



**Auditor of State
Betty Montgomery**

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

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**Auditor of State
Betty Montgomery**

**INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE AND
INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS**

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

To the Library Board of Trustees:

We have audited the basic financial statements of the Public Library of Cincinnati and Hamilton County, Hamilton County, Ohio (the Library), as of and for the fiscal year ended December 31, 2003, and have issued our report thereon dated June 14, 2004, in which we noted the Library adopted Governmental Accounting Standards Board Statements No. 34. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Library's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instance of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted a certain immaterial instance of noncompliance that we have reported to the management of the Library in a separate letter dated June 14, 2004.

Internal Control Over Financial Reporting

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

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

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

Betty Montgomery
Auditor of State

June 14, 2004

Introductory Section

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

Comprehensive Annual Financial Report

For the Year Ended December 31, 2003

Issued by :

Patricia Schoettker
Clerk-Treasurer

**The Public Library of Cincinnati and Hamilton County
 Comprehensive Annual Financial Report
 For the Year Ended December 31, 2003
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THE PUBLIC LIBRARY

of Cincinnati
and
Hamilton County

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45202-2071

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Charles W. Anness
Vice President

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Deliaan A. Gettler

Elizabeth H. LaMacchia

Charles D. Lindberg

Bailey W. Turner

Joseph S. Stern, Jr.
Trustee Emeritus

Kimber L. Fender
Executive Director

Patricia Schoettker
Clerk-Treasurer

June 14, 2004

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, 2003. This report contains the financial statements and other financial and statistical data that provide complete and full disclosure of all material financial aspects of The Public Library of Cincinnati and Hamilton County ("The Library"). This CAFR conforms to generally accepted accounting principles (GAAP) as applicable to governmental entities. The responsibility for the accuracy and completeness of all data presented, and the fairness of the presentation, rests with the management of the Library, specifically the Clerk-Treasurer's Office.

This Comprehensive Annual Financial Report is divided into three sections:

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

THE PUBLIC LIBRARY OF CINCINNATI AND HAMILTON COUNTY

HISTORY AND DEVELOPMENT

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

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

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

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

By the mid-'80s, skyrocketing public demand for downtown library services, a rapidly growing collection, and radical expansion of computerization had once again stretched the Main Library to the limits. Planning began in 1988, and in 1995, ground was broken for the further expansion of the Main Library. In January 1997, the 165,000 square-foot addition to the Main Library was opened, and in 1998 the renovation of the entire 378,000 square-foot main library south building was completed. This created a state-of-the-art, seamless main library building of over one half million square feet with 97 miles of shelving.

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

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

THE PUBLIC LIBRARY OF CINCINNATI AND HAMILTON COUNTY

MATERIALS AND SERVICES

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

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

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

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

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

The Public Library of Cincinnati and Hamilton County system is widely regarded as among the best in the country, ranking among the top ten circulating libraries in the United States. In comparison with these nine other top circulating libraries, in 2003 the Library ranked 1st in both holdings and holdings per capita, 2nd in circulation per cardholder, 3rd lowest in cost per circulation, and 4th in circulation per capita.

THE PUBLIC LIBRARY OF CINCINNATI AND HAMILTON COUNTY

2003 marked the 150th anniversary of the Public Library of Cincinnati and Hamilton County. This significant milestone in the Library's history was celebrated throughout the year with a series of events that began in February with the launch of a book written by John Fleischman, *Free & Public: One Hundred and Fifty Years at the Public Library of Cincinnati and Hamilton County 1853—2003*.

REPORTING ENTITY

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

ECONOMIC CONDITIONS AND OUTLOOK

The service area of the Library is the entire 413 square mile area encompassing Hamilton County and the City of Cincinnati (79 square miles), which is located wholly within the county borders. While the population of the City of Cincinnati declined 9 percent from 364,114 in 1990 to 331,285 in 2000, the total population of Hamilton County declined only 2.4 percent over the decade from 866,228 in 1990 to 845,303 in 2000. This indicates that residents are settling farther from the region's city core. Areas of growth over the last ten years – the fastest in both Ohio and Kentucky – completely encircle Hamilton County with Ohio's Butler County growing 14.2 percent, Warren County increasing 39 percent, Clermont County rising 18.5 percent, and double-digit increases in Kentucky's Boone, Campbell and Kenton Counties.

The Library receives the major portion of its income from the Library and Local Government Support Fund (LLGSF). The LLGSF is based on the collection of state income tax, and therefore, is dependent on the economy of the state. This fund, set at 5.7 percent of the personal income tax, was frozen for two years at 2000-2001 distribution levels as of July 2001. In 2003, the Ohio Legislature extended the freeze through June 2005. The LLGSF is distributed to Ohio's 88 counties according to a fixed formula. Within Hamilton County, the distribution is based on the Library's need. Any remainder after the Library's needs are met is distributed on a fixed formula to 37 local governments. Additional moneys are derived from services, fines, federal and state grants, e-rate reimbursements, rents, gifts and investment earnings.

THE PUBLIC LIBRARY OF CINCINNATI AND HAMILTON COUNTY

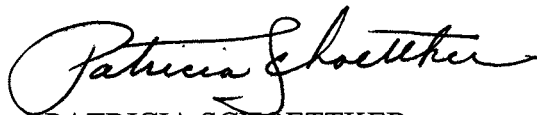
The economic downturn of the past few years resulted in a reduction in the collection of state income tax and a significant cut in LLGSF funding for the Library. The Library's LLGSF income for 2003 was \$590,000 less than the income received in 2002 and \$5.4 million less than the LLGSF received in 2000. To accommodate a loss of funding of this magnitude, a new schedule of service hours went into effect in January 2003, cutting hours of service by 231 hours per week or about 10%. Sunday hours were eliminated except at the Main Library. A hiring freeze adopted in 2002 eventually resulted in a corresponding 10% reduction in staff. Cost savings were also achieved by a 6-month delay in a scheduled cost-of-living salary adjustment and by health care plan/premium reductions implemented in August 2002. The Library's implementation of an Integrated Library System (ILS), which will support a much-needed web-based catalog and permit a variety of applications not currently possible with the old computer system, was already funded and continued to go forward. All capital building and renovations projects remained on hold, with the exception of a minor expansion of the Mt. Washington Branch parking lot.

Throughout most of 2003, the Library worked with the firm of Himmel & Wilson to develop the first phase of the Library's Strategic Plan for 2004 - 2008. The process involved the gathering and analysis of information provided through public and staff focus groups, interviews and surveys. Phase I established four priorities -- the provision of relevant services, achieving and maintaining financial strength, maintaining community awareness, and functioning as a dynamic organization.

OTHER INFORMATION

Highlights of the Library's financial activities in 2003 are outlined in Management's Discussion and Analysis, starting on page 3, and in the Notes to the Financial Statements.

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



PATRICIA SCHOETTKER
CLERK-TREASURER

Certificate of Achievement for Excellence in Financial Reporting

Presented to

The Public Library of
Cincinnati and Hamilton County,
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2002

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

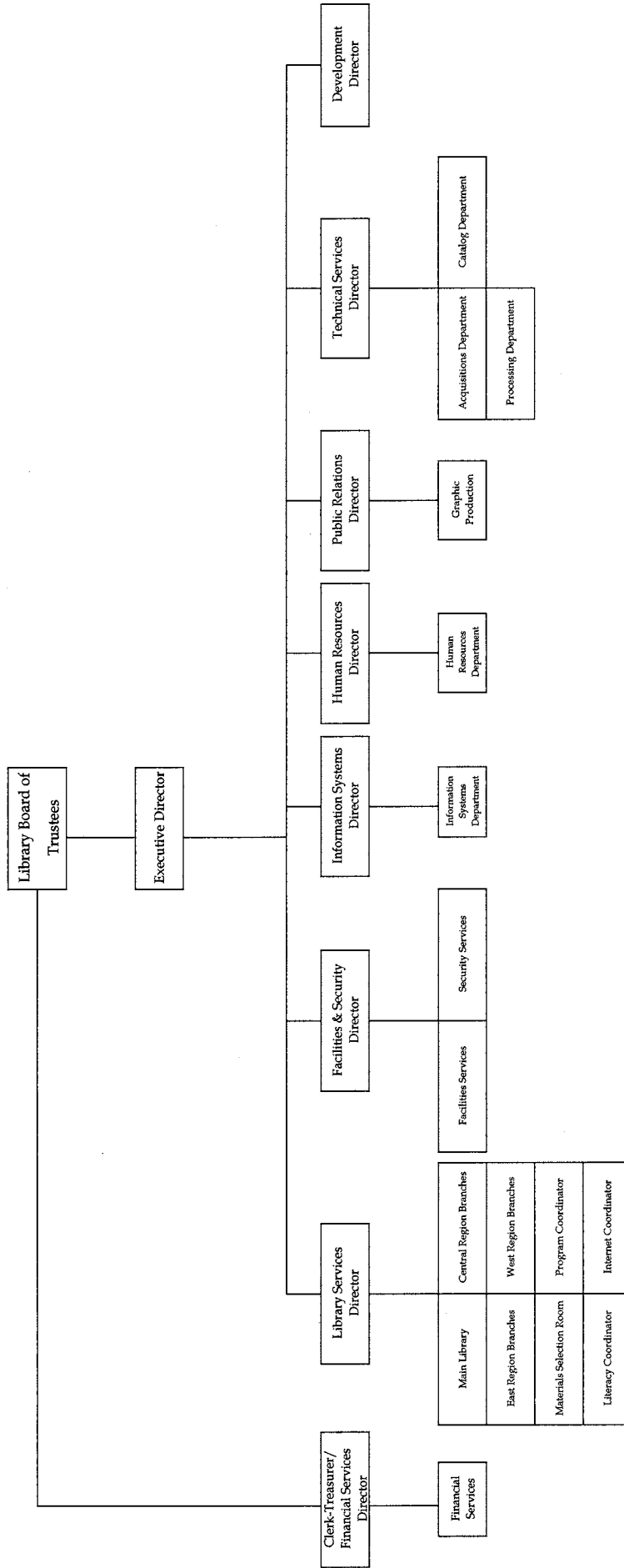


President

Executive Director

THE PUBLIC LIBRARY OF CINCINNATI AND HAMILTON COUNTY

ORGANIZATIONAL CHART



THE PUBLIC LIBRARY OF CINCINNATI AND HAMILTON COUNTY

**LIST OF PRINCIPAL OFFICIALS
AS OF DECEMBER 31, 2003**

Board of Library Trustees

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

Appointed Officials

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

Administrative Staff

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

Financial Section

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANT'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the major fund and the aggregate remaining fund information of the Public Library of Cincinnati and Hamilton County, Hamilton County, (the Library) as of and for the year ended December 31, 2003, which collectively comprise the Library's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Library's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of the Public Library of Cincinnati and Hamilton County, Hamilton County, as of December 31, 2003 and, the respective changes in financial position and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 3, during the year ended December 31, 2003, the Library implemented a new financial reporting model, as required by the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements— and Management's Discussion and Analysis— for State and Local Governments*.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 14, 2004 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements, but is supplementary information the Governmental Accounting Standards Board requires. We applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. We did not audit the information and express no opinion on it.

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We conducted our audit to form opinions on the financial statements that collectively comprise the Library's basic financial statements. The introductory section, combining and individual nonmajor fund statements and statistical tables are not a required part of the basic financial statements. We subjected the combining and individual nonmajor fund statements to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is 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 tables to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on them.



BETTY MONTGOMERY
Auditor of State

June 14, 2004

Public Library of Cincinnati and Hamilton County, Ohio

Management's Discussion and Analysis

For the Year Ended December 31, 2003

Unaudited

This comprehensive annual financial report presents the Public Library of Cincinnati and Hamilton County's financial performance for the year ended December 31, 2003. The report consists of a series of financial statements and notes to those statements, plus other supplementary information. The financial statements are organized to present both the Library's overall financial position – *governmental-wide financials statements*, plus a detailed look at specific financial activities – *fund financial statements*.

This financial report includes the capital asset requirements of GASB Statement No. 34. Because this is the first presentation of this information, limited comparisons are made with prior years.

Financial Highlights

Key Financial highlights for 2003 are as follows:

- At December 31, the Library's net assets exceeded \$149 million. Of this amount, \$32.2 million (unrestricted net assets) may be used to meet ongoing obligations.
- At the close of the fiscal year, the Library's General Fund reported an ending fund balance of \$10.3 million, an increase of \$866,795 in comparison with the prior year.
- The Library's only debt as of December 31 was a \$283,721 capital lease for public copiers.

Government-wide Financial Statements

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

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

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

Fund Financial Statements

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

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

The Library presents 25 individual governmental funds for the year ended December 31, 2003. Individual information is presented in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balance only for the general fund, the only major fund. The remaining funds are reported together as a single “other governmental” fund. Individual data for several of these non-major 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 2003 to demonstrate compliance with this budget.

Notes to the Financial Statements

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

Government-wide Financial Analysis

Net assets may serve over time as a useful indicator of a government’s financial position. As of December 31, 2003, the Library’s assets exceeded liabilities by \$149 million. The table below provides a comparative analysis of net assets between fiscal year 2002 and 2003:

	<u>2003</u>	<u>2002</u>
Assets		
Current Assets	\$50,513,873	\$49,812,307
Investments	5,988,195	6,107,760
Capital Assets, Net	<u>99,330,009</u>	<u>101,273,805</u>
Total Assets	<u>155,832,077</u>	<u>157,193,872</u>
Liabilities		
Current Liabilities	(2,602,303)	(3,189,058)
Long-Term Liabilities	<u>(3,936,311)</u>	<u>(3,562,590)</u>
Total Liabilities	<u>(6,538,614)</u>	<u>(6,751,648)</u>
Net Assets		
Invested in Capital Assets	99,046,288	101,273,805
Restricted	18,040,897	19,593,349
Unrestricted	<u>32,206,278</u>	<u>29,575,070</u>
Total Net Assets	<u>\$149,293,463</u>	<u>\$150,442,224</u>

The largest portion of the Library's net assets (66%) reflects its capital assets – land, fine art and rare books collections, land improvements, buildings and improvements, furniture, fixtures, and equipment, and vehicles. The Library uses these assets to provide services; consequently, these assets are not available for future spending. With the exception of outstanding debt for public copiers, the Library's capital assets are free of outstanding debt.

An additional portion of the Library's net assets (12%) represents resources restricted for debt service (public copiers), planned capital improvement projects, restricted principal, and other resources subject to external restrictions. The remaining balance of unreserved net assets (22%) may be used to meet the Library's ongoing activities. The Library is able to report positive balances in all categories of net assets, including a healthy positive balance of \$32.2 million in unrestricted net assets.

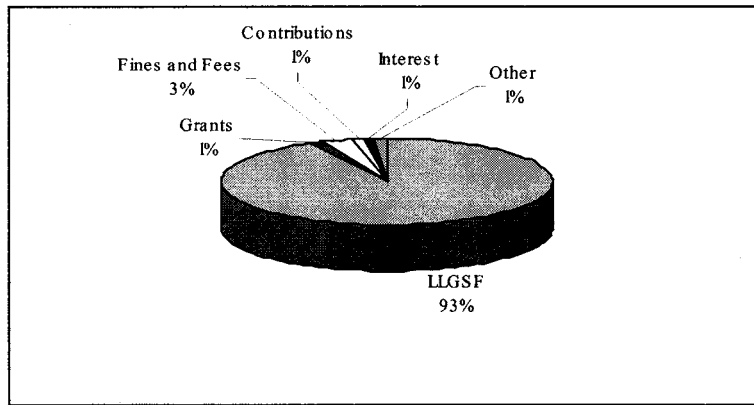
Compared to the previous fiscal year, the total net assets of the Library's governmental activities decreased by \$1,148,761 during the current year. Most of the decrease is due to the change in depreciation of capital assets from 2002 to 2003.

The following table explains the change in net assets in terms of the Library's governmental activities. Since this is the first year the Library has prepared financial statements following GASB 34, revenue and expense comparisons to year 2002 are not available.

Revenue	
<u>Program Revenues:</u>	
Charges for Services	\$1,648,282
Operating Grants, Contributions and Interest	1,469,788
<u>General Revenues:</u>	
Intergovernmental LLGSF	48,876,713
Other General Revenues	861,958
Contributions	4,195
Total Revenue	<u>52,860,936</u>
Expenses	
Library Services	35,761,158
Support Services	18,245,720
Interest	2,819
Total Expenses	<u>54,009,697</u>
Change in Net Assets	<u><u>(\$1,148,761)</u></u>

Program revenues (nominal fines and fees), 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 graph on the following page illustrates the Library's reliance on intergovernmental revenue, specifically the Library and Local Government Support Fund (LLGSF), which in 2003 provided 93% of the Library's total revenue for governmental activities. The LLGSF, a portion of the state personal income tax, is normally funded at 5.7% of collections. However, the Ohio legislature froze all distributions from the fund effective July 2001, now extended through June 2005.

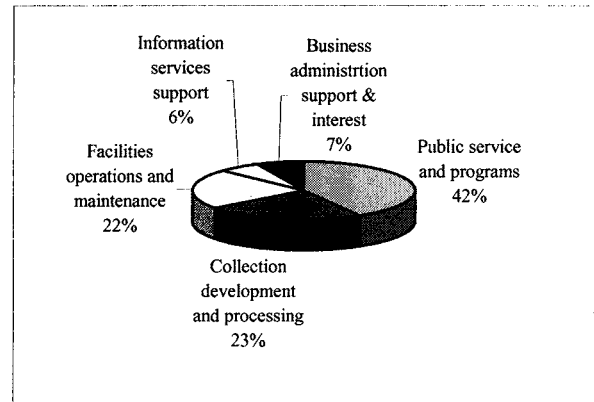
Total Revenue by Source



As reflected in our Mission Statement – the Library’s function is to “connect people with the world of ideas and information”. It follows then that the expenditures 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 – almost 65%. Net expense by function is detailed in the table below and illustrated in the following graph.

Cost of Services – Net Expense by Function

Public service and programs	\$21,082,988
Collection development and processing	11,726,675
Facilities operations and maintenance	11,448,320
Information services support	3,058,959
Business administration support	3,571,866
Interest	2,819
	<hr/>
	<u>\$50,891,627</u>



Fund Financial Analysis

As previously noted, the general fund is the Library’s only major fund. The fund balance of the general fund increased \$866,795 during 2003. This increase occurred despite the fact that general fund revenue and expenditures both decreased in 2003 in comparison with the prior year.

In 2003, despite a growing demand for services, the Library found it necessary to reduce service hours as a result of the legislative reduction in funding. Public hours were reduced by 10%, allowing a corresponding 10% reduction in staff, achieved almost entirely through attrition following a multi-month hiring freeze. The staffing reduction kept the 2003 cost of salaries and benefits below 2002 levels, despite pay increases and the rising cost of benefits. It is interesting to note that reducing service hours and public service staff did not reduce demand; rather Library use continued to grow with program attendance and circulation setting new records.

As the Library adjusted to providing the same quality of service with a reduced staff, management focused on finding new ways to reduce operating costs in all categories of expenditure. As a result, less equipment and fewer supplies were purchased. Purchased and contracted services were reduced by several means, for example, cutting less essential security guard services, eliminating some of the steps in purchasing and processing books and other library materials, revising service and maintenance contracts, and postponing non-essential repairs.

And finally, in 2003, for the first time in many years, no dollars were transferred from the general fund to the capital project funds. All of these actions together resulted in a \$866,795 fund balance increase at the end of the year.

General Fund Budgetary Analysis

Differences between the original budget and the final amended budget are a direct result of legislative reductions in the Library and Local Government Support Fund, which reduced the 2003 distribution to Hamilton County by \$3.2 million. To keep expenditures within revised revenue projections, the general fund appropriation budget was reduced by \$855,407.

Actual revenue exceeded the final amended budget by \$155,371, all from non-governmental sources, primarily program revenue and donations. As a result of management efforts to reduce operating costs, actual expenditures were almost \$2 million less than the final amended budget.

Capital Assets

As of December 31, 2003, the Library had \$99,300,009 invested in capital assets.

	<u>Governmental Activities</u>	
	<u>2003</u>	<u>2002</u>
Land	\$14,164,897	\$14,164,897
Fine Arts and Rare Books Collections	17,614,531	17,614,531
Land Improvements	356,965	370,976
Buildings and Improvements	61,817,163	63,463,812
Furniture and Equipment	5,296,551	5,555,084
Vehicles	79,902	104,505
Total Capital Assets	<u>\$99,330,009</u>	<u>\$101,273,805</u>

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

Debt

The Library has entered into a capital lease agreement in the amount of \$297,271. The amount outstanding at December 31, 2003 was \$283,721.

For more information on leases payable, see Note 9 to the basic financial statements.

Contacting the Library's Financial Management

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

Public Library of Cincinnati and Hamilton County
Statement of Net Assets
December 31, 2003

	<u>Governmental Activities</u>
<u>Assets</u>	
Cash	
Equity in Pooled Cash and Cash Equivalents	\$20,864,491
Cash and Cash Equivalents with Escrow Agent	643
Accrued Interest Receivable	61,448
Intergovernmental Receivable	29,199,615
Prepaid Items	97,663
Supplies Inventory	290,013
Investments	5,988,195
Capital Assets	
Land	14,164,897
Fine Art and Rare Books Collection	17,614,531
Depreciable Capital Assets, Net	67,550,581
Total Assets	155,832,077
 <u>Liabilities</u>	
Accounts payable	1,646,877
Contracts Payable	30,719
Contracts Payable - Retainage	643
Accrued Salaries Payable	806,898
Intergovernmental Payable	117,166
Noncurrent liabilities:	
Due within one year	1,667,184
Due in more than one year	2,269,127
Total Liabilities	6,538,614
 <u>Net Assets</u>	
Invested in capital assets, net of related debt	99,046,288
Restricted for other purposes	1,636,872
Restricted for capital outlay	7,807,865
Restricted for permanent funds	
Expendable	1,908,744
Nonexpendable	6,687,416
Unrestricted	32,206,278
Total Net Assets	\$149,293,463

See accompanying notes to the basic financial statements.

Public Library of Cincinnati and Hamilton County
Statement of Activities
For the Year Ended December 31, 2003

<u>Functions/Programs</u>	Program Revenues		Net (Expense)
	Expenses	Charges for Services	Revenue and Changes in Net Assets
		Operating Grants, Contributions and Earnings on Investments	
Library Services			
Public service and programs	\$23,787,560	\$1,648,282	(\$21,082,988)
Collection development and processing	11,973,598	0	(11,726,675)
Support Services			
Facilities operation and maintenance	11,580,120	0	(11,448,320)
Information services support	3,079,959	0	(3,058,959)
Business administration	3,585,641	0	(3,571,866)
Interest	2,819	0	(2,819)
Total Governmental Activities	\$54,009,697	\$1,648,282	(50,891,627)
General Revenues:			
Grants and contributions not restricted to specific programs			48,876,713
Net decrease in fair value of investments			(111,548)
Earnings on investments			271,094
Other			702,412
Contributions to principal for permanent funds			4,195
Total general revenues and contributions			49,742,866
Change in net assets			(1,148,761)
Net assets - beginning of the year - Note 3			150,442,224
Net assets - end of the year			\$149,293,463

See accompanying notes to the basic financial statements.

Public Library of Cincinnati and Hamilton County
Balance Sheet
Governmental Funds
December 31, 2003

	<u>General</u>	<u>Other Governmental</u>	<u>Total Governmental Funds</u>
<u>Assets</u>			
Equity in Pooled Cash and Cash Equivalents	\$8,350,276	\$12,514,215	\$20,864,491
Restricted Cash:			
Cash and Cash Equivalents with Escrow Agent	0	643	643
Investments	0	5,988,195	5,988,195
Receivables:			
Accrued Interest	0	61,448	61,448
Intergovernmental	29,029,931	169,684	29,199,615
Prepaid Items	97,663	0	97,663
Supplies Inventory	290,013	0	290,013
Advances To Other Funds	150,000	0	150,000
Total Assets	<u><u>\$37,917,883</u></u>	<u><u>\$18,734,185</u></u>	<u><u>\$56,652,068</u></u>
<u>Liabilities</u>			
Accounts Payable	\$1,160,393	\$486,484	\$1,646,877
Contracts Payable	0	30,719	30,719
Contracts Payable - Retainage	0	643	643
Accrued Salaries Payable	795,592	11,306	806,898
Intergovernmental Payable	115,563	1,603	117,166
Advances From Other Funds	0	150,000	150,000
Deferred Revenue	25,532,450	0	25,532,450
Total Liabilities	<u><u>27,603,998</u></u>	<u><u>680,755</u></u>	<u><u>28,284,753</u></u>
<u>Fund Balances</u>			
Reserved for:			
Encumbrances	1,239,772	578,697	1,818,469
Advances	150,000	0	150,000
Restricted Principal	0	6,687,416	6,687,416
Unreserved, reported in:			
General fund	8,924,113	0	8,924,113
Special revenue funds	0	1,608,532	1,608,532
Capital projects funds	0	7,270,041	7,270,041
Permanent funds	0	1,908,744	1,908,744
Total Fund Balances	<u><u>10,313,885</u></u>	<u><u>18,053,430</u></u>	<u><u>28,367,315</u></u>
 Total Liabilities and Fund Balances	 <u><u>\$37,917,883</u></u>	 <u><u>\$18,734,185</u></u>	 <u><u>\$56,652,068</u></u>

See accompanying notes to the basic financial statements.

**Public Library of Cincinnati and Hamilton County
 Reconciliation of Total Governmental Fund Balances
 To Net Assets of Governmental Activities
 December 31, 2003**

Total fund balances in governmental funds	\$28,367,315
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	99,330,009
Intergovernmental receivables are not available to pay for current-period expenditures and, therefore are deferred in the funds	25,532,450
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds	
Compensated absences payable	(3,652,590)
Capital leases payable	(283,721)
	(3,936,311)
Net assets of governmental activities	\$149,293,463

See accompanying notes to the basic financial statements.

Public Library of Cincinnati and Hamilton County
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2003

	General	Other Governmental	Total Governmental Funds
Revenues			
Intergovernmental	\$47,767,788	\$740,630	\$48,508,418
Fines and fees	1,648,282	0	1,648,282
Earnings on investments	229,170	294,575	523,745
Contributions, gifts and donations	105,195	375,507	480,702
Net decrease in fair value of investments	0	(111,548)	(111,548)
Miscellaneous	701,012	1,400	702,412
Total Revenues	50,451,447	1,300,564	51,752,011
Expenditures			
Current:			
Library services			
Public service and programs	23,892,940	877,189	24,770,129
Collection development and processing	11,712,508	326,354	12,038,862
Support services			
Facilities operations and maintenance	8,021,708	308,937	8,330,645
Information services support	2,775,998	1,218,361	3,994,359
Business administration	3,459,398	175,770	3,635,168
Debt Service			
Principal	13,550	0	13,550
Interest	2,819	0	2,819
Total Expenditures	49,878,921	2,906,611	52,785,532
Excess (deficiency) of revenues over (under) expenditures	572,526	(1,606,047)	(1,033,521)
Other Financing Sources (Uses):			
Transfers in	3,998	314,623	318,621
Transfers out	(7,000)	(311,621)	(318,621)
Inception of capital leases	297,271	0	297,271
Total of other financing sources and (uses)	294,269	3,002	297,271
Net change in fund balances	866,795	(1,603,045)	(736,250)
Fund balances - beginning of year (restated - Note 3)	9,447,090	19,656,475	29,103,565
Fund balances - end of year	\$10,313,885	\$18,053,430	\$28,367,315

See accompanying notes to the basic financial statements.

**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, 2003**

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

Net change in fund balances - total governmental funds	(\$736,250)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period. These items include:

Fixed asset additions	1,664,116	
Depreciation expense	<u>(3,607,912)</u>	(1,943,796)

Intergovernmental revenue relating to grants and entitlements in the statement of activities that do not provide current resources are not reported as revenues in the funds	1,108,925
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The proceeds from capital leases provide current financial resources to governmental funds, while repayment of the principal of the capital leases consumes current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of these differences in the treatment of capital leases.	(283,721)
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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. These items include:

Decrease in intergovernmental payable	796,081	
Increase in compensated absences	(90,000)	706,081
	<u>706,081</u>	

Change in net assets of governmental activities	<u><u>(\$1,148,761)</u></u>
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See accompanying notes to the basic financial statements.

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, 2003

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues				
Intergovernmental	\$50,962,530	\$47,755,154	\$47,755,154	\$0
Fines and fees	1,539,800	1,539,800	1,648,282	108,482
Earnings on investments	319,800	314,200	277,848	(36,352)
Contributions, gifts and donations	62,400	62,400	105,194	42,794
Miscellaneous	660,565	660,565	701,012	40,447
Total revenues	<u>53,545,095</u>	<u>50,332,119</u>	<u>50,487,490</u>	<u>155,371</u>
Expenditures				
Current:				
Salaries and benefits	36,229,290	35,859,905	35,636,183	223,722
Supplies	1,121,554	998,453	878,363	120,090
Purchased and contracted services	7,100,545	6,974,595	6,001,735	972,860
Library materials and information	9,774,610	9,581,639	9,217,682	363,957
Other objects	77,745	80,745	66,798	13,947
Capital outlay	588,188	541,188	274,130	267,058
Total expenditures	<u>54,891,932</u>	<u>54,036,525</u>	<u>52,074,891</u>	<u>1,961,634</u>
Excess of revenues over (under) expenditures	<u>(1,346,837)</u>	<u>(3,704,406)</u>	<u>(1,587,401)</u>	<u>2,117,005</u>
Other financing sources (uses):				
Operating transfers - in	0	3,998	3,998	0
Operating transfers - out	0	(7,000)	(7,000)	0
Total other financing sources (uses)	<u>0</u>	<u>(3,002)</u>	<u>(3,002)</u>	<u>0</u>
Net change in fund balance	(1,346,837)	(3,707,408)	(1,590,403)	2,117,005
Fund balance at beginning of year	3,900,000	3,900,000	3,900,000	0
Prior year encumbrances appropriated	3,640,403	3,640,403	3,640,403	0
Fund balance at end of year	<u>\$6,193,566</u>	<u>\$3,832,995</u>	<u>\$5,950,000</u>	<u>\$2,117,005</u>

See accompanying notes to the basic financial statements.

Public Library of Cincinnati and Hamilton County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

NOTE 1 - REPORTING ENTITY

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

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

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

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

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

Public Library of Cincinnati and Hamilton County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

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

Governmental-wide Financial Statements

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

Fund Financial Statements

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

B. Fund Accounting

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

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

Public Library of Cincinnati and Hamilton County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

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

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

C. Measurement Focus

Government-wide Financial Statements

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

Fund Financial Statements

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

D. Basis of Accounting

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

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

Public Library of Cincinnati and Hamilton County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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

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

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

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

The measurement focus of governmental 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. Budgetary modifications may only be made by resolution of the Board of Library Trustees.

Budget

A budget of estimated revenues and expenditures for all funds is submitted to the County Budget Commission by May 31 of each year, for the period January 1 to December 31 of the following year.

As the taxing authority, it is the responsibility of the County Commissioners to submit the Library's budget to the County Budget Commission. The County Commissioners are not authorized to make changes to the Library's budget.

Public Library of Cincinnati and Hamilton County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Estimated Resources

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

Appropriations

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

F. Cash and Cash Equivalents

Cash received by the Library is pooled in a common group of bank accounts. Moneys for all funds, except the unexpendable portion of permanent funds, are maintained in the accounts or temporarily used to purchase investments. Individual fund integrity is maintained through Library records. Interest in the pool is presented as "equity in pooled cash and cash equivalents" on the financial statements. The Library also utilizes an escrow agent to hold retainage on construction contracts. The balances in these accounts are presented on the financial statements as "Cash and Cash Equivalents with Escrow Agent" and represent deposits.

During 2003, investments included Certificates of Deposit, U.S. Treasury Notes and Bonds, U.S. Savings Bonds, Federal Agency Bonds and Debentures, Repurchase Agreements, STAROhio, and money market accounts. STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price, which is the price the investment could be sold for on December 31, 2003.

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

Ohio statutes specify the funds to receive an allocation of interest earnings. Interest and dividend revenue credited to the general fund during 2003 amounted to \$229,170, which includes \$128,015 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".

Public Library of Cincinnati and Hamilton County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

G. Inventory of Supplies

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

H. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2003, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expense/expenditure in the year in which services are consumed.

I. Capital Assets

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

Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed 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 and fine art and rare book collections, are depreciated. Fine art and rare book collections are considered inexhaustible. Improvements are depreciated over the remaining useful lives of the related capital assets and leasehold improvements (included in building improvements) are depreciated over the life of the lease. Depreciation is computed using the straight-line method over the following useful lives:

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

Public Library of Cincinnati and Hamilton County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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.

L. Reservations of Fund Balance

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

M. Advances to Other Funds

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

N. Interfund Transactions

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

O. Net Assets

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

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

Public Library of Cincinnati and Hamilton County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

P. Estimates

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

NOTE 3 – CHANGES IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF FUND BALANCES

A. Changes in Accounting Principles

For 2003, the Library has implemented GASB Statement No. 34, “Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments”, GASB Statement No. 37, “Basic Financial Statements for State and Local Governments: Omnibus,” GASB Statement No. 38, “Certain Financial Statement Note Disclosures”, and GASB Interpretation 6 “Recognition and Measurement of Certain Liabilities and Expenditures in Government Fund Financial Statements.”

GASB Statement No. 34 creates new basic financial statements for reporting on Library’s financial activities. The financial statements now include government-wide financial statements prepared on an accrual basis of accounting and fund financial statements which present information for individual major funds rather than by fund type. Nonmajor funds are presented in total in one column.

GASB Statement No. 37 clarifies certain provisions of Statement No. 34, including the required content of the MD&A, the classification of program revenues and the criteria for determining major funds. GASB Statement No. 38 modifies, establishes and rescinds certain financial statement note disclosures.

GASB Interpretation No. 6 clarifies the application of standards for modified accrual recognition of certain liabilities and expenditures in areas where differences have arisen, or potentially could arise, in interpretation and practice. The Library restated the fund liability for compensated absences that were not mature as of December 31, 2002.

The Library changed the capitalization threshold from \$500 to \$1500.

The Library also changed the percentage for estimating compensated absences under the termination method to provide a more accurate estimate.

Public Library of Cincinnati and Hamilton County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

NOTE 3 – CHANGES IN ACCOUNTING PRINCIPALS AND RESTATEMENT OF FUND BALANCES - continued

B. Restatement of Fund Balances

The restatements for GASB Statement No. 34, and GASB Interpretation No. 6 had the following effects on fund balance of the major and nonmajor funds of the Library as they were previously reported.

	<u>General</u>	<u>Nonmajor</u>	<u>Total</u>
Fund Balances, December 31, 2002	\$9,103,331	\$19,652,362	\$28,755,693
Interpretation No. 6 Adjustments	343,759	4,113	347,872
Adjusted Fund Balance, December 31, 2002	<u>\$9,447,090</u>	<u>\$19,656,475</u>	29,103,565
GASB No. 34 Adjustments:			
Deferred Assets:			
Intergovernmental Receivables			24,423,525
Capital Assets, Net			101,273,805
Intergovernmental Payable			(796,081)
Long-Term Liabilities:			
Compensated Absences			(3,562,590)
Governmental Activities Net Assets, December 31, 2002			<u>\$150,442,224</u>

NOTE 4 – BUDGETARY BASIS OF ACCOUNTING

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

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

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

Public Library of Cincinnati and Hamilton County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

NOTE 4 – BUDGETARY BASIS OF ACCOUNTING - continued

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

<u>Net Change in General Fund</u>	
GAAP Basis	\$866,795
Revenue Accruals	35,933
Expenditure Accruals	(94,552)
Encumbrances	<u>(2,398,579)</u>
Budget Basis	<u><u>\$(1,590,403)</u></u>

NOTE 5 – FUND BALANCE

The General Fund is carrying a positive fund balance, which is primarily the result of contingency carry-over and the recognition of the Library and Local Government Support Fund allocation.

NOTE 6 - DEPOSITS AND INVESTMENTS

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

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

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

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

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

Public Library of Cincinnati and Hamilton County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

NOTE 6 - DEPOSITS AND INVESTMENTS - continued

Interim moneys may be invested in the following securities:

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

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

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

The following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 3, "Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements. "

Public Library of Cincinnati and Hamilton County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

NOTE 6 - DEPOSITS AND INVESTMENTS - continued

Deposits

At year-end, the carrying amount of the Library's deposits was \$15,767,729; the bank balance was \$16,682,636. The Federal Deposit Insurance Corporation (FDIC) covered \$200,000 of the bank balance and the remaining bank balance was collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Library's name. In accordance with Ohio Revised Code, the remaining balance was covered by pooled collateral.

Investments

The Library's investments are required to be categorized to give an indication of the level of risk assumed by the Library at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the Library or by the Library's agent in the Library's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the Library's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the Library's name. STAROhio investments are unclassified since they are not evidenced by securities that exist in physical or book entry form.

	Unclassified	Category 2	Carrying/ Fair Value
Star Ohio	\$5,097,405		\$5,097,405
Federal Farm Credit Bank Bonds		\$1,019,690	1,019,690
Federal Home Loan Bank Bonds		1,609,973	1,609,973
U. S. Savings Bonds		135,500	135,500
Federal Home Loan Mortgage Co. Debentures		1,111,378	1,111,378
U.S. Treasury Notes		2,111,654	2,111,654
Total	<u>\$5,097,405</u>	<u>\$5,988,195</u>	<u>\$11,085,600</u>

NOTE 7 - RECEIVABLES

Receivables at December 31, 2003, consisted of intergovernmental and earnings on investments. Intergovernmental receivables consisted of \$29,029,931 from the Local Library and Government Support Fund and is recorded in the General Fund and \$169,684 from the State Library of Ohio for the Regional Library for the Blind Fund. All receivables are considered fully collectible and will be received in one year due to the stable condition of state programs.

Public Library of Cincinnati and Hamilton County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

NOTE 8 – CAPITAL ASSETS

Changes in capital assets during the year ended December 31, 2003, were as follows:

	Balance at 12/31/02	Additions	Deductions	Balance at 12/31/03
<u>Governmental Activities</u>				
Capital Assets Not Being Depreciated:				
Land	\$14,164,897	\$0	\$0	\$14,164,897
Fine Art and Rare Books Collection	17,614,531	0	0	17,614,531
Totals Capital Assets, Not Being Depreciated	<u>31,779,428</u>	<u>0</u>	<u>0</u>	<u>31,779,428</u>
Capital Assets Being Depreciated:				
Land Improvements	485,537	0	0	485,537
Buildings and Improvements	84,841,891	206,504	0	85,048,395
Furniture, Fixtures and Equipment	12,971,427	1,422,624	(382,558)	14,011,493
Vehicles	431,212	34,988	(36,517)	429,683
Totals Capital Assets, Being Depreciated	<u>98,730,067</u>	<u>1,664,116</u>	<u>(419,075)</u>	<u>99,975,108</u>
Less Accumulated Depreciation:				
Land Improvements	(114,561)	(14,011)	0	(128,572)
Building and Improvements	(21,378,079)	(1,853,153)	0	(23,231,232)
Furniture, Fixtures and Equipment	(7,416,343)	(1,681,157)	382,558	(8,714,942)
Vehicles	(326,707)	(59,591)	36,517	(349,781)
Total Accumulated Depreciation	<u>(29,235,690)</u>	<u>(3,607,912) *</u>	<u>419,075</u>	<u>(32,424,527)</u>
Total Capital Assets Being Depreciated, Net	<u>69,494,377</u>	<u>(1,943,796)</u>	<u>0</u>	<u>67,550,581</u>
Governmental Activities Capital Assets, Net	<u>\$101,273,805</u>	<u>(\$1,943,796)</u>	<u>\$0</u>	<u>\$99,330,009</u>

*Depreciation expense is charged to Facilities operations and maintenance.

NOTE 9 – LEASES

Operating Lease

The Library leases equipment used by the public in Internet and microfilm printing under a noncancelable-operating lease. Total costs were \$8,432 for the year ended December 31, 2003.

The future minimum lease payments for this lease are as follows:

Year Ending December 31,	
2004	\$33,728
2005	33,728
2006	33,728
2007	33,728
2008	25,377
Total	<u>\$160,289</u>

Public Library of Cincinnati and Hamilton County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

NOTE 9 – LEASES - continued

Capital Lease

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

The assets acquired through the capital lease are included in furniture and equipment with a basis of \$297,271 and accumulated depreciation of \$59,454.

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2003 are as follows:

Year Ending December 31,	
2204	\$65,473
2005	65,473
2006	65,473
2007	65,473
2008	<u>49,024</u>
Total minimum lease payments	310,916
Less: amount representing interest	<u>27,195</u>
Present value of minimum lease payments	<u>\$283,721</u>

NOTE 10 - DEFINED BENEFIT PENSION PLAN

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

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments, and death benefits to members of the traditional plan and combined plans. Members of the member-directed plan do not qualify for ancillary benefits. Benefits are established by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to the Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-6705.

Public Library of Cincinnati and Hamilton County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

NOTE 10 - DEFINED BENEFIT PENSION PLAN - continued

The Ohio Revised Code provides statutory authority for member and employer contributions. For 2003, member and employer contribution rates were consistent for all three plans. The 2003 member contribution rate was 8.5 percent and the employer contribution rate was 13.55 percent of covered payroll. The Library's contributions to OPERS for pension obligations for the years ended December 31, 2003, 2002, and 2001 were \$2,208,464, \$2,236,111, and \$2,387,177, respectively. The full amount has been contributed for 2003, 2002 and 2001.

NOTE 11 - POSTEMPLOYMENT BENEFITS

OPERS provides retirement, disability, survivor and post-retirements health benefits to qualifying members of both the traditional plan and combined plans; however, health care benefits are statutorily guaranteed. Members of the member-directed plan do not qualify for ancillary benefits, including post-employment health care coverage. In order to qualify for post-retirement health care coverage, age and service retirees must have ten or more years of qualifying Ohio service credit. Health care coverage for disability recipients and primary survivor recipients is available. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12, "Disclosure of Information on Postemployment Benefits Other Than Pension Benefits by State and Local Governmental Employers". A portion of each employer's contribution to OPERS is set aside for the funding of postretirement health care based on authority granted by State statute. The employer contribution rate for 2003 was 13.55 percent of covered payroll for employees; 5.0 percent was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2001, include a rate of return on investments of 8.0 percent, an annual increase in active employee total payroll of 4.0 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase 4.0 percent annually.

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

At year-end 2003, the number of active contributing participants in the traditional and combined plans totaled 364,881. The Library's actual contributions for 2003, which were used to fund postemployment benefits, were \$1,291,499. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2002, (the latest information available) were \$10.0 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$18.7 billion and \$8.7 billion, respectively.

Public Library of Cincinnati and Hamilton County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

NOTE 11 - POSTEMPLOYMENT BENEFITS – continued

In December 2001, the OPERS Board adopted the Health Care “Choices” Plan. The Choices Plan is offered to all persons newly hired in an OPERS covered position after January 1, 2003, with no prior service credit accumulated toward health care coverage. Choices will incorporate a cafeteria approach, offering a broader range of health care options. The Plan uses a graded scale from 10 – 30 years to calculate a monthly health care benefit. This is in contrast to the ten-year “cliff” eligibility standard for the present Plan.

Benefit recipients will be free to select the option that best meets their needs. Recipients will fund health card costs in excess of their monthly health care benefit. The Plan will also offer a spending account feature, enabling the benefit recipient to apply their allowance toward specific medical expenses, much like a Medical Spending Account

NOTE 12 - OTHER EMPLOYEE BENEFITS

Compensated Absences - Accumulated Unpaid Vacation and Holiday

Library employees who are full-time earn vacation leave at varying rates based upon length of service. The Library recognizes 4 "open" holidays. These are national holidays on which the Library remains open; therefore, full time employees who work earn an equal number of hours in holiday time. In the case of termination, death or retirement, an employee (or his or her estate) is paid for any unused vacation leave up to a maximum of 66 days and unpaid holiday leave up to a maximum of 5 days. The total obligation for vacation and holiday accrual for the Library as a whole amounted to \$2,664,624 at December 31, 2003.

Compensated Absences - Accumulated Unpaid Sick Leave

All full-time employees are given 15 days of monthly sick leave during their benefit year, which is accrued on a monthly basis. In addition, an annual allocation is awarded to each employee who does not use more than 7 ½ days during their benefit period. This annual sick leave allocation is calculated at 50 percent of the unused monthly days earned during their benefit year. An employee is allocated vested sick leave when they have an unused monthly sick leave balance of 120 days and an unused annual sick leave balance of 60 days and have not used more than 7 ½ days during their benefit period. Vested sick leave is calculated at 50 percent of the unused monthly days allocated during their benefit period and will be added to the employees vested sick leave balance. Upon retirement an employee is paid for their vested sick leave balance up to the maximum of 60 days. The total long-term obligation for sick leave accrual for the Library as a whole as of December 31, 2003 was \$987,966.

Health Insurance

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

Public Library of Cincinnati and Hamilton County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

NOTE 13 - RISK MANAGEMENT

The Library is exposed to various risks of loss related to torts, thefts of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. The Library carries three layers of insurance coverage. In 2003, the Library contracted with several insurance companies for primary coverage as follows:

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

The Library carries two additional layers of Liability Insurance coverage. The Commercial Umbrella Liability coverage is provided by Atlantic Mutual Insurance Company with the limits of \$25,000,000 each occurrence. The Excess Liability coverage is provided by Federal Insurance Company (Chubb Group) with the limits of \$5,000,000 each occurrence. The Library also carries one additional layer of Non-Profit Directors and Officers coverage. The Excess Non-Profit Directors and Officers coverage is provided by Federal Insurance Company with the limits of \$10,000,000 each policy.

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

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

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

Public Library of Cincinnati and Hamilton County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

NOTE 14 - LONG-TERM LIABILITIES

Long-term liability activity for the year ended December 31, 2003, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within one Year
Capital Lease	0	297,271	(13,550)	283,721	55,519
Compensated Absences	3,562,590	2,040,630	(1,950,630)	3,652,590	1,611,665
Long Term Liabilities	<u>\$3,562,590</u>	<u>\$2,337,901</u>	<u>(\$1,964,180)</u>	<u>\$3,936,311</u>	<u>\$1,667,184</u>

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

NOTE 15 - INTERFUND ASSETS/LIABILITIES

Interfund asset and liability balances at December 31, 2003 of \$150,000 represent a receivable to the General Fund which is payable from the Regional Library for the Blind Special Revenue Fund. The advance is to fund expenses that are incurred prior to receiving the revenue from the State. The timing difference is a result of the State of Ohio fiscal year end of June 30.

NOTE 16 - INTERFUND ACTIVITY

Transfers made during the year ended December 31, 2003 , were as follows:

Transfers to General Fund from Other Governmental Funds	\$ 3,998
Transfers from General Fund to Other Governmental Funds	(7,000)
Transfers to Other Governmental Funds from Other Governmental Funds	314,623
Transfers from Other Governmental Funds to Other Governmental Funds	<u>(311,621)</u>
	<u>\$0</u>

Transfers were made to move unrestricted balances to support programs and projects accounted for in other funds and to close out complete capital projects.

Public Library of Cincinnati and Hamilton County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

NOTE 17 - CONTINGENT LIABILITIES

Litigation

As of December 31, 2003, the Library is not party to any legal proceedings.

Federal and State Grants

For the period January 1, 2003 to December 31, 2003, the Library received federal and state grants for specific purposes that are subject to review and audit by grantor agencies or their designee. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, the Library believes such disallowance, if any, would be immaterial.

THE PUBLIC LIBRARY OF CINCINNATI AND HAMILTON COUNTY

Non Major Fund Descriptions

Special Revenue Funds

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

I-Net Production Studio Fund

To account for money received for the purchase of equipment to participate in the Institutional Network (I-NET). This fund had no activity during 2003, and therefore, no budgetary statement is presented.

LSTA Grant Fund

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

Regional Library for the Blind Fund

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

Various Funds

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

Anderson/Mt. Washington	Hattendorf
Brooks	Clifton Library
Wendel	Friedman
Friends	Garden Club
McNutt-Weber	Hosbrook
Fey	Valerio
Pet Memorial	Gifts

Library Materials Fund

To account for various gifts to purchase library materials.

Maibaugh Fund

To account for a gift from Jean Maibaugh to purchase books for preschool and elementary school children.

Dater Fund

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

Hannaford Fund

To account for a gift from the estate of Frances S. Hannaford for the purchase of library materials and to fund capital needs for the Norwood Branch Library.

Library Programs Fund

To account for various gifts to fund library programs.

Capital Projects Funds

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

Building and Repair Fund

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

Continued Computerization Fund

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

St. Bernard Branch Fund

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

Westwood Branch Fund

To account for transfers from the general fund to be used for the renovation and expansion of the Westwood Branch Library.

Reading Branch Fund

To account for transfers from the general fund to be used for the construction of a new Reading Branch Library. This fund had no activity during 2003, and therefore, no budgetary statement is presented.

Trailside Fund

To account for transfers from the general fund to be used to construct and furnish a special purpose library in the Trailside Nature Center in cooperation with the Cincinnati Park Board.

Bond Hill Branch Fund

To account for transfers from the general fund to be used for the construction of a new Bond Hill Branch Library. This fund had no activity during 2003, and therefore, no budgetary statement is presented.

Permanent Funds

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

Various Permanent Funds

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

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

Armstrong Fund

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

Feld Fund

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

Hadley Fund

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

Heisel/Dunlap Fund

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

Kersten Fund

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

Dwyer Fund

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

Howard Fund

To account for a gift from the estate of Jerome Howard, the initial gift of \$1 million and any additional gifts by his estate are invested and the interest income is used to purchase books of non-fiction, with an emphasis on nature and fine arts.

Public Library of Cincinnati and Hamilton County
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2003

	Nonmajor Special Revenue	Nonmajor Capital Projects	Nonmajor Permanent	Total Nonmajor Governmental
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$1,632,656	\$8,296,108	\$2,585,451	\$12,514,215
Restricted Cash:				
Cash and Cash Equivalents with Escrow Agent	0	643	0	643
Investments			5,988,195	5,988,195
Receivables:				
Accrued Interest	0	0	61,448	61,448
Intergovernmental	169,684	0	0	169,684
Total Assets	<u>\$1,802,340</u>	<u>\$8,296,751</u>	<u>\$8,635,094</u>	<u>\$18,734,185</u>
<u>Liabilities</u>				
Accounts Payable	\$2,559	\$457,524	\$26,401	\$486,484
Contracts Payable	0	30,719	0	30,719
Contracts Payable - Retainage	0	643	0	643
Accrued Salaries Payable	11,306	0	0	11,306
Intergovernmental Payable	1,603	0	0	1,603
Advances From Other Funds	150,000	0	0	150,000
Total Liabilities	<u>165,468</u>	<u>488,886</u>	<u>26,401</u>	<u>680,755</u>
<u>Fund Balances</u>				
Reserved for:				
Encumbrances	28,340	537,824	12,533	578,697
Restricted Principal	0	0	6,687,416	6,687,416
Unreserved, reported in:				
Special revenue funds	1,608,532	0	0	1,608,532
Capital projects fund	0	7,270,041	0	7,270,041
Permanent funds	0	0	1,908,744	1,908,744
Total Fund Balances	<u>1,636,872</u>	<u>7,807,865</u>	<u>8,608,693</u>	<u>18,053,430</u>
Total Liabilities and Fund Balances	<u>\$1,802,340</u>	<u>\$8,296,751</u>	<u>\$8,635,094</u>	<u>\$18,734,185</u>

Public Library of Cincinnati and Hamilton County
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2003

	I-Net Production Studio	Regional Library for the Blind	Various	Library Materials	Maibaugh	Dater	Hannaford	Library Programs	Total
Assets									
Equity in Pooled Cash and Cash Equivalents	\$201,585	\$12,465	\$876,975	\$141,166	\$215,994	\$56,049	\$224	\$128,198	\$1,632,656
Receivables:									
Intergovernmental	0	169,684	0	0	0	0	0	0	169,684
Total Assets	<u>\$201,585</u>	<u>\$182,149</u>	<u>\$876,975</u>	<u>\$141,166</u>	<u>\$215,994</u>	<u>\$56,049</u>	<u>\$224</u>	<u>\$128,198</u>	<u>\$1,802,340</u>
Liabilities									
Accounts Payable	\$0	\$468	\$1,772	\$0	\$0	\$0	\$224	\$95	\$2,559
Accrued Salaries Payable	0	11,306	0	0	0	0	0	0	11,306
Intergovernmental Payable	0	1,603	0	0	0	0	0	0	1,603
Advances From Other Funds	0	150,000	0	0	0	0	0	0	150,000
Total Liabilities	<u>0</u>	<u>163,377</u>	<u>1,772</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>224</u>	<u>95</u>	<u>165,468</u>
Fund Balances									
Reserved for:									
Encumbrances	0	543	26,116	1,117	0	195	0	369	28,340
Unreserved	201,585	18,229	849,087	140,049	215,994	55,854	0	127,734	1,608,532
Total Fund Balances	<u>201,585</u>	<u>18,772</u>	<u>875,203</u>	<u>141,166</u>	<u>215,994</u>	<u>56,049</u>	<u>0</u>	<u>128,103</u>	<u>1,636,872</u>
Total Liabilities and Fund Balances	<u>\$201,585</u>	<u>\$182,149</u>	<u>\$876,975</u>	<u>\$141,166</u>	<u>\$215,994</u>	<u>\$56,049</u>	<u>\$224</u>	<u>\$128,198</u>	<u>\$1,802,340</u>

Public Library of Cincinnati and Hamilton County
 Combining Balance Sheet
 Nonmajor Capital Projects Funds
 December 31, 2003

	Building and Repair	Continued Computerization	St. Bernard Branch	Westwood Branch	Reading Branch	Bond Hill Branch	Total
Assets							
Equity in Pooled Cash and Cash Equivalents	\$2,177,163	\$1,534,413	\$2,884,532	\$0	\$1,450,000	\$250,000	\$8,296,108
Restricted Cash:							
Cash and Cash Equivalents with Escrow Agent	0	0	0	643	0	0	643
Total Assets	<u>\$2,177,163</u>	<u>\$1,534,413</u>	<u>\$2,884,532</u>	<u>\$643</u>	<u>\$1,450,000</u>	<u>\$250,000</u>	<u>\$8,296,751</u>
Liabilities							
Accounts Payable	\$232	\$457,292	\$0	\$0	\$0	\$0	\$457,524
Contracts Payable	30,719	0	0	0	0	0	30,719
Contracts Payable - Retainage	0	0	0	643	0	0	643
Total Liabilities	<u>30,951</u>	<u>457,292</u>	<u>0</u>	<u>643</u>	<u>0</u>	<u>0</u>	<u>488,886</u>
Fund Balances							
Reserved for:							
Encumbrances	3,575	304,460	229,789	0	0	0	537,824
Unreserved	2,142,637	772,661	2,654,743	0	1,450,000	250,000	7,270,041
Total Fund Balances	<u>2,146,212</u>	<u>1,077,121</u>	<u>2,884,532</u>	<u>0</u>	<u>1,450,000</u>	<u>250,000</u>	<u>7,807,865</u>
Total Liabilities and Fund Balances	<u>\$2,177,163</u>	<u>\$1,534,413</u>	<u>\$2,884,532</u>	<u>\$643</u>	<u>\$1,450,000</u>	<u>\$250,000</u>	<u>\$8,296,751</u>

Public Library of Cincinnati and Hamilton County
 Combining Balance Sheet
 Nonmajor Permanent Funds
 December 31, 2003

	Various Permanent	Armstrong	Feld	Hadley	Heisel/ Dunlap	Kersten	Dwyer	Howard	Total
Assets									
Equity in Pooled Cash and Cash Equivalents	\$334,158	\$852,744	\$555,160	\$48,269	\$46,151	\$438,661	\$80,167	\$230,141	\$2,585,451
Investments	818,797	883,498	2,485,020	75,579	274,073	88,282	116,288	1,246,658	5,988,195
Receivables:									
Accrued Interest	8,402	9,066	25,500	776	2,812	906	1,193	12,793	61,448
Total Assets	<u>\$1,161,357</u>	<u>\$1,745,308</u>	<u>\$3,065,680</u>	<u>\$124,624</u>	<u>\$323,036</u>	<u>\$527,849</u>	<u>\$197,648</u>	<u>\$1,489,592</u>	<u>\$8,635,094</u>
Liabilities									
Accounts Payable	\$680	\$18,314	\$1,481	\$0	\$5,250	\$0	\$0	\$676	\$26,401
Total Liabilities	<u>680</u>	<u>18,314</u>	<u>1,481</u>	<u>0</u>	<u>5,250</u>	<u>0</u>	<u>0</u>	<u>676</u>	<u>26,401</u>
Fund Balances									
Reserved for:									
Encumbrances	1,990	2,323	4,179	0	1,741	0	79	2,221	12,533
Restricted Principal	918,029	986,042	2,773,445	84,350	305,883	98,529	129,786	1,391,352	6,687,416
Unreserved	240,658	738,629	286,575	40,274	10,162	429,320	67,783	95,343	1,908,744
Total Fund Balances	<u>1,160,677</u>	<u>1,726,994</u>	<u>3,064,199</u>	<u>124,624</u>	<u>317,786</u>	<u>527,849</u>	<u>197,648</u>	<u>1,488,916</u>	<u>8,608,693</u>
Total Liabilities and Fund Balances	<u>\$1,161,357</u>	<u>\$1,745,308</u>	<u>\$3,065,680</u>	<u>\$124,624</u>	<u>\$323,036</u>	<u>\$527,849</u>	<u>\$197,648</u>	<u>\$1,489,592</u>	<u>\$8,635,094</u>

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, 2003

	Nonmajor Special Revenue	Nonmajor Capital Projects	Nonmajor Permanent	Total Nonmajor Governmental
Revenues				
Intergovernmental	\$740,630	\$0	\$0	\$740,630
Interest	16,279	0	278,296	294,575
Contributions, Gifts and Donations	239,512	131,800	4,195	375,507
Net decrease in fair value of investments	0	0	(111,548)	(111,548)
Miscellaneous	0	0	1,400	1,400
Total Revenues	996,421	131,800	172,343	1,300,564
Expenditures				
Current:				
Library Services				
Public Service and Programs	851,609	0	25,580	877,189
Collection development and processing	147,050	0	179,304	326,354
Support Services				
Facilities Operations and Maintenance	318	308,619	0	308,937
Information Services Support	28,000	1,190,361	0	1,218,361
Business Administration	0	85,000	90,770	175,770
Total Expenditures	1,026,977	1,583,980	295,654	2,906,611
Excess of revenues over (under) expenditures	(30,556)	(1,452,180)	(123,311)	(1,606,047)
Other Financing Sources (Uses):				
Transfers in	7,000	307,623	0	314,623
Transfers out	(20,045)	(291,576)	0	(311,621)
Total of other financing sources and uses	(13,045)	16,047	0	3,002
Net change in fund balances	(43,601)	(1,436,133)	(123,311)	(1,603,045)
Fund balances - beginning of year	1,680,473	9,243,998	8,732,004	19,656,475
Fund balances - end of year	\$1,636,872	\$7,807,865	\$8,608,693	\$18,053,430

Public Library of Cincinnati and Hamilton County
Combining Statement of Revenues, Expenditures, and Changes in fund Balances
Special Revenue Funds
For the Year Ended December 31, 2003

	I-Net Production Studio	LSTA Grant	Regional Library for the Blind	Various	Library Materials	Maibaugh	Dater	Hannaford	Library Programs	Total
Revenues										
Intergovernmental	\$0	\$21,000	\$719,630	\$0	\$0	\$0	\$0	\$0	\$0	\$740,630
Interest	0	0	0	9,915	1,785	2,515	516	14	1,534	16,279
Contributions, Gifts and Donations	0	0	0	167,905	30,423	0	20,000	0	21,184	239,512
Total Revenues	0	21,000	719,630	177,820	32,208	2,515	20,516	14	22,718	996,421
Expenditures										
Current:										
Library Services										
Public Service and Programs	0	0	698,235	112,922	0	0	0	3,171	37,281	851,609
Collection development and processing	0	0	4,281	65,796	43,994	24,880	8,099			147,050
Support Services										
Facilities Operations and Maintenance	0	0	0	318	0	0	0	0	0	318
Information Services Support	0	28,000	0	0	0	0	0	0	0	28,000
Total Expenditures	0	28,000	702,516	179,036	43,994	24,880	8,099	3,171	37,281	1,026,977
Excess of revenues over (under) expenditures	0	(7,000)	17,114	(1,216)	(11,786)	(22,365)	12,417	(3,157)	(14,563)	(30,556)
Other Financing Sources (Uses):										
Transfers in	0	7,000	0	0	0	0	0	0	0	7,000
Transfers out	0	0	0	(20,045)	0	0	0	0	0	(20,045)
Total of other financing sources and uses	0	7,000	0	(20,045)	0	0	0	0	0	(13,045)
Net change in fund balances	0	0	17,114	(21,261)	(11,786)	(22,365)	12,417	(3,157)	(14,563)	(43,601)
Fund balances - beginning of year	201,585	0	1,658	896,464	152,952	238,359	43,632	3,157	142,666	1,680,473
Fund balances - end of year	\$201,585	\$0	\$18,772	\$875,203	\$141,166	\$215,994	\$56,049	\$0	\$128,103	\$1,636,872

Public Library of Cincinnati and Hamilton County
Combining Statement of Revenues, Expenditures, and Changes in fund Balances
Capital Projects Funds
For the Year Ended December 31, 2003

	Building and Repair	Continued Computerization	St. Bernard Branch	Westwood Branch	Reading Branch	Trailside	Bond Hill Branch	Total
Revenues								
Contributions, Gifts and Donations	\$131,800	\$0	\$0	\$0	\$0	\$0	\$0	\$131,800
Total Revenues	<u>131,800</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>131,800</u>
Expenditures								
Current:								
Support Services								
Facilities Operations and Maintenance	201,807	0	0	106,812	0	0	0	308,619
Information Services Support	0	1,190,361	0	0	0	0	0	1,190,361
Business Administration	0	0	0	0	0	85,000	0	85,000
Total Expenditures	<u>201,807</u>	<u>1,190,361</u>	<u>0</u>	<u>106,812</u>	<u>0</u>	<u>85,000</u>	<u>0</u>	<u>1,583,980</u>
Excess of revenues over (under) expenditures	(70,007)	(1,190,361)	0	(106,812)	0	(85,000)	0	(1,452,180)
Other Financing Sources (Uses):								
Transfers in	257,091	0	0	50,532	0	0	0	307,623
Transfers out	(50,532)	0	0	(22,186)	0	(218,858)	0	(291,576)
Total of other financing sources and (uses)	<u>206,559</u>	<u>0</u>	<u>0</u>	<u>28,346</u>	<u>0</u>	<u>(218,858)</u>	<u>0</u>	<u>16,047</u>
Net change in fund balances	136,552	(1,190,361)	0	(78,466)	0	(303,858)	0	(1,436,133)
Fund balances - beginning of year	2,009,660	2,267,482	2,884,532	78,466	1,450,000	303,858	250,000	9,243,998
Fund balances - end of year	<u>\$2,146,212</u>	<u>\$1,077,121</u>	<u>\$2,884,532</u>	<u>\$0</u>	<u>\$1,450,000</u>	<u>\$0</u>	<u>\$250,000</u>	<u>\$7,807,865</u>

Public Library of Cincinnati and Hamilton County
Combining Statement of Revenues, Expenditures, and Changes in fund Balances
Permanent Funds
For the Year Ended December 31, 2003

	Various Permanent	Armstrong	Feld	Hadley	Heisel/ Dunlap	Kersten	Dwyer	Howard	Total
Revenues									
Interest	\$37,545	\$41,924	\$96,764	\$3,278	\$10,497	\$34,954	\$5,128	\$48,206	\$278,296
Contributions, Gifts and Donations	4,195	0	0	0	0	0	0	0	4,195
Net decrease in fair value of investments	(14,328)	(16,616)	(46,735)	(1,422)	(5,155)	(1,660)	(2,187)	(23,445)	(111,548)
Miscellaneous	0	1,400	0	0	0	0	0	0	1,400
Total Revenues	27,412	26,708	50,029	1,856	5,342	33,294	2,941	24,761	172,343
Expenditures									
Current:									
Library Services									
Public Service and Programs	16,880	0	0	0	0	8,700	0	0	25,580
Collection development and processing	41,808	0	63,343	0	0	0	3,798	70,355	179,304
Support Services									
Business Administration	2,329	75,486	0	750	12,205	0	0	0	90,770
Total Expenditures	61,017	75,486	63,343	750	12,205	8,700	3,798	70,355	295,654
Net change in fund balances	(33,605)	(48,778)	(13,314)	1,106	(6,863)	24,594	(857)	(45,594)	(123,311)
Fund balances - beginning of year	1,194,282	1,775,772	3,077,513	123,518	324,649	503,255	198,505	1,534,510	8,732,004
Fund balances - end of year	\$1,160,677	\$1,726,994	\$3,064,199	\$124,624	\$317,786	\$527,849	\$197,648	\$1,488,916	\$8,608,693

Public Library of Cincinnati and Hamilton County
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Budget Basis)
General Fund
For the Year Ended December 31, 2003

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues				
Intergovernmental	\$50,962,530	\$47,755,154	\$47,755,154	\$0
Fines and fees	1,539,800	1,539,800	1,648,282	108,482
Earnings on investments	319,800	314,200	277,848	(36,352)
Contributions, gifts and donations	62,400	62,400	105,194	42,794
Miscellaneous	660,565	660,565	701,012	40,447
Total revenues	<u>53,545,095</u>	<u>50,332,119</u>	<u>50,487,490</u>	<u>155,371</u>
Expenditures				
Current:				
Salaries and benefits				
Salaries and leave benefits	26,796,786	26,664,786	26,568,215	96,571
Retirement benefits	4,427,389	4,387,389	4,355,570	31,819
Insurance benefits	5,005,115	4,807,730	4,712,398	95,332
Total salaries and benefits	<u>36,229,290</u>	<u>35,859,905</u>	<u>35,636,183</u>	<u>223,722</u>
Supplies				
General administrative supplies	759,213	639,804	628,326	11,478
Property maintenance supplies	299,525	299,525	202,818	96,707
Motor vehicle fuel and supplies	47,816	47,816	35,911	11,905
Supplies purchased for resale	15,000	11,308	11,308	0
Total supplies	<u>1,121,554</u>	<u>998,453</u>	<u>878,363</u>	<u>120,090</u>
Purchased and contracted services				
Travel and meeting expenses	179,649	193,334	146,209	47,125
Communications, print and publicity	1,303,068	1,254,101	1,001,025	253,076
Property maintenance, repair and security	2,010,376	1,938,376	1,712,458	225,918
Insurance	368,802	396,454	396,282	172
Rents and leases	307,186	356,830	337,779	19,051
Utilities	2,175,815	2,105,815	1,817,061	288,754
Professional services	393,747	377,783	314,129	63,654
Library materials control	175,000	165,000	99,928	65,072
Other contracts and purchases	186,902	186,902	176,864	10,038
Total purchased and contracted services	<u>7,100,545</u>	<u>6,974,595</u>	<u>6,001,735</u>	<u>972,860</u>
Library materials and information				
Books and pamphlets	3,991,406	4,520,406	4,430,876	89,530
Periodicals	1,664,675	1,633,746	1,518,297	115,449
Audiovisual materials	2,171,815	1,977,744	1,977,744	0
Computer services and information	1,509,240	1,085,511	1,077,373	8,138
Interlibrary loan fees and charges	128,000	128,000	85,457	42,543
Library material repair	296,750	223,008	116,166	106,842
Library materials - all other	12,724	13,224	11,769	1,455
Total library materials and information	<u>\$9,774,610</u>	<u>\$9,581,639</u>	<u>\$9,217,682</u>	<u>\$363,957</u>

continued

Public Library of Cincinnati and Hamilton County
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Budget Basis)
General Fund
For the Year Ended December 31, 2003
(continued)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Other objects				
Dues and memberships	\$35,600	\$35,600	\$34,230	1,370
Taxes and assessments	30,145	30,145	19,788	10,357
Refunds and reimbursements	12,000	15,000	12,780	2,220
Total other objects	<u>77,745</u>	<u>80,745</u>	<u>66,798</u>	<u>13,947</u>
Capital outlay				
Furniture and equipment	531,688	484,688	222,948	261,740
Motor vehicles	56,500	56,500	51,182	5,318
Total capital outlay	<u>588,188</u>	<u>541,188</u>	<u>274,130</u>	<u>267,058</u>
Total expenditures	<u>54,891,932</u>	<u>54,036,525</u>	<u>52,074,891</u>	<u>1,961,634</u>
Excess of revenues over (under) expenditures	<u>(1,346,837)</u>	<u>(3,704,406)</u>	<u>(1,587,401)</u>	<u>2,117,005</u>
Other financing sources (uses):				
Operating transfers - in	0	3,998	3,998	0
Operating transfers - out	0	(7,000)	(7,000)	0
Total other financing sources (uses)	<u>0</u>	<u>(3,002)</u>	<u>(3,002)</u>	<u>0</u>
Net change in fund balance	(1,346,837)	(3,707,408)	(1,590,403)	2,117,005
Fund balance at beginning of year	3,900,000	3,900,000	3,900,000	0
Prior year encumbrances appropriated	3,640,403	3,640,403	3,640,403	0
Fund balance at end of year	<u>\$6,193,566</u>	<u>\$3,832,995</u>	<u>\$5,950,000</u>	<u>\$2,117,005</u>

Public Library of Cincinnati and Hamilton County
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Budget Basis)
LSTA Grant Fund
For the Year Ended December 31, 2003

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$21,000	\$21,000	\$21,000	\$0
Total revenues	<u>21,000</u>	<u>21,000</u>	<u>21,000</u>	<u>0</u>
Expenditures				
Capital outlay	28,000	28,000	28,000	0
Total expenditures	<u>28,000</u>	<u>28,000</u>	<u>28,000</u>	<u>0</u>
Excess of revenues over (under) expenditures	<u>(7,000)</u>	<u>(7,000)</u>	<u>(7,000)</u>	<u>0</u>
Other financing sources:				
Operating transfers - in	7,000	7,000	7,000	0
Total other financing sources	<u>7,000</u>	<u>7,000</u>	<u>7,000</u>	<u>0</u>
Net change in fund balance	0	0	0	0
Fund balance at beginning of year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund balance at end of year	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

Public Library of Cincinnati and Hamilton County
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Budget Basis)
Regional Library for the Blind Fund
For the Year Ended December 31, 2003

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues				
Intergovernmental	\$719,630	\$719,630	\$549,946	(\$169,684)
Total revenues	<u>719,630</u>	<u>719,630</u>	<u>549,946</u>	<u>(169,684)</u>
Expenditures				
Current:				
Salaries and benefits				
Salaries and leave benefits	371,320	371,320	371,320	0
Retirement benefits	50,228	50,228	50,228	0
Insurance benefits	37,834	37,834	37,192	642
Total salaries and benefits	<u>459,382</u>	<u>459,382</u>	<u>458,740</u>	<u>642</u>
Supplies				
General administrative supplies	4,816	4,816	3,920	896
Total supplies	<u>4,816</u>	<u>4,816</u>	<u>3,920</u>	<u>896</u>
Purchased and contracted services				
Travel and meeting expenses	592	592	524	68
Communications, print and publicity	10,059	10,059	8,016	2,043
Property maintenance, repair and security	63,812	63,812	43,858	19,954
Rents and leases	161,256	161,256	161,256	0
Utilities	23,771	23,771	23,370	401
Total purchased and contracted services	<u>259,490</u>	<u>259,490</u>	<u>237,024</u>	<u>22,466</u>
Library materials and information				
Books and pamphlets	450	450	6	444
Periodicals	1,250	1,250	718	532
Audiovisual materials	3,310	3,310	3,310	0
Library material repair	500	500	210	290
Total library materials and information	<u>5,510</u>	<u>5,510</u>	<u>4,244</u>	<u>1,266</u>
Capital outlay				
Furniture and equipment	5,644	5,644	595	5,049
Total capital outlay	<u>5,644</u>	<u>5,644</u>	<u>595</u>	<u>5,049</u>
Total expenditures	<u>734,842</u>	<u>734,842</u>	<u>704,523</u>	<u>30,319</u>
Net change in fund balance	(15,213)	(15,213)	(154,577)	(139,365)
Fund balance at beginning of year	147,778	147,778	147,778	0
Prior year encumbrances appropriated	18,252	18,252	18,252	0
Fund balance at end of year	<u>\$150,818</u>	<u>\$150,818</u>	<u>\$11,453</u>	<u>(\$139,365)</u>

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, 2003

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues				
Earnings on investments	\$8,885	\$8,885	\$9,917	\$1,032
Contributions, gifts and donations	39,000	39,000	167,905	128,905
Total Revenues	<u>47,885</u>	<u>47,885</u>	<u>177,822</u>	<u>129,937</u>
Expenditures				
Current				
Supplies				
General administrative supplies	14,500	14,500	5,038	9,462
Property maintenance supplies	9,884	9,946	9,946	0
Total supplies	<u>24,384</u>	<u>24,446</u>	<u>14,984</u>	<u>9,462</u>
Purchased and contracted services				
Property maintenance, repair and security	16,282	16,282	4,000	12,282
Professional services	80,000	114,870	98,850	16,020
Total purchased and contracted services	<u>96,282</u>	<u>131,152</u>	<u>102,850</u>	<u>28,302</u>
Library materials and information				
Books and pamphlets	153,810	146,060	72,284	73,776
Audiovisual materials	16,955	16,955	5,826	11,129
Total library materials and information	<u>170,765</u>	<u>163,015</u>	<u>78,110</u>	<u>84,905</u>
Other objects				
Other miscellaneous expenses	2,000	4,000	1,650	2,350
Total other objects	<u>2,000</u>	<u>4,000</u>	<u>1,650</u>	<u>2,350</u>
Capital outlay				
Furniture and equipment	123,920	107,910	13,404	94,506
Total capital outlay	<u>123,920</u>	<u>107,910</u>	<u>13,404</u>	<u>94,506</u>
Total expenditures	<u>417,351</u>	<u>430,523</u>	<u>210,998</u>	<u>219,525</u>
Excess of revenues over (under) expenditures	<u>(369,466)</u>	<u>(382,638)</u>	<u>(33,176)</u>	<u>349,462</u>
Other financing uses:				
Operating transfers - out	0	(20,045)	(20,045)	0
Total other financing uses	<u>0</u>	<u>(20,045)</u>	<u>(20,045)</u>	<u>0</u>
Net change in fund balance	<u>(369,466)</u>	<u>(402,683)</u>	<u>(53,221)</u>	<u>349,462</u>
Fund balance at beginning of year	893,631	893,631	893,631	0
Prior year encumbrances appropriated	8,315	8,315	8,315	0
Fund balance at end of year	<u>\$532,480</u>	<u>\$499,263</u>	<u>\$848,725</u>	<u>\$349,462</u>

Public Library of Cincinnati and Hamilton County
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Budget Basis)
Library Materials Fund
For the Year Ended December 31, 2003

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Earnings on investments	\$1,500	\$1,500	\$1,785	\$285
Contributions, gifts and donations	20,000	20,000	30,423	10,423
Total Revenues	<u>21,500</u>	<u>21,500</u>	<u>32,208</u>	<u>10,708</u>
Expenditures				
Current				
Library materials and information				
Books and pamphlets	57,013	45,513	37,187	(8,326)
Audiovisual materials	361	11,861	8,502	(3,359)
Other library materials	8,000	8,000	3,635	(4,365)
Total library materials and information	<u>65,374</u>	<u>65,374</u>	<u>49,324</u>	<u>(16,050)</u>
Total expenditures	<u>65,374</u>	<u>65,374</u>	<u>49,324</u>	<u>(16,050)</u>
Net change in fund balance	(43,874)	(43,874)	(17,116)	26,758
Fund balance at beginning of year	150,969	150,969	150,969	0
Prior year encumbrances appropriated	6,196	6,196	6,196	0
Fund balance at end of year	<u>\$113,291</u>	<u>\$113,291</u>	<u>\$140,049</u>	<u>\$26,758</u>

Public Library of Cincinnati and Hamilton County
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Budget Basis)
Maibaugh Fund
For the Year Ended December 31, 2003

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Earnings on investment	\$2,375	\$2,375	\$2,515	\$140
Total Revenues	<u>2,375</u>	<u>2,375</u>	<u>2,515</u>	<u>140</u>
Expenditures				
Current				
Library materials and information				
Books and pamphlets	26,304	26,304	24,919	1,385
Total library materials and information	<u>26,304</u>	<u>26,304</u>	<u>24,919</u>	<u>1,385</u>
Total expenditures	<u>26,304</u>	<u>26,304</u>	<u>24,919</u>	<u>1,385</u>
Net change in fund balance	(23,929)	(23,929)	(22,404)	1,525
Fund balance at beginning of year	237,094	237,094	237,094	0
Prior year encumbrances appropriated	<u>1,304</u>	<u>1,304</u>	<u>1,304</u>	<u>0</u>
Fund balance at end of year	<u><u>\$214,469</u></u>	<u><u>\$214,469</u></u>	<u><u>\$215,994</u></u>	<u><u>\$1,525</u></u>

Public Library of Cincinnati and Hamilton County
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Budget Basis)
Dater Fund
For the Year Ended December 31, 2003

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Earnings on investments	\$420	\$420	\$517	\$97
Contributions, gifts and donations	20,000	20,000	20,000	0
Total Revenues	<u>20,420</u>	<u>20,420</u>	<u>20,517</u>	<u>97</u>
Expenditures				
Current				
Library materials and information				
Books and pamphlets	14,631	14,631	10,932	3,699
Audiovisual materials	3,043	3,043	1,305	1,738
Total library materials and information	<u>17,674</u>	<u>17,674</u>	<u>12,237</u>	<u>5,437</u>
Total Expenditures	<u>17,674</u>	<u>17,674</u>	<u>12,237</u>	<u>5,437</u>
Net change in fund balance	2,746	2,746	8,280	5,534
Fund balance at beginning of year	41,900	41,900	41,900	0
Prior year encumbrances appropriated	5,674	5,674	5,674	0
Fund balance at end of year	<u>\$50,320</u>	<u>\$50,320</u>	<u>\$55,854</u>	<u>\$5,534</u>

Public Library of Cincinnati and Hamilton County
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Budget Basis)
Hannaford Fund
For the Year Ended December 31, 2003

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Earnings on investments	\$30	\$30	\$13	(\$17)
Total revenues	<u>30</u>	<u>30</u>	<u>13</u>	<u>(17)</u>
Expenditures				
Capital outlay				
Furniture and equipment	3,187	3,170	3,170	0
Total capital outlay	<u>3,187</u>	<u>3,170</u>	<u>3,170</u>	<u>0</u>
Total expenditures	<u>3,187</u>	<u>3,170</u>	<u>3,170</u>	<u>0</u>
Net change in fund balance	(3,157)	(3,140)	(3,157)	(17)
Fund balance at beginning of year	3,157	3,157	3,157	0
Fund balance at end of year	<u>\$0</u>	<u>\$17</u>	<u>\$0</u>	<u>(\$17)</u>

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, 2003

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Earnings on investments	\$1,425	\$1,425	\$1,534	\$109
Contributions, gifts and donations	50,000	50,000	21,186	(28,814)
Total Revenues	<u>51,425</u>	<u>51,425</u>	<u>22,720</u>	<u>(28,705)</u>
Expenditures				
Current				
Supplies				
General administrative supplies	5,000	5,000	1,869	3,131
Total supplies	<u>5,000</u>	<u>5,000</u>	<u>1,869</u>	<u>3,131</u>
Purchased and contracted services				
Communications, print and publicity	23,400	23,400	23,400	0
Professional services	37,000	37,000	12,381	24,619
Total purchased and contracted services	<u>60,400</u>	<u>60,400</u>	<u>35,781</u>	<u>24,619</u>
Total expenditures	<u>65,400</u>	<u>65,400</u>	<u>37,650</u>	<u>27,750</u>
Net change in fund balance	(13,975)	(13,975)	(14,930)	(955)
Fund balance at beginning of year	142,666	142,666	142,666	0
Fund balance at end of year	<u>\$128,691</u>	<u>\$128,691</u>	<u>\$127,736</u>	<u>(\$955)</u>

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, 2003

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Contributions, gifts and donations	\$100,000	\$100,000	\$131,800	\$31,800
Total Revenues	<u>100,000</u>	<u>100,000</u>	<u>131,800</u>	<u>31,800</u>
Expenditures				
Current				
Purchased and contracted services				
Communications, print and publicity	5,000	2,760	2,760	0
Property maintenance, repair and security	35,000	17,437	14,999	2,438
Professional services	34,514	34,514	15,785	18,729
Other contracts and purchases	10,580	10,580	4,385	6,195
Total purchased and contracted services	<u>85,093</u>	<u>65,291</u>	<u>37,929</u>	<u>27,362</u>
Capital outlay				
Land improvement	50,000	41,700	31,560	10,140
Building improvement	148,323	141,142	138,158	2,984
Furniture and equipment	0	9,171	3,571	5,600
Total capital outlay	<u>198,323</u>	<u>192,013</u>	<u>173,289</u>	<u>18,724</u>
Total expenditures	<u>283,417</u>	<u>257,304</u>	<u>211,218</u>	<u>46,086</u>
Excess of revenues over (under) expenditures	<u>(183,417)</u>	<u>(157,304)</u>	<u>(79,418)</u>	<u>77,886</u>
Other financing sources (uses):				
Operating transfers - in	0	376,384	376,384	0
Operating transfers - out	(4,177)	(169,825)	(169,825)	0
Total other financing sources (uses)	<u>(4,177)</u>	<u>206,559</u>	<u>206,559</u>	<u>0</u>
Net change in fund balance	(187,593)	49,255	127,141	77,886
Fund balance at beginning of year	2,001,207	2,001,207	2,001,207	0
Prior year encumbrances appropriated	14,288	14,288	14,288	0
Fund balance at end of year	<u>\$1,827,902</u>	<u>\$2,064,750</u>	<u>\$2,142,636</u>	<u>\$77,886</u>

Public Library of Cincinnati and Hamilton County
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Budget Basis)
Continued Computerization Fund
For the Year Ended December 31, 2003

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Miscellaneous	\$0	\$0	\$0	\$0
Total Revenues	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Expenditures				
Current				
Purchased and contracted services				
Professional services	753,551	753,551	533,236	220,315
Total purchased and contracted services	<u>753,551</u>	<u>753,551</u>	<u>533,236</u>	<u>220,315</u>
Capital outlay				
Furniture and equipment	1,517,482	1,517,482	965,135	552,347
Total capital outlay	<u>1,517,482</u>	<u>1,517,482</u>	<u>965,135</u>	<u>552,347</u>
Total expenditures	<u>2,271,033</u>	<u>2,271,033</u>	<u>1,498,371</u>	<u>772,662</u>
Net change in fund balance	(2,271,033)	(2,271,033)	(1,498,371)	772,662
Fund balance at beginning of year	2,267,482	2,267,482	2,267,482	0
Prior year encumbrances appropriated	<u>3,551</u>	<u>3,551</u>	<u>3,551</u>	<u>0</u>
Fund balance at end of year	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$772,662</u></u>	<u><u>\$772,662</u></u>

Public Library of Cincinnati and Hamilton County
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Budget Basis)
St. Bernard Branch Fund
For the Year Ended December 31, 2003

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Miscellaneous	\$0	\$0	\$0	\$0
Total Revenues	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Expenditures				
Current				
Purchased and contracted services				
Professional services	267,432	267,432	267,432	0
Other contracts and purchases	8,276	8,276	8,276	0
Total purchased and contracted services	<u>275,708</u>	<u>275,708</u>	<u>275,708</u>	<u>0</u>
Total expenditures	<u>275,708</u>	<u>275,708</u>	<u>275,708</u>	<u>0</u>
Net change in fund balance	(275,708)	(275,708)	(275,708)	0
Fund balance at beginning of year	2,654,741	2,654,741	2,654,741	0
Prior year encumbrances appropriated	275,708	275,708	275,708	0
Fund balance at end of year	<u><u>\$2,654,741</u></u>	<u><u>\$2,654,741</u></u>	<u><u>\$2,654,741</u></u>	<u><u>\$0</u></u>

Public Library of Cincinnati and Hamilton County
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Budget Basis)
Westwood Branch Fund
For the Year Ended December 31, 2003

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Miscellaneous	\$0	\$0	\$0	\$0
Total Revenues	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Expenditures				
Current				
Purchased and contracted services				
Professional services	41,797	25,687	25,687	0
Other contracts and purchases	8,200	5,900	5,900	0
Total purchased and contracted services	<u>49,997</u>	<u>31,587</u>	<u>31,587</u>	<u>0</u>
Capital outlay				
Building improvement	30,089	75,657	75,657	0
Other capital outlay	7,441	4,452	4,452	0
Total capital outlay	<u>37,530</u>	<u>80,109</u>	<u>80,109</u>	<u>0</u>
Total expenditures	<u>87,527</u>	<u>111,696</u>	<u>111,696</u>	<u>0</u>
Excess of revenues over (under) expenditures	<u>(87,527)</u>	<u>(111,696)</u>	<u>(111,696)</u>	<u>0</u>
Other financing sources (uses):				
Operating transfers - in	4,177	50,532	50,532	0
Operating transfers - out	0	(22,186)	(22,186)	0
Total other financing sources (uses)	<u>4,177</u>	<u>28,346</u>	<u>28,346</u>	<u>0</u>
Net change in fund balance	(83,350)	(83,350)	(83,350)	0
Fund balance at beginning of year	426	426	426	0
Prior year encumbrances appropriated	82,924	82,924	82,924	0
Fund balance at end of year	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Public Library of Cincinnati and Hamilton County
Schedule of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual (Budget Basis)
Trailside Fund
For the Year Ended December 31, 2003

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Miscellaneous	\$0	\$0	\$0	\$0
Total revenues	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Expenditures				
Current				
Purchased and contracted services				
Professional services	85,124	85,000	85,000	0
Total purchased and contracted services	<u>85,124</u>	<u>85,000</u>	<u>85,000</u>	<u>0</u>
Total expenditures	<u>85,124</u>	<u>85,000</u>	<u>85,000</u>	<u>0</u>
Excess of revenues over (under) expenditures	<u>(85,124)</u>	<u>(85,000)</u>	<u>(85,000)</u>	<u>0</u>
Other financing uses:				
Operating transfers - out	0	(218,858)	(218,858)	0
Total other financing uses	<u>0</u>	<u>(218,858)</u>	<u>(218,858)</u>	<u>0</u>
Net change in fund balance	(85,124)	(303,858)	(303,858)	0
Fund balance at beginning of year	303,858	303,858	303,858	0
Fund balance at end of year	<u><u>\$218,734</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

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, 2003

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Revenues</u>				
Earnings on investments	\$28,305	\$28,305	\$41,196	\$12,891
Contributions, gifts and donations	11,000	11,000	4,195	(6,805)
Total revenues	<u>39,305</u>	<u>39,305</u>	<u>45,391</u>	<u>6,086</u>
<u>Expenditures</u>				
Current				
Salaries and benefits				
Other employee benefits	2,330	2,330	2,330	0
Total salaries and benefits	<u>2,330</u>	<u>2,330</u>	<u>2,330</u>	<u>0</u>
Supplies				
General administrative supplies	12,000	12,000	4,550	7,450
Total supplies	<u>12,000</u>	<u>12,000</u>	<u>4,550</u>	<u>7,450</u>
Purchased and contracted services				
Travel and meeting expenses	9,582	9,582	0	9,582
Professional services	33,600	33,600	11,170	22,430
Total purchased and contracted services	<u>43,182</u>	<u>43,182</u>	<u>11,170</u>	<u>32,012</u>
Library materials and information				
Books and pamphlets	76,400	74,805	49,636	25,169
Audiovisual materials	500	500	0	500
Total library materials and information	<u>76,900</u>	<u>75,305</u>	<u>49,636</u>	<u>25,669</u>
Other objects				
Other miscellaneous expenses	15,200	15,200	1,490	13,710
Total other objects	<u>15,200</u>	<u>15,200</u>	<u>1,490</u>	<u>13,710</u>
Total expenditures	<u>149,612</u>	<u>148,017</u>	<u>69,176</u>	<u>78,841</u>
Net change in fund balance	(110,307)	(108,712)	(23,785)	84,927
Fund balance at beginning of year	1,159,441	1,159,441	1,159,441	0
Prior year encumbrances appropriated	10,167	10,167	10,167	0
Fund balance at end of year	<u>\$1,059,301</u>	<u>\$1,060,896</u>	<u>\$1,145,823</u>	<u>\$84,927</u>

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, 2003

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Earnings on investments	\$34,600	\$34,600	\$46,105	\$11,505
Miscellaneous	0	0	1,400	1,400
Total revenues	<u>34,600</u>	<u>34,600</u>	<u>47,505</u>	<u>12,905</u>
Expenditures				
Current				
Salaries and benefits				
Other employee benefits	135,840	135,840	102,353	33,487
Total salaries and benefits	<u>135,840</u>	<u>135,840</u>	<u>102,353</u>	<u>33,487</u>
Purchased and contracted services				
Professional services	5,000	5,000	5,000	0
Total purchased and contracted services	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>	<u>0</u>
Total expenditures	<u>140,840</u>	<u>140,840</u>	<u>107,353</u>	<u>33,487</u>
Net change in fund balance	(106,240)	(106,240)	(59,848)	46,392
Fund balance at beginning of year	1,729,808	1,729,808	1,729,808	0
Prior year encumbrances appropriated	40,840	40,840	40,840	0
Fund balance at end of year	<u>\$1,664,408</u>	<u>\$1,664,408</u>	<u>\$1,710,800</u>	<u>\$46,392</u>

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, 2003

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Earnings on investments	\$59,600	\$59,600	\$108,520	\$48,920
Total revenues	<u>59,600</u>	<u>59,600</u>	<u>108,520</u>	<u>48,920</u>
Expenditures				
Current				
Library materials and information				
Books and pamphlets	100,082	100,082	67,521	32,561
Total library materials and information	<u>100,082</u>	<u>100,082</u>	<u>67,521</u>	<u>32,561</u>
Total expenditures	<u>100,082</u>	<u>100,082</u>	<u>67,521</u>	<u>32,561</u>
Net change in fund balance	(40,482)	(40,482)	40,999	81,481
Fund balance at beginning of year	2,979,923	2,979,923	2,979,923	0
Prior year encumbrances appropriated	82	82	82	0
Fund balance at end of year	<u><u>\$2,939,523</u></u>	<u><u>\$2,939,523</u></u>	<u><u>\$3,021,004</u></u>	<u><u>\$81,481</u></u>

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, 2003

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Earnings on investments	\$2,410	\$2,410	\$3,636	\$1,226
Total revenues	<u>2,410</u>	<u>2,410</u>	<u>3,636</u>	<u>1,226</u>
Expenditures				
Current				
Salaries and benefits				
Other employee benefits	5,000	5,000	750	4,250
Total salaries and benefits	<u>5,000</u>	<u>5,000</u>	<u>750</u>	<u>4,250</u>
Total expenditures	<u>5,000</u>	<u>5,000</u>	<u>750</u>	<u>4,250</u>
Net change in fund balance	(2,590)	(2,590)	2,886	5,476
Fund balance at beginning of year	120,551	120,551	120,551	0
Fund balance at end of year	<u><u>\$117,961</u></u>	<u><u>\$117,961</u></u>	<u><u>\$123,437</u></u>	<u><u>\$5,476</u></u>

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, 2003

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Earnings on investments	\$6,170	\$6,170	\$11,794	\$5,624
Total Revenues	<u>6,170</u>	<u>6,170</u>	<u>11,794</u>	<u>5,624</u>
Expenditures				
Current				
Salaries and benefits				
Other employee benefits	31,353	24,078	23,843	235
Total salaries and benefits	<u>31,353</u>	<u>24,078</u>	<u>23,843</u>	<u>235</u>
Total expenditures	<u>31,353</u>	<u>24,078</u>	<u>23,843</u>	<u>235</u>
Net change in fund balance	(25,183)	(17,908)	(12,049)	5,859
Fund balance at beginning of year	308,439	308,439	308,439	0
Prior year encumbrances appropriated	<u>15,353</u>	<u>15,353</u>	<u>15,353</u>	<u>0</u>
Fund balance at end of year	<u><u>\$298,609</u></u>	<u><u>\$305,884</u></u>	<u><u>\$311,743</u></u>	<u><u>\$5,859</u></u>

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, 2003

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Earnings on investments	\$34,000	\$34,000	\$35,372	\$1,372
Total revenues	<u>34,000</u>	<u>34,000</u>	<u>35,372</u>	<u>1,372</u>
Expenditures				
Current				
Supplies				
General administrative supplies	10,000	10,000	0	10,000
Total supplies	<u>10,000</u>	<u>10,000</u>	<u>0</u>	<u>10,000</u>
Purchased and contracted services				
Professional services	40,000	40,000	8,700	31,300
Total purchased and contracted services	<u>40,000</u>	<u>40,000</u>	<u>8,700</u>	<u>31,300</u>
Total expenditures	<u>50,000</u>	<u>50,000</u>	<u>8,700</u>	<u>41,300</u>
Net change in fund balance	(16,000)	(16,000)	26,672	42,672
Fund balance at beginning of year	499,791	499,791	499,791	0
Fund balance at end of year	<u>\$483,791</u>	<u>\$483,791</u>	<u>\$526,463</u>	<u>\$42,672</u>

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, 2003

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Earnings on investments	\$3,880	\$3,880	\$5,678	\$1,798
Total revenues	<u>3,880</u>	<u>3,880</u>	<u>5,678</u>	<u>1,798</u>
Expenditures				
Current				
Library materials and information				
Books and pamphlets	10,000	10,000	3,877	6,123
Library materials - all other	<u>2,000</u>	<u>2,000</u>	<u>0</u>	<u>2,000</u>
Total library materials and information	<u>12,000</u>	<u>12,000</u>	<u>3,877</u>	<u>8,123</u>
Total expenditures	<u>12,000</u>	<u>12,000</u>	<u>3,877</u>	<u>8,123</u>
Net change in fund balance	(8,120)	(8,120)	1,801	9,921
Fund balance at beginning of year	<u>193,943</u>	<u>193,943</u>	<u>193,943</u>	<u>0</u>
Fund balance at end of year	<u><u>\$185,823</u></u>	<u><u>\$185,823</u></u>	<u><u>\$195,744</u></u>	<u><u>\$9,921</u></u>

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, 2003

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Earnings on investments	\$29,435	\$29,435	\$54,104	\$24,669
Total revenues	<u>29,435</u>	<u>29,435</u>	<u>54,104</u>	<u>24,669</u>
Expenditures				
Current				
Library materials and information				
Books and pamphlets	101,423	101,423	88,029	13,394
Total library materials and information	<u>101,423</u>	<u>101,423</u>	<u>88,029</u>	<u>13,394</u>
Total expenditures	<u>101,423</u>	<u>101,423</u>	<u>88,029</u>	<u>13,394</u>
Net change in fund balance	(71,988)	(71,988)	(33,925)	38,063
Fund balance at beginning of year	1,471,623	1,471,623	1,471,623	0
Prior year encumbrances appropriated	29,423	29,423	29,423	0
Fund balance at end of year	<u><u>\$1,429,058</u></u>	<u><u>\$1,429,058</u></u>	<u><u>\$1,467,121</u></u>	<u><u>\$38,063</u></u>

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Statistical Section

**PUBLIC LIBRARY OF CINCINNATI AND HAMILTON COUNTY
GENERAL FUND REVENUES BY SOURCE
LAST TEN YEARS**

Year*	Intergovernmental	Fines and		Interest	Services Provided		Contributions		Miscellaneous	Total
		Fees	to Other Entities		to Other Entities	Donations	Gifts and			
1994	\$39,501,115	\$953,044	\$0	\$198,878	\$0	\$0	\$0	\$362,904	\$41,015,941	
1995	41,498,031	977,710	0	416,227	44	44	44	365,978	43,257,990	
1996	44,336,902	1,009,835	0	390,339	168	168	168	302,761	46,040,005	
1997	44,601,540	1,062,703	0	1,198,538	176	176	176	520,853	47,383,810	
1998	47,086,716	1,057,513	28,122	980,905	488	488	488	535,474	49,689,218	
1999	49,551,084	1,134,990	66,109	855,348	483	483	483	756,413	52,364,427	
2000	52,823,708	1,145,113	26,693	1,215,732	264	264	264	985,175	56,196,685	
2001	52,415,810	1,217,990	25,208	849,372	11,715	11,715	11,715	949,650	55,469,745	
2002	48,337,997	1,289,802	10,013	367,481	62,383	62,383	62,383	2,555,349	52,623,025	
2003	47,767,788	1,648,282	0	229,170	105,195	105,195	105,195	701,012	50,451,447	

*GAAP Basis Library Financial Data

Source: Library Financial Records

Statistical information for governmental activities will be presented when sufficient data is available for comparison.

PUBLIC LIBRARY OF CINCINNATI AND HAMILTON COUNTY

GENERAL FUND EXPENDITURES
LAST TEN YEARS

Year*	Current Expenditures	Capital Outlay	Debt Service	Total
1994	\$35,663,808	\$196,018	\$20,400	\$35,880,226
1995	36,609,262	145,435	13,600	36,768,297
1996	37,114,625	267,705	0	37,382,330
1997	39,923,822	362,185	96,456	40,382,463
1998	42,894,942	395,297	96,456	43,386,695
1999	44,601,647	411,782	96,456	45,109,885
2000	46,559,155	770,813	96,457	47,426,425
2001	48,854,069	556,108	96,456	49,506,633
2002	49,567,984	101,307	0	49,669,291
2003	49,862,552	0	16,369	49,878,921

*GAAP Basis Library Financial Data

Source: Library Financial Records

Statistical information for governmental activities will be presented when sufficient data is available for comparison.

THE PUBLIC LIBRARY OF CINCINNATI AND HAMILTON COUNTY

DEMOGRAPHIC STATISTICS
LAST TEN YEARS

Year	County	County		County Bank Deposits (c) (Amounts in 000s)
	Population (a)	Unemployment Rate (b)	Rate (b)	
1994	866,228	4.8 %	4.8 %	\$17,301,493
1995	866,228	4.1	4.1	18,661,138
1996	866,228	4.0	4.0	21,598,936
1997	866,228	3.5	3.5	18,070,437
1998	847,202	2.9	2.9	24,305,322
1999	840,443	3.0	3.0	41,302,569
2000	845,303	2.9	2.9	84,005,830
2001	835,362	3.8	3.8	133,025,841
2002	833,721	5.1	5.1	145,359,134
2003	823,472	5.1	5.1	147,868,600

Sources:

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

THE PUBLIC LIBRARY OF CINCINNATI AND HAMILTON COUNTY

MISCELLANEOUS STATISTICS
LAST TEN YEARS

Year	Number of Employees	Numbers of Materials Owned	Number of Library Materials Circulated	Number of Registered Borrowers (a)
1994	842	8,840,631	11,724,356	390,334
1995	879	8,805,414	12,167,290	395,412
1996	850	9,037,042	12,564,004	388,386
1997	922	9,133,681	12,502,014	389,697
1998	927	9,653,049	12,805,278	393,509
1999	947	9,993,586	13,149,907	396,064
2000	978	10,076,270	13,326,369	398,054
2001	980	10,363,842	13,808,229	409,954
2002	943	10,261,257	14,403,659	404,655
2003	903	10,288,800	14,861,011	403,531

Column Notes:

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

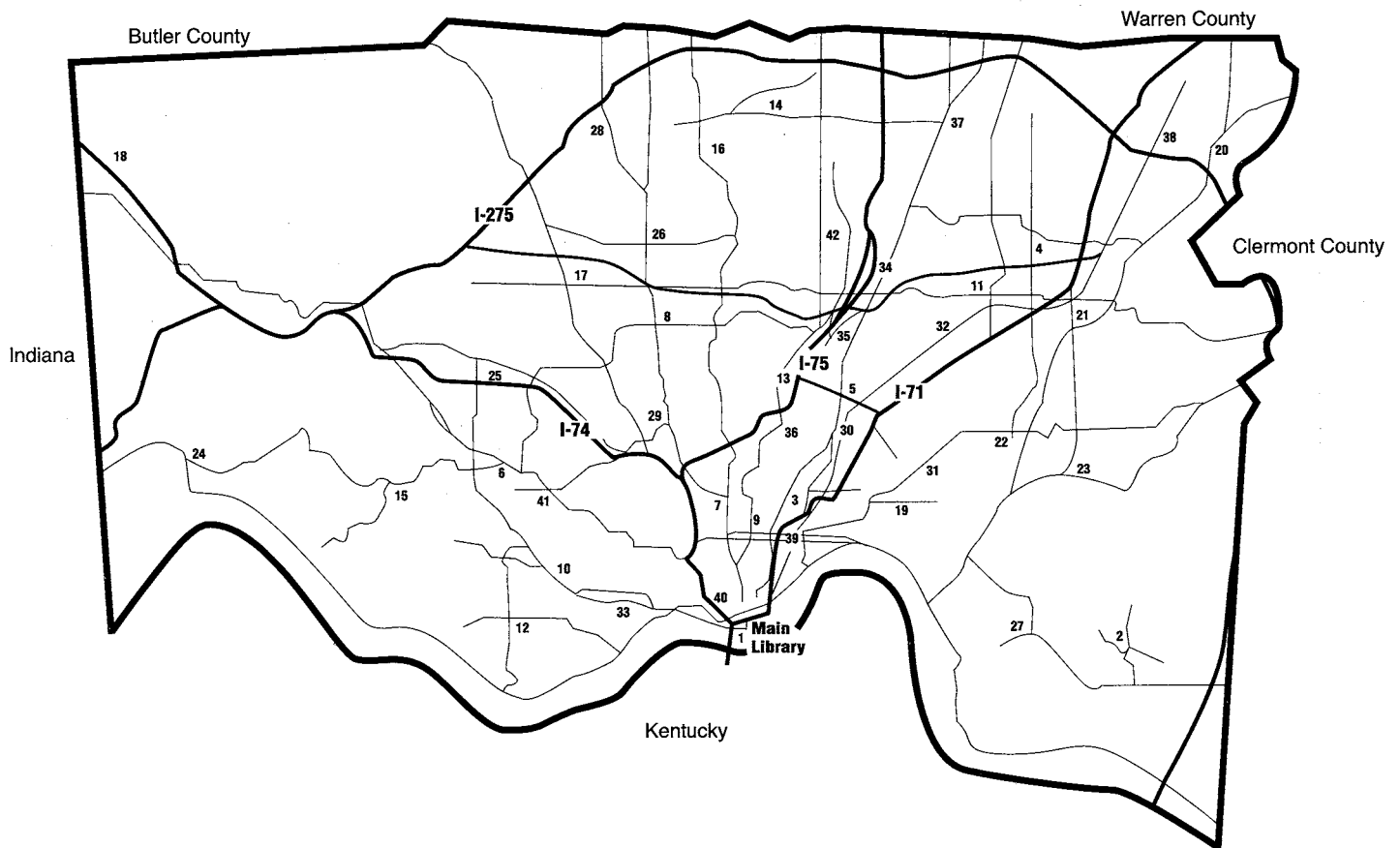
Miscellaneous Notes:

* 1994 records include previously owned, but not cataloged microfiche.

** 1998 forward includes Public Documents collection count.

Source: Library Statistical Records

Public Library of Cincinnati and Hamilton County Service Areas and Locations



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



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PUBLIC LIBRARY OF CINCINNATI AND HAMILTON COUNTY

HAMILTON COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JULY 13, 2004**