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# Comprehensive Annual Financial Report

For the Year Ended  
December 31, 2007



THE  
PUBLIC  
LIBRARY  
of Cincinnati  
and Hamilton  
County, Ohio

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Mary Taylor, CPA  
Auditor of State

Board of 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, Hamilton County, prepared by Bastin & Company, LLC, for the audit period January 1, 2007 through December 31, 2007. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

July 11, 2008

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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, 2007**

**Issued by:**

**Patricia Schoettker**  
Clerk Treasurer

**The Public Library of Cincinnati and Hamilton County  
 Comprehensive Annual Financial Report  
 For the Year Ended December 31, 2007  
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**THE  
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of Cincinnati  
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Hamilton County

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*Clerk-Treasurer*  
Patricia Schoettker

June 10, 2008

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, 2007. This report contains the financial statements and other financial and statistical data that provide complete and full disclosure of all material financial aspects of The Public Library of Cincinnati and Hamilton County ("The Library"). This CAFR conforms to generally accepted accounting principles (GAAP) as applicable to governmental entities. The responsibility for the accuracy and completeness of all data presented, and the fairness of the presentation, rests with the management of the Library, specifically the Clerk-Treasurer's Office.

State law requires that every general-purpose local government publish within 150 days of the close of each fiscal year a financial report. This report is published to fulfill that requirement for the year ended December 31, 2007.

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

Bastin and Company, LLC, Certified Public Accountants, have issued an unqualified ("clean") opinion on The Public Library of Cincinnati and Hamilton County's financial statements for the year ended December 31, 2007. The independent auditor's report is located at the front of the financial section of this report.

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

# THE PUBLIC LIBRARY OF CINCINNATI AND HAMILTON COUNTY

## HISTORY AND DEVELOPMENT

The Public Library of Cincinnati and Hamilton County dates from 1853; however, its foundations were laid 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 1993 completed this master plan.

By the mid-'80s, skyrocketing public demand for downtown library services, a rapidly growing collection, and radical expansion of computerization had once again stretched the Main Library to the limits. After years of planning, an addition to the Main Library was opened in 1997 and renovation of the main library south building was completed in 1998. This created a state-of-the-art, seamless main library building of over one half million square feet with 97 miles of shelving. Since the completion of this renovation, the Library's commitment to strengthening the branches resulted in the construction of a new Harrison Branch in 1991 and in the expansion and/or renovation of several existing branches.

In 2007, the first new branch library in nearly 6 years opened in space leased from the Cincinnati/Hamilton County Community Action Agency in the community of Bond Hill. Renovation costs were paid completely with donated funds. With the opening of this new facility, smaller branches in Bond Hill and Roselawn closed.

Despite static income, the Library also initiated the Main Library for the 21<sup>st</sup> Century project (ML/21) – a new service model for the Main Library designed to better address the changing

## THE PUBLIC LIBRARY OF CINCINNATI AND HAMILTON COUNTY

needs of our customers. The building reconfiguration to implement this change, well underway by year-end, will be more than offset by an operational savings of about \$1 million annually.

Today, The Public Library of Cincinnati and Hamilton County system provides comprehensive services countywide and beyond through its Main Library and 40 neighborhood branches.

### 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 39 branches and seven days per week at the Main Library and Clifton Branch Library.

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

The Library's web site ([www.CincinnatiLibrary.org](http://www.CincinnatiLibrary.org)) provides access to the Library's online catalog and pictorial kids catalog, extensive reference databases, interactive book blog, Veterans History Project with streaming video, online homework help, selected sites by subject, and information about the Library and its programs. Specialized web pages – Kidspace and Teenspace – serve children up to age 12 and teens. Using the Library's web site, Library cardholders may reserve, request or renew items, as well as offer comments, ask a reference question, chat 24/7, and request materials from libraries throughout the world via interlibrary loan. Free Internet access is available at all locations that also offer wi-fi service. The implementation of self-service equipment at Bond Hill and the Main Library in 2007 enables customers to check out their own materials and make both cash and credit card payments.

The Main Library has long served as a public reference and resource center for Hamilton County and surrounding counties, and has been widely recognized as having one of the nation's top genealogical research collections. The new ML/21 service model is now transforming how the Main Library looks and how it delivers service. Popular materials are conveniently accessible in the Popular Library, state-of-the-art computer technology is in the TechCenter, teens have a place of their own in TeenSpot, and students can get homework help in Homework Central. The Library continues to offer a complete U.S. Patent & Trademark Depository, a U.S. Documents Depository, an outstanding rare book collection, a Career Resource Center, Small Business Resource Center, and Grants Resource Center.

## THE PUBLIC LIBRARY OF CINCINNATI AND HAMILTON COUNTY

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

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

### REPORTING ENTITY

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

### ECONOMIC CONDITIONS AND OUTLOOK

The service area of the Library is the entire 413 square mile area encompassing Hamilton County and the City of Cincinnati (79 square miles), which is located wholly within the county borders. Although Hamilton County population has declined 3.5% from 2000 – 2007, the area remains the largest jurisdiction in the tri-state area and is the center of industry commerce as well as a major center of culture, arts, sports, conventions, and tourism. The county's diversified economy, competitive cost structure, skilled work force, international airport, and easy access to national markets continue to provide a strong foundation for future growth.

The Library received the major portion of its income in 2007 from the Library and Local Government Support Fund (LLGSF). Additional moneys were derived from services, fines, federal and state grants, e-rate reimbursements, rents, gifts and investment earnings.

## THE PUBLIC LIBRARY OF CINCINNATI AND HAMILTON COUNTY

Since 1986, the LLGSF has been distributed to Ohio's 88 counties according to a fixed formula. Within Hamilton County, the distribution was based on the Library's need. Any remainder after the Library's needs were met would have been distributed on a fixed formula to 37 local governments.

From 1993 until 2001, public libraries received 5.7 percent of the state's personal income tax revenue through the LLGSF, but since July 2001, the fund has been frozen at 2000-2001 distribution levels. In 2007, the state broadened the base of library funding to include all general revenue taxes, not just personal income tax. The change to 2.2 percent of general revenue becomes effective in January 2008. Subsequent legislative action will change the name of the fund to the Public Library Fund in June 2008.

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 2007 remained static (no change from the previous two years), but was \$4.8 million less than the LLGSF received in 2000. Until 2007, cost-cutting measures adopted to operate during the freeze of state income also generated a balance – a savings to cushion the uncertainties of future funding. But in 2007, it was necessary to begin using part of that balance to meet ongoing operating costs.

### OTHER INFORMATION

Highlights of the Library's financial activities in 2007 are outlined in Management's Discussion and Analysis, starting on page 3, and in the Notes to the Financial Statements.

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



PATRICIA SCHOETTKER  
CLERK TREASURER

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

The Public Library of  
Cincinnati and Hamilton  
County, Ohio

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
December 31, 2006

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.



*Oliver S. Cox*

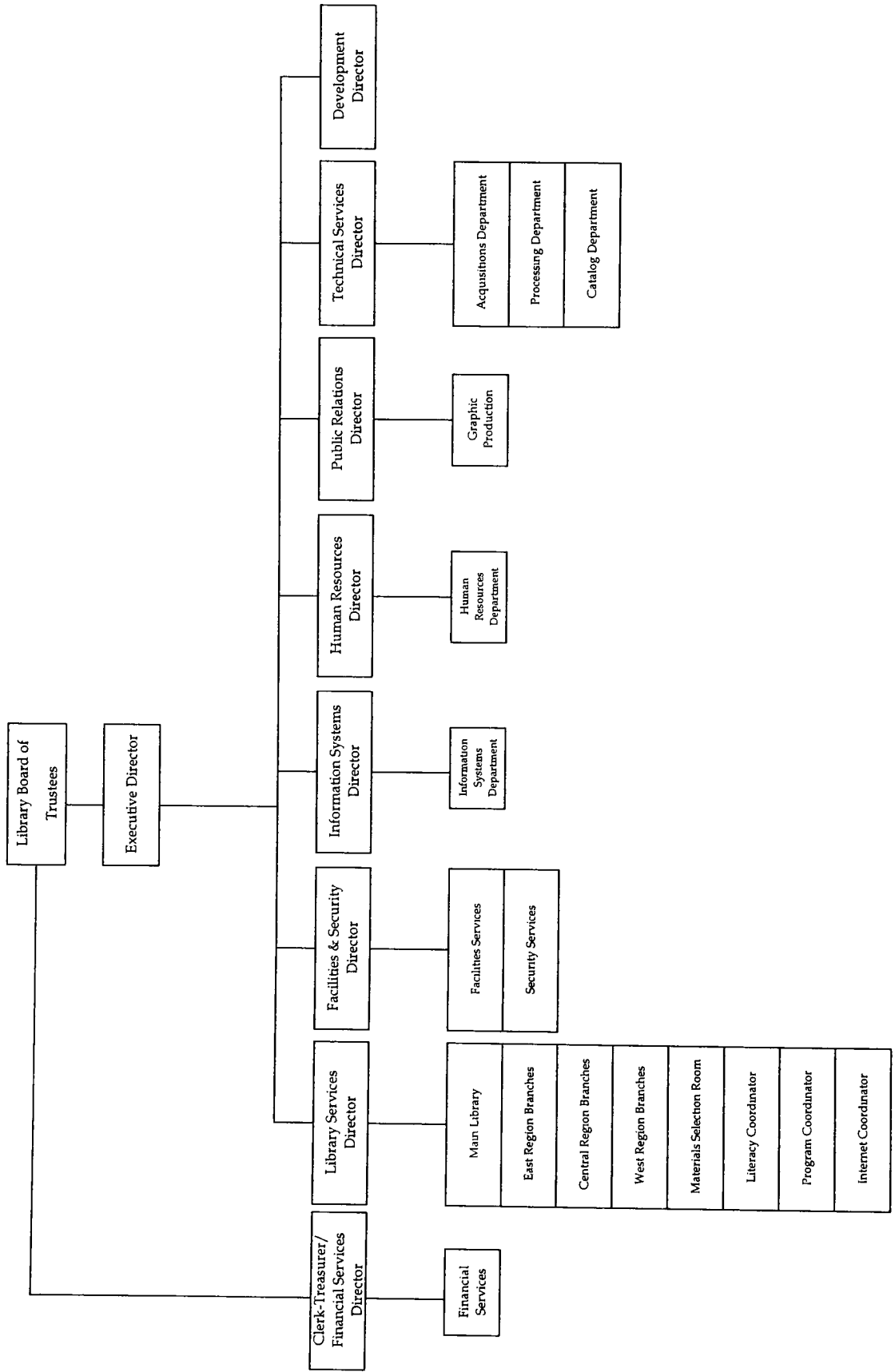
President

*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  
DECEMBER 31, 2007**

Board of Library Trustees

President	Charles D. Lindberg
Vice President	Deliaan A. Gettler
Secretary	Elizabeth H. LaMacchia
Board Members	Robert G. Hendon Tara L. Khoury William J. Moran Ross A. Wright

Appointed Officials

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

Administrative Staff

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

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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, 2007, 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, 2007, and the respective changes in financial position thereof, and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 10, 2008, on our consideration of the Library's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

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

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

*Bastin & Company, LLC*

Cincinnati, Ohio

June 10, 2008

**The Public Library of Cincinnati and Hamilton County, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2007*  
*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, 2007. 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 2007 are as follows:

- At December 31, the Library's net assets exceeded \$141 million. Of this amount, \$38 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 \$11.9 million, a \$2.3 million decrease from the prior year.
- The Library's only debt as of December 31 was \$48,246, the outstanding balance of a capital lease for public copiers.

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

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

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

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

### **Fund Financial Statements**

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

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

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

The Library presents 19 individual governmental funds during the year ended December 31, 2007. 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 2007 to demonstrate compliance with this budget.

### Notes to the Financial Statements

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

### Government-wide Financial Analysis

Net assets may serve over time as a useful indicator of a government’s financial position. As of December 31, 2007, the Library’s assets exceeded liabilities by over \$141 million. The table below provides a comparative analysis of net assets between fiscal year 2006 and 2007:

	<u>2007</u>	<u>2006</u>	<u>Change</u>
Assets			
Current Assets	\$52,289,948	\$50,388,294	\$1,901,654
Investments	4,696,740	6,047,580	(1,350,840)
Capital Assets, Net	91,728,430	91,685,342	43,088
Total Assets	<u>148,715,118</u>	<u>148,121,216</u>	<u>593,902</u>
Liabilities			
Current Liabilities	(3,667,043)	(2,653,902)	(1,013,141)
Long-Term Liabilities	(3,949,276)	(3,845,506)	(103,770)
Total Liabilities	<u>(7,616,319)</u>	<u>(6,499,408)</u>	<u>(1,116,911)</u>
Net Assets			
Invested in Capital Assets	91,680,184	91,574,711	105,473
Restricted	11,115,987	9,900,817	1,215,170
Unrestricted	38,302,628	40,146,200	(1,843,572)
Total Net Assets	<u>\$141,098,799</u>	<u>\$141,621,728</u>	<u>(\$522,929)</u>



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

An additional portion of the Library's net assets (8%) represents restricted principal and other resources subject to external restrictions. The remaining balance of unrestricted net assets (27%) may be used to meet the Library's ongoing activities, including planned capital projects. The Library is able to report positive balances in all three categories of net assets, including a healthy positive balance of \$38 million in unrestricted net assets.

In fiscal year 2007, the Library's total net assets decreased by \$523,009, a change of less than 1 percent.

The following table explains the change in net assets in terms of the Library's governmental activities. The comparative analysis between fiscal year 2006 and 2007 illustrates a three percent (3%) increase in total revenues, despite the current freeze of governmental revenue, specifically the Library and Local Government Support Fund (LLGSF). The LLGSF, a portion of the state personal income tax normally funded at 5.7% of collections, has been frozen since 2001. However, contributed revenues increased, including those made specifically for library programs and other unrestricted contributions. Remaining contributions to the building fund for the new Bond Hill branch library, plus the sale of a portion of the North Central branch property, also are key factors.

Program expenses increased more than 4% over 2006 levels, primarily as a result of expenses for supplies and professional fees associated with the new Bond Hill branch and Main Library renovations.

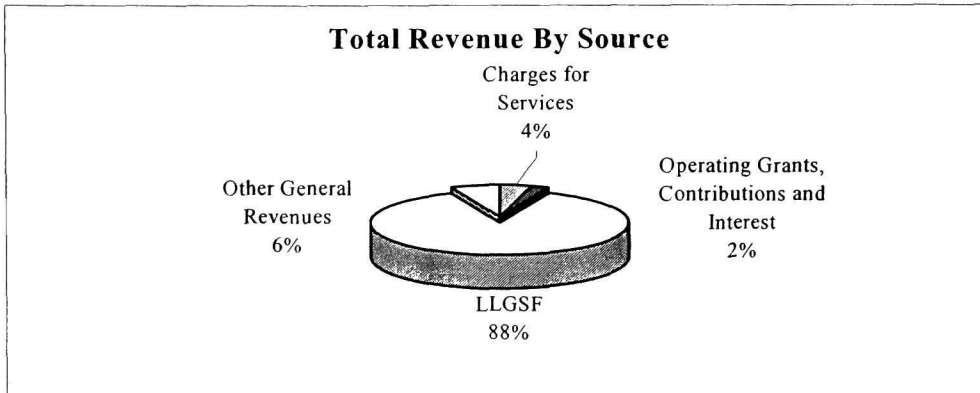
	<u>2007</u>	<u>2006</u>
Revenues		
<u>Program Revenues:</u>		
Charges for Services	\$1,949,231	\$2,043,892
Operating Grants, Contributions and Earnings on Investments	1,826,542	1,352,943
<u>General Revenues:</u>		
Unrestricted Grants and Contributions	49,289,425	48,307,419
Other General Revenues	2,036,037	2,022,537
Gain on Sale of Capital Asset	87,644	0
Total Revenues	<u>55,188,879</u>	<u>53,726,791</u>
Program Expenses		
Library Services	36,497,571	35,698,707
Support Services	19,214,702	17,810,165
Interest	3,168	5,517
Total Expenses	<u>55,715,441</u>	<u>53,514,389</u>
Change in Net Assets before Contributions	(526,562)	212,402
Contributions to Principal	3,553	1,968
Change in Net Assets	(523,009)	214,370
Net Assets – Beginning of Year	<u>141,621,808</u>	<u>141,407,438</u>

Net Assets - End of Year

\$141,098,799

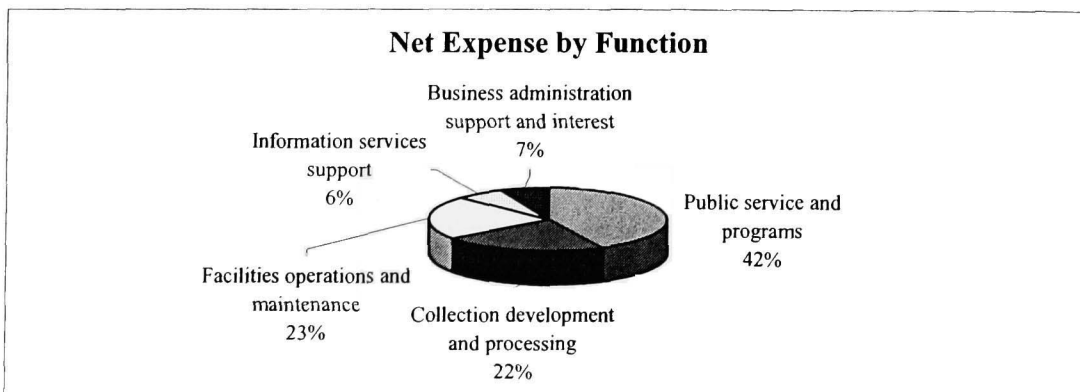
\$141,621,808

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 2007 provided 88% of the Library’s total revenue for governmental activities.



In the words of our Mission Statement, the Public Library of Cincinnati and Hamilton County’s function is to “connect people with the work of ideas and information” It follows then that the expenses for the governmental activity Library Services, which includes both Public Service and Programs and Collection Development and Processing, makes up the largest portion of net expense – 64%. Net expense by function is detailed in the table below and illustrated in the following graph.

	2007	2006
Net Expense by Function		
Public Service and Programs	\$21,967,938	\$21,718,332
Collection Development and Processing	11,204,937	10,791,190
Facilities Operations and Maintenance	12,297,943	11,143,115
Information Services Support	3,028,053	3,007,354
Business Administration	3,437,629	3,452,046
Interest	3,168	5,517
<b>Total Net Expense by Function</b>	<b>\$51,939,668</b>	<b>\$50,117,554</b>



## **Fund Financial Analysis**

As previously noted, the General Fund is the Library's only major fund. The fund balance of the General Fund decreased by \$2,282,094. Total expenditures and a \$3,300,000 transfer to the Building and Repair Fund combined to exceed total revenues.

## **General Fund Budgetary Analysis**

There was only one change to the original revenue budget during the year. The budget for Intergovernmental revenue was reduced because the LLGSF funding freeze was originally expected to end at June 30, but was extended to the end of the year.

There were several minor changes made to the expenditure budget during the year to individual lines items, but overall total budgeted expenditures remained the same.

Actual revenue exceeded the budget by \$142,255, primarily as a result of increased investment earnings. As a result of ongoing management efforts to control operating costs, actual expenditures were \$916,532 less than budgeted.

## **Capital Assets**

As of December 31, 2007, the Library had \$91,728,430 invested in capital assets. The table below provides a comparative analysis of capital assets between fiscal year 2006 and 2007. The small variance is primarily a result of facility improvements and depreciation.

	2007	2006
Land	\$14,446,202	\$14,438,158
Fine Arts and Rare Book Collection	17,614,531	17,614,531
Land Improvements	407,256	355,514
Buildings and Improvements	56,264,850	56,432,915
Furniture, Fixtures and Equipment	2,932,343	2,783,489
Vehicles	63,248	60,735
Total Capital Assets	<u>\$91,728,430</u>	<u>\$91,685,342</u>

For more information on capital assets, see Note 8 to the basic financial statements.

## **Debt**

The Library has a capital lease agreement in the amount of \$297,271. The amount outstanding at December 31, 2007 was \$48,426.

For more information on this lease, see Note 9 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, 2007**

	<u><b>Governmental Activities</b></u>
<u>Assets</u>	
Equity in Pooled Cash and Cash Equivalents	\$25,813,706
Accrued Interest Receivable	166,561
Intergovernmental Receivable	26,028,122
Prepaid Items	87,439
Supplies Inventory	194,120
Investments	4,696,740
Capital Assets	
Land	14,446,202
Fine Art and Rare Books Collections	17,614,531
Depreciable Capital Assets, Net	59,667,697
Total Assets	148,715,118
 <u>Liabilities</u>	
Accounts payable	1,732,751
Contracts payable	662,314
Accrued Salaries Payable	1,107,679
Intergovernmental Payable	164,299
Noncurrent liabilities:	
Due within one year	1,696,459
Due in more than one year	2,252,817
Total Liabilities	7,616,319
 <u>Net Assets</u>	
Invested in capital assets, net of related debt	91,680,184
Restricted for other purposes	2,169,126
Restricted for permanent funds	
Expendable	2,237,669
Nonexpendable	6,709,192
Unrestricted	38,302,628
Total Net Assets	\$141,098,799

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, 2007

<u>Functions/Programs</u>	Program Revenues		Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services Operating Grants, Contributions and Earnings on Investments	
Library Services			
Public service and programs	\$24,757,848	\$1,949,231	(\$21,967,938)
Collection development and processing	11,739,723	0	(11,204,937)
Support Services			
Facilities operations and maintenance	12,717,831	0	(12,297,943)
Information services support	3,038,053	0	(3,028,053)
Business administration	3,458,818	0	(3,437,629)
Interest	3,168	0	(3,168)
Total Governmental Activities	\$55,715,441	\$1,949,231	(\$51,939,668)
General Revenues:			
Grants and contributions not restricted to specific programs			49,289,425
Net increase in fair value of investments			80,412
Earnings on investments			1,171,249
Other			784,376
Gain in sale of capital asset			87,644
Contributions to principal for permanent funds			3,553
Total general revenues and contributions			51,416,659
Change in net assets			(523,009)
Net assets - beginning of the year			141,621,808
Net assets - end of the year			\$141,098,799

**The Public Library of Cincinnati and Hamilton County**  
**Balance Sheet**  
**Governmental Funds**  
**December 31, 2007**

	General	Other Governmental	Total Governmental Funds
<b><u>Assets</u></b>			
Equity in Pooled Cash and Cash Equivalents	\$10,491,518	\$15,322,188	\$25,813,706
Investments	0	4,696,740	4,696,740
Receivables:			
Accrued Interest	98,964	67,597	166,561
Intergovernmental	26,028,122	0	26,028,122
Prepaid Items	87,439	0	87,439
Supplies Inventory	194,120	0	194,120
Advances To Other Funds	150,000	0	150,000
<b>Total Assets</b>	<b>\$37,050,163</b>	<b>\$20,086,525</b>	<b>\$57,136,688</b>
 <b><u>Liabilities</u></b>			
Accounts Payable	\$1,698,793	\$33,958	\$1,732,751
Contracts Payable	0	662,314	662,314
Accrued Salaries Payable	1,092,735	14,944	1,107,679
Intergovernmental Payable	162,109	2,190	164,299
Advances From Other Funds	0	150,000	150,000
Deferred Revenue	22,203,872	0	22,203,872
<b>Total Liabilities</b>	<b>25,157,509</b>	<b>863,406</b>	<b>26,020,915</b>
 <b><u>Fund Balances</u></b>			
Reserved for:			
Encumbrances	350,422	685,849	1,036,271
Advances	150,000	0	150,000
Restricted Principal	0	6,709,192	6,709,192
Unreserved, reported in:			
General Fund	11,392,232	0	11,392,232
Special Revenue Funds	0	2,207,051	2,207,051
Capital Projects Funds	0	7,390,932	7,390,932
Permanent Funds	0	2,230,095	2,230,095
<b>Total Fund Balances</b>	<b>11,892,654</b>	<b>19,223,119</b>	<b>31,115,773</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$37,050,163</b>	<b>\$20,086,525</b>	<b>\$57,136,688</b>

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, 2007**

Total fund balances in governmental funds	\$31,115,773
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	91,728,430
Intergovernmental receivables are not available to pay for current-period expenditures and, therefore are deferred in the funds	22,203,872
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds	
Compensated absences payable	(3,901,030)
Capital leases payable	(48,246)
	(3,949,276)
Net assets of governmental activities	\$141,098,799

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, 2007**

	General	Other Governmental	Total Governmental Funds
<b><u>Revenues</u></b>			
Intergovernmental	\$48,601,448	\$816,329	\$49,417,777
Fines and fees	1,949,231	0	1,949,231
Earnings on investments	1,085,001	511,952	1,596,953
Contributions, gifts and donations	30,150	1,407,934	1,438,084
Net increase in fair value of investments	0	80,412	80,412
Miscellaneous	766,579	139,781	906,360
<b>Total Revenues</b>	<b>52,432,409</b>	<b>2,956,408</b>	<b>55,388,817</b>
<b><u>Expenditures</u></b>			
<b>Current</b>			
Library services			
Public service and programs	24,084,036	804,930	24,888,966
Collection development and processing	11,272,264	397,326	11,669,590
Support services			
Facilities operations and maintenance	9,259,061	2,975,247	12,234,308
Information services support	3,381,801	0	3,381,801
Business administration	3,351,868	90,109	3,441,977
Debt Service:			
Principal	62,305	0	62,305
Interest	3,168	0	3,168
<b>Total Expenditures</b>	<b>51,414,503</b>	<b>4,267,612</b>	<b>55,682,115</b>
Excess (deficiency) of revenues over (under) expenditures	1,017,906	(1,311,204)	(293,298)
<b><u>Other Financing Sources (Uses)</u></b>			
Proceeds from sale of capital assets	0	115,000	115,000
Transfers in	0	3,300,000	3,300,000
Transfers out	(3,300,000)	0	(3,300,000)
<b>Total Other Financing Sources (Uses)</b>	<b>(3,300,000)</b>	<b>3,415,000</b>	<b>115,000</b>
Net change in fund balance	(2,282,094)	2,103,796	(178,298)
Fund balances - beginning of year	14,174,748	17,119,323	31,294,071
Fund balances - end of year	<b>\$11,892,654</b>	<b>\$19,223,119</b>	<b>\$31,115,773</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, 2007**

Net change in fund balances - total governmental funds (\$178,298)

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

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

Capital asset additions	2,787,107	
Depreciation expense	(2,716,663)	
		70,444

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	(115,000)	
Gain on sale of capital asset	87,644	
		(27,356)

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. (284,029)

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. 62,305

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:

Increase in compensated absences		(166,075)
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Change in net assets of governmental activities		(\$523,009)
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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, 2007**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>Revenues</b>				
Intergovernmental	\$51,598,691	\$48,307,419	\$48,317,419	\$10,000
Fines and fees	2,000,000	2,000,000	1,949,231	(50,769)
Earnings on investments	900,000	900,000	1,136,295	236,295
Contributions, gifts and donations	25,000	25,000	30,150	5,150
Miscellaneous	825,000	825,000	766,579	(58,421)
<b>Total revenues</b>	<u>55,348,691</u>	<u>52,057,419</u>	<u>52,199,674</u>	<u>142,255</u>
<b>Expenditures</b>				
<b>Current</b>				
<b>Salaries and benefits</b>				
Salaries and leave benefits	27,863,028	27,490,178	27,168,838	321,340
Retirement benefits	3,856,076	3,820,426	3,719,990	100,436
Insurance benefits	4,857,736	4,785,236	4,680,243	104,993
Other employee benefits	10,000	10,000	7,980	2,020
Supplies	931,147	1,030,647	970,868	59,779
Purchased and contracted services	7,396,671	7,621,670	7,384,757	236,913
Library materials and information	8,780,258	8,505,258	8,415,535	89,723
Other objects	43,200	37,700	36,490	1,210
Debt Service	99,201	99,201	99,201	0
Capital outlay	408,838	845,839	845,721	118
<b>Total expenditures</b>	<u>54,246,155</u>	<u>54,246,155</u>	<u>53,329,623</u>	<u>916,532</u>
Excess (deficiency) of revenues over (under) expenditures	1,102,536	(2,188,736)	(1,129,949)	1,058,787
<b>Other financing sources (uses)</b>				
Transfers out	<u>(3,300,000)</u>	<u>(3,300,000)</u>	<u>(3,300,000)</u>	<u>0</u>
<b>Net change in fund balance</b>	(2,197,464)	(5,488,736)	(4,429,949)	1,058,787
Fund balance at beginning of year	9,792,253	9,792,253	9,792,253	0
Prior year encumbrances appropriated	2,005,212	2,005,212	2,005,212	0
<b>Fund balance at end of year</b>	<u><u>\$9,600,001</u></u>	<u><u>\$6,308,729</u></u>	<u><u>\$7,367,516</u></u>	<u><u>\$1,058,787</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, 2007**

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 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, 2007**

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, 2007**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

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

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

C. Measurement Focus

Government-wide Financial Statements

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

Fund Financial Statements

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

D. Basis of Accounting

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

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

**The Public Library of Cincinnati and Hamilton County**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2007**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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

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

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

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

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

E. Budgetary Process

The budgetary process is prescribed by internal control guidelines and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation resolution are subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources, as certified. All funds are required to be budgeted and appropriated. During 2007, the I-Net Production Studio - Special Revenue Fund, St. Bernard Branch – Capital Projects Fund and the Reading Branch – Capital Projects Fund had no cash activity and therefore no budgetary statement is presented. Budgetary control is maintained at the object level. Budgetary modifications may only be made by resolution of the Board of Library Trustees.

**The Public Library of Cincinnati and Hamilton County**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2007**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Budget

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

In response to a request by the Library Board of Trustees, the Hamilton County Budget Commission, on January 28, 2005, approved a motion to allow the Library to file a modified tax budget for 2007, 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 2007, investments included Certificates of Deposit, U.S. Treasury Notes, U.S. Savings Bonds, Federal Agency Bonds, Notes and Debentures, and STAROhio. STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price, which is the price the investment could be sold for on December 31, 2007.

**The Public Library of Cincinnati and Hamilton County**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2007**

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. Nonparticipating investment contracts, such as nonnegotiable certificates of deposit, are reported at cost.

Ohio statutes specify the funds to receive an allocation of interest earnings. Interest and dividend revenue credited to the General Fund during 2007 amounted to \$1,085,001, which includes \$548,250 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 expensed/expensed when used.

H. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2007, 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, 2007**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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

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

J. Compensated Absences

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

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

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

K. Reservations of Fund Balance

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

L. Advances to Other Funds

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

**The Public Library of Cincinnati and Hamilton County**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2007**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

M. Interfund Transactions

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

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

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

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 \$11,115,987 of restricted net assets none of which are restricted by enabling legislation.

O. Estimates

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

NOTE 3 – CHANGES IN ACCOUNTING PRINCIPLES

For 2007, the Library has implemented Governmental Accounting Standards Board (GASB) Statement No. 45, “Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions”, GASB Statement No. 48, “Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues”, and GASB Statement No. 50, “Pension Disclosures”

**The Public Library of Cincinnati and Hamilton County**  
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NOTE 3 – CHANGES IN ACCOUNTING PRINCIPLES – continued

GASB Statement No. 45 improves the relevance and usefulness of financial reporting by requiring systematic, accrual-basis measurement and recognition of OPEB costs over a period that approximates employees' years of service and providing information about actuarial accrued liabilities associated with OPEB and whether and to what extent progress is being made in funding the plan. An OPEB liability at transition was determined in accordance with this Statement for both the OPERS post-employment healthcare plan in the amount of \$92,380, which is the same as the previously reported liability.

GASB Statement No. 48 addresses how to account for the exchange of an interest in expected cash flows from collecting specific receivables or specific future revenues for immediate cash payments. The statement established criteria used to determine whether the transaction should be recorded as revenue or as a liability (a sale or a collateralized borrowing). The implementation of this statement did not result in any change to the financial statements.

GASB Statement No. 50 requires employers contributing to defined benefit pension plans to include the legal or contractual maximum contribution rates in the notes to the financial statements. The implementation of this statement did not result in any change to the financial statements.

NOTE 4 – FUND BALANCE

The Library for the Blind Special Revenue Fund has a deficit balance, which is the result of adjustments for accrued liabilities which generate expenditures that are greater than those recognized on a cash basis. The General Fund is liable for the deficit and provides operating transfers when cash is required, not when accruals occur.

NOTE 5 – 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 Public Library of Cincinnati and Hamilton County**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2007**

NOTE 5 – BUDGETARY BASIS OF ACCOUNTING - continued

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	(\$2,282,094)
Revenue Accruals	(232,735)
Expenditure Accruals	284,880
Encumbrances	<u>(2,200,000)</u>
Budget Basis	<u><u>(\$4,429,949)</u></u>

NOTE 6 - DEPOSITS AND INVESTMENTS

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

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

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

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

**The Public Library of Cincinnati and Hamilton County**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2007**

NOTE 6 - DEPOSITS AND INVESTMENTS - continued

Interim moneys may be invested in the following securities:

- A. United States Treasury Bills, Bonds, Notes or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to 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;
- 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;
- F. The State Treasurer's investment pool (STAROhio); and
- G. Commercial paper and bankers acceptances if training requirements have been met.

Investments in stripped principal or interest obligations reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. Investments may only be made through specified dealers and institutions.

**The Public Library of Cincinnati and Hamilton County**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2007**

NOTE 6 - DEPOSITS AND INVESTMENTS - continued

Investments

As of December 31, 2007, the Library had the following investments:

	<u>Fair Value</u>	<u>Maturity</u>
StarOhio	\$5,855,082	Average 41 days
U. S. Treasury Note	500,040	Less than one year
Federal Home Loan Mortgage Co Medium Term Note	499,375	Less than one year
Federal Home Loan Mortgage Co Debenture	510,940	Less than two years
Federal Home Loan Mortgage Co Medium Term Notes	1,019,535	Less than two years
Federal Home Loan Bank Debenture	511,720	Less than two years
U.S. Savings Bonds Series HH	10,500	Less than two years
Federal Home Loan Bank Bonds	1,033,910	Less than three years
Federal Home Loan Mortgage Co Medium Term Note	506,720	Less than three years
U.S. Savings Bonds Series HH	1,000	Less than three years
U.S. Savings Bonds Series HH	17,000	Less than five years
U.S. Savings Bonds Series HH	86,000	More than five years
	<u>\$10,551,822</u>	

Interest Rate Risk

The Library's investment policy does not address interest rate risk. State statute requires an investment to mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Library, and that an investment must be purchased with the expectation that it will be held until maturity. It has been the practice of the Library to immediately sell contributed investments that do not meet the Library's investment policy, unless the sale will result in a substantial loss. 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, bonds, and debentures and Federal Home Mortgage Company notes, bonds, and debentures all carry ratings of Aaa by Moody's. STAROhio carries a rating of AAAM by Standard and Poor's. Ohio law requires that STAROhio maintain the highest rating provided by at least one nationally recognized rating service and that the money market mutual funds be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service. The Library has no investment policy that would further limit its investment choices.

Concentration of Credit Risk

The Library places no limit on the amount it may invest in any one issuer. Of the Library's total investments, 19 percent are in Federal Home Loan Mortgage Corporation notes, 10 percent are Federal Home Loan Bank bonds, 5 percent are Federal Home Loan Bank debentures, and 5 percent are Federal Home Loan Mortgage Corporation debentures.

**The Public Library of Cincinnati and Hamilton County**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2007**

**NOTE 7 - RECEIVABLES**

Receivables at December 31, 2007, 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.

**NOTE 8 – CAPITAL ASSETS**

Changes in capital assets during the year ended December 31, 2007, were as follows:

	<u>Balance at 12/31/06</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance at 12/31/07</u>
<b><u>Governmental Activities</u></b>				
<b>Capital Assets Not Being Depreciated:</b>				
Land	\$14,438,158	\$35,400	(\$27,356)	\$14,446,202
Fine Art and Rare Book Collections	17,614,531	0	0	17,614,531
<b>Totals Capital Assets, Not Being Depreciated</b>	<b>32,052,689</b>	<b>35,400</b>	<b>(27,356)</b>	<b>32,060,733</b>
<b>Capital Assets Being Depreciated:</b>				
Land Improvements	529,324	69,170	0	598,494
Buildings and Improvements	85,105,514	1,786,270	(85,987)	86,805,797
Furniture, Fixtures and Equipment	12,329,118	871,397	(135,635)	13,064,880
Vehicles	438,786	24,870	0	463,656
<b>Totals Capital Assets, Being Depreciated</b>	<b>98,402,742</b>	<b>2,751,707</b>	<b>(221,622)</b>	<b>100,932,827</b>
<b>Less Accumulated Depreciation:</b>				
Land Improvements	(173,810)	(17,428)	0	(191,238)
Building and Improvements	(28,672,599)	(1,954,335)	85,987	(30,540,947)
Furniture, Fixtures and Equipment	(9,545,629)	(722,543)	135,635	(10,132,537)
Vehicles	(378,051)	(22,357)	0	(400,408)
<b>Total Accumulated Depreciation</b>	<b>(38,770,089)</b>	<b>(2,716,663) *</b>	<b>221,622</b>	<b>(41,265,130)</b>
<b>Total Capital Assets Being Depreciated, Net</b>	<b>59,632,653</b>	<b>35,044</b>	<b>0</b>	<b>59,667,697</b>
<b>Governmental Activities Capital Assets, Net</b>	<b>\$91,685,342</b>	<b>\$70,444</b>	<b>(\$27,356)</b>	<b>\$91,728,430</b>

\*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, 2007**

NOTE 9 – LEASES

Operating Leases

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, 2007. The future minimum lease payments for this lease are as follows:

<u>Year Ending December 31,</u>	
2008	\$ 25,377

The Library leases various buildings for library service operations under noncancelable operating leases. The total cost for these leases was \$319,968 for the year ended December 31, 2007. The future minimum lease payments for these leases are as follows:

<u>Year Ending December 31,</u>	
2008	\$ 297,862
2009	280,570
2010	256,031
2011	250,541
2012	228,871
2013-2016	<u>557,016</u>
Total minimum lease payments	<u>\$ 1,870,891</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 \$297,721.

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2007 are as follows:

<u>Year Ending December 31,</u>	
2008	<u>\$49,024</u>
Total minimum lease payments	49,024
Less: amount representing interest	<u>(778)</u>
Present value of minimum lease payments	<u>\$48,246</u>



**The Public Library of Cincinnati and Hamilton County**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2007**

**NOTE 10 - 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, whose investment 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 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 Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-6701 or (800) 222-7377.

The Ohio Revised Code provides statutory authority for member and employer contributions. For the year ended December 31, 2007, the members in state and local classifications contributed 9.5 percent of covered payroll.

The Library's contribution rate for 2007 was 13.85 percent of covered payroll. For the period January 1 through June 30, a portion of the Library's contribution equal to 5 percent of covered payroll was allocated to fund post-employment health care plan; for the period July 1 through December 31, 2007 this amount was increased to 6 percent. Employer contribution rates are actuarially determined. State statute sets a maximum contribution rate for the Library of 14 percent.

The Library's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2007, 2006, and 2005 were \$2,178,952, \$2,360,831, and \$2,504,211, respectively; 93% has been contributed for 2007 and 100% for 2006 and 2005. Contributions to the member-directed plan for 2007 were \$124,899 made by the Library and \$85,671 by the plan members.

**NOTE 11 - POSTEMPLOYMENT BENEFITS**

OPERS maintains a cost sharing multiple employer defined benefit post-employment health care plan for qualifying members of both the traditional and combined pension plans. Members of the member directed plan do not qualify for ancillary benefits, including post-employment health care. The plan includes a medical plan, a prescription drug program and Medicare Part b premium reimbursement.

**The Public Library of Cincinnati and Hamilton County**  
**Notes to the Basic Financial Statements**  
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NOTE 11 - POSTEMPLOYMENT BENEFITS - continued

To qualify for post-employment health care coverage, age and service retirees under the traditional and combined plans must have ten or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised Code permits, but does not require, OPERS to provide health care benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report which may be obtained by writing OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 800-222-7377.

The post-employment health care plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). State statute requires that public employer's fund post employment health care through contributions to OPERS. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of post-employment health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2007, local government employers contributed 13.85 percent of covered payroll. Each year, the OPERS retirement board determines the portion of the employer contribution rate that will be set aside for funding post-employment health care benefits. The amount of the employer contributions which was allocated to fund post-employment health care was 5.00 percent of covered payroll from January 1 through June 30, 2007, and 6.00 percent from July 1 to December 31, 2007.

The retirement board is also authorized to establish rules for the payment of a portion of the health care benefits by the retiree or the retiree's surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the post-employment health care plan.

The Library's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2007, 2006, and 2005 were \$1,434,145, \$1,154,754, and \$1,048,884 respectively; 93% has been contributed for 2007 and 100% for 2006 and 2005.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007 and January 1, 2008, which allowed additional funds to be allocated to the health care plan.

**The Public Library of Cincinnati and Hamilton County**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2007**

NOTE 12 - OTHER EMPLOYEE BENEFITS

Compensated Absences - Accumulated Unpaid Vacation and Holiday Leave

Library employees who are eligible earn vacation leave at varying rates based upon length of service, full-time or part-time status, and union status. The Library recognizes 4 "open" holidays. These are national holidays on which the Library remains open; therefore, employees who work earn an equal number of hours in holiday time. In the case of termination, death or retirement, an employee (or his or her estate) is paid for any unused vacation leave up to a maximum of 66 days and unpaid holiday leave up to a maximum of 5 days, based on full-time or part-time status and union status. The total obligation for vacation and holiday accrual for the Library as a whole amounted to \$2,868,516 at December 31, 2007.

Compensated Absences - Accumulated Unpaid Sick Leave

All eligible employees earn sick leave on a pay period basis during their benefit year. In addition, an annual allocation is awarded to each full-time eligible employee who does not use more than 50 percent of their earned sick time during their benefit period. This annual sick leave allocation is calculated at 50 percent of the unused monthly days earned during their benefit year. An employee is allocated vested sick leave when they have an unused sick leave balance of 120 days and an unused annual sick leave balance of 60 days and have not used more than 50 percent of their earned sick leave during their benefit period. Vested sick leave is calculated at 50 percent of the unused monthly days allocated during their benefit period and will be added to the 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, 2007 was \$1,032,514.

Medical and Dental Insurance

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

**The Public Library of Cincinnati and Hamilton County**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2007**

**NOTE 13 - 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 2007, the Library contracted with several insurance companies for primary coverage as follows:

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

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 14 - LONG-TERM LIABILITIES**

Long-term liability activity for the year ended December 31, 2007, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within one Year</u>
Capital Lease	\$110,551	\$0	(\$62,305)	\$48,246	\$48,246
Compensated Absences	3,734,955	2,156,832	(1,990,757)	3,901,030	1,648,213
Long Term Liabilities	<u>\$3,845,506</u>	<u>\$2,156,832</u>	<u>(\$2,053,062)</u>	<u>\$3,949,276</u>	<u>\$1,696,459</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, 2007**

NOTE 15 – INTERFUND ACTIVITY

Interfund Transfers

Transfers made during the year-ended December 31, 2007, were as follows:

	<u>Transfers From:</u>
	<u>General Fund</u>
<u>Transfers To:</u>	
Building & Repair Fund	<u>\$3,300,000</u>
Total	<u><u>\$3,300,000</u></u>

The interfund transfers from the General Fund to the Building & Repair Fund were to fund various capital improvement projects.

Advances To/From Other Funds

As of December 31, 2007, receivables and payables that resulted from an advance were as follows:

	<u>Advances From:</u>
	<u>General Fund</u>
<u>Advances to:</u>	
Library for the Blind Fund	<u>\$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 16 - CONTINGENT LIABILITIES

Federal and State Grants

For the period January 1, 2007 to December 31, 2007, the Library received federal and state grants for specific purposes that are subject to review and audit by grantor agencies or their designee. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, the Library believes such disallowance, if any, would be immaterial.

# THE PUBLIC LIBRARY OF CINCINNATI AND HAMILTON COUNTY

## Nonmajor Fund Descriptions

### Special Revenue Funds

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

#### LSTA Grant Fund

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

#### I-Net Production Studio Fund

To account for money received when the city of Cincinnati granted a cable television franchise to Warner Cable, for participation in the Institutional Network (I-NET). This fund had no activity during 2007 and, therefore, no budgetary statement is presented.

#### Regional Library for the Blind Fund

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

#### Various Funds

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

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

#### Library Materials Fund

To account for various gifts to purchase library materials.

#### Dater Fund

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

#### Library Programs Fund

To account for various gifts to fund library programs.

### Capital Projects Funds

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

#### Building and Repair Fund

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

#### St. Bernard Branch Fund

To account for transfers from the General Fund to be used for the construction of a new St. Bernard Branch Library. This fund had no activity during 2007 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 2007 and, therefore, no budgetary statement is presented.

## Permanent Funds

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

### Various Permanent Funds

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

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

### Armstrong Fund

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

### Feld Fund

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

### Hadley Fund

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

### Heisel/Dunlap Fund

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

### Kersten Fund

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

### Dwyer Fund

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

### Howard Fund

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

**The Public Library of Cincinnati and Hamilton County**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**December 31, 2007**

	<u>Nonmajor Special Revenue</u>	<u>Nonmajor Capital Projects</u>	<u>Nonmajor Permanent</u>	<u>Total Nonmajor Governmental</u>
<b><u>Assets</u></b>				
Equity in Pooled Cash and Cash Equivalents	\$2,393,742	\$8,715,725	\$2,119,179	\$13,228,646
Cash and Cash Equivalents	0	0	2,093,542	2,093,542
Investments	0	0	4,696,740	4,696,740
Receivables:				
Accrued Interest	5,370	0	62,227	67,597
<b>Total Assets</b>	<b><u>\$2,399,112</u></b>	<b><u>\$8,715,725</u></b>	<b><u>\$8,971,688</u></b>	<b><u>\$20,086,525</u></b>
<b><u>Liabilities</u></b>				
Accounts Payable	\$9,131	\$0	\$24,827	\$33,958
Contracts Payable	0	662,314	0	662,314
Accrued Salaries Payable	14,944	0	0	14,944
Intergovernmental Payable	2,190	0	0	2,190
Advances From Other Funds	150,000	0	0	150,000
<b>Total Liabilities</b>	<b><u>176,265</u></b>	<b><u>662,314</u></b>	<b><u>24,827</u></b>	<b><u>863,406</u></b>
<b><u>Fund Balances</u></b>				
Reserved for:				
Encumbrances	15,796	662,479	7,574	685,849
Restricted Principal	0	0	6,709,192	6,709,192
Unreserved, reported in:				
Special revenue funds	2,207,051	0	0	2,207,051
Capital projects fund	0	7,390,932	0	7,390,932
Permanent funds	0	0	2,230,095	2,230,095
<b>Total Fund Balances</b>	<b><u>2,222,847</u></b>	<b><u>8,053,411</u></b>	<b><u>8,946,861</u></b>	<b><u>19,223,119</u></b>
<b>Total Liabilities and Fund Balances</b>	<b><u>\$2,399,112</u></b>	<b><u>\$8,715,725</u></b>	<b><u>\$8,971,688</u></b>	<b><u>\$20,086,525</u></b>



**The Public Library of Cincinnati and Hamilton County**  
**Combining Balance Sheet**  
**Nonmajor Special Revenue Funds**  
**December 31, 2007**

	LSTA Grant	I-Net Production Studio	Regional Library for the Blind	Various	Library Materials	Dater	Library Programs	Total
<b><u>Assets</u></b>								
Equity in Pooled Cash and Cash Equivalents	\$552	\$104,317	\$165,247	\$1,786,768	\$165,130	\$94,484	\$77,244	\$2,393,742
Receivables:								
Accrued Interest	0	0	0	4,332	529	333	176	5,370
Total Assets	<u>\$552</u>	<u>\$104,317</u>	<u>\$165,247</u>	<u>\$1,791,100</u>	<u>\$165,659</u>	<u>\$94,817</u>	<u>\$77,420</u>	<u>\$2,399,112</u>
<b><u>Liabilities</u></b>								
Accounts Payable	\$90	\$0	\$70	\$5,768	\$109	\$3,004	\$90	\$9,131
Accrued Salaries Payable	0	0	14,944	0	0	0	0	14,944
Intergovernmental Payable	0	0	2,190	0	0	0	0	2,190
Advances From Other Funds	0	0	150,000	0	0	0	0	150,000
Total Liabilities	<u>90</u>	<u>0</u>	<u>167,204</u>	<u>5,768</u>	<u>109</u>	<u>3,004</u>	<u>90</u>	<u>176,265</u>
<b><u>Fund Balances</u></b>								
Reserved for:								
Encumbrances	0	0	3,595	6,677	159	5,365	0	15,796
Unreserved (Deficit)	462	104,317	(5,552)	1,778,655	165,391	86,448	77,330	2,207,051
Total Fund Balances (Deficit)	<u>462</u>	<u>104,317</u>	<u>(1,957)</u>	<u>1,785,332</u>	<u>165,550</u>	<u>91,813</u>	<u>77,330</u>	<u>2,222,847</u>
Total Liabilities and Fund Balances	<u>\$552</u>	<u>\$104,317</u>	<u>\$165,247</u>	<u>\$1,791,100</u>	<u>\$165,659</u>	<u>\$94,817</u>	<u>\$77,420</u>	<u>\$2,399,112</u>

**The Public Library of Cincinnati and Hamilton County**  
**Combining Balance Sheet**  
**Nonmajor Capital Projects Funds**  
**December 31, 2007**

	Building and Repair	St. Bernard Branch	Reading Branch	Total
<b><u>Assets</u></b>				
Equity in Pooled Cash and Cash Equivalents	\$4,381,193	\$2,884,532	\$1,450,000	\$8,715,725
Total Assets	\$4,381,193	\$2,884,532	\$1,450,000	\$8,715,725
<b><u>Liabilities</u></b>				
Contracts Payable	\$662,314	\$0	\$0	\$662,314
Total Liabilities	662,314	0	0	662,314
<b><u>Fund Balances</u></b>				
Reserved for:				
Encumbrances	662,479	0	0	662,479
Unreserved	3,056,400	2,884,532	1,450,000	7,390,932
Total Fund Balances	3,718,879	2,884,532	1,450,000	8,053,411
Total Liabilities and Fund Balances	\$4,381,193	\$2,884,532	\$1,450,000	\$8,715,725

**The Public Library of Cincinnati and Hamilton County**  
**Combining Balance Sheet**  
**Nonmajor Permanent Funds**  
**December 31, 2007**

	Various Permanent	Armstrong	Feld	Hadley	Heisel/ Dunlap	Kersten	Dwyer	Howard	Total
<b><u>Assets</u></b>									
Equity in Pooled Cash and Cash Equivalents	\$303,371	\$765,483	\$501,485	\$44,266	\$17,612	\$346,168	\$57,465	\$83,329	\$2,119,179
Cash and Cash Equivalents	292,303	307,848	865,887	26,335	95,499	30,761	40,520	434,389	2,093,542
Investments	655,765	690,640	1,942,567	59,081	214,245	69,012	90,904	974,526	4,696,740
Receivables:									
Accrued Interest	8,008	13,065	22,676	681	2,472	2,857	1,049	11,419	62,227
Total Assets	<u>\$1,259,447</u>	<u>\$1,777,036</u>	<u>\$3,332,615</u>	<u>\$130,363</u>	<u>\$329,828</u>	<u>\$448,798</u>	<u>\$189,938</u>	<u>\$1,503,663</u>	<u>\$8,971,688</u>
<b><u>Liabilities</u></b>									
Accounts Payable	\$0	\$24,122	\$494	\$0	\$0	\$13	\$0	\$198	\$24,827
Total Liabilities	<u>0</u>	<u>24,122</u>	<u>494</u>	<u>0</u>	<u>0</u>	<u>13</u>	<u>0</u>	<u>198</u>	<u>24,827</u>
<b><u>Fund Balances</u></b>									
Reserved for:									
Encumbrances	401	3,597	1,609	0	918	135	12	902	7,574
Restricted Principal	939,805	986,042	2,773,445	84,350	305,883	98,529	129,786	1,391,352	6,709,192
Unreserved	319,241	763,275	557,067	46,013	23,027	350,121	60,140	111,211	2,230,095
Total Fund Balances	<u>1,259,447</u>	<u>1,752,914</u>	<u>3,332,121</u>	<u>130,363</u>	<u>329,828</u>	<u>448,785</u>	<u>189,938</u>	<u>1,503,465</u>	<u>8,946,861</u>
Total Liabilities and Fund Balances	<u>\$1,259,447</u>	<u>\$1,777,036</u>	<u>\$3,332,615</u>	<u>\$130,363</u>	<u>\$329,828</u>	<u>\$448,798</u>	<u>\$189,938</u>	<u>\$1,503,663</u>	<u>\$8,971,688</u>

**The Public Library of Cincinnati and Hamilton County**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended December 31, 2007**

	Nonmajor Special Revenue	Nonmajor Capital Projects	Nonmajor Permanent	Total Nonmajor Governmental
<b><u>Revenues</u></b>				
Intergovernmental	\$816,329	\$0	\$0	\$816,329
Earnings on investments	73,802	0	438,150	511,952
Contributions, gifts and donations	1,099,493	304,888	3,553	1,407,934
Net increase in fair value of investments	0	0	80,412	80,412
Miscellaneous	6,983	132,687	111	139,781
<b>Total Revenues</b>	<b>1,996,607</b>	<b>437,575</b>	<b>522,226</b>	<b>2,956,408</b>
<b><u>Expenditures</u></b>				
<b>Current</b>				
<b>Library Services</b>				
Public service and programs	713,216	0	91,714	804,930
Collection development and processing	267,082	0	130,244	397,326
<b>Support Services</b>				
Facilities operations and maintenance	10,000	2,965,247	0	2,975,247
Information services support	0	0	0	0
Business administration	4,280	0	85,829	90,109
<b>Total Expenditures</b>	<b>994,578</b>	<b>2,965,247</b>	<b>307,787</b>	<b>4,267,612</b>
Excess (deficiency) of revenues over (under) expenditures	1,002,029	(2,527,672)	214,439	(1,311,204)
<b><u>Other Financing Sources (Uses)</u></b>				
Proceeds from sale of capital assets	0	115,000	0	115,000
Transfers in	0	3,300,000	0	3,300,000
Transfers out	0	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>0</b>	<b>3,415,000</b>	<b>0</b>	<b>3,415,000</b>
Net change in fund balance	1,002,029	887,328	214,439	2,103,796
Fund balances - beginning of year	1,220,818	7,166,083	8,732,422	17,119,323
Fund balances - end of year	<u>\$2,222,847</u>	<u>\$8,053,411</u>	<u>\$8,946,861</u>	<u>\$19,223,119</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, 2007**

	LSTA Grant	I-Net Production Studio	Regional Library for the Blind	Various	Library Materials	Dater	Library Programs	Total
<b><u>Revenues</u></b>								
Intergovernmental	\$186,393	\$0	\$629,936	\$0	\$0	\$0	\$0	\$816,329
Earnings on investments	0	0	0	53,073	9,497	6,663	4,569	73,802
Contributions, gifts and donations	0	0	0	1,036,225	13,124	20,000	30,144	1,099,493
Miscellaneous	0	0	0	0	0	0	6,983	6,983
<b>Total Revenues</b>	<b>186,393</b>	<b>0</b>	<b>629,936</b>	<b>1,089,298</b>	<b>22,621</b>	<b>26,663</b>	<b>41,696</b>	<b>1,996,607</b>
<b><u>Expenditures</u></b>								
<b>Current</b>								
<b>Library Services</b>								
Public service and programs	0	0	633,717	27,353	0	9,702	42,444	713,216
Collection development and processing	185,931	0	750	37,156	11,226	32,019	0	267,082
<b>Support Services</b>								
Facilities operations and maintenance	0	0	0	10,000	0	0	0	10,000
Business administration	0	0	0	4,280	0	0	0	4,280
<b>Total Expenditures</b>	<b>185,931</b>	<b>0</b>	<b>634,467</b>	<b>78,789</b>	<b>11,226</b>	<b>41,721</b>	<b>42,444</b>	<b>994,578</b>
Net change in fund balance	462	0	(4,531)	1,010,509	11,395	(15,058)	(748)	1,002,029
Fund balances - beginning of year	0	104,317	2,574	774,823	154,155	106,871	78,078	1,220,818
<b>Fund balances (deficit) - end of year</b>	<b>\$462</b>	<b>\$104,317</b>	<b>(\$1,957)</b>	<b>\$1,785,332</b>	<b>\$165,550</b>	<b>\$91,813</b>	<b>\$77,330</b>	<b>\$2,222,847</b>

**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, 2007**

	Building and Repair	St. Bernard Branch	Reading Branch	Total
<b><u>Revenues</u></b>				
Contributions, gifts and donations	\$304,888	\$0	\$0	\$304,888
Miscellaneous	132,687	0	0	132,687
<b>Total Revenues</b>	<b>437,575</b>	<b>0</b>	<b>0</b>	<b>437,575</b>
<b><u>Expenditures</u></b>				
<b>Current</b>				
Support Services				
Facilities operations and maintenance	2,965,247	0	0	2,965,247
<b>Total Expenditures</b>	<b>2,965,247</b>	<b>0</b>	<b>0</b>	<b>2,965,247</b>
Excess (deficiency) of revenues over (under) expenditures	(2,527,672)	0	0	(2,527,672)
<b><u>Other Financing Sources (Uses)</u></b>				
Proceeds from sale of capital assets	115,000	0	0	115,000
Transfers in	3,300,000	0	0	3,300,000
<b>Total Other Financing Sources (Uses)</b>	<b>3,415,000</b>	<b>0</b>	<b>0</b>	<b>3,415,000</b>
Net change in fund balance	887,328	0	0	887,328
Fund balances - beginning of year	2,831,551	2,884,532	1,450,000	7,166,083
<b>Fund balances - end of year</b>	<b>\$3,718,879</b>	<b>\$2,884,532</b>	<b>\$1,450,000</b>	<b>\$8,053,411</b>

**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, 2007**

	Various							Total	
	Permanent	Armstrong	Feld	Hadley	Heisel/ Dunlap	Kersten	Dwyer		Howard
<b><u>Revenues</u></b>									
Earnings on investments	\$54,058	\$86,248	\$145,296	\$6,690	\$14,499	\$55,844	\$9,968	\$65,547	\$438,150
Contributions, gifts and donations	3,553	0	0	0	0	0	0	0	3,553
Net increase in fair value of investments	11,227	11,824	33,258	1,012	3,668	1,182	1,556	16,685	80,412
Miscellaneous	111	0	0	0	0	0	0	0	111
Total Revenues	<u>68,949</u>	<u>98,072</u>	<u>178,554</u>	<u>7,702</u>	<u>18,167</u>	<u>57,026</u>	<u>11,524</u>	<u>82,232</u>	<u>522,226</u>
<b><u>Expenditures</u></b>									
Current									
Library Services									
Public service and programs	500	0	0	0	0	86,427	4,787	0	91,714
Collection development and processing	28,532	0	47,578	0	0	0	7,321	46,813	130,244
Support Services									
Business administration	5,975	71,677	0	2,124	6,053	0	0	0	85,829
Total Expenditures	<u>35,007</u>	<u>71,677</u>	<u>47,578</u>	<u>2,124</u>	<u>6,053</u>	<u>86,427</u>	<u>12,108</u>	<u>46,813</u>	<u>307,787</u>
Net change in fund balances	33,942	26,395	130,976	5,578	12,114	(29,401)	(584)	35,419	214,439
Fund balances - beginning of year	<u>1,225,505</u>	<u>1,726,519</u>	<u>3,201,145</u>	<u>124,785</u>	<u>317,714</u>	<u>478,186</u>	<u>190,522</u>	<u>1,468,046</u>	<u>8,732,422</u>
Fund balances - end of year	<u>\$1,259,447</u>	<u>\$1,752,914</u>	<u>\$3,332,121</u>	<u>\$130,363</u>	<u>\$329,828</u>	<u>\$448,785</u>	<u>\$189,938</u>	<u>\$1,503,465</u>	<u>\$8,946,861</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, 2007**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$186,474	\$186,474	\$186,393	(\$81)
<b>Total revenues</b>	<u>186,474</u>	<u>186,474</u>	<u>186,393</u>	<u>(81)</u>
<b>Expenditures</b>				
Current				
Purchased and contracted services	27,915	27,915	27,915	0
Library materials and information	158,559	158,559	158,016	543
<b>Total expenditures</b>	<u>186,474</u>	<u>186,474</u>	<u>185,931</u>	<u>543</u>
<b>Net change in fund balance</b>	0	0	462	(462)
<b>Fund balance at beginning of year</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Fund balance at end of year</b>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$462</u></u>	<u><u>(\$462)</u></u>



**The Public Library of Cincinnati and Hamilton County**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Budget Basis)**  
**Regional Library for the Blind Fund**  
**For the Year Ended December 31, 2007**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$314,968	\$629,936	\$629,936	\$0
<b>Total revenues</b>	<u>314,968</u>	<u>629,936</u>	<u>629,936</u>	<u>0</u>
<b>Expenditures</b>				
Current				
Salaries and benefits				
Salaries and leave benefits	194,345	364,944	362,549	2,395
Retirement benefits	26,999	50,526	50,144	382
Insurance benefits	17,780	38,408	35,821	2,587
Supplies	4,176	11,010	10,376	634
Purchased and contracted services	88,258	179,059	176,826	2,233
Library materials	750	750	750	0
<b>Total expenditures</b>	<u>332,308</u>	<u>644,697</u>	<u>636,466</u>	<u>8,231</u>
<b>Net change in fund balance</b>	(17,340)	(14,761)	(6,530)	8,231
<b>Fund balance at beginning of year</b>	167,010	167,010	167,010	0
<b>Prior year encumbrances appropriated</b>	520	520	520	0
<b>Fund balance at end of year</b>	<u>\$150,190</u>	<u>\$152,769</u>	<u>\$161,000</u>	<u>\$8,231</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, 2007**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>Revenues</b>				
Earnings on investments	\$36,200	\$36,200	\$51,418	\$15,218
Contributions, gifts and donations	68,000	68,000	1,036,225	968,225
<b>Total revenues</b>	<u>104,200</u>	<u>104,200</u>	<u>1,087,643</u>	<u>983,443</u>
<b>Expenditures</b>				
Current				
Supplies	27,162	29,162	13,613	15,549
Purchased and contracted services	70,550	68,550	27,761	40,789
Library materials and information	58,659	58,659	38,044	20,615
Capital outlay	31,400	31,400	7,407	23,993
<b>Total expenditures</b>	<u>187,771</u>	<u>187,771</u>	<u>86,825</u>	<u>100,946</u>
<b>Net change in fund balance</b>	(83,571)	(83,571)	1,000,818	1,084,389
<b>Fund balance at beginning of year</b>	749,283	749,283	749,283	0
<b>Prior year encumbrances appropriated</b>	23,171	23,171	23,171	0
<b>Fund balance at end of year</b>	<u>\$688,883</u>	<u>\$688,883</u>	<u>\$1,773,272</u>	<u>\$1,084,389</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, 2007**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$5,000	\$5,000	\$0	(\$5,000)
Earnings on investments	7,500	7,500	9,188	1,688
Contributions, gifts and donations	7,500	7,500	13,124	5,624
<b>Total revenues</b>	<u>20,000</u>	<u>20,000</u>	<u>22,312</u>	<u>2,312</u>
<b>Expenditures</b>				
Current				
Library materials and information	20,409	20,409	11,505	8,904
<b>Total expenditures</b>	<u>20,409</u>	<u>20,409</u>	<u>11,505</u>	<u>8,904</u>
<b>Net change in fund balance</b>	(409)	(409)	10,807	11,216
Fund balance at beginning of year	153,647	153,647	153,647	0
Prior year encumbrances appropriated	409	409	409	0
<b>Fund balance at end of year</b>	<u>\$153,647</u>	<u>\$153,647</u>	<u>\$164,863</u>	<u>\$11,216</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, 2007**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Earnings on investments	\$5,000	\$5,000	\$6,550	\$1,550
Contributions, gifts and donations	20,000	20,000	20,000	0
<b>Total revenues</b>	<u>25,000</u>	<u>25,000</u>	<u>26,550</u>	<u>1,550</u>
<b>Expenditures</b>				
Current				
Supplies	3,500	3,500	3,071	429
Purchased and contracts services	15,700	15,700	6,183	9,517
Library materials and information	44,307	44,307	37,405	6,902
Capital Outlay	500	500	448	52
<b>Total expenditures</b>	<u>64,007</u>	<u>64,007</u>	<u>47,107</u>	<u>16,900</u>
<b>Net change in fund balance</b>	(39,007)	(39,007)	(20,557)	18,450
<b>Fund balance at beginning of year</b>	106,364	106,364	106,364	0
<b>Prior year encumbrances appropriated</b>	307	307	307	0
<b>Fund balance at end of year</b>	<u>\$67,664</u>	<u>\$67,664</u>	<u>\$86,114</u>	<u>\$18,450</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, 2007**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Earnings on investments	\$5,000	\$5,000	\$4,950	(\$50)
Contributions, gifts and donations	10,000	10,000	30,144	20,144
Miscellaneous	0	0	6,983	6,983
<b>Total revenues</b>	<u>15,000</u>	<u>15,000</u>	<u>42,077</u>	<u>27,077</u>
<b>Expenditures</b>				
Current				
Supplies	15,230	15,230	10,360	4,870
Purchased and contracted services	24,184	33,969	32,732	1,237
<b>Total expenditures</b>	<u>39,414</u>	<u>49,199</u>	<u>43,092</u>	<u>6,107</u>
<b>Net change in fund balance</b>	(24,414)	(34,199)	(1,015)	33,184
Fund balance at beginning of year	77,452	77,452	77,452	0
Prior year encumbrances appropriated	730	730	730	0
<b>Fund balance at end of year</b>	<u>\$53,768</u>	<u>\$43,983</u>	<u>\$77,167</u>	<u>\$33,184</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, 2007**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Contributions, gifts and donations	\$399,000	\$399,000	\$419,888	\$20,888
Miscellaneous	0	0	17,687	17,687
Total revenues	<u>399,000</u>	<u>399,000</u>	<u>437,575</u>	<u>38,575</u>
<b>Expenditures</b>				
Current				
Purchased and contracted services	703,789	738,789	733,067	5,722
Capital outlay	3,710,808	3,825,808	2,896,339	929,469
Total expenditures	<u>4,414,597</u>	<u>4,564,597</u>	<u>3,629,406</u>	<u>935,191</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,015,597)</u>	<u>(4,165,597)</u>	<u>(3,191,831)</u>	<u>973,766</u>
<b>Other financing sources (uses)</b>				
Proceeds from sale of capital assets	0	0	115,000	115,000
Transfers in	3,300,000	3,300,000	3,300,000	0
Total other financing sources (uses)	<u>3,300,000</u>	<u>3,300,000</u>	<u>3,415,000</u>	<u>115,000</u>
Net change in fund balance	(715,597)	(865,597)	223,169	1,088,766
Fund balance at beginning of year	2,493,633	2,493,633	2,493,633	0
Prior year encumbrances appropriated	339,597	339,597	339,597	0
Fund balance at end of year	<u><u>\$2,117,633</u></u>	<u><u>\$1,967,633</u></u>	<u><u>\$3,056,399</u></u>	<u><u>\$1,088,766</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, 2007**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b><u>Revenues</u></b>				
Earnings on investments	\$55,700	\$55,700	\$67,964	\$12,264
Contributions, gifts and donations	1,000	1,000	3,553	2,553
Miscellaneous revenue	0	0	111	111
<b>Total revenues</b>	<b>56,700</b>	<b>56,700</b>	<b>71,628</b>	<b>14,928</b>
<b><u>Expenditures</u></b>				
<b>Current</b>				
Salaries and benefits				
Other employee benefits	3,400	3,400	3,146	254
Supplies	5,000	5,000	2,617	2,383
Purchased and contracted services	1,000	1,500	500	1,000
Library materials and information	46,775	46,600	29,335	17,265
Other objects	10,000	10,000	211	9,789
<b>Total expenditures</b>	<b>66,175</b>	<b>66,500</b>	<b>35,809</b>	<b>30,691</b>
<b>Net change in fund balance</b>	<b>(9,475)</b>	<b>(9,800)</b>	<b>35,819</b>	<b>45,619</b>
Fund balance at beginning of year	1,203,995	1,203,995	1,203,995	0
<b>Fund balance at end of year</b>	<b>\$1,194,520</b>	<b>\$1,194,195</b>	<b>\$1,239,814</b>	<b>\$45,619</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, 2007**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Earnings on investments	\$70,000	\$70,000	\$82,057	\$12,057
<b>Total revenues</b>	<u>70,000</u>	<u>70,000</u>	<u>82,057</u>	<u>12,057</u>
<b>Expenditures</b>				
<b>Current</b>				
Salaries and benefits				
Other employee benefits	103,628	103,628	66,771	36,857
Purchased and contracted services	0	25,000	24,946	54
<b>Total expenditures</b>	<u>103,628</u>	<u>128,628</u>	<u>91,717</u>	<u>36,911</u>
<b>Net change in fund balance</b>	(33,628)	(58,628)	(9,660)	48,968
<b>Fund balance at beginning of year</b>	1,706,040	1,706,040	1,706,040	0
<b>Prior year encumbrances appropriated</b>	28,628	28,628	28,628	0
<b>Fund balance at end of year</b>	<u>\$1,701,040</u>	<u>\$1,676,040</u>	<u>\$1,725,008</u>	<u>\$48,968</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, 2007**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Earnings on investments	\$100,000	\$100,000	\$145,783	\$45,783
Total revenues	<u>100,000</u>	<u>100,000</u>	<u>145,783</u>	<u>45,783</u>
<b>Expenditures</b>				
Current				
Library materials and information	50,698	50,698	49,467	1,231
Total expenditures	<u>50,698</u>	<u>50,698</u>	<u>49,467</u>	<u>1,231</u>
Net change in fund balance	49,302	49,302	96,316	47,014
Fund balance at beginning of year	3,175,814	3,175,814	3,175,814	0
Prior year encumbrances appropriated	698	698	698	0
Fund balance at end of year	<u><u>\$3,225,814</u></u>	<u><u>\$3,225,814</u></u>	<u><u>\$3,272,828</u></u>	<u><u>\$47,014</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, 2007**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Earnings on investments	\$5,500	\$5,500	\$6,637	\$1,137
Total revenues	<u>5,500</u>	<u>5,500</u>	<u>6,637</u>	<u>1,137</u>
<b>Expenditures</b>				
Current				
Salaries and benefits				
Other employee benefits	10,175	10,175	2,124	8,051
Total expenditures	<u>10,175</u>	<u>10,175</u>	<u>2,124</u>	<u>8,051</u>
Net change in fund balance	(4,675)	(4,675)	4,513	9,188
Fund balance at beginning of year	123,929	123,929	123,929	0
Prior year encumbrances appropriated	175	175	175	0
Fund balance at end of year	<u>\$119,429</u>	<u>\$119,429</u>	<u>\$128,617</u>	<u>\$9,188</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, 2007**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Earnings on investments	\$10,000	\$10,000	\$14,303	\$4,303
<b>Total revenues</b>	<u>10,000</u>	<u>10,000</u>	<u>14,303</u>	<u>4,303</u>
<b>Expenditures</b>				
<b>Current</b>				
Salaries and benefits				
Other employee benefits	12,000	12,000	11,207	793
<b>Total expenditures</b>	<u>12,000</u>	<u>12,000</u>	<u>11,207</u>	<u>793</u>
<b>Net change in fund balance</b>	(2,000)	(2,000)	3,096	5,096
<b>Fund balance at beginning of year</b>	319,481	319,481	319,481	0
<b>Fund balance at end of year</b>	<u>\$317,481</u>	<u>\$317,481</u>	<u>\$322,577</u>	<u>\$5,096</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, 2007**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Earnings on investments	\$55,000	\$55,000	\$55,308	\$308
Total revenues	<u>55,000</u>	<u>55,000</u>	<u>55,308</u>	<u>308</u>
<b>Expenditures</b>				
Current				
Supplies	44,368	44,368	40,006	4,362
Purchased and contracted services	48,000	48,000	46,937	1,063
Total expenditures	<u>92,368</u>	<u>92,368</u>	<u>86,943</u>	<u>5,425</u>
Net change in fund balance	(37,368)	(37,368)	(31,635)	5,733
Fund balance at beginning of year	475,028	475,028	475,028	0
Prior year encumbrances appropriated	1,168	1,168	1,168	0
Fund balance at end of year	<u>\$438,828</u>	<u>\$438,828</u>	<u>\$444,561</u>	<u>\$5,733</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, 2007**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Earnings on investments	\$8,300	\$8,300	\$9,885	\$1,585
<b>Total revenues</b>	<u>8,300</u>	<u>8,300</u>	<u>9,885</u>	<u>1,585</u>
<b>Expenditures</b>				
Current				
Supplies	5,000	5,000	4,787	213
Library materials and information	10,000	10,000	7,333	2,667
<b>Total expenditures</b>	<u>15,000</u>	<u>15,000</u>	<u>12,120</u>	<u>2,880</u>
<b>Net change in fund balance</b>	(6,700)	(6,700)	(2,235)	4,465
<b>Fund balance at beginning of year</b>	<u>189,474</u>	<u>189,474</u>	<u>189,474</u>	<u>0</u>
<b>Fund balance at end of year</b>	<u><u>\$182,774</u></u>	<u><u>\$182,774</u></u>	<u><u>\$187,239</u></u>	<u><u>\$4,465</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, 2007**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Earnings on investments	\$45,000	\$45,000	\$65,037	\$20,037
Total revenues	<u>45,000</u>	<u>45,000</u>	<u>65,037</u>	<u>20,037</u>
<b>Expenditures</b>				
Current				
Library materials and information	54,793	54,793	48,438	6,355
Total expenditures	<u>54,793</u>	<u>54,793</u>	<u>48,438</u>	<u>6,355</u>
Net change in fund balance	(9,793)	(9,793)	16,599	26,392
Fund balance at beginning of year	1,452,190	1,452,190	1,452,190	0
Prior year encumbrances appropriated	4,793	4,793	4,793	0
Fund balance at end of year	<u>\$1,447,190</u>	<u>\$1,447,190</u>	<u>\$1,473,582</u>	<u>\$26,392</u>

# Statistical Section





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

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

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

The Library has not included Principal Employer information in these tables as the revenue the library receives from state is based on statewide collections and not a local source.

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

	2002	2003	2004	2005	2006	2007
<b>Governmental Activities:</b>						
Invested in Capital Assets, Net of Related Debt	\$101,273,805	\$99,046,288	\$96,016,005	\$93,760,981	\$91,574,791	\$91,680,184
Restricted	10,349,351	10,233,032	9,851,634	9,712,158	9,900,817	11,115,987
Unrestricted	38,819,068	40,014,143	36,272,139	37,934,299	40,146,200	38,302,628
<b>Total Governmental Activities Net Assets</b>	<b>\$150,442,224</b>	<b>\$149,293,463</b>	<b>\$142,139,778</b>	<b>\$141,407,438</b>	<b>\$141,621,808</b>	<b>\$141,098,799</b>

2003 was the first year GASB 34 was implemented.

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

Changes in Net Assets

Last Five Years

(accrual basis of accounting)

	2003	2004	2005	2006	2007
<b>Program Revenues:</b>					
Charges for Services:					
Library Services:					
Public Service and Programs	\$1,648,282	\$1,712,030	\$1,723,172	\$2,043,892	\$1,949,231
Operating grants, contributions, and earnings on investments					
Library Services:					
Public Service and Programs	1,056,290	818,224	879,496	853,929	840,679
Collection Development and Processing	246,923	174,194	231,170	291,364	534,786
Support Services:					
Facilities operations and maintenance	131,800	0	207,176	184,960	419,888
Information services support	21,000	7,720	0	6,730	10,000
Business administration	13,775	0	11,051	15,960	21,189
<b>Total Revenues</b>	<b>3,118,070</b>	<b>2,712,168</b>	<b>3,052,065</b>	<b>3,396,835</b>	<b>3,775,773</b>
<b>Expenses:</b>					
Library Services:					
Public Service and Programs	23,787,560	25,022,480	24,809,705	24,616,153	24,757,848
Collection Development and Processing	11,973,598	11,916,433	11,347,223	11,082,554	11,739,723
Support Services:					
Facilities Operations and Maintenance	11,580,120	11,817,801	11,110,570	11,328,075	12,717,831
Information Services Support	3,079,959	3,403,299	2,947,289	3,014,084	3,038,053
Business Administration	3,585,641	3,500,376	3,397,102	3,468,006	3,458,818
Debt Service:					
Interest and Fiscal Charges	2,819	9,953	7,778	5,517	3,168
<b>Total Expenses</b>	<b>54,009,697</b>	<b>55,670,342</b>	<b>53,619,667</b>	<b>53,514,389</b>	<b>55,715,441</b>
<b>Net Expenses</b>	<b>(50,891,627)</b>	<b>(52,958,174)</b>	<b>(50,567,602)</b>	<b>(50,117,554)</b>	<b>(51,939,668)</b>
<b>General Revenues:</b>					
Governmental Activities:					
Grants and Contributions not Restricted to Specific Programs	48,876,713	45,044,063	48,306,813	48,307,419	49,289,425
Net increase (decrease) in fair value of investments	(111,548)	(82,677)	(12,488)	89,244	80,412
Earnings on Investments	271,094	246,336	614,235	1,045,550	1,171,249
Gain on sale of capital asset	0	0	168,179	0	87,644
Miscellaneous	702,412	587,788	751,248	887,743	784,376
Contributions to Principal	4,195	8,979	7,275	1,968	3,553
<b>Total General Revenues and Contributions</b>	<b>49,742,866</b>	<b>45,804,489</b>	<b>49,835,262</b>	<b>50,331,924</b>	<b>51,416,659</b>
<b>Change in Net Assets</b>	<b>(\$1,148,761)</b>	<b>(\$7,153,685)</b>	<b>(\$732,340)</b>	<b>\$214,370</b>	<b>(\$523,009)</b>

2003 was the first year GASB 34 was implemented.

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

	2003	2004	2005	2006	2007
<b>General Fund</b>					
Reserved	\$1,389,772	\$595,521	\$565,356	\$339,947	\$500,422
Unreserved	8,924,113	9,682,367	12,086,180	13,834,801	11,392,232
<b>Total General Fund</b>	<b>10,313,885</b>	<b>10,277,888</b>	<b>12,651,536</b>	<b>14,174,748</b>	<b>11,892,654</b>
<b>All Other Governmental Funds</b>					
Reserved	7,266,113	7,065,895	6,715,451	7,072,431	7,395,041
Unreserved, Undesignated					
Reported in:					
Special Revenue Funds	1,608,532	1,254,563	1,206,806	1,200,192	2,207,051
Capital Projects Funds	7,270,041	7,041,663	6,528,414	6,828,166	7,390,932
Permanent Funds	1,908,744	1,804,716	1,838,783	2,018,534	2,230,095
<b>Total All Other Governmental Funds</b>	<b>18,053,430</b>	<b>17,166,837</b>	<b>16,289,454</b>	<b>17,119,323</b>	<b>19,223,119</b>
<b>Total Governmental Funds</b>	<b>\$28,367,315</b>	<b>\$27,444,725</b>	<b>\$28,940,990</b>	<b>\$31,294,071</b>	<b>\$31,115,773</b>

Information prior to 2003 is not available.

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

	2003	2004	2005	2006	2007
<b>Revenues:</b>					
Intergovernmental	\$48,508,418	\$48,718,964	\$48,952,702	\$48,954,721	\$49,417,777
Fines and fees	1,648,282	1,712,030	1,723,172	2,043,892	1,949,231
Contributions, gifts, and donations	523,745	210,314	443,616	355,728	1,438,084
Earnings on investments	480,702	414,182	861,503	1,397,431	1,596,953
Net increase (decrease) in fair value of investments	(111,548)	(82,677)	(12,488)	89,244	80,412
Miscellaneous	702,412	587,788	751,248	887,743	906,360
<b>Total Revenues</b>	<b>51,752,011</b>	<b>51,560,601</b>	<b>52,719,753</b>	<b>53,728,759</b>	<b>55,388,817</b>
<b>Expenditures:</b>					
<b>Current:</b>					
<b>Library services:</b>					
Public service and programs	24,770,129	24,989,151	24,875,051	24,720,722	24,888,966
Collection development and processing	12,038,862	11,899,780	11,457,028	11,108,535	11,669,590
<b>Support Services:</b>					
Facilities operations and maintenance	8,330,645	8,480,352	8,816,293	8,707,535	12,234,308
Information services support	3,994,359	3,571,299	2,954,543	3,335,661	3,381,801
Business administration	3,635,168	3,477,137	3,395,252	3,437,752	3,441,977
<b>Debt Service:</b>					
Principal retirement	13,550	55,519	57,695	59,956	62,305
Interest and fiscal charges	2,819	9,953	7,778	5,517	3,168
<b>Total Expenditures</b>	<b>52,785,532</b>	<b>52,483,191</b>	<b>51,563,640</b>	<b>51,375,678</b>	<b>55,682,115</b>
<b>Excess of Revenues Over Expenditures</b>	<b>(1,033,521)</b>	<b>(922,590)</b>	<b>1,156,113</b>	<b>2,353,081</b>	<b>(293,298)</b>
<b>Other Financing Sources (Uses):</b>					
Proceeds from Sale of Capital Assets	0	0	340,152	0	115,000
Inception of Capital Lease	297,271	0	0	0	0
Transfers - In	318,621	0	728,618	503,545	3,300,000
Transfers - Out	(318,621)	0	(728,618)	(503,545)	(3,300,000)
<b>Total Other Financing Sources (Uses)</b>	<b>297,271</b>	<b>0</b>	<b>340,152</b>	<b>0</b>	<b>115,000</b>
<b>Net Change in Fund Balances</b>	<b>(\$736,250)</b>	<b>(\$922,590)</b>	<b>\$1,496,265</b>	<b>\$2,353,081</b>	<b>(\$178,298)</b>
<b>Debt Service as a Percentage of Noncapital Expenditures</b>	<b>0.0%</b>	<b>0.1%</b>	<b>0.1%</b>	<b>0.1%</b>	<b>0.1%</b>

Information prior to 2003 is not available.

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

Year	Capital Lease Payable	Percentage of Personal Income (1)	Per Capita (1)
1998	\$278,331	0.00%	\$0.33
1999	191,003	0.00%	\$0.23
2000	0	0.00%	\$0.00
2001	0	0.00%	\$0.00
2002	0	0.00%	\$0.00
2003	310,916	0.00%	\$0.38
2004	228,202	0.00%	\$0.28
2005	170,507	0.00%	\$0.21
2006	110,551	0.00%	\$0.13
2007	48,246	0.00%	\$0.06

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

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

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

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Year	Population (1)	Personal Income (2)	Per Capita Personal Income (4)	Hamilton County Unemployment Rate (3)
1998	847,202	\$26,866,469,824	31,712	2.9%
1999	840,443	27,114,372,066	32,262	3.0%
2000	845,303	28,373,440,498	33,566	2.9%
2001	835,362	28,819,153,638	34,499	3.8%
2002	833,721	29,773,844,352	35,712	5.1%
2003	823,472	30,078,138,272	36,526	5.1%
2004	814,611	31,294,910,787	38,417	5.6%
2005	806,652	32,215,260,924	39,937	5.7%
2006	822,596	34,002,005,660	41,335	5.0%
2007	842,369	36,038,230,558	42,782	5.0%

- Sources:** (1) U.S. Census Bureau web site  
(2) Calculated based on Per capita income multiplied by population  
(3) Ohio Bureau of Employment Services web site  
(4) U.S. Department of Commerce, Bureau of Economic Analysis web site.  
County data for 2007 will be released in April 2009 but has been estimated based on a 3.5% increase from 2006.

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

Function/Program	1999	2000	2001	2002	2003	2004	2005	2006	2007
<b>Governmental Activities:</b>									
Library Services:									
Public Service and Programs	668	676	703	628	661	649	627	625	634
Collection Development and Processing	80	76	80	73	74	69	64	65	70
Support Services:									
Facilities Operations and Maintenance	77	81	85	84	85	86	79	75	75
Information Services Support	24	26	27	27	24	20	18	18	18
Business Administration	44	38	40	39	38	37	34	33	34
<i>Total Number of Employees</i>	<u>893</u>	<u>897</u>	<u>935</u>	<u>851</u>	<u>882</u>	<u>861</u>	<u>822</u>	<u>816</u>	<u>831</u>

Information is not available prior to 1999.

Source: Library records



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

Function/Program	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
<b>Library Services</b>										
<b>Public Service &amp; Programs</b>										
Items in Collection	9,653,049	9,993,586	10,076,270	10,363,842	10,261,257	10,288,800	9,574,449	9,545,692	9,551,178	9,545,414
Material Loans	12,805,278	13,149,907	13,326,369	13,808,229	14,403,659	14,861,011	14,713,793	14,344,449	14,783,307	14,875,594
Active Registered Borrowers	393,509	396,064	403,531	409,954	404,655	403,531	408,720	375,342	286,293	243,970
Number of Public Programs	na	11,532	12,182	12,967	13,935	16,169	15,417	15,546	14,874	14,033
<b>Collection Development &amp; Processing</b>										
Items Purchased	329,499	293,466	297,479	329,434	360,909	373,228	369,228	358,784	355,468	369,766
<b>Support Services</b>										
<b>Facilities Operations &amp; Maintenance</b>										
Facilities Maintained	43	44	45	45	45	45	45	45	45	45
Square Footage of Facilities	903,797	906,713	907,664	919,664	921,861	922,661	922,661	922,661	922,661	927,213
<b>Information Services Support</b>										
Computer Workstations	na	na	609	748	1,045	1,193	1,195	1,286	1,329	1,381
Online Resource Usage	na	na	na	na	12,663,026	14,551,253	26,245,535	34,070,381	42,994,289	71,159,640

na - The information is not available for these years.

Source: Library records

**The Public Library of Cincinnati and Hamilton County**  
**Capital Assets Statistics by Function**  
**Last Five Years**

	2003	2004	2005	2006	2007
<b>Library Services:</b>					
<b>Public Service and Programs</b>					
Land	\$12,045,336	\$12,045,336	\$12,318,298	\$12,318,597	\$12,326,641
Land improvements	356,965	374,030	358,972	355,514	407,256
Buildings and improvements	52,494,965	50,926,155	49,355,898	47,853,729	47,735,190
Furniture and equipment	4,196,810	3,070,187	2,428,906	1,992,694	1,763,244
<b>Collection Development and Processing</b>					
Land	435,456	435,456	435,456	435,456	435,456
Fine Arts and Rare Books	17,614,531	17,614,531	17,614,531	17,614,531	17,614,531
Buildings and improvements	1,525,861	1,483,145	1,442,029	1,400,877	1,392,790
Furniture and equipment	46,119	33,738	26,691	21,898	180,885
<b>Support Services:</b>					
<b>Facilities Operations and Maintenance</b>					
Land	922,056	922,056	922,056	922,056	922,056
Buildings and improvements	5,126,080	4,990,868	4,858,858	4,726,774	4,699,487
Furniture and equipment	506,741	444,839	389,230	365,263	378,277
Vehicles	79,902	73,363	43,153	60,735	63,248
<b>Information Services Support</b>					
Land	54,432	54,432	54,432	54,432	54,432
Buildings and improvements	190,733	185,393	180,254	175,110	174,099
Furniture and equipment	454,644	405,473	398,426	359,839	577,511
<b>Business Administration</b>					
Land	707,617	707,617	707,617	707,617	707,617
Buildings and improvements	2,479,524	2,410,111	2,343,298	2,276,425	2,263,284
Furniture and equipment	92,238	67,477	53,383	43,795	32,426
	<u>\$99,330,010</u>	<u>\$96,244,207</u>	<u>\$93,931,488</u>	<u>\$91,685,342</u>	<u>\$91,728,430</u>

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

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

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



1. Main Library
2. Anderson
3. Avondale
4. Blue Ash
5. Bond Hill
6. Cheviot
7. Clifton
8. College Hill
9. Corryville
10. Covedale
11. Deer Park
12. Delhi Township
13. Elmwood Place
14. Forest Park
15. Green Township
16. Greenhills
17. Groesbeck
18. Harrison
19. Hyde Park
20. Loveland
21. Madeira

22. Madisonville
23. Mariemont
24. Miami Township
25. Monfort Heights
26. Mt. Healthy
27. Mt. Washington
28. North Central
29. Northside
30. Norwood
31. Oakley
32. Pleasant Ridge
33. Price Hill
34. Reading
35. St. Bernard
36. Sharonville
37. Symmes Township
38. Walnut Hills
39. West End
40. Westwood
41. 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, 2007, which collectively comprise the Library's basic financial statements, and have issued our report thereon dated June 10, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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

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

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

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

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

## Compliance and Other Matters

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

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

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

Cincinnati, Ohio  
June 10, 2008





**Mary Taylor, CPA**  
Auditor of State

**PUBLIC LIBRARY OF CINCINNATI AND HAMILTON COUNTY**

**HAMILTON COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JULY 24, 2008**