



Balestra, Harr & Scherer, CPAs, Inc.

Accounting, Auditing and Consulting Services for Federal, State and Local Governments

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

REGULAR AUDIT

For the Year Ended December 31, 2013
Fiscal Year Audited Under GAGAS: 2013



Dave Yost • Auditor of State

Board of Trustees
The Public Library of Cincinnati and Hamilton County
800 Vine Street
Cincinnati, Ohio 45202-2071

We have reviewed the *Independent Auditor's 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, 2013 through December 31, 2013. 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 The Public Library of Cincinnati and Hamilton County is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

August 1, 2014

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THE PUBLIC LIBRARY OF CINCINNATI AND HAMILTON COUNTY

**BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013**

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Balestra, Harr & Scherer, CPAs, Inc.

Accounting, Auditing and Consulting Services for Federal, State and Local Governments

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Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by *Government Auditing Standards*

The Public Library of Cincinnati and Hamilton County
800 Vine Street
Cincinnati, Ohio 45202-2071

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of The Public Library of Cincinnati and Hamilton County, Hamilton County, (the Library) as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements and have issued our report thereon dated June 10, 2014.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Balestra, Harr & Scherer, CPAs

Balestra, Harr & Scherer, CPAs, Inc.
Worthington, Ohio
June 10, 2014

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

For the Year Ended December 31, 2013



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

Introductory Section

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

Comprehensive Annual Financial Report

For the Year Ended December 31, 2013

Issued by:

**Molly DeFosse
Fiscal Officer**

The Public Library of Cincinnati and Hamilton County

Comprehensive Annual Financial Report

For the Year Ended December 31, 2013

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The Public Library of Cincinnati and Hamilton County

Comprehensive Annual Financial Report

For the Year Ended December 31, 2013

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**THE
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of Cincinnati
and
Hamilton County

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The Eva Jane Romaine

Coombe Director
Kimber L. Fender

Fiscal Officer

Molly DeFosse

June 10, 2014

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, 2013. 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, 2013.

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 unmodified ("clean") opinion on The Public Library of Cincinnati and Hamilton County's financial statements for the year ended December 31, 2013. The independent auditor's report is located at the front of the financial section of this report.

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

THE PUBLIC LIBRARY OF CINCINNATI AND HAMILTON COUNTY

HISTORY AND DEVELOPMENT

The Public Library of Cincinnati and Hamilton County dates from 1853; however, its foundations were laid 50 years earlier when, in 1802, efforts were begun to establish the first of a series of subscription libraries. The Public Library occupied several inadequate facilities until 1870, when the burgeoning Cincinnati Library moved into its own building on Vine Street in the heart of downtown. That structure served the Queen City for 85 years until the building at 8th and Vine Streets opened. During that time, the institution acquired a reputation of quality in both its collection and its service.

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

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

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

By the mid-'80s, skyrocketing public demand for downtown library services, a rapidly growing collection, and radical expansion of computerization had once again stretched the Main Library to the limits. After years of planning, an addition to the Main Library was opened in 1997 and renovation of the Main Library south building was completed in 1998. This created a state-of-the-art, seamless main library building of over one half million square feet. In 2008, the Library completed the Main Library for the 21st Century project – a new service model for the Main Library designed to better address changing customer needs. The cost of the building reconfiguration needed to implement this change was more than offset by the operational savings.

In 2013, the Library continued its commitment to strengthening branches with the beginning of our largest branch facilities plan in more than 25 years. The Board moved forward with the construction of two new buildings for St. Bernard and Reading, fulfilling longstanding commitments to replace small, rental or contributed facilities with larger branch libraries. The renovation of the Cox House into a branch to replace the current Clifton rental location also got underway as did an accessibility renovation of the historic Avondale Branch, a Carnegie branch that celebrated its 100th anniversary in 2013. All projects will be paid for without debt and are projected for completion in 2015.

THE PUBLIC LIBRARY OF CINCINNATI AND HAMILTON COUNTY

MATERIALS AND SERVICES

Library cards are free to all Ohio residents. Cards are also free through library consortium membership to Kentucky residents of Boone, Campbell and Kenton Counties. The card enables system-wide borrowing privileges, access to the Library's electronic resources and serves as a debit card for copiers and printing. We reached our goal of 500,000 cardholders in May and at year's end we had more than 526,000 cardholders. Nearly 90% of households in Hamilton County have at least one Library cardholder.

Our use statistics were high in many areas – circulation was more than 17.8 million making 2013 the busiest year in the Library's history. Our Library was ranked 3rd in circulation among libraries serving a population between 500,000 and 999,999 and 7th overall. The Main Library was once again the busiest in the country and is the 2nd most visited venue in Downtown. We are delighted that Hamilton County residents value and use their Library so much.

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

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

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

The Main Library has long served as a public reference and resource center for Hamilton County and surrounding counties and has been widely recognized as having one of the nation's top genealogical research collections. Popular materials are conveniently accessible in the Popular Library, teens have a place of their own in TeenSpot and students get homework help in Homework Central. The TechCenter offers state-of-the-art computer technology and computer use training. The Library continues to offer a complete U.S. Patent & Trademark Depository, a U.S. Documents Depository and an outstanding rare book collection. The Outreach Services Department serves the homebound and provides programs and book collections to elementary schools, nursing homes and other institutions. The Virtual Information Center serves customers via phone, email and text in their use of Library resources, including databases and downloadable materials.

The Library has been an important information source for over 150 years and, despite funding challenges, continues to seek ways to fulfill our mission of "*connecting people with the world of ideas and information*". Recent successes can be directly attributed to the strong focus placed on achieving the five major goals of the Library's new Strategic Plan:

THE PUBLIC LIBRARY OF CINCINNATI AND HAMILTON COUNTY

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

REPORTING ENTITY

The Library's reporting entity has been defined in accordance with Statement No. 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 Annual meeting, the Board organizes for the ensuing year and elects a president, vice president and secretary, and appoints a fiscal officer. There is no potential for the Library to provide a financial benefit to or impose a financial burden on the County Commissioners, nor can the Commissioners significantly influence the programs, activities, or level of service performed or provided by the Library. Although the County Commissioners serve in a ministerial capacity as the taxing authority, the Library is fiscally independent of the county. The Board of Library Trustees makes decisions regarding whether to request approval of a tax, the rate and the purpose(s) of the levy. Once those decisions are made, the County Commissioners must place the levy on the ballot.

AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Public Library of Cincinnati and Hamilton County for its comprehensive annual financial report for the year ended December 31, 2012. This was the twentieth year that the Library has received this prestigious award.

Auditor Dave Yost presented the Ohio Auditor of State Award with Distinction to the Library for excellence in financial reporting for its comprehensive annual financial report for the year ended December 31, 2012.

In addition, the Library received several awards for library service.

In May, the Library received the National Medal for Museum and Library Service, the nation's top honor for museums and libraries. This prestigious award recognizes museums and libraries for their community impact and we are proud to have been selected for this honor.

Library Journal awarded the Library a five star rating, the highest rating possible. The ranking considers per capita circulation, visits, program attendance, and Internet use. For libraries with budgets of \$30 million or more, the Library ranked second in the country. After receiving a four-star rating the previous three years, this was the first five star rating.

THE PUBLIC LIBRARY OF CINCINNATI AND HAMILTON COUNTY

ECONOMIC CONDITIONS AND OUTLOOK

The service area of the Library is the entire 413 square mile area encompassing Hamilton County and the City of Cincinnati (79 square miles), which is located wholly within the county borders. At a little over 800,000 people, Hamilton County's population is declining. The area remains the largest jurisdiction in the tri-state area and is the center of commerce, as well as a major center of culture, arts, sports, conventions, and tourism. The County's diversified economy, competitive cost structure, skilled work force, access to an international airport, and easy access to national markets continue to provide a strong foundation for future growth.

In January 2008, the Public Library Fund (PLF) replaced the Library and Local Government Support Fund, which had funded Ohio's public libraries since 1986. In establishing the PLF, the state broadened the base of library funding to include all general revenue taxes and fixed the percentage for libraries at 2.2 percent of collections. By mid-2009, the percentage was reduced to 1.97 percent and remained at this level until mid-2011. Even at this reduced level, PLF revenue began to show signs of growth in early 2011, but a new state budget for the 2012-13 biennium halted any possibility of revenue growth in the second half of the year. In the new budget, library funding was set at 95% of prior year distributions, less new deductions that fund the Ohio Public Library Information Network (OPLIN) and the Library for the Blind and Physically Handicapped. The 2014-15 biennium budget eliminated the fixed monthly distribution and returned to the percentage of revenue funding approach. The current budget decreased the percentage from 1.97 percent to 1.66 percent.

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

Despite its continued decline, the PLF remained the primary source of the Library's income in 2013. The property tax levy was secondary, with additional moneys derived from fines, gifts, e-rate reimbursements, federal and state grants, investment earnings, rents and services. The Library continues to balance available funding with service needs by seeking grants and gifts and routinely evaluating service delivery efficiencies.

OTHER INFORMATION

Highlights of the Library's financial activities in 2013 are outlined in Management's Discussion and Analysis, starting on page 3, and in the Notes to the Financial Statements.

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



MOLLY DEFOSSE
FISCAL OFFICER



Government Finance Officers Association

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for Excellence
in Financial
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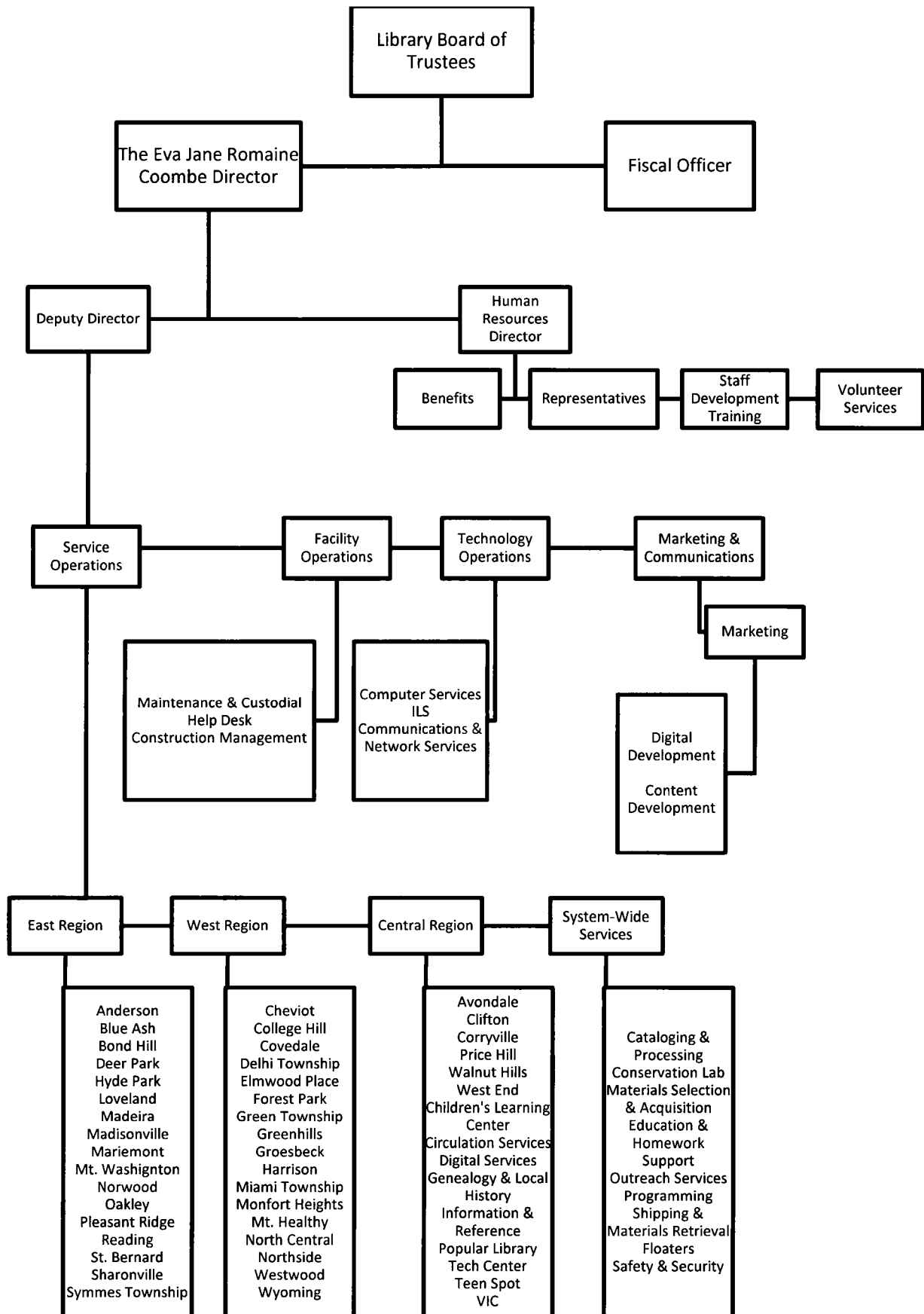
**The Public Library
of Cincinnati and Hamilton County
Ohio**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2012

Executive Director/CEO

THE PUBLIC LIBRARY OF CINCINNATI AND HAMILTON COUNTY ORGANIZATIONAL CHART



THE PUBLIC LIBRARY OF CINCINNATI AND HAMILTON COUNTY

**LIST OF PRINCIPAL OFFICIALS
DECEMBER 31, 2013**

Board of Library Trustees

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

Appointed Officials

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

Administrative Staff

Deputy Director	Greg Edwards
Director, Human Resources	Mary Bennett-Brown

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Financial Section

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Balestra, Harr & Scherer, CPAs, Inc.

Accounting, Auditing and Consulting Services for Federal, State and Local Governments

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Independent Auditor's Report

Members of the Board of Trustees
The Public Library of Cincinnati and Hamilton County
800 Vine Street
Cincinnati, Ohio 45202-2071

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of The Public Library of Cincinnati and Hamilton County, Hamilton County, Ohio (the Library), as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of The Public Library of Cincinnati and Hamilton County, Hamilton County, Ohio, as of December 31, 2013, and the respective changes in financial position thereof and the budgetary comparison for the General fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 10, 2014, on our consideration of the Library's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Library's internal control over financial reporting and compliance.

Balestra, Harr & Scherer, CPAs

Balestra, Harr & Scherer, CPAs, Inc.
Worthington, Ohio
June 10, 2014

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

For the Year Ended December 31, 2013
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, 2013. The report consists of a series of financial statements and notes to those statements, plus other supplementary information. The financial statements are organized to present both the Library's overall financial position – *government-wide financial statements*, plus a detailed look at specific financial activities – *fund financial statements*.

Financial Highlights

Key financial highlights for 2013 are as follows:

- At December 31, the Library's net position was almost \$133 million. Of this amount, \$39.4 million (unrestricted net position) may be used to meet ongoing obligations.
- At the close of the year, the Library's General Fund reported an ending fund balance of almost \$19 million, a \$3.5 million increase from the prior year.
- At December 31, 2013, the Library had no debt.

Government-wide Financial Statements

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

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

The government-wide financial statements can be found starting on page 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 12 individual governmental funds during the year ended December 31, 2013. Information is presented in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund. The General Fund, along with the Building and Repair Fund, are the only major funds. The remaining funds are reported together as a single "other governmental" fund. Individual data for several of these nonmajor funds is provided elsewhere in combining statements. Data from all remaining funds is combined with an appropriate fund or in a "various" fund presentation.

The Library adopts an annual appropriated budget for each of its funds. A budgetary comparison statement (Budget and Actual (Budget Basis)) has been provided for each governmental fund that had activity during 2013 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 15-31 of this report.

Government-wide Financial Analysis

Net position may serve over time as a useful indicator of a government's financial position. As of December 31, 2013, the Library's assets exceeded liabilities plus deferred inflows of resource by almost \$133 million. The table below provides a comparative analysis of net position between years 2013 and 2012:

	2013	2012	Change
Assets			
Current and Other Assets	70,402,620	\$67,017,354	\$3,385,266
Capital Assets, Net	84,898,227	85,341,907	(443,680)
Total Assets	155,300,847	152,359,261	2,941,586
Liabilities			
Current Liabilities	2,891,679	2,364,799	526,880
Long-Term Liabilities			-
Due Within One Year	1,605,489	1,571,981	33,508
Due in More than One Year	2,182,139	2,208,562	(26,423)
Total Liabilities	6,679,307	6,145,342	533,965
Deferred Inflows of Resources			
Property Taxes	15,673,500	15,643,227	30,273
Net Position			
Invested in Capital Assets	84,898,227	85,341,907	(443,680)
Restricted	8,640,838	8,549,943	90,895
Unrestricted	39,408,975	36,678,842	2,730,133
Total Net Position	\$132,948,040	\$130,570,692	\$2,377,348

The largest portion of the Library's net position (64%) reflects its capital assets – land and land improvements, fine art and rare book collections, construction in progress, buildings and improvements, furniture, fixtures and equipment, and vehicles. The Library uses these assets to provide services; consequently, these assets generally are not available for future spending.

This could change if a decision is made in the future to consolidate services or facilities. All of the Library's capital assets are free of outstanding debt.

An additional portion of the Library's net position (6%) represents restricted principal and other resources subject to external restrictions. The remaining balance of unrestricted net position (30%) may be used to meet the Library's ongoing activities, including planned capital projects. The Library is able to report positive balances in all three categories of net position, including a healthy positive balance of \$39.4 million in unrestricted net position.

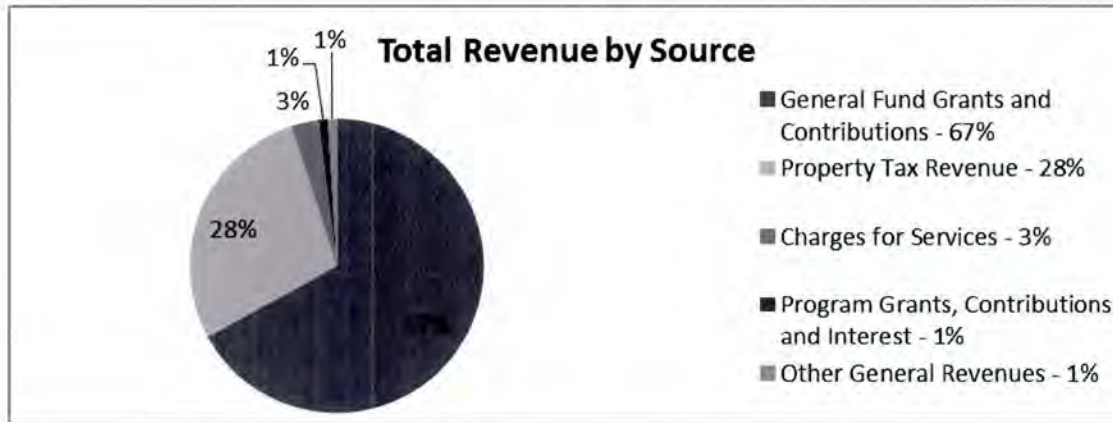
In fiscal year 2013, the Library's total net position increased by \$2,377,348 a change of almost 2%.

The following table explains the change in net position in terms of the Library's governmental activities. In fiscal year 2013, the Library's total revenues decreased 2.3% which is the result of the timing of one time revenues and a modification to the fine and fee structure.

In anticipation of continued decreases in state funding and anticipated capital projects during 2014, the Library continues to take steps to hold expenses in line with the prior year. Despite ongoing increase in public demand for library services, overall expenses for 2013 decreased by almost 3% from 2012 expenses.

	2013	2012	Change
Revenues			
<u>Program Revenues:</u>			
Charges for Services	\$ 1,488,381	\$ 1,836,804	\$ (348,423)
Operating Grants, Contributions and Earnings on Investments	751,023	428,372	322,651
<u>General Revenues:</u>			
Unrestricted Grants and Contributions	37,398,130	38,320,131	(922,001)
Local Tax	15,872,429	15,912,280	(39,851)
Other General Revenues	823,705	1,176,406	(352,701)
Total Revenues	<u>56,333,668</u>	<u>57,673,993</u>	<u>(1,340,325)</u>
Program Expenses			
Library Services	36,260,625	38,346,092	(2,085,467)
Support Services	17,700,651	17,238,137	462,514
Total Expenses	<u>53,961,276</u>	<u>55,584,229</u>	<u>(1,622,953)</u>
Decrease in Net Position before Contributions	2,372,392	2,089,764	282,628
Contributions to Principal	4,956	2,585	2,371
Increase in Net Position	<u>2,377,348</u>	<u>2,092,349</u>	<u>284,999</u>
Net Position - Beginning of Year	130,570,692	128,478,343	
Net Position - End of Year	<u>\$ 132,948,040</u>	<u>\$ 130,570,692</u>	

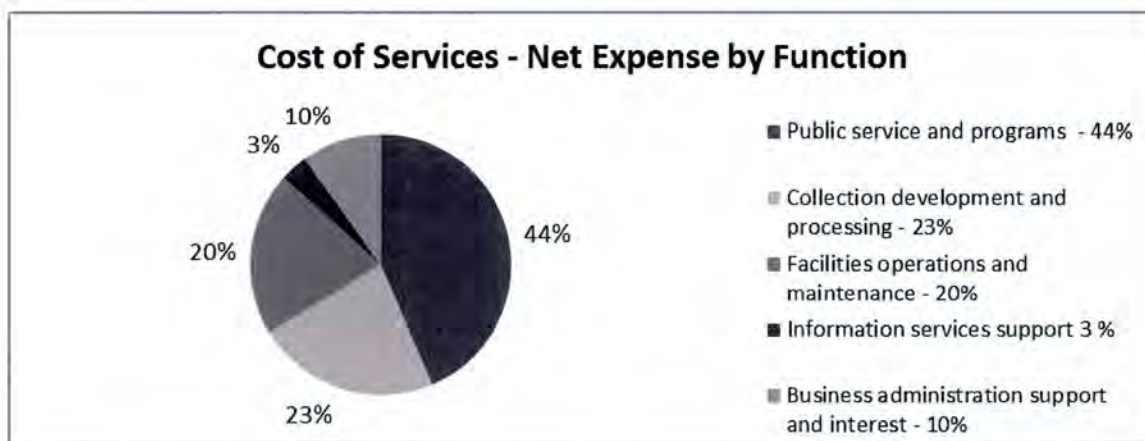
Program revenues (nominal fines and fees) and grants and donations, while important, cannot begin to cover the full cost of providing free public library service, which is dependent upon intergovernmental revenue not restricted to specific programs. The following graph illustrates the Library's reliance on intergovernmental revenue, specifically the Public Library Fund and a local property tax, which together in 2013 provided 95% 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 – 68%. Net expense by function is detailed in the table below and illustrated in the following graph.

Net Expense by Function	2013	2012*	Change
Public Service and Programs	\$ 22,546,236	\$ 22,950,026	\$ (403,790)
Collection Development and Processing	11,743,387	13,165,961	(1,422,574)
Facilities Operations and Maintenance	10,507,654	11,061,890	(554,236)
Information Services Support	1,759,322	1,146,958	612,364
Business Administration	5,165,273	4,745,954	419,319
Total Net Expense by Function	\$ 51,721,872	\$ 53,070,789	\$ (1,348,917)

*Restated



Fund Financial Analysis

As previously noted, the General Fund and the Building and Repair Fund are the Library's only major funds. The fund balance of the General Fund increased \$3,535,680 in 2013. Efforts to

hold operating expenses in line with revenue for the year were successful. The fund balance in the Building and Repair Fund increased by \$137,965 as a result of the net difference between transfers from the General Fund and implementation of planned capital projects.

General Fund Budgetary Analysis

In 2013, original revenue and expenditure budgets remained unchanged during the year. There were variances from budget to actual in the area of salaries and benefits and purchased and contracted services. The salary savings is an indirect result of several reductions to discretionary purchases based on the increases. Monies were transferred from the General Fund to the Building and Repair Fund, as budgeted, for ongoing capital maintenance.

Actual revenues exceeded the budget by \$265,960, a difference of less than one percent. As a result of ongoing management efforts to control operating costs and the factors influencing the budget modifications, actual expenditures were \$3,159,040 less than budgeted, a difference of approximately 6%.

Capital Assets

As of December 31, 2013, the Library had \$84,898,227 invested in capital assets. The table below provides a comparative analysis of capital assets net of accumulated depreciation between 2013 and 2012. The significant increase in Construction in Progress reflects the Energy Retrofit 2 project and the Avondale Branch Accessibility Project being in progress at December 31, 2013.

	2013	2012	Change
Land	\$ 14,388,434	\$ 14,388,434	\$ -
Fine Arts and Rare Book Collection	17,614,531	17,614,531	\$ -
Construction in Progress	1,403,665	252,834	1,150,831
Land Improvements	446,995	471,863	(24,868)
Buildings and Improvements	47,719,550	49,159,114	(1,439,564)
Furniture, Fixtures, and Equipment	3,309,597	3,418,698	(109,101)
Vehicles	15,455	36,433	(20,978)
Total Capital Assets	\$ 84,898,227	\$ 85,341,907	\$ (443,680)

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

Debt

The Library had no debt during 2013.

Contacting the Library’s Financial Management

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

The Public Library of Cincinnati and Hamilton County

Statement of Net Position

December 31, 2013

	<u>Governmental Activities</u>
<u>Assets</u>	
Equity in Pooled Cash and Cash Equivalents	\$27,969,109
Accrued Interest Receivable	24,824
Intergovernmental Receivable	19,083,265
Prepaid Items	127,973
Supplies Inventory	158,797
Property Taxes Receivable	17,079,344
Investments	5,959,308
Capital Assets	
Land	14,388,434
Fine Art and Rare Books Collections	17,614,531
Construction in Progress	1,403,665
Depreciable Capital Assets, Net	51,491,597
Total Assets	<u><u>155,300,847</u></u>
<u>Liabilities</u>	
Accounts Payable	1,611,952
Accrued Salaries Payable	715,232
Intergovernmental Payable	564,495
Noncurrent liabilities:	
Due within one year	1,605,489
Due in more than one year	2,182,139
Total Liabilities	<u><u>6,679,307</u></u>
<u>Deferred Inflows of Resources</u>	
Property Taxes	15,673,500
Total Deferred Inflows of Resources	<u><u>15,673,500</u></u>
Total Liabilities and Deferred Inflows of Resources	<u><u>22,352,807</u></u>
<u>Net Position</u>	
Invested in Capital Assets	84,898,227
Restricted for Grants, Materials, and Programs	358,125
Restricted for Permanent Funds	
Expendable	1,549,581
Nonexpendable	6,733,132
Unrestricted	39,408,975
Total Net Position	<u><u>\$132,948,040</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, 2013

<u>Functions/Programs</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants, Contributions and Earnings on Investments</u>	
Library Services				
Public service and programs	\$24,481,482	\$1,488,381	\$446,865	(\$22,546,236)
Collection development and processing	11,779,143	0	35,756	(11,743,387)
Support Services				
Facilities operations and maintenance	10,776,056	0	268,402	(10,507,654)
Information services support	1,759,322	0	0	(1,759,322)
Business administration	5,165,273	0	0	(5,165,273)
Total Governmental Activities	\$53,961,276	\$1,488,381	\$751,023	(51,721,872)
General Revenues:				
Grants and contributions not restricted to specific programs				37,398,130
Property taxes levied for general purposes				15,872,429
Unrestricted earnings on investments				48,273
Miscellaneous				775,432
Contributions to principal for permanent funds				4,956
Total general revenues and contributions				<u>54,099,220</u>
Change in net position				2,377,348
Net position - beginning of the year (Restated - See Note 18)				<u>130,570,692</u>
Net position - end of the year				<u><u>\$132,948,040</u></u>

See accompanying notes to the basic financial statements.

The Public Library of Cincinnati and Hamilton County

Balance Sheet

Governmental Funds

December 31, 2013

	<u>General</u>	<u>Building & Repair</u>	<u>Other Governmental</u>	<u>Total Governmental Funds</u>
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$18,156,726	\$7,148,206	\$2,664,177	\$27,969,109
Investments	0	0	5,959,308	5,959,308
Receivables:				
Accrued Interest	0	0	24,824	24,824
Intergovernmental	19,083,265	0	0	19,083,265
Property Taxes	17,079,344	0	0	17,079,344
Prepaid Items	127,973	0	0	127,973
Supplies Inventory	158,797	0	0	158,797
Total Assets	<u>\$54,606,105</u>	<u>\$7,148,206</u>	<u>\$8,648,309</u>	<u>\$70,402,620</u>
<u>Liabilities</u>				
Accounts Payable	\$1,198,344	\$406,137	\$7,471	\$1,611,952
Accrued Salaries Payable	715,232	0	0	715,232
Intergovernmental Payable	564,495	0	0	564,495
Total Liabilities	<u>2,478,071</u>	<u>406,137</u>	<u>7,471</u>	<u>2,891,679</u>
<u>Deferred Inflows of Resources</u>				
Property Taxes	15,673,500	0	0	15,673,500
Unavailable Revenue	17,472,111	0	0	17,472,111
Total Deferred Inflows of Resources	<u>33,145,611</u>	<u>0</u>	<u>0</u>	<u>33,145,611</u>
<u>Fund Balances</u>				
Nonspendable	286,770	0	6,733,132	7,019,902
Restricted	0	0	1,907,706	1,907,706
Committed	80,000	0	0	80,000
Assigned	1,061,664	6,742,069	0	7,803,733
Unassigned	17,553,989	0	0	17,553,989
Total Fund Balances	<u>18,982,423</u>	<u>6,742,069</u>	<u>8,640,838</u>	<u>34,365,330</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$54,606,105</u>	<u>\$7,148,206</u>	<u>\$8,648,309</u>	<u>\$70,402,620</u>

See accompanying notes to the basic financial statements.

The Public Library of Cincinnati and Hamilton County

Reconciliation of Total Governmental Fund Balances

To Net Position of Governmental Activities

December 31, 2013

Total fund balances in governmental funds		\$34,365,330
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds		84,898,227
Some of the Library's revenues will be collected after year-end, but are not available soon enough to pay for the current period expenditures and therefore are deferred in the funds:		
Intergovernmental revenue	15,147,937	
Property taxes	<u>2,324,174</u>	
		17,472,111
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds		
Compensated absences payable		<u>(3,787,628)</u>
Net Position of governmental activities		<u><u>\$132,948,040</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, 2013

	General	Building & Repair	Other Governmental	Total Governmental Funds
Revenues				
Intergovernmental	\$38,162,831	\$0	\$0	\$38,162,831
Property taxes	16,044,155	0	0	16,044,155
Fines and fees	1,488,381	0	0	1,488,381
Earnings on investments	48,623	0	44,433	93,056
Services provided to other entities	5,528	0	0	5,528
Contributions, gifts and donations	107,656	268,402	307,138	683,196
Miscellaneous	769,904	0	0	769,904
Total Revenues	56,627,078	268,402	351,571	57,247,051
Expenditures				
Current				
Library Services				
Public service and programs	24,562,109	0	138,932	24,701,041
Collection development and processing	11,733,297	0	111,057	11,844,354
Support Services				
Facilities operations and maintenance	7,614,770	2,130,437	0	9,745,207
Information services support	1,966,232	0	0	1,966,232
Business administration	5,214,990	0	10,687	5,225,677
Total Expenditures	51,091,398	2,130,437	260,676	53,482,511
Excess (deficiency) of revenues over (under) expenditures	5,535,680	(1,862,035)	90,895	3,764,540
Other Financing Sources (Uses)				
Transfers in	0	2,000,000	0	2,000,000
Transfers out	(2,000,000)	0	0	(2,000,000)
Total Other Financing Sources (Uses)	(2,000,000)	2,000,000	0	0
Net change in fund balances	3,535,680	137,965	90,895	3,764,540
Fund balances - beginning of year	15,446,743	6,604,104	8,549,943	30,600,790
Fund balances - end of year	<u>\$18,982,423</u>	<u>\$6,742,069</u>	<u>\$8,640,838</u>	<u>\$34,365,330</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, 2013

Net change in fund balances - total governmental funds \$3,764,540

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

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

Capital assets additions, net	2,423,605	
Depreciation expense	<u>(2,867,285)</u>	(443,680)

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

Decrease in intergovernmental	(764,701)	
Decrease in property taxes	<u>(171,726)</u>	(936,427)

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		<u>(7,085)</u>
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Change in net position of government activities		<u><u>\$2,377,348</u></u>
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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, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues				
Intergovernmental	\$38,221,824	\$38,221,824	\$38,191,713	(\$30,111)
Property taxes	15,643,227	15,643,227	16,044,155	400,928
Fines and fees	1,855,000	1,855,000	1,488,381	(366,619)
Earnings on investments	35,000	35,000	48,623	13,623
Services provided to other entities	5,000	5,000	5,528	528
Contributions, gifts and donations	51,000	51,000	107,656	56,656
Miscellaneous	578,949	578,949	769,904	190,955
Total Revenues	<u>56,390,000</u>	<u>56,390,000</u>	<u>56,655,960</u>	<u>265,960</u>
Expenditures				
Current				
Salaries and benefits				
Salaries and leave benefits	27,073,854	27,073,854	25,991,964	1,081,890
Retirement benefits	3,759,249	3,759,249	3,523,572	235,677
Insurance benefits	5,087,855	5,087,855	4,354,436	733,419
Supplies	1,285,401	1,285,401	1,234,534	50,867
Purchased and contracted services	9,112,677	9,112,677	8,200,166	912,511
Library materials and information	8,932,904	8,932,904	8,932,904	0
Other objects	410,000	410,000	391,779	18,221
Capital outlay	1,128,564	1,128,564	1,002,109	126,455
Total Expenditures	<u>56,790,504</u>	<u>56,790,504</u>	<u>53,631,464</u>	<u>3,159,040</u>
Excess (deficiency) of revenues over (under) expenditures	(400,504)	(400,504)	3,024,496	3,425,000
Other financing sources (uses)				
Transfers out	(2,000,000)	(2,000,000)	(2,000,000)	0
Total other financing sources (uses)	<u>(2,000,000)</u>	<u>(2,000,000)</u>	<u>(2,000,000)</u>	<u>0</u>
Net change in fund balance	(2,400,504)	(2,400,504)	1,024,496	3,425,000
Fund balance at beginning of year	11,125,000	11,125,000	11,125,000	0
Prior year encumbrances appropriated	2,400,504	2,400,504	2,400,504	0
Fund balance at end of year	<u>\$11,125,000</u>	<u>\$11,125,000</u>	<u>\$14,550,000</u>	<u>\$3,425,000</u>

See accompanying notes to the basic financial statements.

The Public Library of Cincinnati and Hamilton County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

NOTE 1 - REPORTING ENTITY

The Library was founded in 1853 as a school district library of the Cincinnati School Board. In 1898 when State laws were changed, The Public Library of Cincinnati and Hamilton County, Hamilton County, Ohio (the "Library") was established as a county district library completely separate from the Cincinnati School Board. Currently there is a main library located in downtown Cincinnati and 40 branches located throughout Hamilton County.

The Board of Library Trustees has a membership of seven: three appointed by the Common Pleas Court Judges, and four by the Hamilton County Commissioners. Appointments are for seven-year terms and members serve without compensation. Under Ohio statutes, the Library is a body politic and corporate capable of suing and being sued, contracting, acquiring, holding, possessing and disposing of real and personal property, and of exercising such other powers and privileges as are conferred upon it by law. The Library also determines and operates under its own budget. The control and management of the Library is governed by sections 3375.22 to 3375.27 of the Ohio Revised Code. The Board of Library Trustees appoints 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 Library have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Library's accounting policies are described below.

A. Basis of Presentation

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

The Public Library of Cincinnati and Hamilton County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

a more detailed level of financial information.

Governmental-wide Financial Statements

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

Fund Financial Statements

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

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 and deferred inflows of resources is reported as fund balance.

The Library's major governmental funds are the General Fund and the Building and Repair Fund. The General Fund accounts for and reports all financial resources except those required to be accounted for in another fund. The General Fund balance is available to the Library for any purpose provided it is expended or transferred according to the general laws of Ohio. The Building and Repair Fund is used to account for transfers from the General Fund to be used for the acquisition of property for future capital construction, for major capital improvements, and for emergency repair of library facilities.

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

C. Measurement Focus

Government-wide Financial Statements

The government-wide financial statements are prepared using the economic resources measurement focus. All assets, liabilities and deferred inflows of resources associated with the

The Public Library of Cincinnati and Hamilton County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

operation of the Library are included on the statement of net position. The statement of activities presents increases (e.g., revenues) and decreases (e.g., expenses) in total net position.

Fund Financial Statements

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

D. Basis of Accounting

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

Revenues-Exchange and Non-Exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available. "Measurable" means the amount of the transaction can be determined and "available" means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the Library, available means expected to be received within 31 days of year-end.

Non-exchange transactions, in which the Library receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the year for which the taxes are levied (See Note 5). Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the Library must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Library on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

Deferred Inflows of Resources

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the Library, deferred inflows of resources include property taxes and unavailable

The Public Library of Cincinnati and Hamilton County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

revenue. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2013, but which were levied to finance year 2014 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the Library unavailable revenue includes delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

Expenses/Expenditures

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

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

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. Budgetary control is maintained at the object level within each fund. Budgetary modifications may only be made by resolution of the Board of Library Trustees.

Budget

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

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

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.

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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 2013, investments included U.S. Savings Bonds, Federal Agency Notes, money market mutual funds, and STAROhio. STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's net asset value per share, which is the price the investment could be sold for on December 31, 2013.

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

Ohio statutes specify the funds to receive an allocation of interest earnings. Interest and dividend revenue credited to the General Fund during 2013 amounted to \$48,623, which includes \$13,074 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, 2013, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount at the time of purchase and reflecting the expenditure/expense in the year in which services are consumed.

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

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position but are not reported in the fund financial statements.

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

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

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

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

K. Fund Balance

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

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

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

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

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

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

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

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

L. Internal Activity

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

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

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another

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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.

M. Accrued Liabilities and Long-Term Obligations

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

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

N. Net Position

Net Position represents the difference between all other elements on a Statement of Financial Position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position restricted for other purposes include amounts legally restricted or donor designated for specific purposes.

O. Estimates

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

NOTE 3 – 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 restricted, committed, or assigned fund balance (GAAP basis).

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Net Change in General Fund Balance

GAAP Basis	\$ 3,535,680
Revenue Accruals	28,882
Expenditure Accruals	146,787
Encumbrances	<u>(2,686,853)</u>
Budget Basis	<u>\$ 1,024,496</u>

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

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

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

Interim moneys may be invested in the following securities:

- A. United States Treasury bills, bonds notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
- B. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
- C. No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
- D. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
- E. Bonds and other obligations of the State of Ohio;

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- F. The State Treasurer's investment pool (STAR Ohio);
- G. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed 25 percent of the interim monies available for investment at any one time if training requirements have been met; and
- H. Written repurchase agreements in the securities described in (1) or (2) provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days.

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

Deposits

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

The Library's bank balance of \$26,628,931 is either covered by FDIC or collateralized by the financial institutions' public entity deposit pool.

Investments

As of December 31, 2013, the Library had the following investments:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-2	2-3	3-5
StarOhio	\$1,046,714	\$1,046,714	\$0	\$0	\$0
First American Treasury Obligation Money Market Fund	688,950	688,950	0	0	0
Federal National Mortgage Assoc Medium Term Notes	925,749	252,188	361,063	312,498	0
U.S. Savings Bonds Series HH	86,000	12,000	37,000	27,000	10,000
Federal Home Loan Mortgage Corporation Medium Term Notes	2,446,242	351,212	718,396	728,245	648,389
Federal National Mortgage Assoc Debenture	1,562,538	350,598	0	558,604	653,336
Federal Farm Credit Banks Note	248,545	0	0	0	248,545
Federal Home Loan Banks Note	689,934	0	0	0	689,934
	<u>\$7,694,672</u>	<u>\$2,701,662</u>	<u>\$1,116,459</u>	<u>\$1,626,347</u>	<u>\$2,250,204</u>

Interest Rate Risk

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

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in a substantial loss.

Credit Risk

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

Concentration of Credit Risk

The Library places no limit on the amount it may invest in any one issuer. Of the Library's total investments, 32 percent are in Federal Home Loan Mortgage Corporation notes, 32 percent are Federal National Mortgage Association notes and debentures, 9 percent are Federal Home Loan Bank notes, and 3 percent are Federal Farm Credit Bank notes.

NOTE 5 - PROPERTY TAXES

Property taxes include amounts levied against all real and public utility located in the Library district. Property tax revenue received during 2013 for real and public utility property taxes represents collections of 2012 taxes.

2013 real property taxes are levied after October 1, 2013, on the assessed value as of January 1, 2013, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2013 real property taxes are collected in and intended to finance 2014 operations.

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

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2013 public utility property taxes became a lien December 31, 2012, are levied after October 1, 2013, and are collected in 2013 with real property taxes.

The full tax rate for all Library operations for the year ended December 31, 2013, was \$1.00 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2013 property tax receipts were based are as follows:

<u>Category</u>	<u>Assessed Value</u>
Real Property	\$ 16,767,400,000
Public Utility Personal	742,760,000
Total	<u>\$ 17,510,160,000</u>

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the Library. The County Auditor periodically remits to the Library its portion of the taxes collected. Property taxes receivable represents real and public utility property taxes and outstanding delinquencies which were measurable as of December 31, 2013, and for which there was an enforceable legal claim. In governmental funds, the portion of the receivable not levied to finance 2013 operations is offset to deferred inflows of resources – property taxes. On the accrual

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basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on the modified accrual basis the revenue has been reported as deferred inflows of resources – unavailable revenue.

NOTE 6 - RECEIVABLES

Receivables at December 31, 2013, consisted of intergovernmental, property taxes, and accrued earnings on investments. Intergovernmental receivables consisted of \$18,164,935 from the Public Library Fund and \$918,330 for homestead and rollback taxes. It is all recorded in the General Fund. Property taxes, although ultimately collectible, include some portion of delinquents that will not be collected within one year. All other receivables are considered fully collectible and will be received in one year due to the stable condition of state programs.

NOTE 7 – CAPITAL ASSETS

Changes in capital assets during the year ended December 31, 2013, were as follows:

	Balance at 12/31/2012	Additions	Deductions	Balance at 12/31/2013
<u>Governmental Activities</u>	** Restated			
Capital Assets, Not Being Depreciated:				
Land	\$14,388,434	\$0	\$0	\$14,388,434
Fine Art and Rare Book Collections	17,614,531	0	0	17,614,531
Construction in Progress	252,834	1,403,665	(252,834)	1,403,665
Total Capital Assets, Not Being Depreciated	<u>32,255,799</u>	<u>1,403,665</u>	<u>(252,834)</u>	<u>33,406,630</u>
Capital Assets Being Depreciated:				
Land Improvements	822,692	11,899	0	834,591
Buildings and Improvements	89,013,797	594,558	0	89,608,355
Furniture, Fixtures and Equipment	15,385,607	666,317	(395,763)	15,656,161
Vehicles	470,479	0	0	470,479
Totals Capital Assets, Being Depreciated	<u>105,692,575</u>	<u>1,272,774</u>	<u>(395,763)</u>	<u>106,569,586</u>
Less Accumulated Depreciation:				
Land Improvements	(350,829)	(36,767)	0	(387,596)
Building and Improvements	(39,854,683)	(2,034,122)	0	(41,888,805)
Furniture, Fixtures and Equipment	(11,966,909)	(775,418)	395,763	(12,346,564)
Vehicles	(434,046)	(20,978)	0	(455,024)
Total Accumulated Depreciation	<u>(52,606,467)</u>	<u>(2,867,285) *</u>	<u>395,763</u>	<u>(55,077,989)</u>
Total Capital Assets Being Depreciated, Net	<u>53,086,108</u>	<u>(1,594,511)</u>	<u>0</u>	<u>51,491,597</u>
Governmental Activities Capital Assets, Net	<u>\$85,341,907</u>	<u>(\$190,846)</u>	<u>(\$252,834)</u>	<u>\$84,898,227</u>

*Depreciation expense is charged to facilities and maintenance operations.

** As restated. See note 18 for further information.

NOTE 8 – LEASES

The Library leases various buildings for library service operations under noncancelable operating leases. The total cost for these leases was \$320,592 for the year ended December 31, 2013. The future minimum lease payments for these leases are as follows:

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<u>Year Ending December 31,</u>	
2014	\$ 326,933
2015	296,734
2016	<u>164,763</u>
Total minimum lease payments	<u>\$ 788,430</u>

NOTE 9 - DEFINED BENEFIT PENSION PLAN

Ohio Public Employees Retirement System

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

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

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions and currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units. Member contribution rates, as set forth in the Ohio Revised Code, are not to exceed 10 percent of covered payroll for members in State and local divisions. For 2013, member and employer contribution rates were consistent across all three plans.

The Library's 2013 contribution rate was 14.0 percent. The portion of employer contributions used to fund pension benefits is net of post-employment health care benefits. For 2013, the portion of employer contribution allocated to health care was 1.00 percent for members in the Traditional Plan and the Combined Plan. Effective January 1, 2014, the portion of employer contributions allocated to health care increased to 2 percent. Employer contribution rates are actuarially determined.

The Library's required contributions for pension obligations to the traditional pension and combined plans for the years ended December 31, 2013, 2012, and 2011 were \$3,018,039, \$2,411,220, and \$2,378,636, respectively; 92 percent has been contributed for 2013, with the balance due included in intergovernmental payable. The full amount has been contributed for 2012 and 2011. Contributions to the member-directed plan for 2013 were \$166,228 made by the Library and \$118,734 made by plan members.

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NOTE 10 – POST-EMPLOYMENT BENEFITS

Ohio Public Employees Retirement System

Plan Description – Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan—a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan—a defined contribution plan; and the Combined Plan—a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

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

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

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

Funding Policy – The post-employment health care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). The Ohio Revised Code provides the statutory authority requiring public employers to fund post-retirement health care through contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2013, state and local employers contributed at a rate of 14.0 percent of covered payroll. These are the maximum employer contribution rates permitted by the Ohio Revised Code.

Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. For 2013, the portion of employer contributions allocated to health care for members in the Traditional Plan and the Combined Plan was 1.0 percent. Effective January 1, 2014, the portion of employer contributions allocated to healthcare was raised to 2 percent for both plans, as recommended by the OPERS Actuary.

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

The Library's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2013, 2012, and 2011 were \$232,157, \$978,472, and \$1,321,464,

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respectively. For 2013, 92 percent has been contributed with the balance being reported in intergovernmental payable. The full amount has been contributed for 2012 and 2011.

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

NOTE 11 - OTHER EMPLOYEE BENEFITS

Compensated Absences - Accumulated Unpaid Vacation and Holiday Leave

Library employees who are eligible earn vacation leave at varying rates based upon length of service, full-time or part-time status, and union status. The Library recognizes four "open" holidays. These are national holidays on which the Library remains open; therefore, employees who work earn an equal number of hours in holiday time. In the case of termination, death or retirement, an employee (or his or her estate) is paid for any unused vacation leave up to a maximum of 66 days and unpaid holiday leave up to a maximum of five days, based on full-time or part-time status and union status. The total obligation for vacation and holiday accrual for the Library as a whole amounted to \$2,963,540 at December 31, 2013.

Compensated Absences - Accumulated Unpaid Sick Leave

All eligible employees earn sick leave on a pay period basis during their benefit year. In addition, an annual allocation is awarded to each full-time eligible employee who does not use more than 50 percent of their earned sick time during their benefit period. This annual sick leave allocation is calculated at 50 percent of the unused monthly days earned during their benefit year. An employee is allocated vested sick leave when they have an unused sick leave balance of 120 days and an unused annual sick leave balance of 60 days and have not used more than 50 percent of their earned sick leave during their benefit period. Vested sick leave is calculated at 50 percent of the unused monthly days allocated during their benefit period and will be added to the employee's vested sick leave balance. Upon retirement an employee is paid for their vested sick leave balance up to the maximum of 60 days. The total long-term obligation for sick leave accrual for the Library as a whole as of December 31, 2013 was \$824,088.

Medical and Dental Insurance

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

NOTE 12 - RISK MANAGEMENT

The Library is exposed to various risks of loss related to torts, thefts of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. The Library carries three layers of insurance coverage. In 2013, the Library contracted with several insurance companies for primary coverage as follows:

Coverages

Property and Equipment Breakdown Protection
Automobile
Crime
Commercial General Liability and Commercial Umbrella
Excess Liability and Excess Non-Profit Director's & Officers
Non-Profit Directors & Officers

Company

Fireman's Fund Insurance Co. Ohio
Great American Insurance Company
Travelers
Great American Insurance Company
Chubb Insurance Company
Philadelphia Insurance Company

The Public Library of Cincinnati and Hamilton County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

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 13 - LONG-TERM LIABILITIES

Long-term liability activity for the year ended December 31, 2013, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Compensated Absences	\$ 3,780,543	\$ 2,288,207	\$ 2,281,122	\$ 3,787,628	\$ 1,605,489

Compensated absences will be paid from the General Fund.

NOTE 14 – FUND BALANCES

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

Fund Balances	General	Building and Repair	Other Governmental Funds	Total
Nonspendable:				
Prepaid items	\$ 127,973	\$ -	\$ -	\$ 127,973
Supplies inventory	158,797	-	-	158,797
Principal restricted	-	-	6,733,132	6,733,132
Total Nonspendable	286,770	-	6,733,132	7,019,902
Restricted for:				
Library programs	-	-	1,907,706	1,907,706
Total Restricted	-	-	1,907,706	1,907,706
Committed to contracts	80,000	-	-	80,000
Assigned to:				
Capital improvements and repair	-	6,742,069	-	6,742,069
Purchases on order	1,061,664	-	-	1,061,664
Total Assigned	1,061,664	6,742,069	-	7,803,733
Unassigned	17,553,989	-	-	17,553,989
Total Fund Balances	\$ 18,982,423	\$ 6,742,069	\$ 8,640,838	\$ 34,365,330

The Public Library of Cincinnati and Hamilton County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

NOTE 15 – INTERFUND ACTIVITY

Interfund Transfers and Advances

During 2013, there was one transfer from the General Fund to the Building and Repair Fund for \$2,000,000 for ongoing maintenance projects.

NOTE 16 - CONTINGENT LIABILITIES

Federal and State Grants

For the period January 1, 2013 to December 31, 2013, the Library received federal and state grants for specific purposes that are subject to review and audit by grantor agencies or their designee. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, the Library believes such disallowance, if any, would be immaterial.

NOTE 17 – CHANGE IN ACCOUNTING PRINCIPLES

For 2013, the Library implemented Governmental Accounting Standard Board (GASB) *Statement No. 61, "The Financial Reporting Entity: Omnibus; an amendment of GASB Statements No. 14 and No. 34."* This Statement modifies existing requirements for the assessment of potential component units in determining what should be included in the financial reporting entity, and financial reporting entity display and disclosure requirements. The implementation of this statement did not result in any change in the Library's financial statements.

NOTE 18 – RESTATEMENT OF NET POSITION

In 2013, a misstatement of accumulated depreciation was identified. The error impacted 2009 – 2012 depreciation expense. The correction decreased capital assets and the beginning net position by \$496,528.

The following is a summary of the beginning balance restatement:

	Governmental Activities

Net Position - Deceember 31, 2012	\$ 131,067,220
Capital Asset Restatement	(496,528)
Restated Net Position - January 1, 2013	<u>\$ 130,570,692</u>

THE PUBLIC LIBRARY OF CINCINNATI AND HAMILTON COUNTY

Nonmajor Fund Descriptions

Special Revenue Funds

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

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

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

Permanent Funds

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

Various Permanent Funds

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

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

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

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

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

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

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

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

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

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The Public Library of Cincinnati and Hamilton County

Combining Balance Sheet

Nonmajor Governmental Funds

December 31, 2013

	<u>Nonmajor Special Revenue</u>	<u>Nonmajor Permanent</u>	<u>Total Nonmajor Governmental</u>
<u>Assets</u>			
Equity in Pooled Cash and Cash Equivalents	\$359,922	\$2,304,255	\$2,664,177
Investments	0	5,959,308	5,959,308
Receivables:			
Accrued Interest	0	24,824	24,824
Total Assets	<u>\$359,922</u>	<u>\$8,288,387</u>	<u>\$8,648,309</u>
<u>Liabilities</u>			
Accounts Payable	\$1,797	\$5,674	\$7,471
Total Liabilities	<u>1,797</u>	<u>5,674</u>	<u>7,471</u>
<u>Fund Balances</u>			
Nonspendable	0	6,733,132	6,733,132
Restricted	358,125	1,549,581	1,907,706
Total Fund Balances	<u>358,125</u>	<u>8,282,713</u>	<u>8,640,838</u>
Total Liabilities and Fund Balances	<u>\$359,922</u>	<u>\$8,288,387</u>	<u>\$8,648,309</u>

The Public Library of Cincinnati and Hamilton County
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2013

	Various	Library Programs	Total
<u>Assets</u>			
Equity in Pooled Cash and Cash Equivalents	\$290,628	\$69,294	\$359,922
Total Assets	\$290,628	\$69,294	\$359,922
 <u>Liabilities</u>			
Accounts Payable	\$1,160	\$637	\$1,797
Total Liabilities	1,160	637	1,797
 <u>Fund Balances</u>			
Restricted	289,468	68,657	358,125
Total Fund Balances	289,468	68,657	358,125
Total Liabilities and Fund Balances	\$290,628	\$69,294	\$359,922

The Public Library of Cincinnati and Hamilton County
Combining Balance Sheet
Nonmajor Permanent Funds
December 31, 2013

	Various Permanent	Armstrong	Feld	Hadley	Heisel/ Dunlap
Assets					
Equity in Pooled Cash and Cash Equivalents	\$380,769	\$926,448	\$653,980	\$46,557	\$37,717
Investments	852,982	872,718	2,454,700	74,657	270,729
Receivables:					
Accrued Interest	3,553	3,635	10,226	311	1,128
Total Assets	\$1,237,304	\$1,802,801	\$3,118,906	\$121,525	\$309,574
Liabilities					
Accounts Payable	\$0	\$0	\$4,114	\$0	\$0
Total Liabilities	0	0	4,114	0	0
Fund Balances					
Nonspendable	963,745	986,042	2,773,445	84,350	305,883
Restricted	273,559	816,759	341,347	37,175	3,691
Total Fund Balances	1,237,304	1,802,801	3,114,792	121,525	309,574
Total Liabilities and Fund Balances	\$1,237,304	\$1,802,801	\$3,118,906	\$121,525	\$309,574

<u>Kersten</u>	<u>Dwyer</u>	<u>Howard</u>	<u>Total</u>
\$68,123	\$32,779	\$157,882	\$2,304,255
87,205	114,870	1,231,447	5,959,308
363	478	5,130	24,824
<u>\$155,691</u>	<u>\$148,127</u>	<u>\$1,394,459</u>	<u>\$8,288,387</u>
<u>\$176</u>	<u>\$978</u>	<u>\$406</u>	<u>\$5,674</u>
<u>176</u>	<u>978</u>	<u>406</u>	<u>5,674</u>
98,529	129,786	1,391,352	6,733,132
56,986	17,363	2,701	1,549,581
<u>155,515</u>	<u>147,149</u>	<u>1,394,053</u>	<u>8,282,713</u>
<u>\$155,691</u>	<u>\$148,127</u>	<u>\$1,394,459</u>	<u>\$8,288,387</u>

The Public Library of Cincinnati and Hamilton County
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2013

	Nonmajor Special Revenue	Nonmajor Permanent	Total Nonmajor Governmental
<u>Revenues</u>			
Earnings on investments	\$6,772	\$37,661	\$44,433
Contributions, gifts and donations	302,182	4,956	307,138
Total Revenues	308,954	42,617	351,571
<u>Expenditures</u>			
Current			
Library Services			
Public service and programs	91,335	47,597	138,932
Collection development and processing	9,090	101,967	111,057
Support Services			
Business administration	0	10,687	10,687
Total Expenditures	100,425	160,251	260,676
Net change in fund balances	208,529	(117,634)	90,895
Fund balances - beginning of year	149,596	8,400,347	8,549,943
Fund balances - end of year	\$358,125	\$8,282,713	\$8,640,838

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, 2013

	<u>Various</u>	<u>Library Programs</u>	<u>Total</u>
<u>Revenues</u>			
Earnings on investments	\$385	\$6,387	\$6,772
Contributions, gifts and donations	229,163	73,019	302,182
Total Revenues	<u>229,548</u>	<u>79,406</u>	<u>308,954</u>
<u>Expenditures</u>			
Current			
Library Services			
Public service and programs	35,466	55,869	91,335
Collection development and processing	9,090	0	9,090
Total Expenditures	<u>44,556</u>	<u>55,869</u>	<u>100,425</u>
Net change in fund balances	184,992	23,537	208,529
Fund balances - beginning of year	104,476	45,120	149,596
Fund balances - end of year	<u>\$289,468</u>	<u>\$68,657</u>	<u>\$358,125</u>

The Public Library of Cincinnati and Hamilton County
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Permanent Funds
For the Year Ended December 31, 2013

	Various Permanent	Armstrong	Feld	Hadley
<u>Revenues</u>				
Earnings on investments	\$17,003	\$187	(\$3,614)	(\$54)
Contributions, gifts and donations	4,956	0	0	0
Total Revenues	21,959	187	(3,614)	(54)
<u>Expenditures</u>				
Current				
Library Services				
Public service and programs	13,209	0	0	0
Collection development and processing	13,152	0	75,532	0
Support Services				
Business administration	722	9,075	0	890
Total Expenditures	27,083	9,075	75,532	890
 Net change in fund balances	 (5,124)	 (8,888)	 (79,146)	 (944)
 Fund balances - beginning of year	 1,242,428	 1,811,689	 3,193,938	 122,469
Fund balances - end of year	\$1,237,304	\$1,802,801	\$3,114,792	\$121,525

<u>Heisel/ Dunlap</u>	<u>Kersten</u>	<u>Dwyer</u>	<u>Howard</u>	<u>Total</u>
(\$483)	\$27,006	(\$161)	(\$2,223)	\$37,661
0	0	0	0	4,956
<u>(483)</u>	<u>27,006</u>	<u>(161)</u>	<u>(2,223)</u>	<u>42,617</u>
0	30,714	3,674	0	47,597
0	0	4,299	8,984	101,967
0	0	0	0	10,687
<u>0</u>	<u>30,714</u>	<u>7,973</u>	<u>8,984</u>	<u>160,251</u>
(483)	(3,708)	(8,134)	(11,207)	(117,634)
310,057	159,223	155,283	1,405,260	8,400,347
<u>\$309,574</u>	<u>\$155,515</u>	<u>\$147,149</u>	<u>\$1,394,053</u>	<u>\$8,282,713</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, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Contributions, gifts and donations	\$0	\$0	\$268,402	\$268,402
Total revenues	<u>0</u>	<u>0</u>	<u>268,402</u>	<u>268,402</u>
Expenditures				
Current				
Purchased and contracted services	172,096	2,172,096	1,955,907	216,189
Capital outlay	3,538,891	5,038,891	4,296,296	742,595
Total expenditures	<u>3,710,987</u>	<u>7,210,987</u>	<u>6,252,203</u>	<u>958,784</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,710,987)</u>	<u>(7,210,987)</u>	<u>(5,983,801)</u>	<u>1,227,186</u>
Other financing sources (uses)				
Transfers in	2,000,000	2,000,000	2,000,000	0
Total other financing sources (uses)	<u>2,000,000</u>	<u>2,000,000</u>	<u>2,000,000</u>	<u>0</u>
Net change in fund balance	(1,710,987)	(5,210,987)	(3,983,801)	1,227,186
Fund balance at beginning of year	6,506,678	6,506,678	6,506,678	0
Prior year encumbrances appropriated	110,987	110,987	110,987	0
Fund balance at end of year	<u><u>\$4,906,678</u></u>	<u><u>\$1,406,678</u></u>	<u><u>\$2,633,864</u></u>	<u><u>\$1,227,186</u></u>

The Public Library of Cincinnati and Hamilton County
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Budget Basis)
Various Funds
For the Year Ended December 31, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues				
Earnings on investments	\$0	\$0	\$385	\$385
Contributions, gifts and donations	60,000	60,000	229,163	169,163
Total revenues	<u>60,000</u>	<u>60,000</u>	<u>229,548</u>	<u>169,548</u>
Expenditures				
Current				
Supplies	31,358	25,358	9,531	15,827
Purchased and contracted services	18,925	23,925	12,247	11,678
Library materials and information	11,786	11,786	9,688	2,098
Capital outlay	26,000	32,000	12,914	19,086
Total expenditures	<u>88,069</u>	<u>93,069</u>	<u>44,380</u>	<u>48,689</u>
Net change in fund balance	(28,069)	(33,069)	185,168	218,237
Fund balance at beginning of year	104,083	104,083	104,083	0
Prior year encumbrances appropriated	444	444	444	0
Fund balance at end of year	<u>\$76,458</u>	<u>\$71,458</u>	<u>\$289,695</u>	<u>\$218,237</u>

The Public Library of Cincinnati and Hamilton County
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Budget Basis)
Library Programs Fund
For the Year Ended December 31, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Earnings on investments	\$0	\$0	\$6,387	\$6,387
Contributions, gifts and donations	25,000	55,000	73,019	18,019
Total revenues	<u>25,000</u>	<u>55,000</u>	<u>79,406</u>	<u>24,406</u>
Expenditures				
Current				
Supplies	20,380	34,380	31,925	2,455
Purchased and contracted services	25,000	41,000	25,324	15,676
Total expenditures	<u>45,380</u>	<u>75,380</u>	<u>57,249</u>	<u>18,131</u>
Net change in fund balance	(20,380)	(20,380)	22,157	42,537
Fund balance at beginning of year	45,121	45,121	45,121	0
Prior year encumbrances appropriated	1,380	1,380	1,380	0
Fund balance at end of year	<u>\$26,121</u>	<u>\$26,121</u>	<u>\$68,658</u>	<u>\$42,537</u>

The Public Library of Cincinnati and Hamilton County
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Budget Basis)
Various Permanent Funds
For the Year Ended December 31, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Earnings on investments	\$23,615	\$23,615	\$27,314	\$3,699
Contributions, gifts and donations	1,000	1,000	4,956	3,956
Total revenues	24,615	24,615	32,270	7,655
Expenditures				
Current				
Salaries and benefits				
Salaries and leave benefits	1,200	2,200	2,200	0
Supplies	9,000	9,000	5,723	3,277
Purchased and contracted services	37,650	36,650	8,098	28,552
Library materials and information	17,000	17,000	13,152	3,848
Total expenditures	64,850	64,850	29,173	35,677
Net change in fund balance	(40,235)	(40,235)	3,097	43,332
Fund balance at beginning of year	1,239,185	1,239,185	1,239,185	0
Prior year encumbrances appropriated	2,650	2,650	2,650	0
Fund balance at end of year	\$1,201,600	\$1,201,600	\$1,244,932	\$43,332

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, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Earnings on investments	\$9,000	\$9,000	\$10,750	\$1,750
Total revenues	<u>9,000</u>	<u>9,000</u>	<u>10,750</u>	<u>1,750</u>
Expenditures				
Current				
Supplies	20,000	20,000	10,816	9,184
Total expenditures	<u>20,000</u>	<u>20,000</u>	<u>10,816</u>	<u>9,184</u>
Net change in fund balance	(11,000)	(11,000)	(66)	10,934
Fund balance at beginning of year	1,810,000	1,810,000	1,810,000	0
Fund balance at end of year	<u><u>\$1,799,000</u></u>	<u><u>\$1,799,000</u></u>	<u><u>\$1,809,934</u></u>	<u><u>\$10,934</u></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, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Earnings on investments	\$20,000	\$20,000	\$26,096	\$6,096
Total revenues	<u>20,000</u>	<u>20,000</u>	<u>26,096</u>	<u>6,096</u>
Expenditures				
Current				
Library materials and information	130,571	130,571	76,664	53,907
Total expenditures	<u>130,571</u>	<u>130,571</u>	<u>76,664</u>	<u>53,907</u>
Net change in fund balance	(110,571)	(110,571)	(50,568)	60,003
Fund balance at beginning of year	3,187,371	3,187,371	3,187,371	0
Prior year encumbrances appropriated	5,571	5,571	5,571	0
Fund balance at end of year	<u><u>\$3,082,371</u></u>	<u><u>\$3,082,371</u></u>	<u><u>\$3,142,374</u></u>	<u><u>\$60,003</u></u>

The Public Library of Cincinnati and Hamilton County
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Budget Basis)
Hadley Fund
For the Year Ended December 31, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Earnings on investments	\$650	\$650	\$850	\$200
Total revenues	<u>650</u>	<u>650</u>	<u>850</u>	<u>200</u>
Expenditures				
Current				
Salaries and benefits				
Other employee benefits	35,500	35,500	1,740	33,760
Total expenditures	<u>35,500</u>	<u>35,500</u>	<u>1,740</u>	<u>33,760</u>
Net change in fund balance	(34,850)	(34,850)	(890)	33,960
Fund balance at beginning of year	121,974	121,974	121,974	0
Prior year encumbrances appropriated	350	350	350	0
Fund balance at end of year	<u>\$87,474</u>	<u>\$87,474</u>	<u>\$121,434</u>	<u>\$33,960</u>

The Public Library of Cincinnati and Hamilton County
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Budget Basis)
Heisel/Dunlap Fund
For the Year Ended December 31, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Earnings on investments	\$2,000	\$2,000	\$2,794	\$794
Total revenues	<u>2,000</u>	<u>2,000</u>	<u>2,794</u>	<u>794</u>
Expenditures				
Current				
Salaries and benefits				
Other employee benefits	5,030	5,030	5,030	0
Total expenditures	<u>5,030</u>	<u>5,030</u>	<u>5,030</u>	<u>0</u>
Net change in fund balance	(3,030)	(3,030)	(2,236)	794
Fund balance at beginning of year	307,933	307,933	307,933	0
Prior year encumbrances appropriated	5,030	5,030	5,030	0
Fund balance at end of year	<u><u>\$309,933</u></u>	<u><u>\$309,933</u></u>	<u><u>\$310,727</u></u>	<u><u>\$794</u></u>

The Public Library of Cincinnati and Hamilton County
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Budget Basis)
Kersten Fund
For the Year Ended December 31, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Earnings on investments	\$25,000	\$25,000	\$28,062	\$3,062
Total revenues	<u>25,000</u>	<u>25,000</u>	<u>28,062</u>	<u>3,062</u>
Expenditures				
Current				
Supplies	50,271	40,271	22,186	18,085
Purchased and contracted services	10,500	20,500	8,751	11,749
Total expenditures	<u>60,771</u>	<u>60,771</u>	<u>30,937</u>	<u>29,834</u>
Net change in fund balance	(35,771)	(35,771)	(2,875)	32,896
Fund balance at beginning of year	158,506	158,506	158,506	0
Prior year encumbrances appropriated	771	771	771	0
Fund balance at end of year	<u>\$123,506</u>	<u>\$123,506</u>	<u>\$156,402</u>	<u>\$32,896</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, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Earnings on investments	\$1,000	\$1,000	\$1,230	\$230
Total revenues	<u>1,000</u>	<u>1,000</u>	<u>1,230</u>	<u>230</u>
Expenditures				
Current				
Supplies	4,000	4,000	3,723	277
Library materials and information	5,000	5,000	4,300	700
Total expenditures	<u>9,000</u>	<u>9,000</u>	<u>8,023</u>	<u>977</u>
Net change in fund balance	(8,000)	(8,000)	(6,793)	1,207
Fund balance at beginning of year	155,060	155,060	155,060	0
Fund balance at end of year	<u>\$147,060</u>	<u>\$147,060</u>	<u>\$148,267</u>	<u>\$1,207</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, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Earnings on investments	\$10,000	\$10,000	\$12,682	\$2,682
Total revenues	<u>10,000</u>	<u>10,000</u>	<u>12,682</u>	<u>2,682</u>
Expenditures				
Current				
Library materials and information	9,744	9,744	9,513	231
Total expenditures	<u>9,744</u>	<u>9,744</u>	<u>9,513</u>	<u>231</u>
Net change in fund balance	256	256	3,169	2,913
Fund balance at beginning of year	1,401,317	1,401,317	1,401,317	0
Prior year encumbrances appropriated	1,744	1,744	1,744	0
Fund balance at end of year	<u><u>\$1,403,317</u></u>	<u><u>\$1,403,317</u></u>	<u><u>\$1,406,230</u></u>	<u><u>\$2,913</u></u>

Statistical Section

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The Public Library of Cincinnati and Hamilton County

Statistical Section

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

<u>Contents</u>	<u>Pages</u>
Financial Trends These schedules contain trend information to help the reader understand how the Library's financial performance and well-being has changed over time.	54-61
Revenue Capacity These schedules contain trend information to help the reader understand the Library's most significant sources of local revenue.	62-65
Debt Capacity These schedules present information to help the reader assess the affordability of the Library's current service levels of outstanding debt and the Library's ability to issue additional debt in the future.	66
The Library has not included a table for Direct and Overlapping Debt as the Library is a county-wide library.	
Economic and Demographic Information These schedules offer economic and demographic indicators to help the reader understand the environment in which the Library's financial activities take place.	67-69
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the Library's financial report relates to the services the Library provides and the activities it performs.	70-73

Sources:

Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year. The Library implemented GASB Statement No. 34 in 2003; schedules presenting government-wide information include information beginning in that year.

The Public Library of Cincinnati and Hamilton County

Net Position by Component

Last 10 Years

(accrual basis of accounting)

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Governmental Activities:				
Invested in Capital Assets	\$96,016,005	\$93,760,981	\$91,574,791	\$91,680,184
Restricted	9,851,634	9,712,158	9,900,817	11,115,987
Unrestricted	<u>36,272,139</u>	<u>37,934,299</u>	<u>40,146,200</u>	<u>38,302,628</u>
Total Governmental Activities Net Position	<u>\$142,139,778</u>	<u>\$141,407,438</u>	<u>\$141,621,808</u>	<u>\$141,098,799</u>

*Restated. See Note 18 for further information.

2008	2009 (*)	2010 (*)	2011 (*)	2012 (*)	2013
\$90,835,880	\$88,897,763	\$87,843,258	\$87,110,748	\$85,341,907	\$84,898,227
13,616,429	10,005,862	8,908,471	8,765,055	8,549,943	8,640,838
33,190,646	21,324,264	27,465,034	32,602,540	36,678,842	39,408,975
\$137,642,955	\$120,227,889	\$124,216,763	\$128,478,343	\$130,570,692	\$132,948,040

The Public Library of Cincinnati and Hamilton County

Changes in Net Position

Last 10 Years

(accrual basis of accounting)

	2004	2005	2006	2007
Program Revenues:				
Charges for Services:				
Library Services:				
Public Service and Programs	\$1,712,030	\$1,723,172	\$2,043,892	\$1,949,231
Collection Development and Processing	0	0	0	0
Operating grants, contributions, and earnings on investments:				
Library Services:				
Public Service and Programs	816,944	879,188	855,106	841,861
Collection Development and Processing	110,680	221,338	362,991	597,512
Support Services:				
Facilities operations and maintenance	0	207,176	184,960	419,888
Information services support	7,720	0	6,730	10,000
Business administration	0	10,278	20,621	25,869
Total Revenues	2,647,374	3,041,152	3,474,300	3,844,361
Expenses:				
Library Services:				
Public Service and Programs	25,022,480	24,809,705	24,616,153	24,757,848
Collection Development and Processing	11,916,433	11,347,223	11,082,554	11,739,723
Support Services:				
Facilities Operations and Maintenance	11,817,801	11,110,570	11,328,075	12,717,831
Information Services Support	3,403,299	2,947,289	3,014,084	3,038,053
Business Administration	3,500,376	3,397,102	3,468,006	3,458,818
Debt Service:				
Interest and Fiscal Charges	9,953	7,778	5,517	3,168
Total Expenses	55,670,342	53,619,667	53,514,389	55,715,441
Net Expenses	(53,022,968)	(50,578,515)	(50,040,089)	(51,871,080)
General Revenues:				
Governmental Activities:				
Grants and Contributions not Restricted to Specific Programs	45,044,063	48,306,813	48,307,419	49,289,425
Property taxes levied for general purposes	0	0	0	0
Earnings on Investments	228,453	612,660	1,057,329	1,183,073
Gain on sale of capital asset	0	168,179	0	87,644
Other	587,788	751,248	887,743	784,376
Contributions to Principal for Permanent Funds	8,979	7,275	1,968	3,553
Total General Revenues and Contributions	45,869,283	49,846,175	50,254,459	51,348,071
Change in Net Position	(\$7,153,685)	(\$732,340)	\$214,370	(\$523,009)

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

*Restated. See Note 18 for further information.

2008	2009 (*)	2010 (*)	2011 (*)	2012 (*)	2013
\$2,003,232 0	\$1,986,173 0	\$1,950,189 33,323	\$1,853,699 3,048	\$1,836,534 270	\$1,488,381 0
1,146,886 326,213	537,845 84,990	353,966 16,694	461,895 135,199	302,650 90,651	446,865 35,756
1,307 0	7,056 0	87,120 0	276,970 0	34,121 0	268,402 0
18,788	3,513	0	0	950	0
<u>3,496,426</u>	<u>2,619,577</u>	<u>2,441,292</u>	<u>2,730,811</u>	<u>2,265,176</u>	<u>2,239,404</u>
25,328,735 11,708,306	25,445,459 12,003,328	24,735,003 12,650,042	24,012,269 12,857,701	25,089,210 13,256,882	24,481,482 11,779,143
12,961,104 2,604,637 3,620,791	13,052,088 1,374,495 4,382,087	12,956,656 1,971,633 4,747,463	12,173,882 1,904,726 4,316,845	11,344,275 1,146,958 4,746,904	10,776,056 1,759,322 5,165,273
1,602	0	0	0	0	0
<u>56,225,175</u>	<u>56,257,457</u>	<u>57,060,797</u>	<u>55,265,423</u>	<u>55,584,229</u>	<u>53,961,276</u>
<u>(52,728,749)</u>	<u>(53,637,880)</u>	<u>(54,619,505)</u>	<u>(52,534,612)</u>	<u>(53,319,053)</u>	<u>(51,721,872)</u>
47,887,165 0	35,472,245 0	38,213,450 19,618,860	38,927,193 17,244,148	38,320,131 15,912,280	37,398,130 15,872,429
570,505 0	88,420 0	22,673 48,375	56,218 0	56,419 0	48,273 0
811,488 3,747	658,480 3,669	701,110 3,911	563,561 5,072	1,119,987 2,585	775,432 4,956
<u>49,272,905</u>	<u>36,222,814</u>	<u>58,608,379</u>	<u>56,796,192</u>	<u>55,411,402</u>	<u>54,099,220</u>
<u>(\$3,455,844)</u>	<u>(\$17,415,066) (1)</u>	<u>\$3,988,874</u>	<u>\$4,261,580</u>	<u>\$2,092,349</u>	<u>\$2,377,348</u>

The Public Library of Cincinnati and Hamilton County
Fund Balances - Governmental Funds
Last 10 Years
(modified accrual basis of accounting)

	2004	2005	2006	2007	2008
General Fund					
Nonspendable	\$0	\$0	\$0	\$0	\$0
Committed	0	0	0	0	0
Assigned	0	0	0	0	0
Unassigned	0	0	0	0	0
Reserved	595,521	565,356	339,947	500,422	522,050
Unreserved	9,682,367	12,086,180	13,834,801	11,392,232	7,370,027
Total General Fund	10,277,888	12,651,536	14,174,748	11,892,654	7,892,077
All Other Governmental Funds					
Nonspendable	\$0	\$0	\$0	\$0	\$0
Restricted	0	0	0	0	0
Assigned	0	0	0	0	0
Reserved	7,065,895	6,715,451	7,072,431	7,395,041	7,777,583
Unreserved reported in:					
Special Revenue Funds	1,254,563	1,206,806	1,200,192	2,207,051	4,560,246
Capital Projects Funds	7,041,663	6,528,414	6,828,166	7,390,932	8,116,698
Permanent Funds	1,804,716	1,838,783	2,018,534	2,230,095	2,315,884
Total All Other Governmental Funds	17,166,837	16,289,454	17,119,323	19,223,119	22,770,411
Total Governmental Funds	\$27,444,725	\$28,940,990	\$31,294,071	\$31,115,773	\$30,662,488

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

2009	2010 (1)	2011	2012	2013
\$0	\$313,740	\$408,748	\$530,998	\$286,770
0	80,000	80,000	80,000	80,000
0	453,970	373,970	827,940	1,061,664
0	8,371,066	13,693,604	14,007,805	17,553,989
417,778	0	0	0	0
4,954,540	0	0	0	0
<u>5,372,318</u>	<u>9,218,776</u>	<u>14,556,322</u>	<u>15,446,743</u>	<u>18,982,423</u>
\$0	\$6,720,519	\$6,725,591	\$6,728,176	\$6,733,132
0	2,187,952	2,039,464	1,821,767	1,907,706
0	4,012,379	4,754,170	6,604,104	6,742,069
7,184,646	0	0	0	0
750,292	0	0	0	0
3,066,387	0	0	0	0
2,087,829	0	0	0	0
<u>13,089,154</u>	<u>12,920,850</u>	<u>13,519,225</u>	<u>15,154,047</u>	<u>15,382,907</u>
<u>\$18,461,472</u>	<u>\$22,139,626</u>	<u>\$28,075,547</u>	<u>\$30,600,790</u>	<u>\$34,365,330</u>

The Public Library of Cincinnati and Hamilton County

Changes in Fund Balances - Governmental Funds

Last 10 Years

(modified accrual basis of accounting)

	2004	2005	2006	2007
Revenues:				
Intergovernmental	\$48,718,964	\$48,952,702	\$48,954,721	\$49,417,777
Property taxes	0	0	0	0
Fines and fees	1,712,030	1,723,172	2,043,892	1,949,231
Earnings on investments	331,505	849,015	1,486,675	1,677,365
Contributions, gifts, and donations	210,314	443,616	355,728	1,438,084
Miscellaneous	587,788	751,248	887,743	906,360
Total Revenues	51,560,601	52,719,753	53,728,759	55,388,817
Expenditures:				
Current:				
Library services:				
Public service and programs	24,989,151	24,875,051	24,720,722	24,888,966
Collection development and processing	11,899,780	11,457,028	11,108,535	11,669,590
Support Services:				
Facilities operations and maintenance	8,480,352	8,816,293	8,707,535	12,234,308
Information services support	3,571,299	2,954,543	3,335,661	3,381,801
Business administration	3,477,137	3,395,252	3,437,752	3,441,977
Debt Service:				
Principal retirement	55,519	57,695	59,956	62,305
Interest and fiscal charges	9,953	7,778	5,517	3,168
Total Expenditures	52,483,191	51,563,640	51,375,678	55,682,115
Excess of Revenues Over (Under) Expenditures	(922,590)	1,156,113	2,353,081	(293,298)
Other Financing Sources (Uses):				
Proceeds from Sale of Capital Assets	0	340,152	0	115,000
Inception of Capital Lease	0	0	0	0
Transfers In	0	728,618	503,545	3,300,000
Transfers Out	0	(728,618)	(503,545)	(3,300,000)
Total Other Financing Sources (Uses)	0	340,152	0	115,000
Net Change in Fund Balances	(\$922,590)	\$1,496,265	\$2,353,081	(\$178,298)
Debt Service as a Percentage of Noncapital Expenditures	0.1%	0.1%	0.1%	0.1%

2008	2009	2010	2011	2012	2013
\$48,116,998	\$38,844,386	\$38,977,457	\$39,798,636	\$37,445,155	\$38,162,831
0	0	17,637,711	17,613,602	15,948,657	16,044,155
2,003,232	1,986,173	1,950,189	1,853,699	1,836,534	1,488,381
1,007,491	201,158	29,558	195,357	144,720	93,056
2,948,735	147,387	268,006	481,376	276,749	683,196
811,488	658,480	734,433	566,910	1,121,163	775,432
<u>54,887,944</u>	<u>41,837,584</u>	<u>59,597,354</u>	<u>60,509,580</u>	<u>56,772,978</u>	<u>57,247,051</u>
25,354,219	25,398,385	24,862,028	24,384,028	25,405,327	24,701,042
11,695,165	11,956,325	12,637,587	12,940,503	13,475,983	11,844,354
11,211,724	10,835,165	11,000,973	10,907,773	9,191,772	9,745,206
3,405,865	1,491,889	2,734,740	1,990,538	1,632,347	1,966,232
3,625,151	4,356,836	4,738,872	4,350,817	4,862,306	5,225,677
48,246	0	0	0	0	0
859	0	0	0	0	0
<u>55,341,229</u>	<u>54,038,600</u>	<u>55,974,200</u>	<u>54,573,659</u>	<u>54,567,735</u>	<u>53,482,511</u>
<u>(453,285)</u>	<u>(12,201,016)</u>	<u>3,623,154</u>	<u>5,935,921</u>	<u>2,205,243</u>	<u>3,764,540</u>
0	0	55,000	0	320,000	0
0	0	0	0	0	0
2,503,043	6,680,238	2,500,000	2,500,000	2,500,000	2,000,000
<u>(2,503,043)</u>	<u>(6,680,238)</u>	<u>(2,500,000)</u>	<u>(2,500,000)</u>	<u>(2,500,000)</u>	<u>(2,000,000)</u>
<u>0</u>	<u>0</u>	<u>55,000</u>	<u>0</u>	<u>320,000</u>	<u>0</u>
<u>(\$453,285)</u>	<u>(\$12,201,016)</u>	<u>\$3,678,154</u>	<u>\$5,935,921</u>	<u>\$2,525,243</u>	<u>\$3,764,540</u>
0.1%	0.0%	0.0%	0.0%	0.0%	0.0%

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

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

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

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

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

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

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

Source: Hamilton County Auditor

The Public Library of Cincinnati and Hamilton County

Property Tax Levies and Collections

Last Four Years (1)

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

Source: Office of the Auditor, Hamilton County, Ohio

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

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

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

The Public Library of Cincinnati and Hamilton County

Principal Property Taxpayers

Current and First Year

Name of Taxpayer	2013		
	Assessed Value (1)	Percent of Total Assesed Value	Rank
Duke Energy Ohio Inc	\$821,609,430	4.53%	1
City of Cincinnati	104,332,750	0.57%	2
Procter & Gamble Co	85,064,110	0.47%	3
Fifth Third Bank	40,254,320	0.22%	4
4600 Smith Road Holdings	29,812,680	0.16%	5
Dayton Power & Light Co	29,681,460	0.16%	6
Duke Realty Ohio	28,514,040	0.16%	7
Wells Fargo	27,410,200	0.15%	8
Carew Realty Inc	26,646,190	0.15%	9
OTR (Thomson & Reuters)	21,525,000	0.12%	10
Subtotal	1,214,850,180	6.69%	
All Other	16,936,410,790	93.31%	
Total	<u>\$18,151,260,970</u>	<u>100.00%</u>	

Name of Taxpayer	2010		
	Assessed Value (1)	Percent of Total Assesed Value	Rank
Duke Energy Ohio Inc	\$662,794,160	3.28%	1
City of Cincinnati	151,290,910	0.75%	2
Procter & Gamble Co	84,343,130	0.42%	3
Duke Realty Ohio	58,715,950	0.29%	4
Cincinnati Trophy LLC	29,827,250	0.15%	5
Carew Realty Inc	29,263,860	0.14%	6
Northgate Partners LLC	27,301,070	0.13%	7
Dayton Power & Light Co	25,571,150	0.13%	8
Columbia Development Corp	24,239,670	0.12%	9
OTR	24,150,000	0.12%	10
Subtotal	1,117,497,150	5.53%	
All Other	19,100,849,260	95.47%	
Total	<u>\$20,218,346,410</u>	<u>101.00%</u>	

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

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

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

The Public Library of Cincinnati and Hamilton County

Direct and Overlapping Property Tax Rates

(Per \$1,000 of Assessed Value)

Last Four Years (1)

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

Source: Ohio Department of Taxation, County Auditor, Hamilton County.

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

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

Real property tax rates are reduced so that inflationary increases in value do not generate additional taxes. Real property is reappraised every six years and property values are updated in the third year following each reappraisal.

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

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

Year	Capital Lease Payable	Percentage of Personal Income (1)	Per Capita (1)
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
2009	0	0.00%	0.00
2010	0	0.00%	0.00
2011	0	0.00%	0.00
2012	0	0.00%	0.00
2013	0	0.00%	0.00

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

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

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

Year	Population (1)	Personal Income (2)	Per Capita Personal Income (3)	Hamilton County Unemployment Rate (4)
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%
2009	855,062	38,234,097,330	44,715	8.9%
2010	802,374	37,227,408,738	46,397	9.4%
2011	800,362	38,425,612,445	48,010	8.6%
2012	802,038	38,947,903,470	48,561	7.0%
2013	804,520	40,522,867,880	50,369	7.1%

- Sources:** (1) U.S. Department of Commerce, U.S. Census Bureau web site
(2) Calculated based on rounded per capita income multiplied by population
(3) U.S. Department of Commerce, Bureau of Economic Analysis web site.
Ohio's personal income increased 2.25% in 2013. County data for 2013 has been estimated based on a 2.25% increase from BEA's 2012 revised amount of \$39,631,501,000. County data released in March 2014.
(4) Ohio Department of Job and Family Services web site

The Public Library of Cincinnati and Hamilton County
Principal Employers
Current Year and Nine Years Ago

Employer	2013			2004		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Kroger Co.	20,260	1	2.04%	13,470	2	1.36%
University of Cincinnati	15,651	2	1.57%	15,400	1	1.55%
Cincinnati Children's Hospital Medical Center	13,967	3	1.40%	7,202	10	0.73%
Procter & Gamble Co.	12,000	4	1.21%	12,500	4	1.26%
TriHealth Inc.	11,000	5	1.11%	7,319	7	0.74%
UC Health	10,000	6	1.00%			
Catholic Health Partners/Mercy Health Partners	8,956	7	0.90%			
GE Aviation	7,600	8	0.76%			
Archdiocese of Cincinnati	7,500	9	0.75%			
St. Elizabeth Healthcare	7,423	10	0.75%			
City of Cincinnati				7,250	9	0.73%
Health Alliance of Greater Cincinnati				12,827	3	1.29%
Toyota Motor Manufacturing North America Inc.				8,523	5	0.86%
Cincinnati Public Schools				7,596	6	0.77%
Fifth Third Bancorp				7,253	8	0.73%
Average County Employment for the Year	<u>995,170</u>			<u>991,893</u>		

Sources: *Cincinnati Business Courier Book of Lists 2005 (2004 data) & 2014 (2013 data)*
U.S. Bureau of Labor Statistics

The Public Library of Cincinnati and Hamilton County

Library Employees by Function

Last Ten Years

Function/Program	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental Activities:										
Library Services:										
Public Service and Programs	649	627	625	634	629	599	614	597	591	637
Collection Development and Processing	69	64	65	70	67	68	68	63	59	79
Support Services:										
Facilities Operations and Maintenance	86	79	75	75	75	75	67	54	32	43
Information Services Support	20	18	18	18	14	12	14	14	15	16
Business Administration	37	34	33	34	36	36	35	35	31	31
<i>Total Number of Employees</i>	<u>861</u>	<u>822</u>	<u>816</u>	<u>831</u>	<u>821</u>	<u>790</u>	<u>798</u>	<u>763</u>	<u>728</u>	<u>806</u>

Source: Library records

The Public Library of Cincinnati and Hamilton County

Operating Indicators by Function

Last 10 Years

Function/Program	2004	2005	2006	2007	2008
Library Services					
Public Service and Programs					
Items in Collection	9,574,449	9,545,692	9,551,178	9,545,414	9,530,479
Material Loans	14,713,793	14,344,449	14,783,307	14,875,594	15,627,452
Active Registered Borrowers	408,720	375,342	286,293	243,970	241,752
Number of Public Programs	15,417	15,546	14,874	14,033	14,567
Collection Development and Processing					
Items Purchased	369,228	358,784	355,468	369,766	367,602
Support Services					
Facilities Operations and Maintenance					
Facilities Maintained	45	45	45	45	45
Square Footage of Facilities	922,661	922,661	922,661	927,213	927,213
Information Services Support					
Computer Workstations/Devices	1,195	1,286	1,329	1,381	1,757
Online Resource Usage	26,245,535	34,070,381	42,994,289	71,159,640	87,344,129

Source: Library records

*Catalog Searches no longer counted for Online Resource Usage

2009	2010	2011	2012	2013
8,959,303	8,780,764	8,819,759	9,558,816	9,793,942
16,372,499	16,311,136	17,600,307	17,335,953	17,884,498
271,646	349,139	425,454	483,110	526,678
14,578	14,247	17,546	20,964	23,178
361,228	381,780	340,298	321,279	332,345
45	45	45	43	43
927,213	929,982	931,537	917,083	917,083
1,789	1,834	1,941	1,934	2,202
110,286,831	65,046,467	137,120,046	118,964,203	20,179,323 *

The Public Library of Cincinnati and Hamilton County

Capital Assets Statistics by Function

Last Ten Years

	2004	2005	2006	2007
Library Services:				
Public Service and Programs				
Land	\$12,045,336	\$12,318,298	\$12,318,597	\$12,326,641
Land improvements	374,030	358,972	355,514	407,256
Buildings and improvements	50,926,155	49,355,898	47,853,729	47,735,190
Furniture, fixtures and equipment	3,070,187	2,428,906	1,992,694	1,763,244
Collection Development and Processing				
Land	435,456	435,456	435,456	435,456
Fine Arts and Rare Books	17,614,531	17,614,531	17,614,531	17,614,531
Buildings and improvements	1,483,145	1,442,029	1,400,877	1,392,790
Furniture, fixtures and equipment	33,738	26,691	21,898	180,885
Support Services:				
Facilities Operations and Maintenance				
Land	922,056	922,056	922,056	922,056
Buildings and improvements	4,990,868	4,858,858	4,726,774	4,699,487
Furniture, fixtures and equipment	444,839	389,230	365,263	378,277
Vehicles	73,363	43,153	60,735	63,248
Construction in progress	0	0	0	0
Information Services Support				
Land	54,432	54,432	54,432	54,432
Buildings and improvements	185,393	180,254	175,110	174,099
Furniture, fixtures and equipment	405,473	398,426	359,839	577,511
Business Administration				
Land	707,617	707,617	707,617	707,617
Buildings and improvements	2,410,111	2,343,298	2,276,425	2,263,284
Furniture, fixtures and equipment	67,477	53,383	43,795	32,426
	<u>\$96,244,207</u>	<u>\$93,931,488</u>	<u>\$91,685,342</u>	<u>\$91,728,430</u>

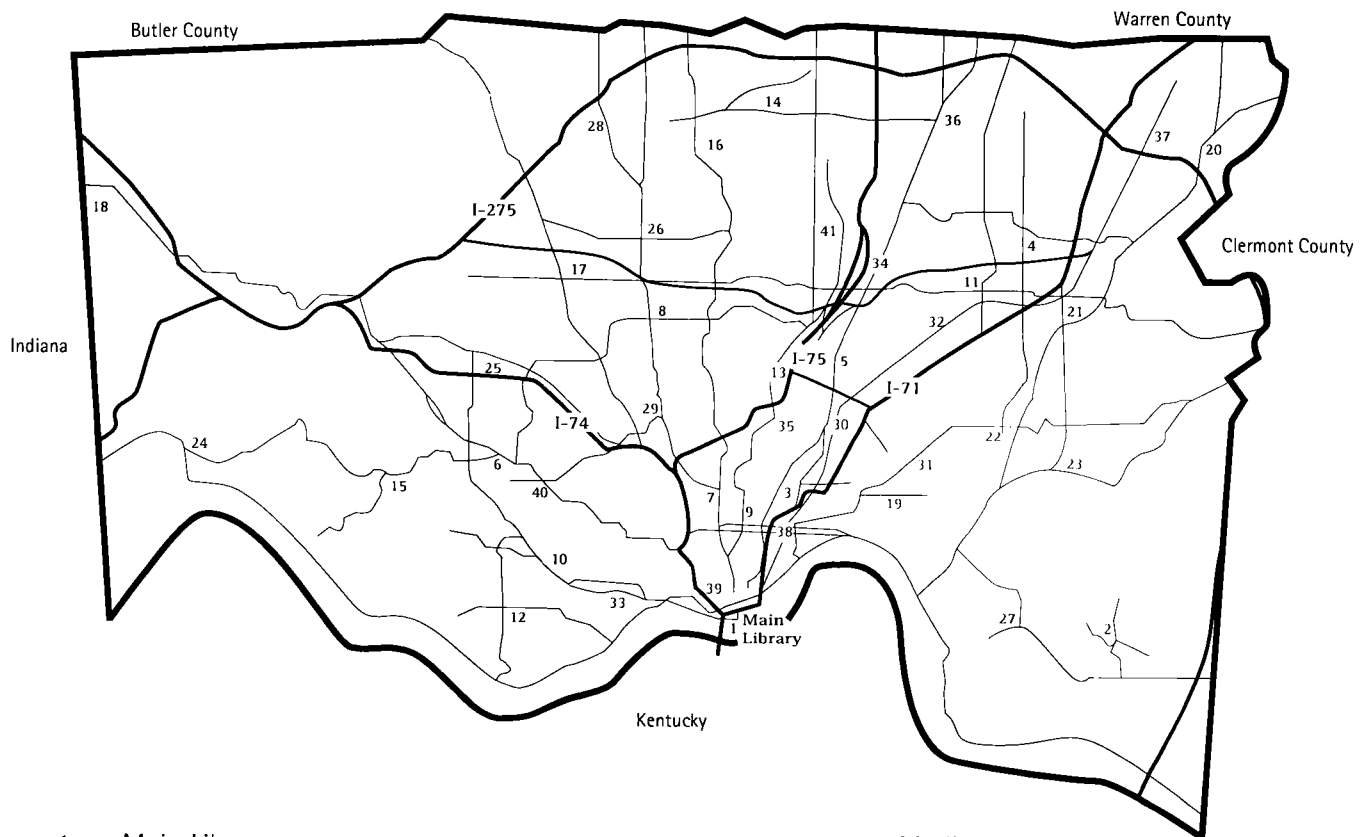
Land improvements, buildings and improvements, furniture and equipment and vehicles are presented net of accumulated depreciation.

Source: Library capital asset records.

*Restated. See Note 18 for further information.

2008	2009 (*)	2010 (*)	2011 (*)	2012 (*)	2013
\$12,326,641	\$12,326,641	\$12,320,016	\$12,320,016	\$12,268,873	\$12,268,873
490,444	480,202	490,869	471,191	471,863	446,995
46,510,156	45,302,405	44,045,389	42,680,799	41,932,318	40,780,204
1,901,610	1,680,974	2,059,240	1,764,154	1,775,488	1,648,080
435,456	435,456	435,456	435,456	435,456	435,456
17,614,531	17,614,531	17,614,531	17,614,531	17,614,531	17,614,531
1,345,455	1,301,138	1,257,218	1,211,981	1,176,827	1,129,890
166,819	192,635	151,525	197,340	212,284	211,337
922,056	922,056	922,056	922,056	922,056	922,056
4,539,771	4,390,239	4,247,499	4,094,863	3,976,247	3,817,874
393,044	339,792	179,401	488,101	581,826	592,273
104,443	77,367	92,645	61,556	36,433	15,455
125,936	0	165,585	1,153,978	252,834	1,403,665
54,432	54,432	54,432	54,432	54,432	54,432
168,182	162,643	157,153	151,498	147,104	141,237
774,859	725,050	825,790	742,382	790,393	812,909
707,617	707,617	707,617	707,617	707,617	707,617
2,186,364	2,114,349	2,057,253	1,983,744	1,926,618	1,850,345
68,064	70,236	59,583	55,053	58,707	44,998
<u>\$90,835,880</u>	<u>\$88,897,763</u>	<u>\$87,843,258</u>	<u>\$87,110,748</u>	<u>\$85,341,907</u>	<u>\$84,898,227</u>

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 | |



Dave Yost • Auditor of State

THE PUBLIC 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
AUGUST 14, 2014