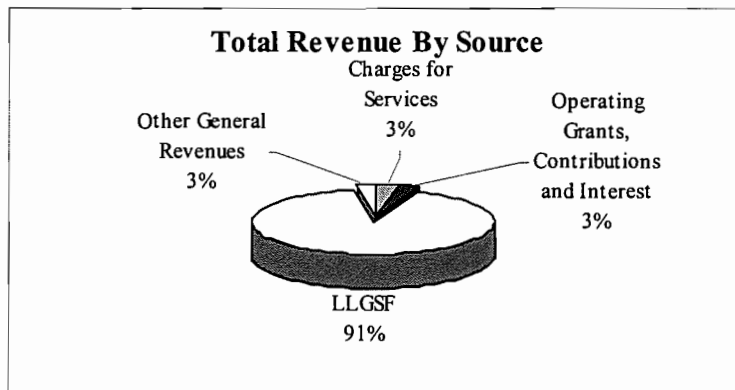
An additional portion of the Library's net assets (12%) represents resources reserved for debt service (public copiers), planned capital improvement projects, restricted principal, and other resources subject to external restrictions. The remaining balance of unreserved net assets (22%) may be used to meet the Library's ongoing activities. The Library is able to report positive balances in all three categories of net assets, including a healthy positive balance of \$31 million in unrestricted net assets.

In fiscal year 2005, the Library's total net assets decreased by only \$732,340, a change of less than ½ of 1%.

The following table explains the change in net assets in terms of the Library's governmental activities. In fiscal 2004, an inconsistent distribution of LLGSF revenue resulted in a large decrease in net assets. The comparative analysis between fiscal year 2004 and 2005 illustrates the return of a more consistent distribution of governmental revenue. Other changes include an increase in program revenues, an increase in investment return and one-time revenue from the sale of library property. Program expenses decreased 4%, the result of ongoing efforts to reduce operating costs.

	2005	2004
Revenues		
<u>Program Revenues:</u>		
Charges for Services	\$1,723,172	\$1,712,030
Operating Grants, Contributions and Earnings on Investments	1,328,893	1,000,138
<u>General Revenues:</u>		
Unrestricted Grants and Contributions	48,306,813	45,044,063
Other General Revenues	1,352,995	751,447
Gain on Sale of Capital Asset	168,179	0
Total Revenues	52,880,052	48,507,678
Program Expenses		
Library Services	36,156,928	36,938,913
Support Services	17,454,961	18,721,476
Interest	7,778	9,953
Total Expenses	53,619,667	55,670,342
Decrease in Net Assets before Contributions	(739,615)	(7,162,664)
Contributions to Principal	7,275	8,979
Decrease in Net Assets	(732,340)	(7,153,685)
Net Assets - Beginning of Year	142,139,778	149,293,463
Net Assets - End of Year	\$141,407,438	\$142,139,778

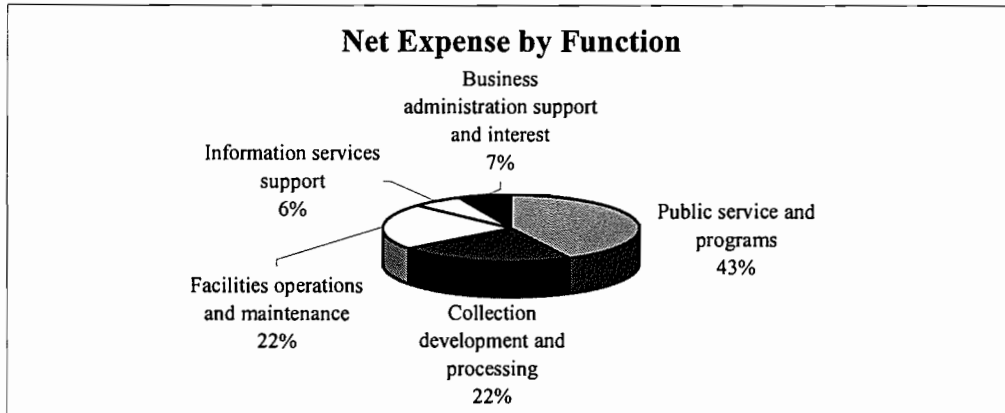
Program revenues (nominal fines and fees), and grants and donations, while important, cannot begin to cover the full cost of providing free public library service, which is dependent upon intergovernmental revenue not restricted to specific programs. The following graph illustrates the Library's reliance on intergovernmental revenue, specifically the Library and Local Government Support Fund (LLGSF), which in 2005 provided 91% of the Library's total revenue for governmental activities. The LLGSF, a portion of the state personal income tax, is normally funded at 5.7% of collections. However, the Ohio legislature froze all distributions from the fund effective July 2001, now extended through June 2007.



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 – over 65%. Net expense by function is detailed in the table below and illustrated in the following graph.

	2005	2004
Net Expense by Function		
Public Service and Programs	\$22,207,037	\$22,492,226
Collection Development and Processing	11,116,053	11,742,239
Facilities Operations and Maintenance	10,903,394	11,817,801
Information Services Support	2,947,289	3,403,299
Business Administration	3,386,051	3,492,656
Interest	7,778	9,953
<b>Total Net Expense by Function</b>	<b>\$50,567,602</b>	<b>\$52,958,174</b>





### Fund Financial Analysis

As previously noted, the General Fund is the Library's only major fund. The fund balance of the General Fund increased by \$2,373,648 during 2005, not because of an increase in revenue, but through a concerted effort of the governing board, management and staff to reduce the net cost of providing library services. This additional fund balance will better enable the Library to continue to provide a high quality of service during an extended period of frozen LLGSF funding.

### General Fund Budgetary Analysis

Significant changes were made to the original budget mid-year as a result of legislative action. The State Legislature passed a new State Budget that continues the freeze of LLGSF funding through mid-2007. This Budget also includes language that reduces the personal income tax, the base on which the LLGSF is calculated, potentially reducing income below the freeze level. To be prepared for this potential loss of revenue, the Library implemented additional cost-cutting actions, including department mergers and reorganizations. Original budgeted revenues were reduced by over \$1.6 million and appropriations for expenditure were reduced by almost \$2.4 million.

Actual revenue exceeded the final amended budget by \$267,366, primarily as a result of increasing interest rates. As a result of management efforts to control operating costs, actual expenditures were \$1.5 million less than the final amended budget.

### Capital Assets

As of December 31, 2005, the Library had \$93,931,488 invested in capital assets. The table below provides a comparative analysis of capital assets between fiscal year 2004 and 2005. The variance is primarily a result of depreciation.

	2005	2004
Land	\$14,438,158	\$14,164,897
Fine Arts and Rare Book Collection	17,614,531	17,614,531
Land Improvements	358,972	374,030
Buildings and Improvements	58,180,037	59,995,672
Furniture, Fixtures and Equipment	3,296,637	4,021,714
Vehicles	43,153	73,363
<b>Total Net Expense by Function</b>	<b>\$93,931,488</b>	<b>\$96,244,207</b>

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

### **Debt**

The Library entered into a capital lease agreement in the amount of \$297,271. The amount outstanding at December 31, 2005 was \$170,507.

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

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

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

**The Public Library of Cincinnati and Hamilton County**  
**Statement of Net Assets**  
**December 31, 2005**

	<u><b>Governmental Activities</b></u>
<u><b>Assets</b></u>	
Cash	
Equity in Pooled Cash and Cash Equivalents	\$21,767,185
Accrued Interest Receivable	123,652
Intergovernmental Receivable	26,028,122
Prepaid Items	94,829
Supplies Inventory	197,181
Investments	5,544,858
Capital Assets	
Land	14,438,158
Fine Art and Rare Books Collections	17,614,531
Depreciable Capital Assets, Net	61,878,799
Total Assets	<u>147,687,315</u>
 <u><b>Liabilities</b></u>	
Accounts payable	906,662
Accrued Salaries Payable	1,007,230
Intergovernmental Payable	413,044
Noncurrent liabilities:	
Due within one year	1,703,171
Due in more than one year	2,249,770
Total Liabilities	<u>6,279,877</u>
 <u><b>Net Assets</b></u>	
Invested in capital assets, net of related debt	93,760,981
Restricted for other purposes	1,172,695
Restricted for capital outlay	6,528,414
Restricted for permanent funds	
Expendable	1,843,068
Nonexpendable	6,696,395
Unrestricted	31,405,885
Total Net Assets	<u><u>\$141,407,438</u></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, 2005**

<u>Functions/Programs</u>	Program Revenues		Net (Expense)
	Charges for Services	Operating Grants, Contributions and Earnings on Investments	Revenue and Changes in Net Assets
<b>Library Services</b>			
Public service and programs	\$24,809,705	\$879,496	(\$22,207,037)
Collection development and processing	11,347,223	231,170	(11,116,053)
<b>Support Services</b>			
Facilities operations and maintenance	11,110,570	207,176	(10,903,394)
Information services support	2,947,289	0	(2,947,289)
Business administration	3,397,102	11,051	(3,386,051)
Interest	<u>7,778</u>	<u>0</u>	<u>(7,778)</u>
<b>Total Governmental Activities</b>	<u>\$53,619,667</u>	<u>\$1,328,893</u>	<u>(50,567,602)</u>
<b>General Revenues:</b>			
Grants and contributions not restricted to specific programs			48,306,813
Net decrease in fair value of investments			(12,488)
Earnings on investments			614,235
Other			751,248
Gain on sale of capital asset			168,179
Contributions to principal for permanent funds			7,275
Total general revenues and contributions			<u>49,835,262</u>
Change in net assets			(732,340)
Net assets - beginning of the year			142,139,778
Net assets - end of the year			<u>\$141,407,438</u>

See accompanying notes to the basic financial statements.

**The Public Library of Cincinnati and Hamilton County**  
**Balance Sheet**  
**Governmental Funds**  
**December 31, 2005**

	General	Other Governmental	Total Governmental Funds
<b><u>Assets</u></b>			
Equity in Pooled Cash and Cash Equivalents	\$10,868,245	\$10,898,940	\$21,767,185
Investments	0	5,544,858	5,544,858
Receivables:			
Accrued Interest	80,539	43,113	123,652
Intergovernmental	26,028,122	0	26,028,122
Prepaid Items	94,829	0	94,829
Supplies Inventory	197,181	0	197,181
Advances To Other Funds	150,000	0	150,000
Total Assets	<u>\$37,418,916</u>	<u>\$16,486,911</u>	<u>\$53,905,827</u>
<b><u>Liabilities</u></b>			
Accounts Payable	\$873,497	\$33,165	\$906,662
Accrued Salaries Payable	994,739	12,491	1,007,230
Intergovernmental Payable	411,243	1,801	413,044
Advances From Other Funds	0	150,000	150,000
Deferred Revenue	22,487,901	0	22,487,901
Total Liabilities	<u>24,767,380</u>	<u>197,457</u>	<u>24,964,837</u>
<b><u>Fund Balances</u></b>			
Reserved for:			
Encumbrances	415,356	19,056	434,412
Advances	150,000	0	150,000
Restricted Principal	0	6,696,395	6,696,395
Unreserved, reported in:			
General Fund	12,086,180	0	12,086,180
Special Revenue Funds	0	1,206,806	1,206,806
Capital Projects Funds	0	6,528,414	6,528,414
Permanent Funds	0	1,838,783	1,838,783
Total Fund Balances	<u>12,651,536</u>	<u>16,289,454</u>	<u>28,940,990</u>
Total Liabilities and Fund Balances	<u>\$37,418,916</u>	<u>\$16,486,911</u>	<u>\$53,905,827</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 Assets of Governmental Activities  
December 31, 2005**

Total fund balances in governmental funds	\$28,940,990
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	93,931,488
Intergovernmental receivables are not available to pay for current-period expenditures and, therefore are deferred in the funds	22,487,901
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds	
Compensated absences payable	(3,782,434)
Capital leases payable	(170,507)
	(3,952,941)
Net assets of governmental activities	\$141,407,438

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, 2005**

	General	Other Governmental	Total Governmental Funds
<b><u>Revenues</u></b>			
Intergovernmental	\$48,307,418	\$645,284	\$48,952,702
Fines and fees	1,723,172	0	1,723,172
Earnings on investments	568,523	292,980	861,503
Contributions, gifts and donations	82,254	361,362	443,616
Net decrease in fair value of investments	0	(12,488)	(12,488)
Miscellaneous	738,025	13,223	751,248
<b>Total Revenues</b>	<b>51,419,392</b>	<b>1,300,361</b>	<b>52,719,753</b>
<b><u>Expenditures</u></b>			
<b>Current</b>			
<b>Library services</b>			
Public service and programs	23,970,064	904,987	24,875,051
Collection development and processing	11,334,740	122,288	11,457,028
<b>Support services</b>			
Facilities operations and maintenance	8,324,344	491,949	8,816,293
Information services support	2,875,647	78,896	2,954,543
Business administration	3,193,860	201,392	3,395,252
<b>Debt Service:</b>			
Principal	57,695	0	57,695
Interest	7,778	0	7,778
<b>Total Expenditures</b>	<b>49,764,128</b>	<b>1,799,512</b>	<b>51,563,640</b>
Excess (deficiency) of revenues over (under) expenditures	1,655,264	(499,151)	1,156,113
<b><u>Other Financing Sources (Uses)</u></b>			
Proceeds from sale of capital assets	0	340,152	340,152
Transfers in	723,501	5,117	728,618
Transfers out	(5,117)	(723,501)	(728,618)
<b>Total Other Financing Sources (Uses)</b>	<b>718,384</b>	<b>(378,232)</b>	<b>340,152</b>
Net change in fund balance	2,373,648	(877,383)	1,496,265
Fund balances - beginning of year	10,277,888	17,166,837	27,444,725
Fund balances - end of year	<b>\$12,651,536</b>	<b>\$16,289,454</b>	<b>\$28,940,990</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, 2005**

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

Net change in fund balances - total governmental funds \$1,496,265

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

Fixed asset additions	680,348	
Depreciation expense	(2,821,094)	
	(2,140,746)	(2,140,746)

The proceeds from the sale of capital asset are reported as revenue in the governmental funds. However, the costs of the capital asset are removed from the capital asset account in the statement of net assets and offset against the proceeds from the sale of the capital asset resulting in a gain on the sale of capital assets in the statement of activities.

Proceeds from sale of capital asset	(340,152)	
Gain on sale of capital asset	168,179	
	(171,973)	(171,973)

Intergovernmental revenue relating to grants and entitlements in the statement of activities that do not provide current resources are not reported as revenues in the funds. Deferred revenues changed by this amount this year. (605)

Repayment of the principal of the capital leases consumes current financial resources of governmental funds, however, has no effect on net assets. This amount is the net effect of these differences in the treatment of capital leases. 57,695

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		27,024
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Change in net assets of governmental activities		(\$732,340)
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See accompanying notes to the basic financial statements.



**The Public Library of Cincinnati and Hamilton County**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Budget Basis)**  
**General Fund**  
**For the Year Ended December 31, 2005**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$49,957,925	\$48,303,025	\$48,307,419	\$4,394
Fines and fees	1,810,000	1,805,538	1,723,172	(82,366)
Earnings on investments	250,000	250,000	487,984	237,984
Contributions, gifts and donations	125,000	125,000	82,254	(42,746)
Miscellaneous	587,925	587,925	738,025	150,100
<b>Total revenues</b>	<u>52,730,850</u>	<u>51,071,488</u>	<u>51,338,854</u>	<u>267,366</u>
<b>Expenditures</b>				
Current				
Salaries and benefits				
Salaries and leave benefits	28,576,092	27,861,110	27,418,193	442,917
Retirement benefits	3,872,061	3,745,363	3,647,922	97,441
Insurance benefits	4,837,035	4,668,395	4,565,838	102,557
Other employee benefits	14,000	14,000	10,041	3,959
Supplies	950,725	858,825	816,040	42,785
Purchased and contracted services	6,777,118	6,214,498	5,830,798	383,700
Library materials and information	9,898,180	9,118,307	8,681,128	437,179
Other objects	70,800	70,800	52,184	18,616
Debt Service	99,201	99,201	99,201	0
Capital outlay	402,539	456,957	452,620	4,337
<b>Total expenditures</b>	<u>55,497,751</u>	<u>53,107,456</u>	<u>51,573,965</u>	<u>1,533,491</u>
Excess (deficiency) of revenues over (under) expenditures	(2,766,901)	(2,035,968)	(235,111)	(1,266,125)
<b>Other financing sources (uses)</b>				
Transfers in	0	723,501	723,501	0
Transfers out	(3,333)	(5,117)	(5,117)	0
<b>Net change in fund balance</b>	<u>(2,770,234)</u>	<u>(1,317,584)</u>	<u>483,273</u>	<u>(1,266,125)</u>
Fund balance at beginning of year	5,875,000	5,875,000	5,875,000	0
Prior year encumbrances appropriated	2,255,234	2,255,234	2,255,234	0
<b>Fund balance at end of year</b>	<u><u>\$5,360,000</u></u>	<u><u>\$6,812,650</u></u>	<u><u>\$8,613,507</u></u>	<u><u>(\$1,266,125)</u></u>

See accompanying notes to the basic financial statements.

**The Public Library of Cincinnati and Hamilton County**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2005**

**NOTE 1 - REPORTING ENTITY**

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

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

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

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

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

**The Public Library of Cincinnati and Hamilton County**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2005**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

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

Governmental-wide Financial Statements

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

Fund Financial Statements

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

B. Fund Accounting

The Library uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. All funds of the Library are governmental.

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

**The Public Library of Cincinnati and Hamilton County**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2005**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

The Library's major governmental fund is the General Fund. This fund is the operating fund of the Library and is used to account for all financial resources except those required to be accounted for in another fund. The General Fund balance is available to the Library for any purpose provided it is expended or transferred according to the general laws of Ohio.

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

C. Measurement Focus

Government-wide Financial Statements

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

Fund Financial Statements

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

D. Basis of Accounting

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

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

**The Public Library of Cincinnati and Hamilton County**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2005**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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

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

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

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

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

E. Budgetary Process

The budgetary process is prescribed by internal control guidelines and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation resolution are subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources, as certified. All funds are required to be budgeted and appropriated. During 2005, the St. Bernard Branch – Capital Projects Fund and the Reading Branch – Capital Projects Fund had no cash activity and therefore no budgetary statement is presented. Budgetary control is maintained at the object level. Budgetary modifications may only be made by resolution of the Board of Library Trustees.

**The Public Library of Cincinnati and Hamilton County**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2005**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Budget

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

In response to a request by the Library Board of Trustees, the Hamilton County Budget Commission, on January 13, 2004, approved a motion to allow the Library to file a modified tax budget for 2005, in a simplified but more useful format. This approval must be reviewed on an annual basis.

Estimated Resources

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

Appropriations

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

F. Cash and Cash Equivalents

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

During 2005, investments included Certificates of Deposit, U.S. Treasury Notes, U.S. Savings Bonds, Federal Agency Bonds and Debentures, STAROhio, and money market accounts. STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price, which is the price the investment could be sold for on December 31, 2005.

**The Public Library of Cincinnati and Hamilton County**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2005**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

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

Ohio statutes specify the funds to receive an allocation of interest earnings. Interest and dividend revenue credited to the General Fund during 2005 amounted to \$568,523, which includes \$195,596 assigned from other Library funds.

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

G. Inventory of Supplies

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

H. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2005, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expense/expenditure in the year in which services are consumed.

I. Capital Assets

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

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

**The Public Library of Cincinnati and Hamilton County**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2005**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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

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

J. Compensated Absences

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

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

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

K. Reservations of Fund Balance

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

L. Advances to Other Funds

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



**The Public Library of Cincinnati and Hamilton County**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2005**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

M. Interfund Transactions

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

N. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Library or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net assets restricted for other purposes include amounts legally restricted or donor designated for specific purposes.

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

The government-wide statement of net assets reports \$16,240,572 of restricted net assets, of which \$6,696,395 are restricted by donor designation for specific purposes.

O. Estimates

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

NOTE 3 – CHANGES IN ACCOUNTING PRINCIPLES

For 2005, the Library has implemented GASB Statement No. 40, “Deposit and Investment Risk Disclosures – an amendment of GASB No. 3”, GASB Statement No. 42, “Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries”, and GASB Statement No. 46, “Net Assets Restricted by Enabling Legislation.”

GASB Statement No. 40 creates new disclosure requirements for deposits and investments related to credit risk including custodial risk, concentration of credit risk, interest rate risk and foreign currency risk. GASB Statement No. 46 clarifies how legal enforceability should be applied for determining restricted net assets. The implementation of these statements had no effect on the Library’s financial statements for the year ended December 31, 2005.

**The Public Library of Cincinnati and Hamilton County**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2005**

NOTE 3 – CHANGES IN ACCOUNTING PRINCIPLES - continued

GASB Statement No. 42 established accounting and financial reporting standards for the impairment of capital assets. A capital asset is considered impaired when its service utility has declined significantly and unexpectedly. This statement also clarifies and establishes accounting requirements for insurance recoveries. The implementation of this Statement has no effect on the Library’s financial statements for 2005.

NOTE 4 – BUDGETARY BASIS OF ACCOUNTING

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

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

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

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

<u>Net Change in General Fund</u>	
GAAP Basis	\$2,373,648
Revenue Accruals	(80,538)
Expenditure Accruals	268,568
Encumbrances	<u>(2,078,405)</u>
Budget Basis	<u><u>\$483,273</u></u>

NOTE 5 - DEPOSITS AND INVESTMENTS

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

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

**The Public Library of Cincinnati and Hamilton County**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2005**

NOTE 5 - DEPOSITS AND INVESTMENTS - continued

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.

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

Interim moneys may be invested in the following securities:

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

**The Public Library of Cincinnati and Hamilton County**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2005**

NOTE 5 - DEPOSITS AND INVESTMENTS - continued

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched with a specific obligation or debt of the Library, and must be purchased with the expectation that it will be held to maturity.

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

Deposits

At year-end, the carrying amount of the Library's deposits was \$15,386,736 and the bank balance was \$16,317,505. The Federal Deposit Insurance Corporation (FDIC) covered \$200,000 of the bank balance and the remaining bank balance was collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Library's name. In accordance with Ohio Revised Code, the remaining balance was covered by pooled collateral.

Investments

As of December 31, 2005, the Library had the following investments:

	Carrying/ Fair Value	Maturity
StarOhio	\$5,305,168	Average 33 days
First American Treasury Obligations	\$1,075,279	Average 90 days
Federal Home Loan Bank Bonds	993,280	Less than one year
Federal National Mortgage Association Debenture	491,095	Less than one year
U.S. Savings Bonds Series HH	11,000	Less than one year
U.S. Treasury Notes	1,486,175	Less than one year
Federal Home Loan Bank Bonds	489,690	Less than two years
Federal Home Loan Bank Medium Term Note	489,220	Less than two years
Federal Home Loan Mortgage Co Medium Term Note	487,655	Less than two years
U.S. Treasury Notes	487,540	Less than two years
U.S. Savings Bonds Series HH	5,000	Less than two years
U.S. Treasury Notes	489,705	Less than three years
U.S. Savings Bonds Series HH	10,500	Less than five years
U.S. Savings Bonds Series HH	<u>104,000</u>	More than five years
	<u>\$11,925,307</u>	

**The Public Library of Cincinnati and Hamilton County**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2005**

NOTE 5 - DEPOSITS AND INVESTMENTS - continued

Interest Rate Risk

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

Credit Risk

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

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Library will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Federal Home Loan Bank Notes, Federal National Mortgage Association Notes, and Federal Home Loan Mortgage Corporation Note are all exposed to custodial credit risk in that they are uninsured, unregistered, and held by the counterparty's trust department or agent but not in the Library's name. The Library has no investment policy dealing with the investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee.

Concentration of Credit Risk

The Library places no limit on the amount it may invest in any one issuer. Of the Library's total investments, 16 percent is invested in Federal Home Loan Bank Notes, 4 percent in Federal National Mortgage Association Notes, and 4 percent in Federal Home Loan Mortgage Corporation Note.

NOTE 6 - RECEIVABLES

Receivables at December 31, 2005, consisted of intergovernmental and earnings on investments. Intergovernmental receivables consisted of \$26,028,122 from the Local Library and Government Support Fund and is recorded in the General Fund. All receivables are considered fully collectible and will be received in one year due to the stable condition of state programs.

**The Public Library of Cincinnati and Hamilton County**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2005**

**NOTE 7 – CAPITAL ASSETS**

Changes in capital assets during the year ended December 31, 2005, were as follows:

	Balance at 12/31/04	Additions	Deductions	Balance at 12/31/05
<u>Governmental Activities</u>				
Capital Assets Not Being Depreciated:				
Land	\$14,164,897	\$445,234	(\$171,973)	\$14,438,158
Fine Art and Rare Book Collections	17,614,531	0	0	17,614,531
Totals Capital Assets, Not Being Depreciated	<u>31,779,428</u>	<u>445,234</u>	<u>(171,973)</u>	<u>32,052,689</u>
Capital Assets Being Depreciated:				
Land Improvements	517,384	0	0	517,384
Buildings and Improvements	85,082,539	0	0	85,082,539
Furniture, Fixtures and Equipment	13,869,685	235,114	(232,184)	13,872,615
Vehicles	446,882	0	0	446,882
Totals Capital Assets, Being Depreciated	<u>99,916,490</u>	<u>235,114</u>	<u>(232,184)</u>	<u>99,919,420</u>
Less Accumulated Depreciation:				
Land Improvements	(143,354)	(15,058)	0	(158,412)
Building and Improvements	(25,086,867)	(1,815,635)	0	(26,902,502)
Furniture, Fixtures and Equipment	(9,847,971)	(960,191)	232,184	(10,575,978)
Vehicles	(373,519)	(30,210)	0	(403,729)
Total Accumulated Depreciation	<u>(35,451,711)</u>	<u>(2,821,094) *</u>	<u>232,184</u>	<u>(38,040,621)</u>
Total Capital Assets Being Depreciated, Net	<u>64,464,779</u>	<u>(2,585,980)</u>	<u>0</u>	<u>61,878,799</u>
Governmental Activities Capital Assets, Net	<u>\$96,244,207</u>	<u>(\$2,140,746)</u>	<u>(\$171,973)</u>	<u>\$93,931,488</u>

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

**The Public Library of Cincinnati and Hamilton County**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2005**

NOTE 8 – LEASES

Operating Lease

The Library leases equipment used by the public in internet and microfilm printing under a noncancelable operating lease. Total costs were \$33,728 for the year ended December 31, 2005. The future minimum lease payments for this lease are as follows:

<u>Year Ending December 31,</u>	
2006	\$33,728
2007	33,728
2008	<u>25,377</u>
Total	<u><u>\$92,833</u></u>

Capital Lease

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

The assets acquired through the capital lease are included in Furniture, Fixtures, and Equipment with a basis of \$297,271 and accumulated depreciation of \$178,363.

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2005 are as follows:

<u>Year Ending December 31,</u>	
2006	\$65,473
2007	65,473
2008	<u>49,024</u>
Total minimum lease payments	179,970
Less: amount representing interest	<u>(9,463)</u>
Present value of minimum lease payments	<u><u>\$170,507</u></u>

**The Public Library of Cincinnati and Hamilton County**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2005**

NOTE 9 - DEFINED BENEFIT PENSION PLAN

The Public Library of Cincinnati and Hamilton County contributes to the Ohio Public Employees Retirement System of Ohio (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing multiple employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member-directed plan, members accumulate retirement assets equal to the value of member and vested employer contributions plus any investment earnings. The combined plan is a cost sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar in nature to the traditional plan benefit. Member contributions, the investment of which is self-directed by member, accumulate retirement assets in a manner similar to the member-directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments, and death benefits to members of the traditional plan and combined plans. Members of the member-directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to the Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-6701 or (800) 222-7377.

For the year ended December 31, 2005, the members of all three plans were required to contribute 8.5 percent of their annual covered salaries. The employer contribution rate for pension benefits for 2005 was 9.55 percent. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Library's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2005, 2004, and 2003 were \$2,504,211, \$2,553,369, and \$2,208,464, respectively; 92% has been contributed for 2005 and 100% for 2004 and 2003. Contributions to the member-directed plan for 2005 were \$80,263 made by the Library and \$50,350 by the plan members.

NOTE 10 - POSTEMPLOYMENT BENEFITS

The Ohio Public Employers Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional plan or combined plans. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12, "Disclosure of Information on Postemployment Benefits Other Than Pension Benefits by State and Local Governmental Employers". A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2005 local government employer contribution rate was 13.55 percent of covered payroll for employees; 4.0 percent was the portion that was used to fund health care.



**The Public Library of Cincinnati and Hamilton County**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2005**

NOTE 10 - POSTEMPLOYMENT BENEFITS - continued

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2004, include a rate of return on investments of 8.0 percent, an annual increase in active employee total payroll of 4.0 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase at the projected wage inflation rate plus an additional factor ranging from 1 to 6 percent annually for the next eight years and 4.0 percent annually after eight years.

All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets.

The number of active contributing participants in the traditional and combined plans totaled 376,109. The Library's actual contributions for 2005, which were used to fund postemployment benefits, were \$1,048,884. The actual contribution and the actuarially required contribution amounts are the same. The actuarial value of OPERS's net assets available for payment of benefits at December 31, 2004, (the latest information available) were \$10.8 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$29.5 billion and \$18.7 billion, respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to skyrocketing health care costs. Member and employer contribution rates increased as of January 1, 2006, which will allow additional funds to be allocated to the health care plan.

NOTE 11 - OTHER EMPLOYEE BENEFITS

Compensated Absences - Accumulated Unpaid Vacation and Holiday Leave

Library employees who are full-time earn vacation leave at varying rates based upon length of service. The Library recognizes 4 "open" holidays. These are national holidays on which the Library remains open; therefore, full-time employees who work earn an equal number of hours in holiday time. In the case of termination, death or retirement, an employee (or his or her estate) is paid for any unused vacation leave up to a maximum of 66 days and unpaid holiday leave up to a maximum of 5 days. The total obligation for vacation and holiday accrual for the Library as a whole amounted to \$2,773,618 at December 31, 2005.

**The Public Library of Cincinnati and Hamilton County**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2005**

NOTE 11 - OTHER EMPLOYEE BENEFITS - continued

Compensated Absences - Accumulated Unpaid Sick Leave

All full-time employees are given 15 days of monthly sick leave during their benefit year, which is accrued on a monthly basis. In addition, an annual allocation is awarded to each employee who does not use more than 7 ½ days during their benefit period. This annual sick leave allocation is calculated at 50 percent of the unused monthly days earned during their benefit year. An employee is allocated vested sick leave when they have an unused monthly sick leave balance of 120 days and an unused annual sick leave balance of 60 days and have not used more than 7 ½ days during their benefit period. Vested sick leave is calculated at 50 percent of the unused monthly days allocated during their benefit period and will be added to the employees vested sick leave balance. Upon retirement an employee is paid for their vested sick leave balance up to the maximum of 60 days. The total long-term obligation for sick leave accrual for the Library as a whole as of December 31, 2005 was \$1,008,816.

Health Insurance

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

NOTE 12 - RISK MANAGEMENT

The Library is exposed to various risks of loss related to torts, thefts of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. The Library carries three layers of insurance coverage. In 2005, the Library contracted with several insurance companies for primary coverage as follows:

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

**The Public Library of Cincinnati and Hamilton County**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2005**

NOTE 12 - RISK MANAGEMENT - continued

The Library carries two additional layers of Liability Insurance coverage. The Commercial Umbrella Liability coverage is provided by Travelers Insurance Company with the limits of \$25,000,000 each occurrence. The Excess Liability coverage is provided by Fireman's Insurance Company with the limits of \$5,000,000 each occurrence. The Library also carries one additional layer of Non-Profit Directors and Officers coverage. The Excess Non-Profit Directors and Officers coverage is provided by Travelers Insurance Company with the limits of \$10,000,000 each policy.

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

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

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

NOTE 13 - LONG-TERM LIABILITIES

Long-term liability activity for the year ended December 31, 2005, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within one Year
Capital Lease	\$228,202	\$0	(\$57,695)	\$170,507	\$59,956
Compensated Absences	3,809,458	1,900,003	(1,927,027)	3,782,434	1,643,215
Long Term Liabilities	<u>\$4,037,660</u>	<u>\$1,900,003</u>	<u>(\$1,984,722)</u>	<u>\$3,952,941</u>	<u>\$1,703,171</u>

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

**The Public Library of Cincinnati and Hamilton County**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2005**

NOTE 14 – INTERFUND ACTIVITY

Interfund Transfers

Transfers made during the year-ended December 31, 2005, were as follows:

<u>Transfers To:</u>	<u>Transfers From:</u>			<u>Total</u>
	General Fund	Continued Computerization Capital Projects Fund	Bond Hill Capital Projects Fund	
General Fund		\$473,501	\$250,000	\$723,501
LSTA Grant Fund	\$5,117			5,117
Total	<u>\$5,117</u>	<u>\$473,501</u>	<u>\$250,000</u>	<u>\$728,618</u>

The interfund transfer from the General Fund to the LSTA Fund was made to fund the Library’s share of the grant. The interfund transfers from the two capital projects funds to the General Fund were to close out capital projects that had been completed or eliminated.

Advances To/From Other Funds

As of December 31, 2005, receivables and payables that resulted from an advance were as follows:

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

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

NOTE 15 - CONTINGENT LIABILITIES

Litigation

As of December 31, 2005, the Library was party to an outstanding legal proceeding filed by a former employee. The Library believes the complaint is without merit.

Federal and State Grants

For the period January 1, 2005 to December 31, 2005, the Library received federal and state grants for specific purposes that are subject to review and audit by grantor agencies or their designee. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, the Library believes such disallowance, if any, would be immaterial.

# THE PUBLIC LIBRARY OF CINCINNATI AND HAMILTON COUNTY

## Nonmajor Fund Descriptions

### Special Revenue Funds

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

#### LSTA Grant Fund

To account for various LSTA grants awarded to the Library that are legally restricted to expenditures for specified purposes.

#### I-Net Production Studio Fund

To account for money received for the purchase of equipment to participate in the Institutional Network (I-NET).

#### Regional Library for the Blind Fund

To account for federal and state grants received by the Library for the operation of one of the two regional libraries in Ohio that serve the Blind and Physically Handicapped, as designated by the State Library.

#### Various Funds

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

Anderson/Mt. Washington	Hattendorf
Friedman	Garden Club
McNutt-Weber	Hosbrook
Fey	Valerio
Pet Memorial	Gifts

#### Library Materials Fund

To account for various gifts to purchase library materials.

#### Dater Fund

To account for a gift from Charles H. Dater to be used for renovation, maintenance, operation, replacement and upkeep of the Westwood Branch Children's Library and Room including books and other related children's library material

#### Library Programs Fund

To account for various gifts to fund library programs.

### Capital Projects Funds

To account for financial resources to be used for the acquisition or construction of major capital facilities other than those financed by trust funds. The following are the descriptions of the Library's nonmajor capital project funds:

#### Building and Repair Fund

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

#### Continued Computerization Fund

To account for transfers from the general fund to be used for the development of technology and the expansion of computer systems. This fund was formerly referred to as the Continued Development of Computerization Fund.

#### St. Bernard Branch Fund

To account for transfers from the general fund to be used for the construction of a new St. Bernard Branch Library. This fund had no activity during 2005, and therefore, no budgetary statement is presented.

Reading Branch Fund

To account for transfers from the general fund to be used for the construction of a new Reading Branch Library. This fund had no activity during 2005, and therefore, no budgetary statement is presented.

Bond Hill Branch Fund

To account for transfers from the general fund to be used for the construction of a new Bond Hill Branch Library.

Permanent Funds

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

Various Permanent Funds

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

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

Armstrong Fund

To account for a gift from George W. Armstrong, President of the Baldwin Piano Company, the interest income is used for the purchase of books, occasional special events, and to supplement the Karline Brown Fund.

Feld Fund

To account for a gift from the estate of Natalie Feld, the initial gift of over \$2.5 million is invested and the interest income is used for the purchase of books on travel and world affairs.

Hadley Fund

To account for a gift, the interest income is used for travel and study purposes for library employees.

Heisel/Dunlap Fund

To account for a gift from the Heisel family and Mrs. Alice M. Dunlap. The interest income is used to provide grants to partially or fully "pay the reasonable costs of tuition for any of its employees who enroll in a course of study the Board of Library Trustees considers essential to the employee's performance".

Kersten Fund

To account for a gift from the estate of Dorothy M.M. Kersten, the money was to be used to purchase a plaque in her honor. The remaining money is invested and the interest income is used to finance various library programs and to purchase library materials.

Dwyer Fund

To account for a gift from the estate of Cecilia J. Dwyer, the initial gift of \$100,000 is invested and the interest income is used for the purchase of specific library materials.

Howard Fund

To account for a gift from the estate of Jerome Howard, the initial gift of \$1 million and any additional gifts by his estate are invested and the interest 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, 2005**

	Nonmajor Special Revenue	Nonmajor Capital Projects	Nonmajor Permanent	Total Nonmajor Governmental
<b><u>Assets</u></b>				
Equity in Pooled Cash and Cash Equivalents	\$1,385,536	\$6,528,414	\$2,984,990	\$10,898,940
Investments			5,544,858	5,544,858
Receivables:				
Accrued Interest	1,093	0	42,020	43,113
Total Assets	<u>\$1,386,629</u>	<u>\$6,528,414</u>	<u>\$8,571,868</u>	<u>\$16,486,911</u>
<b><u>Liabilities</u></b>				
Accounts Payable	\$760	\$0	\$32,405	\$33,165
Accrued Salaries Payable	12,491	0	0	12,491
Intergovernmental Payable	1,801	0	0	1,801
Advances From Other Funds	150,000	0	0	150,000
Total Liabilities	<u>165,052</u>	<u>0</u>	<u>32,405</u>	<u>197,457</u>
<b><u>Fund Balances</u></b>				
Reserved for:				
Encumbrances	14,771	0	4,285	19,056
Restricted Principal	0	0	6,696,395	6,696,395
Unreserved, reported in:				
Special revenue funds	1,206,806	0	0	1,206,806
Capital projects fund	0	6,528,414	0	6,528,414
Permanent funds	0	0	1,838,783	1,838,783
Total Fund Balances	<u>1,221,577</u>	<u>6,528,414</u>	<u>8,539,463</u>	<u>16,289,454</u>
Total Liabilities and Fund Balances	<u>\$1,386,629</u>	<u>\$6,528,414</u>	<u>\$8,571,868</u>	<u>\$16,486,911</u>

**The Public Library of Cincinnati and Hamilton County**  
**Combining Balance Sheet**  
**Nonmajor Special Revenue Funds**  
**December 31, 2005**

	I-Net Production Studio	Regional Library for the Blind	Various	Library Materials	Dater	Library Programs	Total
<b>Assets</b>							
Equity in Pooled Cash and Cash Equivalents	\$104,317	\$184,365	\$761,241	\$144,289	\$90,015	\$101,309	\$1,385,536
Receivables:							
Accrued Interest	0	0	682	183	137	91	1,093
Total Assets	<u>\$104,317</u>	<u>\$184,365</u>	<u>\$761,923</u>	<u>\$144,472</u>	<u>\$90,152</u>	<u>\$101,400</u>	<u>\$1,386,629</u>
<b>Liabilities</b>							
Accounts Payable	\$0	\$693	\$19	\$48	\$0	\$0	\$760
Accrued Salaries Payable	0	12,491	0	0	0	0	12,491
Intergovernmental Payable	0	1,801	0	0	0	0	1,801
Advances From Other Funds	0	150,000	0	0	0	0	150,000
Total Liabilities	<u>0</u>	<u>164,985</u>	<u>19</u>	<u>48</u>	<u>0</u>	<u>0</u>	<u>165,052</u>
<b>Fund Balances</b>							
Reserved for:							
Encumbrances	0	0	14,413	158	0	200	14,771
Unreserved	104,317	19,380	747,491	144,266	90,152	101,200	1,206,806
Total Fund Balances	<u>104,317</u>	<u>19,380</u>	<u>761,904</u>	<u>144,424</u>	<u>90,152</u>	<u>101,400</u>	<u>1,221,577</u>
Total Liabilities and Fund Balances	<u>\$104,317</u>	<u>\$184,365</u>	<u>\$761,923</u>	<u>\$144,472</u>	<u>\$90,152</u>	<u>\$101,400</u>	<u>\$1,386,629</u>



The Public Library of Cincinnati and Hamilton County  
 Combining Balance Sheet  
 Nonmajor Capital Projects Funds  
 December 31, 2005

	Building and Repair	St. Bernard Branch	Reading Branch	Total
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$2,193,882	\$2,884,532	\$1,450,000	\$6,528,414
Total Assets	<u>\$2,193,882</u>	<u>\$2,884,532</u>	<u>\$1,450,000</u>	<u>\$6,528,414</u>
<b>Fund Balances</b>				
Unreserved	\$2,193,882	\$2,884,532	\$1,450,000	\$6,528,414
Total Fund Balances	<u>2,193,882</u>	<u>2,884,532</u>	<u>1,450,000</u>	<u>6,528,414</u>
Total Liabilities and Fund Balances	<u>\$2,193,882</u>	<u>\$2,884,532</u>	<u>\$1,450,000</u>	<u>\$6,528,414</u>

The Public Library of Cincinnati and Hamilton County  
 Combining Balance Sheet  
 Nonmajor Permanent Funds  
 December 31, 2005

	Various Permanent	Armstrong	Feld	Hadley	Heisel/ Dunlap	Kersten	Dwyer	Howard	Total
<b>Assets</b>									
Equity in Pooled Cash and Cash Equivalents	\$403,370	\$893,839	\$781,230	\$54,265	\$60,181	\$427,680	\$79,187	\$285,238	\$2,984,990
Investments	767,595	816,479	2,296,514	69,846	253,282	81,585	107,467	1,152,090	5,544,858
Receivables:									
Accrued Interest	5,343	8,151	15,904	469	1,702	1,922	722	7,807	42,020
<b>Total Assets</b>	<b>\$1,176,308</b>	<b>\$1,718,469</b>	<b>\$3,093,648</b>	<b>\$124,580</b>	<b>\$315,165</b>	<b>\$511,187</b>	<b>\$187,376</b>	<b>\$1,445,135</b>	<b>\$8,571,868</b>
<b>Liabilities</b>									
Accounts Payable	\$4,118	\$25,578	\$202	\$0	\$0	\$1,800	\$0	\$707	\$32,405
<b>Total Liabilities</b>	<b>4,118</b>	<b>25,578</b>	<b>202</b>	<b>0</b>	<b>0</b>	<b>1,800</b>	<b>0</b>	<b>707</b>	<b>32,405</b>
<b>Fund Balances</b>									
Reserved for:									
Encumbrances	0	0	170	500	510	325	0	2,780	4,285
Restricted Principal	927,008	986,042	2,773,445	84,350	305,883	98,529	129,786	1,391,352	6,696,395
Unreserved	245,182	706,849	319,831	39,730	8,772	410,533	57,590	50,296	1,838,783
<b>Total Fund Balances</b>	<b>1,172,190</b>	<b>1,692,891</b>	<b>3,093,446</b>	<b>124,580</b>	<b>315,165</b>	<b>509,387</b>	<b>187,376</b>	<b>1,444,428</b>	<b>8,539,463</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$1,176,308</b>	<b>\$1,718,469</b>	<b>\$3,093,648</b>	<b>\$124,580</b>	<b>\$315,165</b>	<b>\$511,187</b>	<b>\$187,376</b>	<b>\$1,445,135</b>	<b>\$8,571,868</b>

**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, 2005**

	Nonmajor Special Revenue	Nonmajor Capital Projects	Nonmajor Permanent	Total Nonmajor Governmental
<b><u>Revenues</u></b>				
Intergovernmental	\$645,284	\$0	\$0	\$645,284
Earnings on investments	36,558	0	256,422	292,980
Contributions, gifts and donations	156,611	197,176	7,575	361,362
Net decrease in fair value of investments	0	0	(12,488)	(12,488)
Miscellaneous	1,520	11,703	0	13,223
<b>Total Revenues</b>	<b>839,973</b>	<b>208,879</b>	<b>251,509</b>	<b>1,300,361</b>
<b><u>Expenditures</u></b>				
<b>Current</b>				
<b>Library Services</b>				
Public service and programs	830,398	0	74,589	904,987
Collection development and processing	40,542	0	81,746	122,288
<b>Support Services</b>				
Facilities operations and maintenance	14,109	477,840	0	491,949
Information services support	0	78,896	0	78,896
Business administration	143,085	0	58,307	201,392
<b>Total Expenditures</b>	<b>1,028,134</b>	<b>556,736</b>	<b>214,642</b>	<b>1,799,512</b>
Excess (deficiency) of revenues over (under) expenditures	(188,161)	(347,857)	36,867	(499,151)
<b><u>Other Financing Sources (Uses)</u></b>				
Proceeds from sale of capital assets	0	340,152	0	340,152
Transfers in	5,117	0	0	5,117
Transfers out	0	(723,501)	0	(723,501)
Net change in fund balance	(183,044)	(731,206)	36,867	(877,383)
Fund balances - beginning of year	1,404,621	7,259,620	8,502,596	17,166,837
Fund balances - end of year	<u>\$1,221,577</u>	<u>\$6,528,414</u>	<u>\$8,539,463</u>	<u>\$16,289,454</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, 2005**

	LSTA Grant	I-Net Production Studio	Regional Library for the Blind	Various	Library Materials	Dater	Library Programs	Total
<b><u>Revenues</u></b>								
Intergovernmental	\$15,349	\$0	\$629,935	\$0	\$0	\$0	\$0	\$645,284
Earnings on investments	0	0	0	25,498	4,602	2,727	3,731	36,558
Contributions, gifts and donations	0	0	0	117,276	13,175	20,000	6,160	156,611
Miscellaneous	0	0	0	20	0	0	1,500	1,520
Total Revenues	<u>15,349</u>	<u>0</u>	<u>629,935</u>	<u>142,794</u>	<u>17,777</u>	<u>22,727</u>	<u>11,391</u>	<u>839,973</u>
<b><u>Expenditures</u></b>								
Current								
Library Services								
Public service and programs	7,133	97,268	611,920	67,062	0	3,165	43,850	830,398
Collection development and processing	0	0	0	34,759	5,065	718		40,542
Support Services								
Facilities operations and maintenance	0	0	0	14,109	0	0	0	14,109
Business administration	13,333	0	0	129,752	0	0	0	143,085
Total Expenditures	<u>20,466</u>	<u>97,268</u>	<u>611,920</u>	<u>245,682</u>	<u>5,065</u>	<u>3,883</u>	<u>43,850</u>	<u>1,028,134</u>
Excess (deficiency) of revenues over (under) expenditures	(5,117)	(97,268)	18,015	(102,888)	12,712	18,844	(32,459)	(188,161)
<b><u>Other Financing Sources (Uses)</u></b>								
Transfers in	5,117	0	0	0	0	0	0	5,117
Net change in fund balance	0	(97,268)	18,015	(102,888)	12,712	18,844	(32,459)	(183,044)
Fund balances - beginning of year	0	201,585	1,365	864,792	131,712	71,308	133,859	1,404,621
Fund balances - end of year	<u>\$0</u>	<u>\$104,317</u>	<u>\$19,380</u>	<u>\$761,904</u>	<u>\$144,424</u>	<u>\$90,152</u>	<u>\$101,400</u>	<u>\$1,221,577</u>

**The Public Library of Cincinnati and Hamilton County**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Capital Projects Funds**  
**For the Year Ended December 31, 2005**

	Building and Repair	Continued Computerization	St. Bernard Branch	Reading Branch	Bond Hill Branch	Total
<b><u>Revenues</u></b>						
Contributions, gifts and donations	\$197,176	\$0	\$0	\$0	\$0	\$197,176
Miscellaneous	11,703	0	0	0	0	11,703
Total Revenues	<u>208,879</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>208,879</u>
<b><u>Expenditures</u></b>						
<b>Current</b>						
<b>Support Services</b>						
Facilities operations and maintenance	477,840	0	0	0	0	477,840
Information services support	0	78,896	0	0	0	78,896
Total Expenditures	<u>477,840</u>	<u>78,896</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>556,736</u>
Excess (deficiency) of revenues over (under) expenditures	(268,961)	(78,896)	0	0	0	(347,857)
<b><u>Other Financing Sources (Uses)</u></b>						
Proceeds from sale of capital assets	340,152	0	0	0	0	340,152
Transfers out	0	(473,501)	0	0	(250,000)	(723,501)
Net change in fund balance	71,191	(552,397)	0	0	(250,000)	(731,206)
Fund balances - beginning of year	2,122,691	552,397	2,884,532	1,450,000	250,000	7,259,620
Fund balances - end of year	<u>\$2,193,882</u>	<u>\$0</u>	<u>\$2,884,532</u>	<u>\$1,450,000</u>	<u>\$0</u>	<u>\$6,528,414</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, 2005**

	Various		Armstrong	Feld	Hadley	Heisel/		Dwyer	Howard	Total
	Permanent					Dunlap	Kersten			
<b><u>Revenues</u></b>										
Earnings on investments	\$38,503	\$45,712	\$75,562	\$3,286	\$7,465	\$45,935	\$5,064	\$34,895	\$256,422	
Contributions, gifts and donations	7,575	0	0	0	0	0	0	0	7,575	
Net increase (decrease) in fair value of investments	5,944	(3,150)	(8,861)	(269)	(977)	(315)	(415)	(4,445)	(12,488)	
Total Revenues	<u>52,022</u>	<u>42,562</u>	<u>66,701</u>	<u>3,017</u>	<u>6,488</u>	<u>45,620</u>	<u>4,649</u>	<u>30,450</u>	<u>251,509</u>	
<b><u>Expenditures</u></b>										
Current										
Library Services										
Public service and programs	1,000	0	0	0	0	70,392	3,197	0	74,589	
Collection development and processing	15,863	0	21,840	0	0	0	5,149	38,894	81,746	
Support Services										
Business administration	9,264	43,178	0	1,419	4,446	0	0	0	58,307	
Total Expenditures	<u>26,127</u>	<u>43,178</u>	<u>21,840</u>	<u>1,419</u>	<u>4,446</u>	<u>70,392</u>	<u>8,346</u>	<u>38,894</u>	<u>214,642</u>	
Net change in fund balances	25,895	(616)	44,861	1,598	2,042	(24,772)	(3,697)	(8,444)	36,867	
Fund balances - beginning of year	1,146,295	1,693,507	3,048,585	122,982	313,123	534,159	191,073	1,452,872	8,502,596	
Fund balances - end of year	<u>\$1,172,190</u>	<u>\$1,692,891</u>	<u>\$3,093,446</u>	<u>\$124,580</u>	<u>\$315,165</u>	<u>\$509,387</u>	<u>\$187,376</u>	<u>\$1,444,428</u>	<u>\$8,539,463</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, 2005**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$10,000	\$15,349	\$15,349	\$0
Total revenues	<u>10,000</u>	<u>15,349</u>	<u>15,349</u>	<u>0</u>
<b>Expenditures</b>				
Current				
Supplies	0	7,133	7,133	0
Purchased and contracted services	13,333	12,861	12,861	0
Other Objects	0	472	472	0
Total expenditures	<u>13,333</u>	<u>20,466</u>	<u>20,466</u>	<u>0</u>
Excess (deficiency) of revenues over (under) expenditures	(3,333)	(5,117)	(5,117)	0
<b>Other financing sources (uses)</b>				
Transfers in	<u>3,333</u>	<u>5,117</u>	<u>5,117</u>	<u>0</u>
Net change in fund balance	0	0	0	0
Fund balance at beginning of year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
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)**  
**I-Net Production Studio Fund**  
**For the Year Ended December 31, 2005**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$0	\$0	\$0	\$0
Total revenues	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Expenditures</b>				
Current				
Supplies	0	100,000	97,268	2,732
Total expenditures	<u>0</u>	<u>100,000</u>	<u>97,268</u>	<u>2,732</u>
Net change in fund balance	0	(100,000)	(97,268)	2,732
Fund balance at beginning of year	201,585	201,585	201,585	0
Fund balance at end of year	<u>\$201,585</u>	<u>\$101,585</u>	<u>\$104,317</u>	<u>\$2,732</u>



**The Public Library of Cincinnati and Hamilton County**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Budget Basis)**  
**Regional Library for the Blind Fund**  
**For the Year Ended December 31, 2005**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$314,968	\$629,935	\$629,935	\$0
Total revenues	<u>314,968</u>	<u>629,935</u>	<u>629,935</u>	<u>0</u>
<b>Expenditures</b>				
Current				
Salaries and benefits				
Salaries and leave benefits	192,202	359,349	346,807	12,542
Retirement benefits	26,075	46,199	44,499	1,700
Insurance benefits	17,923	31,537	31,537	0
Supplies	2,961	25,542	25,483	59
Purchased and contracted services	92,159	173,671	165,163	8,508
Library materials and information	916	1,000	0	1,000
Total expenditures	<u>332,236</u>	<u>637,298</u>	<u>613,489</u>	<u>23,809</u>
Net change in fund balance	(17,268)	(7,363)	16,446	23,809
Fund balance at beginning of year	<u>167,268</u>	<u>167,268</u>	<u>167,268</u>	<u>0</u>
Fund balance at end of year	<u><u>\$150,000</u></u>	<u><u>\$159,905</u></u>	<u><u>\$183,714</u></u>	<u><u>\$23,809</u></u>

**The Public Library of Cincinnati and Hamilton County**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Budget Basis)**  
**Various Funds**  
**For the Year Ended December 31, 2005**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>Revenues</b>				
Earnings on investments	\$9,626	\$9,626	\$24,816	\$15,190
Contributions, gifts and donations	73,500	73,500	117,276	43,776
Miscellaneous	0	0	20	20
<b>Total Revenues</b>	<u>83,126</u>	<u>83,126</u>	<u>142,112</u>	<u>58,986</u>
<b>Expenditures</b>				
<b>Current</b>				
Supplies	32,050	35,500	28,356	7,144
Purchased and contracted services	188,600	227,699	167,958	59,741
Library materials and information	63,161	63,161	37,976	25,185
Other objects	500	500	0	500
Capital outlay	46,900	50,300	33,229	17,071
<b>Total expenditures</b>	<u>331,211</u>	<u>377,160</u>	<u>267,519</u>	<u>109,641</u>
<b>Net change in fund balance</b>	(248,085)	(294,034)	(125,407)	168,627
<b>Fund balance at beginning of year</b>	700,193	700,193	700,193	0
<b>Prior year encumbrances appropriated</b>	170,358	170,358	170,358	0
<b>Fund balance at end of year</b>	<u>\$622,466</u>	<u>\$576,517</u>	<u>\$745,144</u>	<u>\$168,627</u>

**The Public Library of Cincinnati and Hamilton County**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Budget Basis)**  
**Library Materials Fund**  
**For the Year Ended December 31, 2005**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Earnings on investments	\$1,500	\$1,500	\$4,419	\$2,919
Contributions, gifts and donations	15,000	15,000	13,175	(1,825)
<b>Total Revenues</b>	<u>16,500</u>	<u>16,500</u>	<u>17,594</u>	<u>1,094</u>
<b>Expenditures</b>				
Current				
Library materials and information	44,410	44,410	7,633	36,777
<b>Total expenditures</b>	<u>44,410</u>	<u>44,410</u>	<u>7,633</u>	<u>36,777</u>
<b>Net change in fund balance</b>	(27,910)	(27,910)	9,961	37,871
<b>Fund balance at beginning of year</b>	131,712	131,712	131,712	0
<b>Prior year encumbrances appropriated</b>	2,410	2,410	2,410	0
<b>Fund balance at end of year</b>	<u>\$106,212</u>	<u>\$106,212</u>	<u>\$144,083</u>	<u>\$37,871</u>

**The Public Library of Cincinnati and Hamilton County**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Budget Basis)**  
**Dater Fund**  
**For the Year Ended December 31, 2005**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Earnings on investments	\$750	\$750	\$2,590	\$1,840
Contributions, gifts and donations	20,000	20,000	20,000	0
<b>Total Revenues</b>	<u>20,750</u>	<u>20,750</u>	<u>22,590</u>	<u>1,840</u>
<b>Expenditures</b>				
Current				
Supplies	2,000	2,000	1,393	607
Purchased and contracts services	27,000	27,000	170	26,830
Library materials and information	6,000	6,000	719	5,281
Capital Outlay	2,000	2,000	1,601	399
<b>Total Expenditures</b>	<u>37,000</u>	<u>37,000</u>	<u>3,883</u>	<u>33,117</u>
<b>Net change in fund balance</b>	(16,250)	(16,250)	18,707	34,957
<b>Fund balance at beginning of year</b>	<u>71,308</u>	<u>71,308</u>	<u>71,308</u>	<u>0</u>
<b>Fund balance at end of year</b>	<u><u>\$55,058</u></u>	<u><u>\$55,058</u></u>	<u><u>\$90,015</u></u>	<u><u>\$34,957</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, 2005**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Earnings on investments	\$2,000	\$2,000	\$3,640	\$1,640
Contributions, gifts and donations	20,000	20,000	6,160	(13,840)
Miscellaneous	0	0	1,500	1,500
Total Revenues	<u>22,000</u>	<u>22,000</u>	<u>11,300</u>	<u>(10,700)</u>
<b>Expenditures</b>				
Current				
Supplies	15,000	16,000	12,910	3,090
Purchased and contracted services	25,000	34,700	31,140	3,560
Total expenditures	<u>40,000</u>	<u>50,700</u>	<u>44,050</u>	<u>6,650</u>
Net change in fund balance	(18,000)	(28,700)	(32,750)	(4,050)
Fund balance at beginning of year	<u>133,859</u>	<u>133,859</u>	<u>133,859</u>	<u>0</u>
Fund balance at end of year	<u><u>\$115,859</u></u>	<u><u>\$105,159</u></u>	<u><u>\$101,109</u></u>	<u><u>(\$4,050)</u></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, 2005**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Contributions, gifts and donations	\$0	\$0	\$197,176	\$197,176
Miscellaneous	0	0	351,855	351,855
Total Revenues	<u>0</u>	<u>0</u>	<u>549,031</u>	<u>549,031</u>
<b>Expenditures</b>				
Current				
Purchased and contracted services	110,000	110,000	32,606	77,394
Capital outlay	465,000	465,000	445,234	19,766
Total expenditures	<u>575,000</u>	<u>575,000</u>	<u>477,840</u>	<u>97,160</u>
Net change in fund balance	(575,000)	(575,000)	71,191	646,191
Fund balance at beginning of year	<u>2,122,690</u>	<u>2,122,690</u>	<u>2,122,690</u>	<u>0</u>
Fund balance at end of year	<u><u>\$1,547,690</u></u>	<u><u>\$1,547,690</u></u>	<u><u>\$2,193,881</u></u>	<u><u>\$646,191</u></u>

**The Public Library of Cincinnati and Hamilton County**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Budget Basis)**  
**Continued Computerization Fund**  
**For the Year Ended December 31, 2005**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Miscellaneous	\$0	\$0	\$0	\$0
Total Revenues	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Expenditures</b>				
Current				
Purchased and contracted services	243,807	76,395	76,395	0
Capital outlay	<u>445,362</u>	<u>139,274</u>	<u>139,274</u>	<u>0</u>
Total expenditures	<u>689,169</u>	<u>215,669</u>	<u>215,669</u>	<u>0</u>
Excess (deficiency) of revenues over (under) expenditures	(689,169)	(215,669)	(215,669)	0
<b>Other financing sources (uses)</b>				
Transfers out	<u>0</u>	<u>(473,500)</u>	<u>(473,500)</u>	<u>0</u>
Net change in fund balance	(689,169)	(689,169)	(689,169)	0
Fund balance at beginning of year	456,088	456,088	456,088	0
Prior year encumbrances appropriated	<u>233,081</u>	<u>233,081</u>	<u>233,081</u>	<u>0</u>
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)**  
**Bond Hill Branch Fund**  
**For the Year Ended December 31, 2005**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Miscellaneous	\$0	\$0	\$0	\$0
Total Revenues	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Expenditures</b>				
Capital outlay	0	0	0	0
Total expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (deficiency) of revenues over (under) expenditures	0	0	0	0
<b>Other financing sources (uses)</b>				
Transfers out	0	(250,000)	(250,000)	0
Net change in fund balance	0	(250,000)	(250,000)	0
Fund balance at beginning of year	250,000	250,000	250,000	0
Fund balance at end of year	<u><u>\$250,000</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)**  
**Various Permanent Funds**  
**For the Year Ended December 31, 2005**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b><u>Revenues</u></b>				
Earnings on investments	\$30,800	\$30,800	\$37,581	\$6,781
Contributions, gifts and donations	7,000	7,300	7,575	275
<b>Total revenues</b>	<b>37,800</b>	<b>38,100</b>	<b>45,156</b>	<b>7,056</b>
<b><u>Expenditures</u></b>				
Current				
Salaries and benefits				
Other employee benefits	7,000	8,000	7,084	916
Supplies	3,000	3,000	706	2,294
Purchased and contracted services	32,900	32,900	1,000	31,900
Library materials and information	33,779	33,779	15,863	17,916
Other objects	9,000	9,000	1,475	7,525
<b>Total expenditures</b>	<b>78,679</b>	<b>78,679</b>	<b>19,044</b>	<b>59,635</b>
<b>Net change in fund balance</b>	<b>(40,879)</b>	<b>(40,579)</b>	<b>26,112</b>	<b>66,691</b>
Fund balance at beginning of year	1,150,851	1,150,851	1,150,851	0
<b>Fund balance at end of year</b>	<b>\$1,109,972</b>	<b>\$1,110,272</b>	<b>\$1,176,963</b>	<b>\$66,691</b>

**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, 2005**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Earnings on investments	\$33,900	\$33,900	\$42,309	\$8,409
Total revenues	<u>33,900</u>	<u>33,900</u>	<u>42,309</u>	<u>8,409</u>
<b>Expenditures</b>				
Current				
Salaries and benefits				
Other employee benefits	83,709	83,709	50,614	33,095
Total expenditures	<u>83,709</u>	<u>83,709</u>	<u>50,614</u>	<u>33,095</u>
Net change in fund balance	(49,809)	(49,809)	(8,305)	41,504
Fund balance at beginning of year	1,695,501	1,695,501	1,695,501	0
Prior year encumbrances appropriated	8,709	8,709	8,709	0
Fund balance at end of year	<u>\$1,654,401</u>	<u>\$1,654,401</u>	<u>\$1,695,905</u>	<u>\$41,504</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, 2005**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Earnings on investments	\$65,000	\$65,000	\$73,014	\$8,014
Total revenues	<u>65,000</u>	<u>65,000</u>	<u>73,014</u>	<u>8,014</u>
<b>Expenditures</b>				
Current				
Library materials and information	100,000	100,000	22,011	77,989
Total expenditures	<u>100,000</u>	<u>100,000</u>	<u>22,011</u>	<u>77,989</u>
Net change in fund balance	(35,000)	(35,000)	51,003	86,003
Fund balance at beginning of year	<u>3,057,750</u>	<u>3,057,750</u>	<u>3,057,750</u>	<u>0</u>
Fund balance at end of year	<u><u>\$3,022,750</u></u>	<u><u>\$3,022,750</u></u>	<u><u>\$3,108,753</u></u>	<u><u>\$86,003</u></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, 2005**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Earnings on investments	\$2,500	\$2,500	\$3,223	\$723
Total revenues	<u>2,500</u>	<u>2,500</u>	<u>3,223</u>	<u>723</u>
<b>Expenditures</b>				
Current				
Salaries and benefits				
Other employee benefits	5,500	5,500	1,418	4,082
Total expenditures	<u>5,500</u>	<u>5,500</u>	<u>1,418</u>	<u>4,082</u>
Net change in fund balance	(3,000)	(3,000)	1,805	4,805
Fund balance at beginning of year	122,761	122,761	122,761	0
Prior year encumbrances appropriated	500	500	500	0
Fund balance at end of year	<u>\$120,261</u>	<u>\$120,261</u>	<u>\$125,066</u>	<u>\$4,805</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, 2005**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Earnings on investments	\$7,000	\$7,000	\$7,236	\$236
Total Revenues	<u>7,000</u>	<u>7,000</u>	<u>7,236</u>	<u>236</u>
<b>Expenditures</b>				
Current				
Salaries and benefits				
Other employee benefits	5,156	5,156	4,957	199
Total expenditures	<u>5,156</u>	<u>5,156</u>	<u>4,957</u>	<u>199</u>
Net change in fund balance	1,844	1,844	2,279	435
Fund balance at beginning of year	313,978	313,978	313,978	0
Prior year encumbrances appropriated	156	156	156	0
Fund balance at end of year	<u><u>\$315,978</u></u>	<u><u>\$315,978</u></u>	<u><u>\$316,413</u></u>	<u><u>\$435</u></u>

**The Public Library of Cincinnati and Hamilton County**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Budget Basis)**  
**Kersten Fund**  
**For the Year Ended December 31, 2005**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Earnings on investments	\$35,000	\$35,000	\$44,488	\$9,488
Total revenues	<u>35,000</u>	<u>35,000</u>	<u>44,488</u>	<u>9,488</u>
<b>Expenditures</b>				
Current				
Supplies	45,500	45,500	33,648	11,852
Purchased and contracted services	54,500	54,500	37,272	17,228
Total expenditures	<u>100,000</u>	<u>100,000</u>	<u>70,920</u>	<u>29,080</u>
Net change in fund balance	(65,000)	(65,000)	(26,432)	38,568
Fund balance at beginning of year	534,686	534,686	534,686	0
Fund balance at end of year	<u>\$469,686</u>	<u>\$469,686</u>	<u>\$508,254</u>	<u>\$38,568</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, 2005**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Earnings on investments	\$3,800	\$3,800	\$4,967	\$1,167
Total revenues	<u>3,800</u>	<u>3,800</u>	<u>4,967</u>	<u>1,167</u>
<b>Expenditures</b>				
Current				
Supplies	4,000	4,000	3,197	803
Library materials and information	10,000	10,000	5,149	4,851
Total expenditures	<u>14,000</u>	<u>14,000</u>	<u>8,346</u>	<u>5,654</u>
Net change in fund balance	(10,200)	(10,200)	(3,379)	6,821
Fund balance at beginning of year	191,502	191,502	191,502	0
Fund balance at end of year	<u><u>\$181,302</u></u>	<u><u>\$181,302</u></u>	<u><u>\$188,123</u></u>	<u><u>\$6,821</u></u>

**The Public Library of Cincinnati and Hamilton County**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Budget Basis)**  
**Howard Fund**  
**For the Year Ended December 31, 2005**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Earnings on investments	\$30,000	\$30,000	\$33,788	\$3,788
Total revenues	<u>30,000</u>	<u>30,000</u>	<u>33,788</u>	<u>3,788</u>
<b>Expenditures</b>				
Current				
Library materials and information	53,000	53,000	41,675	11,325
Total expenditures	<u>53,000</u>	<u>53,000</u>	<u>41,675</u>	<u>11,325</u>
Net change in fund balance	(23,000)	(23,000)	(7,887)	15,113
Fund balance at beginning of year	1,457,471	1,457,471	1,457,471	0
Fund balance at end of year	<u><u>\$1,434,471</u></u>	<u><u>\$1,434,471</u></u>	<u><u>\$1,449,584</u></u>	<u><u>\$15,113</u></u>



# Statistical Section

**THE PUBLIC LIBRARY OF CINCINNATI AND HAMILTON COUNTY  
GOVERNMENT-WIDE EXPENSES BY FUNCTION  
LAST THREE YEARS**

Year*	Library Services	Support Services	Interest	Total
2003	\$35,761,158	\$18,245,720	\$2,819	\$54,009,697
2004	36,938,913	18,721,476	9,953	55,670,342
2005	36,156,928	17,454,961	7,778	53,619,667

2003 was the first year GASB 34 was implemented.

Source: Library Financial Records

**THE PUBLIC LIBRARY OF CINCINNATI AND HAMILTON COUNTY**  
**GOVERNMENT WIDE REVENUES**  
**LAST THREE YEARS**

Year	Program Revenues			General Revenues			Contributions to Principal	Total
	Charges for Services	Operating Grants, Contributions, and Earnings on Investments	Unrestricted Grants and Contributions	Other General Revenues	Proceeds from Sale of Capital Asset			
2003	\$1,648,232	\$1,469,788	\$48,876,713	\$861,958	\$0	\$4,195	\$52,860,886	
2004	1,712,030	1,000,138	45,044,063	751,447	0	8,979	48,516,657	
2005	1,723,172	1,328,893	48,306,813	1,352,995	168,179	7,275	52,887,327	

2003 was the first year GASB 34 was implemented.

Source: Library Financial Records

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

**GENERAL FUND REVENUES BY SOURCE  
LAST TEN YEARS**

Year*	Intergovernmental	Fines and Fees	Earnings in Investments	Services Provided to Other Entities	Contributions		Miscellaneous	Total
					Donations	Gifts and		
1996	\$44,336,902	\$1,009,835	\$390,339	\$0	\$168		\$302,761	\$46,040,005
1997	44,601,540	1,062,703	1,198,538	0	176		520,853	47,383,810
1998	47,086,716	1,057,513	980,905	28,122	488		535,474	49,689,218
1999	49,551,084	1,134,990	855,348	66,109	483		756,413	52,364,427
2000	52,823,708	1,145,113	1,215,732	26,693	264		985,175	56,196,685
2001	52,415,810	1,217,990	849,372	25,208	11,715		949,650	55,469,745
2002	48,337,997	1,289,802	367,481	10,013	62,383		2,555,349	52,623,025
2003	47,767,788	1,648,282	229,170	0	105,195		701,012	50,451,447
2004	48,088,007	1,712,030	219,547	0	28,400		586,314	50,634,298
2005	48,307,418	1,723,172	568,523	0	82,254		738,025	51,419,392

\*GAAP Basis Library Financial Data

Source: Library Financial Records

**THE PUBLIC LIBRARY OF CINCINNATI AND HAMILTON COUNTY**  
**GENERAL FUND EXPENDITURES**  
**LAST TEN YEARS**

Year*	Current	Capital	Debt	Total
	Expenditures	Outlay	Service	
1996	\$37,114,625	\$267,705	\$0	\$37,382,330
1997	39,923,822	362,185	96,456	40,382,463
1998	42,894,942	395,297	96,456	43,386,695
1999	44,601,647	411,782	96,456	45,109,885
2000	46,559,155	770,813	96,457	47,426,425
2001	48,854,069	556,108	96,456	49,506,633
2002	49,567,984	101,307	0	49,669,291
2003	49,862,552	0	16,369	49,878,921
2004	50,604,823	0	65,472	50,670,295
2005	49,698,655	0	65,473	49,764,128

\*GAAP Basis Library Financial Data

Source: Library Financial Records

THE PUBLIC LIBRARY OF CINCINNATI AND HAMILTON COUNTY

DEMOGRAPHIC STATISTICS  
LAST TEN YEARS

Year	County	County	County
	Population (a)	Unemployment Rate (b)	Bank Deposits (c) (Amounts in 000s)
1996	866,228	4.0	21,598,936
1997	866,228	3.5	18,070,437
1998	847,202	2.9	24,305,322
1999	840,443	3.0	41,302,569
2000	845,303	2.9	84,005,830
2001	835,362	3.8	133,025,841
2002	833,721	5.1	145,359,134
2003	823,472	5.1	147,868,600
2004	814,611	5.6	149,199,466
2005	806,652	5.7	144,600,565

Sources:

- (a) U.S. Census Bureau web site
- (b) Ohio Department of Job and Family Services (Ohio Bureau of Employment Services) web site
- (c) Federal Reserve Bank of Cleveland web site

THE PUBLIC LIBRARY OF CINCINNATI AND HAMILTON COUNTY

MISCELLANEOUS STATISTICS  
LAST TEN YEARS

Year	Number of Employees	Numbers of Materials Owned	Number of Library Materials Circulated	Number of Registered Borrowers (a)
1996	850	9,037,042	12,564,004	388,386
1997	922	9,133,681	12,502,014	389,697
1998	927	9,653,049	* 12,805,278	393,509
1999	947	9,993,586	* 13,149,907	396,064
2000	978	10,076,270	* 13,326,369	398,054
2001	980	10,363,842	* 13,808,229	409,954
2002	943	10,261,257	* 14,403,659	404,655
2003	903	10,288,800	* 14,861,011	403,531
2004	862	9,574,449	* # 14,713,793	408,720
2005	859	9,545,692	* # 14,344,449	375,342

Column Notes:

(a) Figures represent all active borrowers on record as of year-end.

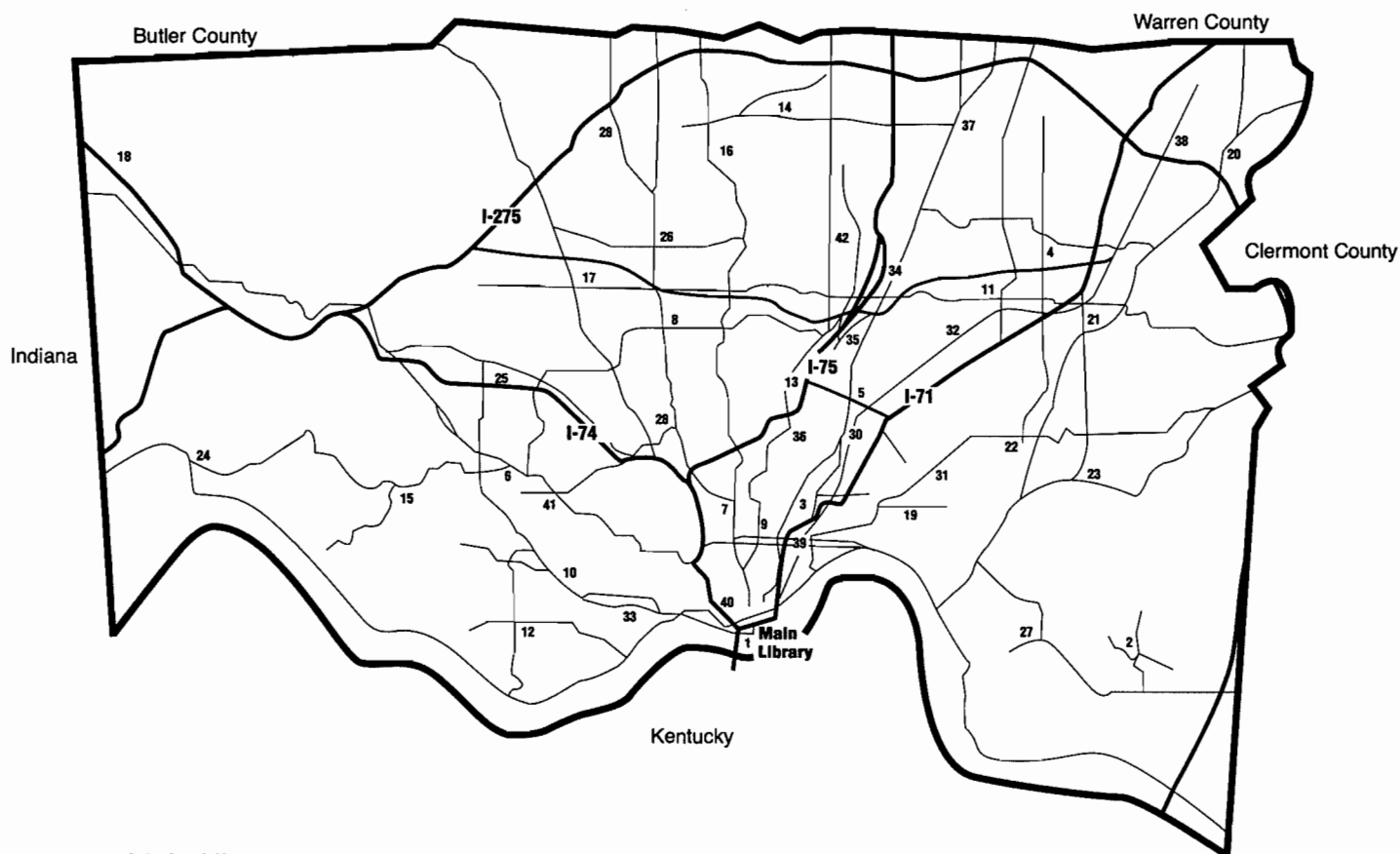
Miscellaneous Notes:

\* 1998 forward includes Public Documents collection count.

# The decrease in materials owned is the result of several factors relating to the migration from the old CINCH catalog to the new Unicorn system. Prior to migration, there was a clean up process of items that were no longer available for circulation. The new system also counts multiple items in a set as one item as opposed to each individual item being counted in the old system.

Source: Library Statistical Records

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



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



# Bastin & Company, LLC

*Certified Public Accountants*

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

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

We have audited the basic financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of The Public Library of Cincinnati and Hamilton County, Hamilton County, Ohio (the Library), as of and for the year ended December 31, 2005, which collectively comprise the Library's basic financial statements and have issued our report thereon dated May 25, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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

In planning and performing our audit, we considered the Library's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

### **Compliance and Other Matters**

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

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

*Bastin & Company, LLC*

Cincinnati, Ohio  
May 25, 2006



**Auditor of State  
Betty Montgomery**

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**THE 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  
JULY 18, 2006**