

The Public Library of Cincinnati and Hamilton County

Hamilton County

Regular Audit

January 1, 2008 through December 31, 2008

Years Audited Under GAGAS: 2008

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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 Balestra, Harr & Scherer, CPAs, Inc., for the audit period January 1, 2008 through December 31, 2008. 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 13, 2009

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

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

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 (the Library), as of and for the year ended December 31, 2008, which collectively comprise the Library's basic financial statements as listed in the table of contents, and have issued our report thereon dated May 15, 2009. 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 Comptroller General of the United States' *Government Auditing Standards*.

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 audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Library's internal control over financial reporting. Accordingly, we have not opined 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 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 its applicable accounting basis such that there is more than a remote likelihood that the Library's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that Library's internal control will not prevent or detect a material financial statement misstatement.

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 internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

Members of the Board

The Public Library of Cincinnati and Hamilton County

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*

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Compliance and Other Matters

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

We intend this report solely for the information and use of management and members of the Board. We intend it for no one other than these specified parties.

A handwritten signature in cursive script that reads "Balestra, Harr & Scherer". The signature is written in black ink on a light-colored background.

Balestra, Harr & Scherer, CPAs, Inc.
May 15, 2009

Comprehensive Annual Financial Report

For the Year Ended
December 31, 2008



THE
PUBLIC
LIBRARY

of Cincinnati
and Hamilton
County, Ohio

Introductory Section

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

Comprehensive Annual Financial Report

For the Year Ended December 31, 2008

Issued by:

**Patricia Schoettker
Fiscal Officer**

The Public Library of Cincinnati and Hamilton County

Comprehensive Annual Financial Report

For the Year Ended December 31, 2008

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The Public Library of Cincinnati and Hamilton County

Comprehensive Annual Financial Report

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THE PUBLIC LIBRARY

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and
Hamilton County

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Executive Director
Kimber L. Fender

Fiscal Officer
Patricia Schoettker

May 15, 2009

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, 2008. This report contains the financial statements and other financial and statistical data that provide complete and full disclosure of all material financial aspects of The Public Library of Cincinnati and Hamilton County ("The Library"). This CAFR conforms to generally accepted accounting principles (GAAP) as applicable to governmental entities. The responsibility for the accuracy and completeness of all data presented, and the fairness of the presentation, rests with the management of the Library, specifically the Fiscal Office.

State law requires that every general-purpose local government publish within 150 days of the close of each fiscal year a financial report. This report is published to fulfill that requirement for the year ended December 31, 2008.

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.

Balestra, Harr & Scherer, CPAs, Inc., have issued an unqualified ("clean") opinion on The Public Library of Cincinnati and Hamilton County's financial statements for the year ended December 31, 2008. 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 auditors' 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.

Since the completion of this renovation, the Library's commitment to strengthening the branches resulted in the construction of a new Harrison Branch in 2001 and in the expansion and/or renovation of several branches. The first new branch library in nearly 6 years opened in 2007 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.

In 2008, despite static income, the Library completed the Main Library for the 21st Century project (ML/21) – a new service model for the Main Library designed to better address the changing needs of our customers. By the end of 2009, the building reconfiguration to implement this change 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.

THE PUBLIC LIBRARY OF CINCINNATI AND HAMILTON COUNTY

MATERIALS AND SERVICES

Library cards are free to all Ohio residents. Cards are also free by reciprocity agreement to Indiana residents of Dearborn County and through library consortium membership to Kentucky residents of Boone, Campbell and Kenton Counties. The card enables system-wide borrowing privileges, access to the Library's electronic resources, and serves as a debit card for copiers and printing. Library facilities are open up to six days per week at 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) 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 the Main Library, the 10 highest circulating branch libraries and the Bond Hill Branch 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. In circulating more than 4 million items in 2008, our Main Library was the busiest public library building in the country for the fourth year in a row. 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.

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

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

AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Public Library of Cincinnati and Hamilton County for its comprehensive annual financial report for the year ended December 31, 2007. This was the fifteenth year that the Library has received this prestigious award.

Auditor of the State of Ohio Mary Taylor presented a *Making Your Tax Dollars Count Award* to the Library for excellence in financial reporting for its comprehensive annual financial report for the year ended December 31, 2007, the third year the Library has received this award.

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. Hamilton County population increased 0.7 percent from 2000 – 2008. The area remains the largest jurisdiction in the tri-state area and is the center of commerce, as well as a major center of culture, arts, sports, conventions, and tourism. The county's diversified economy, competitive cost structure, skilled work force, international airport, and easy access to national markets continue to provide a strong foundation for future growth.

The Library and Local Government Support Fund (LLGSF), distributed to Ohio's public libraries since 1986, was replaced in 2008 by the Public Library Fund (PLF), a fixed percentage of State general revenue funds. The Library received the major portion of its income in 2008 from the PLF. 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

From 1993 until 2001, public libraries received 5.7 percent of the state's personal income tax revenue through the LLGSF, but from July 2001 through December 2007, the fund was frozen at reduced 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 2.22 percent of general revenue became effective in January 2008 and the fund name was changed to the Public Library Fund in June 2008.

The extended freeze of state funding has resulted in a significant reduction in Library income since 2002 and the national economic downturn has worsened the situation. Despite the broader base of PLF funding, the Library's income for 2008 was less than the income received under the freeze – about the same amount received in 1997.

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. Since 2007, that balance has been used to supplement insufficient state funding. In 2009, over \$4 million in gift funds will be used to pay ongoing operating costs. Without an increase in state funding in the near future, the Library will face a significant budget deficit in 2010 and must find a secure source of additional funding or substantially reduce current operations, or both. To this end, the Library Board is considering placing a tax levy on the ballot in November 2009.

OTHER INFORMATION

Highlights of the Library's financial activities in 2008 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 Fiscal Office 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
FISCAL OFFICER

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, 2007

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.



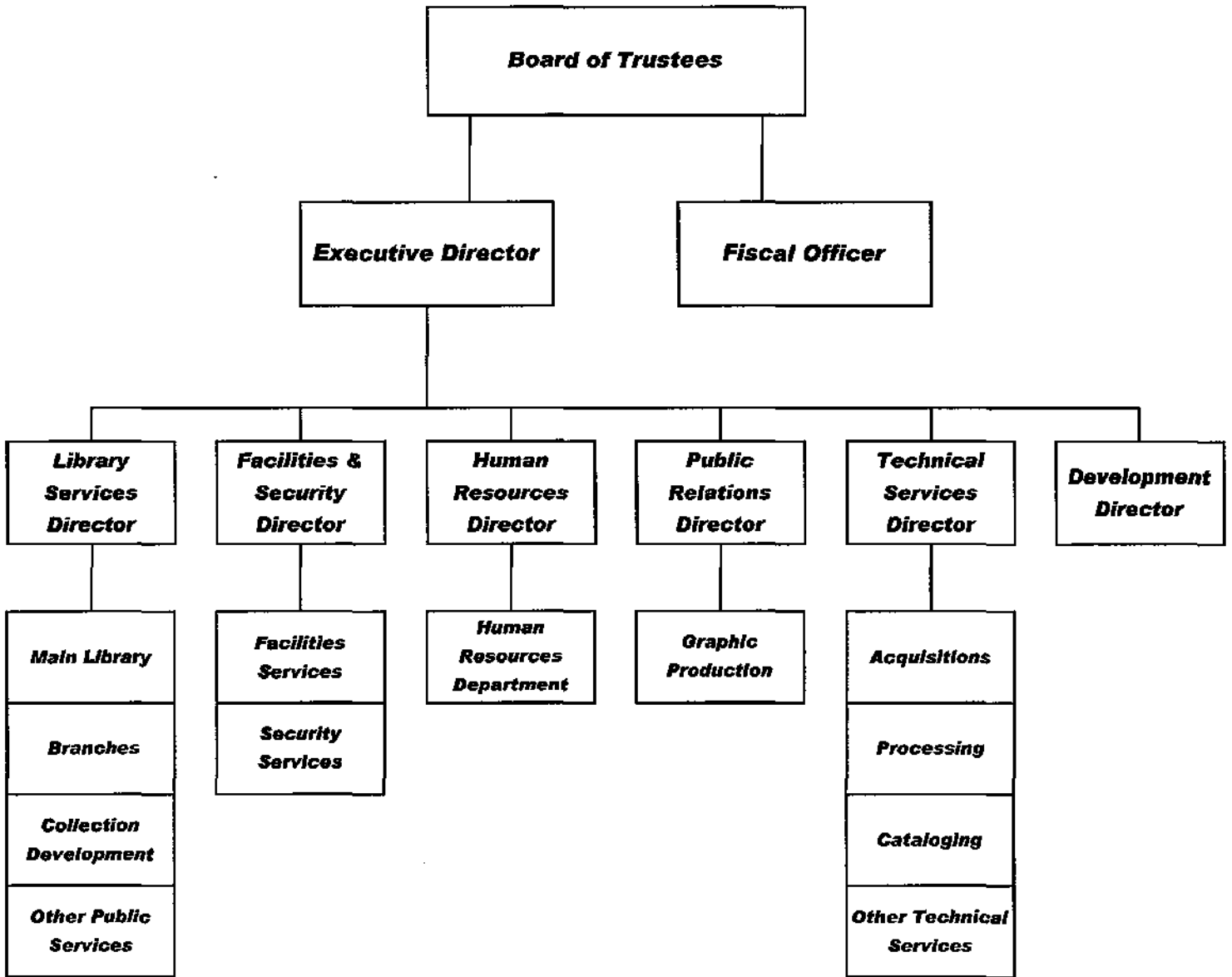
A handwritten signature in black ink, appearing to read "M. L. M.", is written over the printed name.

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Snow", is written over the printed name.

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, 2008**

Board of Library Trustees

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

Appointed Officials

Executive Director	Kimber L. Fender
Fiscal Officer	Patricia Schoettker

Administrative Staff

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Director, Human Resources	Mary Bennett-Brown
Director, Public Services	Greg Edwards
Director, Public Relations	Amy Banister
Director, Technical Services	Jason Buydos
Director, Facilities and Security	Ray Hils

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Financial Section

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Ohio Society of Certified Public Accountants

Independent Auditor's Report

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

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 (the Library), as of and for the year ended December 31, 2008, 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.

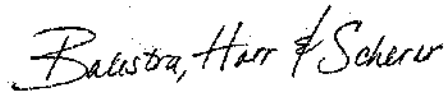
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Comptroller General to the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit reasonably assure 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 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 Library, as of December 31, 2008, and the respective changes in financial position thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 15, 2009 on our consideration of the Library's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

The Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting 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 nonmajor 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 nonmajor 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.



Balestra, Harr & Scherer, CPAs, Inc.
May 15, 2009

The Public Library of Cincinnati and Hamilton County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2008
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, 2008. 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 2008 are as follows:

- At December 31, the Library's net assets exceeded \$137 million. Of this amount, \$33 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 \$7.9 million, a \$4 million decrease from the prior year.
- At December 31, 2008, the Library had no debt.

Government-wide Financial Statements

The government-wide financial statements include all the activities of The Library. The *statement of net 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 projects funds, and permanent funds are all classified as governmental funds. The funds are reported using the modified accrual accounting method, which measures cash and other financial assets that can readily be converted to cash. The governmental fund financial statements provide a detailed short-term view of the Library's general governmental operations and the basic services it provides. The statements include the *balance sheet* and the *statement of revenues, expenditures, and changes in fund balances*. A reconciliation of the statement of revenues, expenditures, and changes in fund balances to the statement of activities facilitates a comparison between governmental funds and governmental activities.

The Library presents 19 individual governmental funds during the year ended December 31, 2008. 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 2008 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 15-30 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, 2008, the Library's assets exceeded liabilities by over \$137 million. The table below provides a comparative analysis of net assets between years 2007 and 2008:

	2008	2007	Change
Assets			
Current Assets	\$48,873,143	\$52,289,948	(\$3,416,805)
Investments	4,511,195	4,696,740	(185,545)
Capital Assets, Net	90,835,880	91,728,430	(892,550)
Total Assets	144,220,218	148,715,118	(4,494,900)
Liabilities			
Current Liabilities	(2,636,591)	(3,667,043)	1,030,452
Long-Term Liabilities	(3,940,672)	(3,949,276)	8,604
Total Liabilities	(6,577,263)	(7,616,319)	1,039,056
Net Assets			
Invested in Capital Assets	90,835,880	91,680,184	(844,304)
Restricted	13,616,429	11,115,987	2,500,442
Unrestricted	33,190,646	38,302,628	(5,111,982)
Total Net Assets	\$137,642,955	\$141,098,799	(\$3,455,844)

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

An additional portion of the Library's net assets (10%) represents restricted principal and other resources subject to external restrictions. The remaining balance of unrestricted net assets (24%) 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 \$33 million in unrestricted net assets.

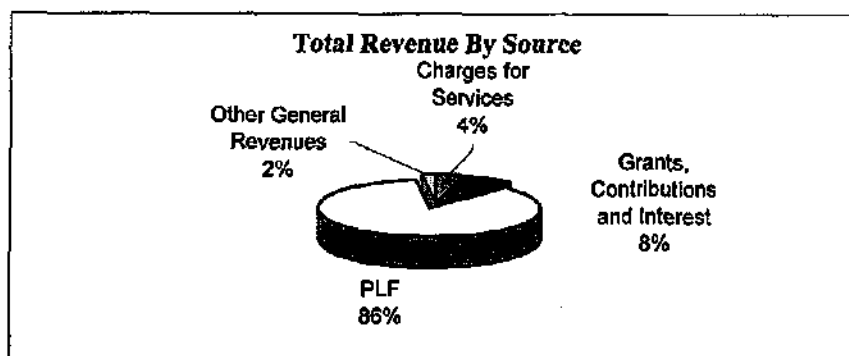
In fiscal year 2008, the Library's total net assets decreased by \$3.5 million, a change of two and four-tenths percent (2.4%).

The following table explains the change in net assets in terms of the Library's governmental activities. The comparative analysis between fiscal year 2007 and 2008 illustrates a four and four-tenths percent (4.4%) decrease in total revenues, a direct result of the global economic downturn and ongoing reduction in intergovernmental revenue, specifically the Public Library Fund (PLF). Investment earnings also decreased.

In the face of falling revenues, every effort was made to control costs, despite increasing public demand for library services. As a result, the increase in Program expenses was held to less than one tenth of one percent (0.1%) over 2007 levels.

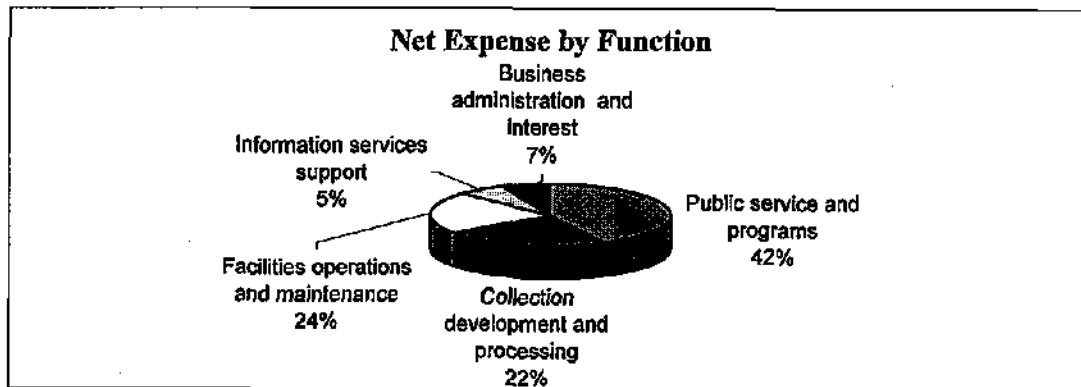
	2008	2007	Change
Revenues			
<u>Program Revenues:</u>			
Charges for Services	\$ 2,003,232	\$ 1,949,231	\$ 54,001
Operating Grants, Contributions and Earnings on Investments	1,457,467	1,826,542	(369,075)
<u>General Revenues:</u>			
Unrestricted Grants and Contributions	47,887,165	49,269,425	(1,402,260)
Other General Revenues	1,417,720	2,036,037	(618,317)
Gain on Sale of Capital Asset	0	87,644	(87,644)
Total Revenues	52,765,584	55,188,879	(2,423,295)
Program Expenses			
Library Services	37,037,041	36,497,571	539,470
Support Services	19,165,532	19,214,702	(28,170)
Interest	1,802	3,168	(1,566)
Total Expenses	56,225,175	55,715,441	509,734
Decrease in Net Assets before Contributions	(3,459,591)	(526,562)	(2,933,029)
Contributions to Principal	3,747	3,553	194
Decrease in Net Assets	(3,455,844)	(523,009)	(2,932,835)
Net Assets - Beginning of Year	141,098,799	141,621,808	
Net Assets - End of Year	\$ 137,642,955	\$ 141,098,799	

Program revenues (nominal fines and fees), and grants and donations, while important, cannot begin to cover the full cost of providing free public library service, which is dependent upon intergovernmental revenue not restricted to specific programs. The following graph illustrates the Library's reliance on intergovernmental revenue, specifically the Public Library Fund (PLF), which in 2008 provided 86% 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.

Net Expense by Function	2008	2007	Change
Public Service and Programs	\$ 22,179,231	\$ 21,967,938	\$ 211,293
Collection Development and Processing	11,414,773	11,204,937	209,836
Facilities Operations and Maintenance	12,959,797	12,297,943	661,854
Information Services Support	2,604,637	3,028,053	(423,416)
Business Administration	3,604,438	3,437,629	166,807
Interest	1,602	3,168	(1,566)
Total Net Expense by Function	\$ 52,764,476	\$ 51,939,688	\$ 824,808



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 \$4,000,577 in 2008, the result of a \$7,016,467 reduction in Total Assets offset by a \$3,015,890 reduction in Total Liabilities. Until 2007, cost-cutting measures adopted to operate during the freeze of state income also generated a savings, carried as an unreserved balance in the General Fund. In 2008, over \$4 million of that savings was spent to supplement insufficient state funding. Without an increase in state funding, an alternate source of funding, or a reduction in library operations, the General Fund balance will continue to decrease.

General Fund Budgetary Analysis

No changes were made to the original revenue budget during the year. Several minor changes were made to the expenditure budget to individual lines items, but overall total budgeted expenditures remained the same.

Actual revenues fell short of the budget by \$1,654,949, primarily as a result of reductions in intergovernmental revenue and investment earnings. As a result of ongoing management efforts to control operating costs, actual expenditures were \$1,012,383 less than budgeted.

Capital Assets

As of December 31, 2008, the Library had \$90,385,880 invested in capital assets. The table below provides a comparative analysis of capital assets between fiscal year 2007 and 2008. The small variance is primarily a result of facility improvements and depreciation.

	2008	2007	Change
Land	\$14,446,202	\$14,446,202	\$0
Fine Arts and Rare Book Collection	17,614,531	17,614,531	0
Construction in Progress	125,936	0	125,936
Land Improvements	490,444	407,256	83,188
Buildings and Improvements	54,749,928	56,264,850	(1,514,922)
Furniture, Fixtures, and Equipment	3,304,396	2,932,343	372,053
Vehicles	104,443	63,248	41,195
Total Capital Assets	\$90,835,880	\$91,728,430	(\$892,550)

For more information on capital assets, see Note 6 to the basic financial statements.

Debt

The remaining balance (\$48,246) of a capital lease agreement was paid in full in 2008. For more information on this lease, see Note 7 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, Fiscal Officer, The Public Library of Cincinnati and Hamilton County, 800 Vine Street, Cincinnati, Ohio, 45202.

The Public Library of Cincinnati and Hamilton County

Statement of Net Assets

December 31, 2008

	<u>Governmental Activities</u>
<u>Assets</u>	
Equity in Pooled Cash and Cash Equivalents	\$24,475,541
Accrued Interest Receivable	133,961
Intergovernmental Receivable	23,833,759
Prepaid Items	186,290
Supplies Inventory	243,592
Investments	4,511,195
Capital Assets	
Land	14,446,202
Fine Art and Rare Books Collections	17,614,531
Depreciable Capital Assets, Net	58,649,211
Construction in Progress	125,936
Total Assets	<u>144,220,218</u>
<u>Liabilities</u>	
Accounts Payable	2,052,444
Contracts Payable	215,277
Accrued Salaries Payable	321,960
Intergovernmental Payable	46,910
Noncurrent liabilities:	
Due within one year	1,687,580
Due in more than one year	2,253,092
Total Liabilities	<u>6,577,263</u>
<u>Net Assets</u>	
Invested in Capital Assets	90,835,880
Restricted for Grants, Materials, and Programs	4,571,744
Restricted for Permanent Funds	
Expendable	2,331,746
Nonexpendable	6,712,939
Unrestricted	33,190,646
Total Net Assets	<u><u>\$137,642,955</u></u>

See accompanying notes to the basic financial statements.

The Public Library of Cincinnati and Hamilton County

Statement of Activities

For the Year Ended December 31, 2008

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants, Contributions and Earnings on Investments</u>	
Library Services				
Public service and programs	\$25,328,735	\$2,003,232	\$1,146,272	(\$22,179,231)
Collection development and processing	11,708,306	0	293,533	(11,414,773)
Support Services				
Facilities operations and maintenance	12,961,104	0	1,307	(12,959,797)
Information services support	2,604,637	0	0	(2,604,637)
Business administration	3,620,791	0	16,355	(3,604,436)
Interest	1,602	0	0	(1,602)
Total Governmental Activities	\$56,225,175	\$2,003,232	\$1,457,467	(52,764,476)

General Revenues:

Grants and contributions not restricted to specific programs	47,887,165
Net increase in fair value of investments	41,875
Earnings on investments	564,357
Other	811,488
Contributions to principal for permanent funds	3,747
Total general revenues and contributions	49,308,632
Change in net assets	(3,455,844)
Net assets - beginning of the year	141,098,799
Net assets - end of the year	\$137,642,955

See accompanying notes to the basic financial statements.

The Public Library of Cincinnati and Hamilton County

Balance Sheet

Governmental Funds

December 31, 2008

	<u>General</u>	<u>Other Governmental</u>	<u>Total Governmental Funds</u>
<u>Assets</u>			
Equity in Pooled Cash and Cash Equivalents	\$5,563,922	\$18,911,619	\$24,475,541
Investments	0	4,511,195	4,511,195
Receivables:			
Accrued Interest	56,133	77,828	133,961
Intergovernmental	23,833,759	0	23,833,759
Prepaid Items	186,290	0	186,290
Supplies Inventory	243,592	0	243,592
Advances To Other Funds	150,000	0	150,000
Total Assets	<u>\$30,033,696</u>	<u>\$23,500,642</u>	<u>\$53,534,338</u>
<u>Liabilities</u>			
Accounts Payable	\$1,691,504	\$360,940	\$2,052,444
Contracts Payable	0	215,277	215,277
Accrued Salaries Payable	318,463	3,497	321,960
Intergovernmental Payable	46,393	517	46,910
Advances From Other Funds	0	150,000	150,000
Deferred Revenue	20,085,259	0	20,085,259
Total Liabilities	<u>22,141,619</u>	<u>730,231</u>	<u>22,871,850</u>
<u>Fund Balances</u>			
Reserved for:			
Encumbrances	372,050	1,064,644	1,436,694
Advances	150,000	0	150,000
Restricted Principal	0	6,712,939	6,712,939
Unreserved, reported in:			
General Fund	7,370,027	0	7,370,027
Special Revenue Funds	0	4,560,246	4,560,246
Capital Projects Funds	0	8,116,698	8,116,698
Permanent Funds	0	2,315,884	2,315,884
Total Fund Balances	<u>7,892,077</u>	<u>22,770,411</u>	<u>30,662,488</u>
Total Liabilities and Fund Balances	<u>\$30,033,696</u>	<u>\$23,500,642</u>	<u>\$53,534,338</u>

See accompanying notes to the basic financial statements.

The Public Library of Cincinnati and Hamilton County

Reconciliation of Total Governmental Fund Balances

To Net Assets of Governmental Activities

December 31, 2008

Total fund balances in governmental funds	\$30,662,488
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	90,835,880
Intergovernmental receivables are not available to pay for current-period expenditures and, therefore are deferred in the funds	20,085,259
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds	
Compensated absences payable	<u>(3,940,672)</u>
Net assets of governmental activities	<u><u>\$137,642,955</u></u>

See accompanying notes to the basic financial statements.

The Public Library of Cincinnati and Hamilton County
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2008

	<u>General</u>	<u>Other Governmental</u>	<u>Total Governmental Funds</u>
<u>Revenues</u>			
Intergovernmental	\$47,452,019	\$664,979	\$48,116,998
Fines and fees	2,003,232	0	2,003,232
Earnings on investments	506,210	459,406	965,616
Contributions, gifts and donations	25,000	2,923,735	2,948,735
Net increase in fair value of investments	0	41,875	41,875
Miscellaneous	808,599	2,889	811,488
Total Revenues	<u>50,795,060</u>	<u>4,092,884</u>	<u>54,887,944</u>
<u>Expenditures</u>			
Current			
Library Services			
Public service and programs	24,434,437	919,782	25,354,219
Collection development and processing	11,472,474	222,691	11,695,165
Support Services			
Facilities operations and maintenance	9,513,172	1,698,552	11,211,724
Information services support	3,386,945	18,920	3,405,865
Business administration	3,439,504	185,647	3,625,151
Debt Service:			
Principal	48,246	0	48,246
Interest	859	0	859
Total Expenditures	<u>52,295,637</u>	<u>3,045,592</u>	<u>55,341,229</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,500,577)</u>	<u>1,047,292</u>	<u>(453,285)</u>
<u>Other Financing Sources (Uses)</u>			
Transfers in	0	2,503,043	2,503,043
Transfers out	(2,500,000)	(3,043)	(2,503,043)
Total Other Financing Sources (Uses)	<u>(2,500,000)</u>	<u>2,500,000</u>	<u>0</u>
Net change in fund balances	<u>(4,000,577)</u>	<u>3,547,292</u>	<u>(453,285)</u>
Fund balances - beginning of year	11,892,654	19,223,119	31,115,773
Fund balances - end of year	<u>\$7,892,077</u>	<u>\$22,770,411</u>	<u>\$30,662,488</u>

See accompanying notes to the basic financial statements.

The Public Library of Cincinnati and Hamilton County

Reconciliation of the Statement of Revenues, Expenditures,

and Changes in Fund Balances of Governmental Funds

To the Statement of Activities

For the Year Ended December 31, 2008

Net change in fund balances - total governmental funds **(\$453,285)**

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 assets additions	1,610,898	
Depreciation expense	(2,503,448)	
		(892,550)

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. **(2,118,613)**

Repayment of the principal of the capital leases consumes current financial resources of governmental funds, however, it has no effect on net assets. This amount is the net effect of these differences in the treatment of capital leases. **48,246**

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	(39,642)
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Change in net assets of governmental activities	(\$3,455,844)
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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, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
<i>Intergovernmental</i>	\$48,683,590	\$48,683,590	\$47,527,770	(\$1,155,820)
<i>Fines and fees</i>	1,920,000	1,920,000	2,003,232	83,232
<i>Earnings on investments</i>	1,125,000	1,125,000	549,040	(575,960)
<i>Contributions, gifts and donations</i>	25,000	25,000	25,000	0
<i>Miscellaneous</i>	815,000	815,000	808,599	(6,401)
Total Revenues	52,568,590	52,568,590	50,913,641	(1,654,949)
Expenditures				
Current				
Salaries and benefits				
<i>Salaries and leave benefits</i>	28,306,155	27,906,155	27,798,384	107,771
<i>Retirement benefits</i>	3,961,223	3,961,223	3,872,466	88,757
<i>Insurance benefits</i>	4,861,598	4,861,598	4,823,588	38,010
<i>Other employee benefits</i>	10,000	10,000	6,916	3,084
<i>Supplies</i>	1,132,195	1,132,195	997,151	135,044
<i>Purchased and contracted services</i>	7,442,118	7,592,117	7,326,470	265,647
<i>Library materials and information</i>	8,924,423	8,924,424	8,676,785	247,639
<i>Other objects</i>	43,199	43,199	30,242	12,957
<i>Debt Service</i>	74,401	74,401	74,401	0
<i>Capital outlay</i>	980,793	1,230,793	1,117,319	113,474
Total Expenditures	55,736,105	55,736,105	54,723,722	1,012,383
Excess (deficiency) of revenues over (under)				
expenditures	(3,167,515)	(3,167,515)	(3,810,081)	(642,566)
Other financing sources (uses)				
Transfers out	(2,500,000)	(2,500,000)	(2,500,000)	0
Net change in fund balance	(5,667,515)	(5,667,515)	(6,310,081)	(642,566)
Fund balance at beginning of year	7,367,516	7,367,516	7,367,516	0
Prior year encumbrances appropriated	2,200,000	2,200,000	2,200,000	0
Fund balance at end of year	\$3,900,001	\$3,900,001	\$3,257,435	(\$642,566)

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, 2008

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 Fiscal Officer to administer the day-to-day operations of the Library.

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

Under the provisions of 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.

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.

The Public Library of Cincinnati and Hamilton County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES- continued

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 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.

The Public Library of Cincinnati and Hamilton County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES- continued

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 (e.g., revenues) and decreases (e.g., 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

Revenues-Exchange and Non-Exchange Transactions

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.

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.

The Public Library of Cincinnati and Hamilton County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES- continued

Deferred Revenue

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before eligibility requirements are met have 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.

Expenses/Expenditures

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

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

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 2008, the St. Bernard Branch – Capital Projects Fund and the Reading Branch – Capital Projects Fund had no cash activity and therefore no budgetary schedule is presented. Budgetary control is maintained at the object level. Budgetary modifications may only be made by resolution of the Board of Library Trustees.

Budget

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

In response to a request by the Library Board of Trustees, the Hamilton County Budget Commission, on January 28, 2005, approved a motion to allow the Library to file a modified tax budget for 2006, in a simplified but more useful format. This approval has been reviewed on an annual basis in both 2007 and 2008.

Estimated Resources

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

The Public Library of Cincinnati and Hamilton County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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 2008, 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, 2008.

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 2008 amounted to \$506,210, which includes \$310,339 assigned from other Library funds.

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

G. Inventory of Supplies

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

H. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2008, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount at the time of purchase and reflecting the expense/expenditure in the year in which services are consumed.

The Public Library of Cincinnati and Hamilton County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES- continued

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.

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

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

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).

The Public Library of Cincinnati and Hamilton County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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.

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. Accrued Liabilities and Long-Term Obligations

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

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

O. 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 \$13,616,929 of restricted net assets none of which are restricted by enabling legislation.

The Public Library of Cincinnati and Hamilton County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES- continued

P. Estimates

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

NOTE 3 - BUDGETARY BASIS OF ACCOUNTING

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

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

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

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

<u>Net Change in General Fund</u>	
GAAP Basis	(\$4,000,577)
Revenue Accruals	118,581
Expenditure Accruals	(1,098,085)
Encumbrances	<u>(1,330,000)</u>
Budget Basis	<u>(\$6,310,081)</u>

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

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

The Public Library of Cincinnati and Hamilton County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

NOTE 4 - DEPOSITS AND INVESTMENTS - continued

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

Interim moneys may be invested in the following securities:

- A. United States Treasury Bills, Bonds, Notes or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
- B. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, 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.

Investments

As of December 31, 2008, the Library had the following investments:

Investment Type	Fair Value	Investment Maturities (In Years)				
		Less than 1	1-2	2-3	3-5	More than 5
StarOhio	\$6,020,900	\$6,020,900	\$0	\$0	\$0	\$0
Negotiable Certificates of Deposit	1,209,314	1,005,852	203,462	0	0	0
First American Treasury Obligation Mutual Funds	1,160,287	1,160,287	0	0	0	0
Federal Home Loan Mortgage Co Debenture	605,470	505,470	0	0	0	0
Federal Home Loan Mortgage Co. Medium Term Notes	1,552,500	1,028,250	528,250	0	0	0
U.S. Savings Bonds Series HH	114,500	10,500	1,000	17,000	2,000	84,000
U.S. Treasury Notes	767,160	0	767,160	0	0	0
Federal Home Loan Banks Note	1,571,565	515,315	1,056,250	0	0	0
	<u>\$12,901,696</u>	<u>\$ 10,244,574</u>	<u>\$ 2,554,122</u>	<u>\$ 17,000</u>	<u>\$ 2,000</u>	<u>\$ 84,000</u>

The Public Library of Cincinnati and Hamilton County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

NOTE 4 - DEPOSITS AND INVESTMENTS - continued

Interest Rate Risk

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

Credit Risk

The Federal Home Loan Bank notes, 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. The First American Treasury Obligation Mutual Fund carries a rating of Aaa by Moody's. Ohio law requires that STAROhio maintain the highest rating provided by at least one nationally recognized rating service and that the money market mutual funds be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service. The negotiable certificates of deposit are in denominations of \$250,000 or less each, in separate banks, and are insured by the Federal Deposit Insurance Corporation (FDIC). The negotiable certificates of deposit are, therefore, not subject to credit risk. 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, 9 percent is invested in negotiable certificates of deposit, 12 percent are in Federal Home Loan Mortgage Corporation notes, 4 percent are Federal Home Loan Mortgage Corporation debentures, 6 percent are U. S. Treasury Notes, and 12 percent are Federal Home Loan Bank notes.

NOTE 5 - RECEIVABLES

Receivables at December 31, 2008, consisted of intergovernmental and earnings on investments. Intergovernmental receivables consisted of \$23,833,759 from the Local Library and Government Support Fund and is recorded in the General Fund. All receivables are considered fully collectible and will be received in one year due to the stable condition of state programs.

The Public Library of Cincinnati and Hamilton County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

NOTE 6 – CAPITAL ASSETS

Changes in capital assets during the year ended December 31, 2008, were as follows:

	Balance at 12/31/07	Additions	Deductions	Balance at 12/31/08
<u>Governmental Activities</u>				
Capital Assets, Not Being Depreciated:				
Land	\$14,446,202	\$0	\$0	\$14,446,202
Fine Art and Rare Book Collections	17,614,531	0	0	17,614,531
Construction in Progress	0	125,936	0	125,936
Totals Capital Assets, Not Being Depreciated	32,060,733	125,936	0	32,186,669
Capital Assets Being Depreciated:				
Land Improvements	598,494	110,490	0	708,984
Buildings and Improvements	86,805,797	397,294	0	87,203,091
Furniture, Fixtures and Equipment	13,064,880	897,677	(419,388)	13,543,169
Vehicles	463,656	79,501	(67,044)	476,113
Totals Capital Assets, Being Depreciated	100,932,827	1,484,962	(486,432)	101,931,357
Less Accumulated Depreciation:				
Land Improvements	(191,238)	(27,302)	0	(218,540)
Building and Improvements	(30,540,947)	(1,912,216)	0	(32,453,163)
Furniture, Fixtures and Equipment	(10,132,537)	(525,624)	419,388	(10,238,773)
Vehicles	(400,408)	(38,306)	67,044	(371,670)
Total Accumulated Depreciation	(41,265,130)	(2,503,448) *	486,432	(43,282,146)
Total Capital Assets Being Depreciated, Net	59,667,697	(1,018,486)	0	58,649,211
Governmental Activities Capital Assets, Net	\$91,728,430	(\$892,550)	\$0	\$90,835,880

*Depreciation expense is charged to Facilities operations and maintenance.

NOTE 7 – LEASES

Operating Leases

The Library leases equipment used by the public in internet and microfilm printing under a noncancelable operating lease. Total costs were \$25,377 for the year ended December 31, 2008.

The Public Library of Cincinnati and Hamilton County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

NOTE 7 – LEASES - continued

The Library leases various buildings for library service operations under noncancelable operating leases. The total cost for these leases was \$297,861 for the year ended December 31, 2008. The future minimum lease payments for these leases are as follows:

<u>Year Ending December 31,</u>	
2009	\$ 303,047
2010	281,698
2011	250,541
2012	228,871
2013	135,146
2014-2018	<u>421,870</u>
 Total minimum lease payments	 <u>\$ 1,621,173</u>

Capital Lease

In 2003, the Library entered into a lease agreement as lessee for financing the acquisition of public copier equipment. This lease agreements qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the 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. There was no lease obligation remaining at December 31, 2008.

NOTE 8 - DEFINED BENEFIT PENSION PLAN

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

OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the traditional pension and combined plans. Members of the member-directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions. For the year ended December 31, 2008, members in state and local classifications contributed 10.0 percent of covered payroll.

The Library's contribution rate for 2008 was 14.0 percent.

The Public Library of Cincinnati and Hamilton County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

NOTE 8 - DEFINED BENEFIT PENSION PLAN - continued

The Library's required contributions for pension obligations to the traditional pension and combined plans for the years ended December 31, 2008, 2007, and 2006 were \$1,926,291, \$2,178,952, and \$2,360,831, respectively; 93 percent has been contributed for 2008 and 100 percent for 2007 and 2006. Contributions to the member-directed plan for 2008 were \$130,150 made by the Library and \$92,965 made by plan members.

NOTE 9 - POSTEMPLOYMENT BENEFITS

Plan Description – OPERS maintains a cost-sharing multiple-employer defined benefit post-employment health care plan for qualifying members of both the traditional pension and combined 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.

To qualify for post-employment health care coverage, age-and-service retirees under the traditional pension and combined plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised Code permits, but does not require, OPERS to provide 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 OPERS' financial report which may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

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

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2008, state and local employers contributed at a rate of 14.0 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. For 2008, the amount of the employer contributions which was allocated to fund post-employment health care was 7.0 percent of covered payroll.

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The Library's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2008, 2007, and 2006 were \$1,926,291, \$1,434,145, and \$1,154,754, respectively; 93 percent has been contributed for 2008 and 100 percent for 2007 and 2006.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective 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, 2008

NOTE 10 - 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 \$2,844,928 at December 31, 2008.

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, 2008 was \$1,095,744.

Medical and Dental Insurance

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

NOTE 11 - 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 2008, the Library contracted with several insurance companies for primary coverage as follows:

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

The Public Library of Cincinnati and Hamilton County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

NOTE 11 - RISK MANAGEMENT - continued

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

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

The Library also carries Public Official Bond coverage for the Fiscal Officer and the Fiscal Services Manager. These bonds are provided by the Hartford Fire Insurance Company.

NOTE 12 - LONG-TERM LIABILITIES

Long-term liability activity for the year ended December 31, 2008, 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	\$48,246	\$0	(\$48,246)	\$0	\$0
Compensated Absences	3,901,030	2,166,512	(2,126,870)	3,940,672	1,687,580
Long Term Liabilities	<u>\$3,949,276</u>	<u>\$2,166,512</u>	<u>(\$2,175,116)</u>	<u>\$3,940,672</u>	<u>\$1,687,580</u>

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

NOTE 13 - INTERFUND ACTIVITY

Interfund Transfers

Transfers made during the year ended December 31, 2008, were as follows:

	<u>Transfers From:</u>		
	<u>General Fund</u>	<u>Various Special Revenue Fund</u>	<u>Total</u>
<u>Transfers To:</u>			
Building & Repair Fund	<u>\$2,500,000</u>	<u>\$3,043</u>	<u>\$2,503,043</u>

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

The Public Library of Cincinnati and Hamilton County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

NOTE 13 – INTERFUND ACTIVITY - continued

Advances To/From Other Funds

As of December 31, 2008, 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's fiscal year end of June 30.

NOTE 14 - CONTINGENT LIABILITIES

Federal and State Grants

For the period January 1, 2008 to December 31, 2008, the Library received federal and state grants for specific purposes that are subject to review and audit by grantor agencies or their designee. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, the Library believes such disallowance, if any, would be immaterial.

NOTE 15 – CHANGE IN ACCOUNTING PRINCIPLES

For 2008, the Library implemented Governmental Accounting Standards Board (GASB) Statement No. 49, "Accounting and Financial Reporting for Pollution Remediation Obligations". GASB Statement No. 49 provides guidance on how to calculate and report the costs and obligations associated with pollution clean up efforts. The implementation of this statement did not result in any change to the financial statements.

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THE PUBLIC LIBRARY OF CINCINNATI AND HAMILTON COUNTY

Nonmajor Fund Descriptions

Special Revenue Funds

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

LSTA Grant Fund

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

I-Net Production Studio Fund

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

Regional Library for the Blind Fund

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

Various Funds

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

Anderson/Mt. Washington
Friedman
Fey
Gifts

Hattendorf
Hosbrook
Pet Memorial

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 Projects 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 projects 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.

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 2008 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 2008 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, 2008

	<u>Nonmajor Special Revenue</u>	<u>Nonmajor Capital Projects</u>	<u>Nonmajor Permanent</u>	<u>Total Nonmajor Governmental</u>
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$5,096,546	\$9,315,022	\$4,500,051	\$18,911,619
Investments	0	0	4,511,195	4,511,195
Receivables:				
Accrued Interest	19,358	0	58,470	77,828
Total Assets	<u>\$5,115,904</u>	<u>\$9,315,022</u>	<u>\$9,069,716</u>	<u>\$23,500,642</u>
<u>Liabilities</u>				
Accounts Payable	\$335,909	\$0	\$25,031	\$360,940
Contracts Payable	0	215,277	0	215,277
Accrued Salaries Payable	3,497	0	0	3,497
Intergovernmental Payable	517	0	0	517
Advances From Other Funds	150,000	0	0	150,000
Total Liabilities	<u>489,923</u>	<u>215,277</u>	<u>25,031</u>	<u>730,231</u>
<u>Fund Balances</u>				
Reserved for:				
Encumbrances	65,735	983,047	15,862	1,064,644
Restricted Principal	0	0	6,712,939	6,712,939
Unreserved, reported in:				
Special Revenue Funds	4,560,246	0	0	4,560,246
Capital Projects Funds	0	8,116,698	0	8,116,698
Permanent Funds	0	0	2,315,884	2,315,884
Total Fund Balances	<u>4,625,981</u>	<u>9,099,745</u>	<u>9,044,685</u>	<u>22,770,411</u>
Total Liabilities and Fund Balances	<u>\$5,115,904</u>	<u>\$9,315,022</u>	<u>\$9,069,716</u>	<u>\$23,500,642</u>

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The Public Library of Cincinnati and Hamilton County
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2008

	<u>LSTA Grant</u>	<u>I-Net Production Studio</u>	<u>Regional Library for the Blind</u>	<u>Various</u>	<u>Library Materials</u>
<u>Assets</u>					
Equity in Pooled Cash and Cash Equivalents	\$6,419	\$94,791	\$174,535	\$4,419,439	\$182,726
Receivables:					
Accrued Interest	0	0	0	18,642	239
Total Assets	<u>\$6,419</u>	<u>\$94,791</u>	<u>\$174,535</u>	<u>\$4,438,081</u>	<u>\$182,965</u>
<u>Liabilities</u>					
Accounts Payable	\$5	\$0	\$62	\$333,966	\$0
Accrued Salaries Payable	0	0	3,497	0	0
Intergovernmental Payable	0	0	517	0	0
Advances From Other Funds	0	0	150,000	0	0
Total Liabilities	<u>5</u>	<u>0</u>	<u>154,076</u>	<u>333,966</u>	<u>0</u>
<u>Fund Balances</u>					
Reserved for:					
Encumbrances	0	0	0	61,873	747
Unreserved	6,414	94,791	20,459	4,042,242	182,218
Total Fund Balances	<u>6,414</u>	<u>94,791</u>	<u>20,459</u>	<u>4,104,115</u>	<u>182,965</u>
Total Liabilities and Fund Balances	<u>\$6,419</u>	<u>\$94,791</u>	<u>\$174,535</u>	<u>\$4,438,081</u>	<u>\$182,965</u>

Dater	Library Programs	Total
\$57,153	\$161,483	\$5,096,546
75	402	19,358
<u>\$57,228</u>	<u>\$161,885</u>	<u>\$5,115,904</u>

\$1,876	\$0	\$335,909
0	0	3,497
0	0	517
0	0	150,000
<u>1,876</u>	<u>0</u>	<u>489,923</u>

3,115	0	65,735
52,237	161,885	4,560,246
<u>55,352</u>	<u>161,885</u>	<u>4,625,981</u>
<u>\$57,228</u>	<u>\$161,885</u>	<u>\$5,115,904</u>

The Public Library of Cincinnati and Hamilton County

Combining Balance Sheet

Nonmajor Capital Projects Funds

December 31, 2008

	<u>Building and Repair</u>	<u>St. Bernard Branch</u>	<u>Reading Branch</u>	<u>Total</u>
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$4,980,490	\$2,884,532	\$1,450,000	\$9,315,022
Total Assets	<u>\$4,980,490</u>	<u>\$2,884,532</u>	<u>\$1,450,000</u>	<u>\$9,315,022</u>
<u>Liabilities</u>				
Contracts Payable	\$215,277	\$0	\$0	\$215,277
Total Liabilities	<u>215,277</u>	<u>0</u>	<u>0</u>	<u>215,277</u>
<u>Fund Balances</u>				
Reserved for:				
Encumbrances	983,047	0	0	983,047
Unreserved	3,782,166	2,884,532	1,450,000	8,116,698
Total Fund Balances	<u>4,765,213</u>	<u>2,884,532</u>	<u>1,450,000</u>	<u>9,099,745</u>
 Total Liabilities and Fund Balances	 <u>\$4,980,490</u>	 <u>\$2,884,532</u>	 <u>\$1,450,000</u>	 <u>\$9,315,022</u>

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The Public Library of Cincinnati and Hamilton County

**Combining Balance Sheet
Nonmajor Permanent Funds
December 31, 2008**

	<u>Various Permanent</u>	<u>Armstrong</u>	<u>Feld</u>	<u>Hadley</u>	<u>Heisell Dunlap</u>
<u>Assets</u>					
Equity in Pooled Cash and Cash Equivalents	\$650,393	\$1,113,990	\$1,517,273	\$72,511	\$127,779
Investments	631,914	663,005	1,864,838	56,717	205,673
Receivables:					
Accrued Interest	7,281	12,213	21,916	670	2,260
Total Assets	<u>\$1,289,588</u>	<u>\$1,789,208</u>	<u>\$3,404,027</u>	<u>\$129,898</u>	<u>\$335,712</u>
<u>Liabilities</u>					
Accounts Payable	\$1,044	\$15,785	\$2,110	\$500	\$3,464
Total Liabilities	<u>1,044</u>	<u>15,785</u>	<u>2,110</u>	<u>500</u>	<u>3,464</u>
<u>Fund Balances</u>					
Reserved for:					
Encumbrances	153	3,419	2,182	0	3,856
Restricted Principal	943,552	986,042	2,773,445	84,350	305,883
Unreserved	344,839	783,962	626,290	45,048	22,509
Total Fund Balances	<u>1,288,544</u>	<u>1,773,423</u>	<u>3,401,917</u>	<u>129,398</u>	<u>332,248</u>
Total Liabilities and Fund Balances	<u>\$1,289,588</u>	<u>\$1,789,208</u>	<u>\$3,404,027</u>	<u>\$129,898</u>	<u>\$335,712</u>

Kersten	Dwyer	Howard	Total
\$341,460	\$99,753	\$576,892	\$4,500,051
66,250	87,266	935,532	4,511,195
2,835	1,019	10,276	58,470
\$410,545	\$188,038	\$1,522,700	\$9,069,716
\$68	\$0	\$2,060	\$25,031
68	0	2,060	25,031
180	72	6,000	15,862
98,529	129,786	1,391,352	6,712,939
311,768	58,180	123,288	2,315,884
410,477	188,038	1,520,640	9,044,685
\$410,545	\$188,038	\$1,522,700	\$9,069,716

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, 2008

	Nonmajor Special Revenue	Nonmajor Capital Projects	Nonmajor Permanent	Total Nonmajor Governmental
Revenues				
<i>Intergovernmental</i>	\$664,979	\$0	\$0	\$664,979
<i>Earnings on investments</i>	110,581	0	348,825	459,406
<i>Contributions, gifts and donations</i>	2,918,681	1,307	3,747	2,923,735
<i>Net increase in fair value of investments</i>	0	0	41,875	41,875
<i>Miscellaneous</i>	280	2,429	180	2,889
Total Revenues	3,694,521	3,736	394,627	4,092,884
Expenditures				
Current				
Library Services				
<i>Public service and programs</i>	828,466	0	91,316	919,782
<i>Collection development and processing</i>	86,390	0	136,301	222,691
Support Services				
<i>Facilities operations and maintenance</i>	238,107	1,460,445	0	1,698,552
<i>Information services support</i>	18,920	0	0	18,920
<i>Business administration</i>	116,461	0	69,186	185,647
Total Expenditures	1,288,344	1,460,445	298,803	3,045,592
 <i>Excess (deficiency) of revenues over (under) expenditures</i>	 2,406,177	 (1,456,709)	 97,824	 1,047,292
Other Financing Sources (Uses)				
<i>Transfers in</i>	0	2,503,043	0	2,503,043
<i>Transfers out</i>	(3,043)	0	0	(3,043)
Total Other Financing Sources (Uses)	(3,043)	2,503,043	0	2,500,000
 Net change in fund balances	 2,403,134	 1,046,334	 97,824	 3,547,292
 Fund balances - beginning of year	 2,222,847	 8,053,411	 8,946,861	 19,223,119
Fund balances - end of year	\$4,625,981	\$9,099,745	\$9,044,685	\$22,770,411

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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, 2008

	<u>LSTA Grant</u>	<u>I-Net Production Studio</u>	<u>Regional Library for the Blind</u>	<u>Various</u>	<u>Library Materials</u>
<u>Revenues</u>					
<i>Intergovernmental</i>	\$25,081	\$0	\$629,935	\$0	\$9,963
<i>Earnings on investments</i>	0	0	0	97,736	5,362
<i>Contributions, gifts and donations</i>	17,163	0	0	2,714,781	15,094
<i>Miscellaneous</i>	0	0	0	0	0
Total Revenues	<u>42,244</u>	<u>0</u>	<u>629,935</u>	<u>2,812,517</u>	<u>30,419</u>
<u>Expenditures</u>					
<u>Current</u>					
<u>Library Services</u>					
<i>Public service and programs</i>	36,287	9,526	606,010	77,438	0
<i>Collection development and processing</i>	5	0	1,509	39,765	13,004
<u>Support Services</u>					
<i>Facilities operations and maintenance</i>	0	0	0	238,107	0
<i>Information services support</i>	0	0	0	18,920	0
<i>Business administration</i>	0	0	0	116,461	0
Total Expenditures	<u>36,292</u>	<u>9,526</u>	<u>607,519</u>	<u>490,691</u>	<u>13,004</u>
 <i>Excess (deficiency) of revenues over (under) expenditures</i>	 5,952	 (9,526)	 22,416	 2,321,826	 17,415
<u>Other Financing Sources (Uses)</u>					
<i>Transfers out</i>	0	0	0	(3,043)	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>(3,043)</u>	<u>0</u>
 <i>Net change in fund balances</i>	 5,952	 (9,526)	 22,416	 2,318,783	 17,415
 <i>Fund balances (deficit) - beginning of year</i>	 462	 104,317	 (1,957)	 1,785,332	 165,550
Fund balances - end of year	<u>\$6,414</u>	<u>\$94,791</u>	<u>\$20,459</u>	<u>\$4,104,115</u>	<u>\$182,965</u>

Dater	Library Programs	Total
\$0	\$0	\$664,979
2,321	5,162	110,581
0	171,643	2,918,681
0	280	280
<u>2,321</u>	<u>177,085</u>	<u>3,694,521</u>
6,675	92,530	828,466
32,107	0	86,390
0	0	238,107
0	0	18,920
0	0	116,461
<u>38,782</u>	<u>92,530</u>	<u>1,288,344</u>
(36,461)	84,555	2,406,177
0	0	(3,043)
0	0	(3,043)
(36,461)	84,555	2,403,134
91,813	77,330	2,222,847
<u>\$55,352</u>	<u>\$161,885</u>	<u>\$4,625,981</u>

The Public Library of Cincinnati and Hamilton County
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2008

	<u>Building and Repair</u>	<u>St. Bernard Branch</u>	<u>Reading Branch</u>	<u>Total</u>
<u>Revenues</u>				
Contributions, gifts and donations	\$1,307	\$0	\$0	\$1,307
Miscellaneous	2,429	0	0	2,429
Total Revenues	3,736	0	0	3,736
<u>Expenditures</u>				
Current				
Support Services				
Facilities operations and maintenance	1,460,445	0	0	1,460,445
Total Expenditures	1,460,445	0	0	1,460,445
Excess (deficiency) of revenues over (under) expenditures	(1,456,709)	0	0	(1,456,709)
<u>Other Financing Sources (Uses)</u>				
Transfers in	2,503,043	0	0	2,503,043
Total Other Financing Sources (Uses)	2,503,043	0	0	2,503,043
Net change in fund balances	1,046,334	0	0	1,046,334
Fund balances - beginning of year	3,718,879	2,884,532	1,450,000	8,053,411
Fund balances - end of year	\$4,765,213	\$2,884,532	\$1,450,000	\$9,099,745

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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, 2008

	<u>Various Permanent</u>	<u>Armstrong</u>	<u>Feld</u>	<u>Hadley</u>
<u>Revenues</u>				
<i>Earnings on investments</i>	\$55,298	\$58,147	\$115,621	\$4,786
<i>Contributions, gifts and donations</i>	3,747	0	0	0
<i>Net increase in fair value of investments</i>	5,904	6,148	17,292	526
<i>Miscellaneous</i>	180	0	0	0
Total Revenues	65,129	64,295	132,913	5,312
<u>Expenditures</u>				
Current				
Library Services				
<i>Public service and programs</i>	3,450	0	0	0
<i>Collection development and processing</i>	24,515	0	63,117	0
Support Services				
<i>Business administration</i>	8,067	43,786	0	6,277
Total Expenditures	36,032	43,786	63,117	6,277
 Net change in fund balances	 29,097	 20,509	 69,796	 (965)
 Fund balances - beginning of year	 1,259,447	 1,752,914	 3,332,121	 130,363
Fund balances - end of year	\$1,288,544	\$1,773,423	\$3,401,917	\$129,398

Helsell					
Dunlap	Kersten	Dwyer	Howard	Total	
\$11,569	\$44,312	\$6,889	\$52,203	\$348,825	
0	0	0	0	3,747	
1,907	614	809	8,675	41,875	
0	0	0	0	180	
13,476	44,926	7,698	60,878	394,627	
0	83,234	4,632	0	91,316	
0	0	4,966	43,703	136,301	
11,056	0	0	0	69,186	
11,056	83,234	9,598	43,703	296,803	
2,420	(38,308)	(1,900)	17,175	97,824	
329,828	448,785	189,938	1,503,465	8,946,861	
\$332,248	\$410,477	\$188,038	\$1,520,640	\$9,044,685	

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, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues				
Intergovernmental	\$81	\$51,570	\$25,081	(\$26,489)
Contributions	0	17,163	17,163	\$0
Total revenues	<u>81</u>	<u>68,733</u>	<u>42,244</u>	<u>(26,489)</u>
Expenditures				
Current				
Supplies	0	35,780	10,877	24,903
Purchased and contracted services	0	9,607	1,607	8,000
Capital outlay	543	23,898	23,898	0
Total expenditures	<u>543</u>	<u>69,285</u>	<u>36,382</u>	<u>32,903</u>
Net change in fund balance	(462)	(552)	5,862	6,414
Fund balance at beginning of year	462	462	462	0
Prior year encumbrances appropriated	90	90	90	
Fund balance at end of year	<u>\$90</u>	<u>\$0</u>	<u>\$6,414</u>	<u>\$6,414</u>

The Public Library of Cincinnati and Hamilton County
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Budget Basis)
I-Net Production Studio Fund
For the Year Ended December 31, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		(Negative)
Revenues				
Contributions	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Total revenues	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Expenditures				
Current				
Supplies	<u>12,000</u>	<u>12,000</u>	<u>9,526</u>	<u>2,474</u>
Total expenditures	<u>12,000</u>	<u>12,000</u>	<u>9,526</u>	<u>2,474</u>
Net change in fund balance	<u>(12,000)</u>	<u>(12,000)</u>	<u>(9,526)</u>	<u>2,474</u>
Fund balance at beginning of year	<u>104,317</u>	<u>104,317</u>	<u>104,317</u>	<u>0</u>
Fund balance at end of year	<u>\$92,317</u>	<u>\$92,317</u>	<u>\$94,791</u>	<u>\$2,474</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, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues				
Intergovernmental	\$314,967	\$629,935	\$629,935	\$0
Total revenues	314,967	629,935	629,935	0
Expenditures				
Current				
Salaries and benefits				
Salaries and leave benefits	189,000	367,179	356,269	10,910
Retirement benefits	26,460	51,405	49,654	1,751
Insurance benefits	18,150	40,241	36,498	3,743
Supplies	7,289	11,669	10,597	1,072
Purchased and contracted services	83,218	172,435	166,126	6,309
Library materials	1,500	2,250	1,500	750
Total expenditures	325,617	645,179	620,644	24,535
Net change in fund balance	(10,650)	(15,244)	9,291	24,535
Fund balance at beginning of year	161,000	161,000	161,000	0
Prior year encumbrances appropriated	4,244	4,244	4,244	0
Fund balance at end of year	\$154,594	\$150,000	\$174,535	\$24,535

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, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Earnings on investments	\$72,500	\$72,500	\$83,426	\$10,926
Contributions, gifts and donations	301,000	301,000	2,714,781	2,413,781
Total revenues	<u>373,500</u>	<u>373,500</u>	<u>2,798,207</u>	<u>2,424,707</u>
Expenditures				
Current				
Supplies	38,021	61,794	46,456	15,338
Purchased and contracted services	70,550	206,678	185,799	20,879
Library materials and information	58,659	52,523	41,311	11,212
Capital outlay	31,400	100,420	41,977	58,443
Total expenditures	<u>198,630</u>	<u>421,415</u>	<u>315,543</u>	<u>105,872</u>
Excess (deficiency) of revenues over (under) expenditures	174,870	(47,915)	2,482,664	2,530,579
Other financing uses				
Transfers out	0	(3,043)	(3,043)	0
Net change in fund balance	174,870	(50,958)	2,479,621	2,530,579
Fund balance at beginning of year	1,773,272	1,773,272	1,773,272	0
Prior year encumbrances appropriated	12,444	12,444	12,444	0
Fund balance at end of year	<u>\$1,960,586</u>	<u>\$1,734,758</u>	<u>\$4,265,337</u>	<u>\$2,530,579</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, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$10,104	\$10,104	\$9,963	(\$141)
Earnings on Investments	7,500	7,500	5,651	(1,849)
Contributions, gifts and donations	7,500	7,500	15,094	7,594
Total revenues	<u>25,104</u>	<u>25,104</u>	<u>30,708</u>	<u>5,604</u>
Expenditures				
Current				
Library materials and information	26,267	26,267	13,860	12,407
Total expenditures	<u>26,267</u>	<u>26,267</u>	<u>13,860</u>	<u>12,407</u>
Net change in fund balance	(1,163)	(1,163)	16,848	18,011
Fund balance at beginning of year	164,863	164,863	164,863	0
Prior year encumbrances appropriated	268	268	268	0
Fund balance at end of year	<u>\$163,968</u>	<u>\$163,968</u>	<u>\$181,979</u>	<u>\$18,011</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, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
<i>Earnings on investments</i>	\$5,000	\$5,000	\$2,579	(\$2,421)
Total revenues	5,000	5,000	2,579	(2,421)
Expenditures				
Current				
<i>Supplies</i>	3,600	3,600	2,855	745
<i>Purchased and contracts services</i>	10,579	10,579	4,199	6,380
<i>Library materials and information</i>	47,990	47,990	37,848	10,142
<i>Capital Outlay</i>	500	500	0	500
Total expenditures	62,669	62,669	44,902	17,767
Net change in fund balance	(57,669)	(57,669)	(42,323)	15,346
Fund balance at beginning of year	86,114	86,114	86,114	0
Prior year encumbrances appropriated	8,369	8,369	8,369	0
Fund balance at end of year	\$36,814	\$36,814	\$52,160	\$15,346

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, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Earnings on investments	\$5,000	\$5,000	\$4,936	(\$64)
Contributions, gifts and donations	125,000	125,000	171,642	46,642
Miscellaneous	0	0	280	280
Total revenues	<u>130,000</u>	<u>130,000</u>	<u>176,858</u>	<u>46,858</u>
Expenditures				
Current				
Supplies	86,278	86,278	57,224	29,054
Purchased and contracted services	38,875	38,875	35,396	3,479
Total expenditures	<u>125,153</u>	<u>125,153</u>	<u>92,620</u>	<u>32,533</u>
Net change in fund balance	4,847	4,847	84,238	79,391
Fund balance at beginning of year	77,167	77,167	77,167	0
Prior year encumbrances appropriated	78	78	78	0
Fund balance at end of year	<u>\$82,092</u>	<u>\$82,092</u>	<u>\$161,483</u>	<u>\$79,391</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, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Contributions, gifts and donations	\$0	\$396,957	\$1,307	(\$395,650)
Miscellaneous	0	0	2,429	2,429
Total revenues	0	396,957	3,736	(393,221)
Expenditures				
Current				
Purchased and contracted services	260,000	696,951	696,951	0
Capital outlay	2,415,000	4,152,843	2,408,854	1,743,989
Total expenditures	2,675,000	4,849,794	3,105,805	1,743,989
Excess (deficiency) of revenues over (under) expenditures	(2,675,000)	(4,452,837)	(3,102,069)	1,350,768
Other financing sources (uses)				
Transfers in	2,500,000	2,503,043	2,503,043	0
Total other financing sources (uses)	2,500,000	2,503,043	2,503,043	0
Net change in fund balance	(175,000)	(1,949,794)	(599,026)	1,350,768
Fund balance at beginning of year	3,056,399	3,056,399	3,056,399	0
Prior year encumbrances appropriated	1,324,793	1,324,793	1,324,793	0
Fund balance at end of year	\$4,206,192	\$2,431,398	\$3,782,166	\$1,350,768

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, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Revenues</u>				
Earnings on investments	\$66,000	\$66,000	\$56,025	(\$9,975)
Contributions, gifts and donations	3,000	3,000	3,747	747
Miscellaneous revenue	0	0	180	180
Total revenues	<u>69,000</u>	<u>69,000</u>	<u>59,952</u>	<u>(9,048)</u>
<u>Expenditures</u>				
Current				
Salaries and benefits				
Other employee benefits	4,000	4,000	3,490	510
Supplies	5,000	5,000	4,617	383
Purchased and contracted services	5,800	5,800	3,450	2,350
Library materials and information	33,101	33,101	24,610	8,491
Total expenditures	<u>47,901</u>	<u>47,901</u>	<u>36,167</u>	<u>11,734</u>
Net change in fund balance	21,099	21,099	23,785	2,686
Fund balance at beginning of year	1,239,814	1,239,814	1,239,814	0
Prior year encumbrances appropriated	401	401	401	0
Fund balance at end of year	<u>\$1,261,314</u>	<u>\$1,261,314</u>	<u>\$1,264,000</u>	<u>\$2,686</u>

The Public Library of Cincinnati and Hamilton County
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Budget Basis)
Armstrong Fund
For the Year Ended December 31, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues				
<i>Earnings on investments</i>	\$82,000	\$82,000	\$59,000	(\$23,000)
Total revenues	<u>82,000</u>	<u>82,000</u>	<u>59,000</u>	<u>(23,000)</u>
Expenditures				
Current				
<i>Salaries and benefits</i>				
<i>Other employee benefits</i>	76,516	76,516	71,327	5,189
<i>Purchased and contracted services</i>	100,000	100,000	0	100,000
Total expenditures	<u>176,516</u>	<u>176,516</u>	<u>71,327</u>	<u>105,189</u>
Net change in fund balance	(94,516)	(94,516)	(12,327)	82,189
Fund balance at beginning of year	1,725,008	1,725,008	1,725,008	0
Prior year encumbrances appropriated	26,515	26,515	26,515	0
Fund balance at end of year	<u>\$1,657,007</u>	<u>\$1,657,007</u>	<u>\$1,739,196</u>	<u>\$82,189</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, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Earnings on investments	<u>\$145,000</u>	<u>\$145,000</u>	<u>\$116,380</u>	<u>(\$28,620)</u>
Total revenues	<u>145,000</u>	<u>145,000</u>	<u>116,380</u>	<u>(28,620)</u>
Expenditures				
Current				
Library materials and information	<u>67,103</u>	<u>67,103</u>	<u>65,793</u>	<u>1,310</u>
Total expenditures	<u>67,103</u>	<u>67,103</u>	<u>65,793</u>	<u>1,310</u>
 Net change in fund balance	 <u>77,897</u>	 <u>77,897</u>	 <u>50,587</u>	 <u>(27,310)</u>
 Fund balance at beginning of year	 <u>3,272,828</u>	 <u>3,272,828</u>	 <u>3,272,828</u>	 <u>0</u>
Prior year encumbrances appropriated	<u>2,103</u>	<u>2,103</u>	<u>2,103</u>	<u>0</u>
Fund balance at end of year	<u><u>\$3,352,828</u></u>	<u><u>\$3,352,828</u></u>	<u><u>\$3,325,518</u></u>	<u><u>(\$27,310)</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, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		(Negative)
Revenues				
Earnings on investments	\$6,600	\$6,600	\$4,797	(\$1,803)
Total revenues	<u>6,600</u>	<u>6,600</u>	<u>4,797</u>	<u>(1,803)</u>
Expenditures				
Current				
Salaries and benefits				
Other employee benefits	5,000	10,000	6,277	3,723
Total expenditures	<u>5,000</u>	<u>10,000</u>	<u>6,277</u>	<u>3,723</u>
Net change in fund balance	1,600	(3,400)	(1,480)	1,920
Fund balance at beginning of year	128,617	128,617	128,617	0
Fund balance at end of year	<u>\$130,217</u>	<u>\$125,217</u>	<u>\$127,137</u>	<u>\$1,920</u>

The Public Library of Cincinnati and Hamilton County
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Budget Basis)
HelselDunlap Fund
For the Year Ended December 31, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
<i>Earnings on investments</i>	\$14,300	\$14,300	\$11,781	(\$2,519)
Total revenues	14,300	14,300	11,781	(2,519)
Expenditures				
Current				
<i>Salaries and benefits</i>				
<i>Other employee benefits</i>	15,918	15,918	14,911	1,007
Total expenditures	15,918	15,918	14,911	1,007
Net change in fund balance	(1,618)	(1,618)	(3,130)	(1,512)
Fund balance at beginning of year	322,577	322,577	322,577	0
Prior year encumbrances appropriated	918	918	918	
Fund balance at end of year	\$321,877	\$321,877	\$320,365	(\$1,512)

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, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
<i>Earnings on investments</i>	\$55,000	\$55,000	\$44,335	(\$10,665)
Total revenues	<u>55,000</u>	<u>55,000</u>	<u>44,335</u>	<u>(10,665)</u>
Expenditures				
Current				
<i>Supplies</i>	44,035	44,035	39,867	4,168
<i>Purchased and contracted services</i>	45,584	45,584	43,492	2,092
Total expenditures	<u>89,619</u>	<u>89,619</u>	<u>83,359</u>	<u>6,260</u>
Net change in fund balance	(34,619)	(34,619)	(39,024)	(4,405)
Fund balance at beginning of year	444,561	444,561	444,561	0
Prior year encumbrances appropriated	135	135	135	0
Fund balance at end of year	<u>\$410,077</u>	<u>\$410,077</u>	<u>\$405,672</u>	<u>(\$4,405)</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, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues				
<i>Earnings on investments</i>	\$9,800	\$9,800	\$8,919	(\$2,881)
Total revenues	<u>9,800</u>	<u>9,800</u>	<u>6,919</u>	<u>(2,881)</u>
Expenditures				
Current				
<i>Supplies</i>	5,000	5,000	4,632	368
<i>Library materials and information</i>	10,000	10,000	5,038	4,962
Total expenditures	<u>15,000</u>	<u>15,000</u>	<u>9,670</u>	<u>5,330</u>
Net change in fund balance	(5,200)	(5,200)	(2,751)	2,449
Fund balance at beginning of year	187,239	187,239	187,239	0
Prior year encumbrances appropriated	12	12	12	0
Fund balance at end of year	<u>\$182,051</u>	<u>\$182,051</u>	<u>\$184,500</u>	<u>\$2,449</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, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		(Negative)
Revenues				
<i>Earnings on investments</i>	<u>\$65,000</u>	<u>\$65,000</u>	<u>\$53,346</u>	<u>(\$11,654)</u>
Total revenues	<u>65,000</u>	<u>65,000</u>	<u>53,346</u>	<u>(11,654)</u>
Expenditures				
Current				
<i>Library materials and information</i>	<u>51,099</u>	<u>51,099</u>	<u>49,901</u>	<u>1,198</u>
Total expenditures	<u>51,099</u>	<u>51,099</u>	<u>49,901</u>	<u>1,198</u>
Net change in fund balance	<u>13,901</u>	<u>13,901</u>	<u>3,445</u>	<u>(10,456)</u>
Fund balance at beginning of year	<u>1,473,582</u>	<u>1,473,582</u>	<u>1,473,582</u>	<u>0</u>
Prior year encumbrances appropriated	<u>1,099</u>	<u>1,099</u>	<u>1,099</u>	<u>0</u>
Fund balance at end of year	<u><u>\$1,488,582</u></u>	<u><u>\$1,488,582</u></u>	<u><u>\$1,478,126</u></u>	<u><u>(\$10,456)</u></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 the state is based on statewide collections and not a local source.

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

	2002	2003	2004	2005	2006	2007	2008
Governmental Activities:							
Invested in Capital Assets, Net of Related Debt	\$101,273,805	\$99,046,288	\$96,016,005	\$93,760,981	\$91,574,791	\$91,680,184	\$90,835,880
Restricted	10,349,351	10,233,032	9,851,634	9,712,158	9,900,817	11,115,987	13,616,429
Unrestricted	38,819,068	40,014,143	36,272,139	37,934,299	40,146,200	38,302,628	33,190,646
Total Governmental Activities Net Assets	\$150,442,224	\$149,293,463	\$142,139,778	\$141,407,438	\$141,621,808	\$141,098,799	\$137,642,955

2003 was the first year GASB 34 was implemented.

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

	2003	2004	2005	2006	2007	2008
Program Revenues:						
Charges for Services:						
Library Services:						
Public Service and Programs	\$1,648,282	\$1,712,030	\$1,723,172	\$2,043,892	\$1,949,231	\$2,003,232
Operating grants, contributions, and earnings on investments:						
Library Services:						
Public Service and Programs	1,056,290	818,224	879,496	853,929	840,679	1,146,272
Collection Development and Processing	246,923	174,194	231,170	291,364	534,786	293,533
Support Services:						
Facilities operations and maintenance	131,800	0	207,176	184,960	419,888	1,307
Information services support	21,000	7,720	0	6,730	10,000	0
Business administration	13,775	0	11,051	15,960	21,189	16,355
Total Revenues	3,118,070	2,712,168	3,052,065	3,396,835	3,775,773	3,460,699
Expenses:						
Library Services:						
Public Service and Programs	23,787,560	25,022,480	24,809,705	24,616,153	24,757,848	25,328,735
Collection Development and Processing	11,973,598	11,916,433	11,347,223	11,082,554	11,739,723	11,708,306
Support Services:						
Facilities Operations and Maintenance	11,580,120	11,817,801	11,110,570	11,328,075	12,717,831	12,961,104
Information Services Support	3,078,959	3,403,299	2,947,289	3,014,084	3,038,053	2,604,637
Business Administration	3,585,641	3,500,376	3,397,102	3,468,006	3,458,818	3,820,791
Debt Service:						
Interest and Fiscal Charges	2,819	9,853	7,778	5,517	3,168	1,602
Total Expenses	54,009,697	55,870,342	53,619,667	53,514,389	55,715,441	56,225,175
Net Expenses	(50,891,627)	(52,958,174)	(50,567,602)	(50,117,554)	(51,939,668)	(52,764,476)
General Revenues:						
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	47,887,165
Net increase (decrease) in fair value of investments	(111,548)	(82,677)	(12,488)	89,244	80,412	41,875
Earnings on Investments	271,094	246,336	614,235	1,045,550	1,171,249	564,357
Gain on sale of capital asset	0	0	168,179	0	87,644	0
Other	702,412	587,788	751,248	887,743	784,376	811,488
Contributions to Principal	4,195	8,979	7,275	1,968	3,553	3,747
Total General Revenues and Contributions	49,742,866	45,804,489	49,835,262	50,331,924	51,416,659	49,308,632
Change in Net Assets	(\$1,148,761)	(\$7,153,685)	(\$732,340)	\$214,370	(\$523,009)	(\$3,455,844)

2003 was the first year GASB 34 was implemented.

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

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
General Fund						
Reserved	\$1,389,772	\$595,521	\$565,356	\$339,947	\$500,422	\$522,050
Unreserved	8,924,113	9,682,367	12,086,180	13,834,801	11,392,232	7,370,027
Total General Fund	<u>10,313,885</u>	<u>10,277,888</u>	<u>12,651,536</u>	<u>14,174,748</u>	<u>11,892,654</u>	<u>7,892,077</u>
All Other Governmental Funds						
Reserved	7,266,113	7,065,895	6,715,451	7,072,431	7,395,041	7,777,583
Unreserved, Undesignated Reported in:						
Special Revenue Funds	1,608,532	1,254,563	1,206,806	1,200,192	2,207,051	4,560,246
Capital Projects Funds	7,270,041	7,041,663	6,528,414	6,828,166	7,390,932	8,116,698
Permanent Funds	1,908,744	1,804,716	1,838,783	2,018,534	2,230,095	2,315,884
Total All Other Governmental Funds	<u>18,053,430</u>	<u>17,166,837</u>	<u>16,289,454</u>	<u>17,119,323</u>	<u>19,223,119</u>	<u>22,770,411</u>
Total Governmental Funds	<u>\$28,367,315</u>	<u>\$27,444,725</u>	<u>\$28,940,990</u>	<u>\$31,294,071</u>	<u>\$31,115,773</u>	<u>\$30,662,488</u>

Information prior to 2003 is not available.

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

	2003	2004	2005	2006	2007	2008
Revenues:						
Intergovernmental	\$48,508,418	\$48,718,964	\$48,952,702	\$48,954,721	\$49,417,777	\$48,116,998
Fines and fees	1,648,282	1,712,030	1,723,172	2,043,892	1,949,231	2,003,232
Earnings on investments	480,702	414,182	861,503	1,397,431	1,596,953	965,816
Contributions, gifts, and donations	523,745	210,314	443,816	355,728	1,438,084	2,948,735
Net increase (decrease) in fair value of investments	(111,548)	(82,677)	(12,488)	89,244	80,412	41,875
Miscellaneous	702,412	587,788	751,248	887,743	906,360	811,488
Total Revenues	51,752,011	51,560,601	52,719,753	53,728,769	55,388,817	54,887,944
Expenditures:						
Current:						
Library services:						
Public service and programs	24,770,129	24,989,151	24,875,051	24,720,722	24,888,966	25,354,219
Collection development and processing	12,038,862	11,899,780	11,457,028	11,108,535	11,669,590	11,695,165
Support Services:						
Facilities operations and maintenance	8,330,645	8,480,352	8,816,293	8,707,535	12,234,308	11,211,724
Information services support	3,994,359	3,571,299	2,954,543	3,335,661	3,381,801	3,405,885
Business administration	3,635,168	3,477,137	3,395,252	3,437,752	3,441,977	3,625,151
Debt Service:						
Principal retirement	13,550	55,519	57,695	59,956	62,305	48,248
Interest and fiscal charges	2,819	9,953	7,778	5,517	3,168	859
Total Expenditures	52,785,532	52,483,191	51,563,640	51,375,878	55,682,115	55,341,229
Excess of Revenues Over Expenditures	(1,033,521)	(922,590)	1,156,113	2,353,081	(293,298)	(453,285)
Other Financing Sources (Uses):						
Proceeds from Sale of Capital Assets	0	0	340,152	0	115,000	0
Inception of Capital Lease	297,271	0	0	0	0	0
Transfers - In	318,621	0	728,618	503,545	3,300,000	2,503,043
Transfers - Out	(318,621)	0	(728,618)	(503,545)	(3,300,000)	(2,503,043)
Total Other Financing Sources (Uses)	297,271	0	340,152	0	115,000	0
Net Change in Fund Balances	(\$736,250)	(\$922,590)	\$1,498,265	\$2,353,081	(\$178,298)	(\$453,285)
Debt Service as a Percentage of Noncapital Expenditures	0.0%	0.1%	0.1%	0.1%	0.1%	0.1%

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)
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
2008	0	0.00%	\$0.00

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

<u>Year</u>	<u>Population (1)</u>	<u>Personal Income (2)</u>	<u>Per Capita Personal Income (4)</u>	<u>Hamilton County Unemployment Rate (3)</u>
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%
2008	851,494	37,703,302,826	44,279	5.6%

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 2008 will be released in April 2010 but has been estimated based on a 3.5% increase from 2007.

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

Function/Program	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Governmental Activities:										
Library Services:										
Public Service and Programs	668	676	703	628	661	649	627	625	634	629
Collection Development and Processing	80	76	80	73	74	69	64	65	70	67
Support Services:										
Facilities Operations and Maintenance	77	81	85	84	85	86	79	75	75	75
Information Services Support	24	26	27	27	24	20	18	18	18	14
Business Administration	44	38	40	39	38	37	34	33	34	36
<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>	<u>821</u>

Source: Library records

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

Function/Program	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Library Services										
Public Service & Programs										
Items in Collection	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	9,530,479
Material Loans	13,149,907	13,328,369	13,808,229	14,403,659	14,861,011	14,713,793	14,344,449	14,783,307	14,875,594	15,627,462
Active Registered Borrowers	396,064	403,531	409,954	404,655	403,531	408,720	375,342	286,293	243,970	241,752
Number of Public Programs	11,532	12,182	12,967	13,935	16,169	15,417	15,546	14,874	14,033	14,567
Collection Development & Processing										
Items Purchased	293,466	287,479	329,434	360,909	373,228	369,228	358,784	355,468	369,766	367,602
Support Services										
Facilities Operations & Maintenance										
Facilities Maintained	44	45	45	45	45	45	45	45	45	45
Square Footage of Facilities	906,713	907,664	919,664	921,861	922,661	922,661	922,661	922,661	927,213	927,213
Information Services Support										
Computer Workstations	na	609	748	1,045	1,193	1,195	1,286	1,329	1,381	1,757
Online Resource Usage	na	na	na	12,663,026	14,551,253	26,245,535	34,070,381	42,994,289	71,159,640	87,344,129

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 Six Years

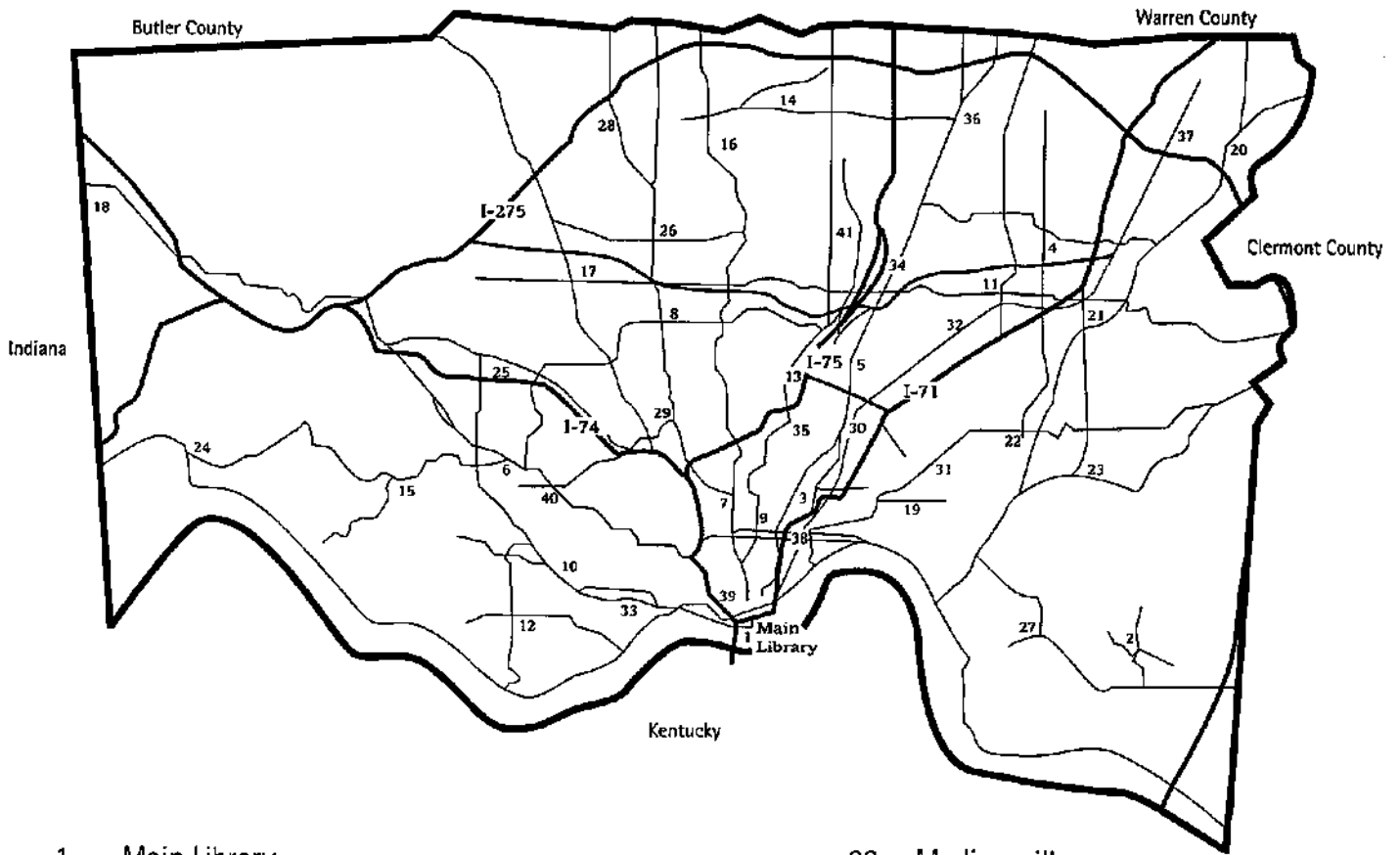
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Library Services:						
Public Service and Programs						
Land	\$12,045,336	\$12,045,336	\$12,318,298	\$12,318,597	\$12,326,641	\$12,326,641
Land improvements	356,965	374,030	358,972	355,514	407,256	490,444
Buildings and improvements	52,494,965	50,926,155	49,355,898	47,853,729	47,735,190	46,510,156
Furniture and equipment	4,196,810	3,070,187	2,428,906	1,992,694	1,763,244	1,901,610
Collection Development and Processing						
Land	435,456	435,456	435,456	435,456	435,456	435,456
Fine Arts and Rare Books	17,614,531	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	1,345,455
Furniture and equipment	46,119	33,738	26,691	21,898	180,885	166,819
Support Services:						
Facilities Operations and Maintenance						
Land	922,056	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	4,539,771
Furniture and equipment	506,741	444,839	369,230	365,263	378,277	393,044
Vehicles	79,902	73,363	43,153	60,735	63,248	104,443
Construction in progress	0	0	0	0	0	125,936
Information Services Support						
Land	54,432	54,432	54,432	54,432	54,432	54,432
Buildings and improvements	190,733	185,393	180,254	175,110	174,099	168,182
Furniture and equipment	454,644	405,473	398,426	359,839	577,511	774,859
Business Administration						
Land	707,617	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	2,186,364
Furniture and equipment	92,238	67,477	53,383	43,795	32,426	68,064
	<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>	<u>\$90,835,880</u>

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

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

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Public Library of Cincinnati and Hamilton County Service Areas and Locations



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



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 23, 2009**