

**CLEVELAND HEIGHTS-UNIVERSITY HEIGHTS PUBLIC LIBRARY
CUYAHOGA COUNTY**

REGULAR AUDIT

FOR THE YEAR ENDED DECEMBER 31, 1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

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**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED
BY GOVERNMENT AUDITING STANDARDS**

Board of Library Trustees
and Operations Committee
Cleveland Heights-University Heights Public Library
Cuyahoga County
2345 Lee Road
Cleveland Heights, Ohio 44118

To the Board of Library Trustees:

We have audited the financial statements of the Cleveland Heights-University Heights Public Library, Cuyahoga County, Ohio, (Library) as of and for the year ended December 31, 1999, and have issued our report thereon dated April 12, 2000 in which we noted the Library reclassified certain staff development activity from the General Fund to a Special Revenue Fund. We conducted our audit in accordance with generally accepted auditing standards 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 instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted an immaterial instance of noncompliance that we have reported to management of the Library in a separate letter dated April 12, 2000.

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 over financial reporting 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. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Library in a separate letter dated April 12, 2000.

Cleveland Heights-University Heights Public Library
Cuyahoga County
Report on Compliance and on Internal Control
Required by *Government Auditing Standards*
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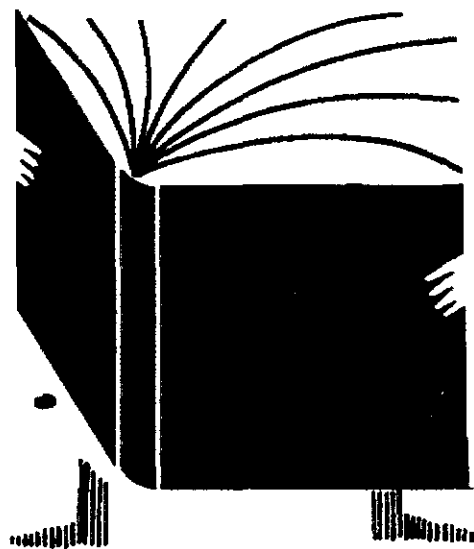
This report is intended for the information and use of the Operations Committee, management and the Board of Library Trustees and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

April 12, 2000

CLEVELAND HEIGHTS—
UNIVERSITY HEIGHTS
PUBLIC LIBRARY
Cleveland Heights, Ohio

Comprehensive
Annual
Financial
Report



For the year ended December 31, 1999

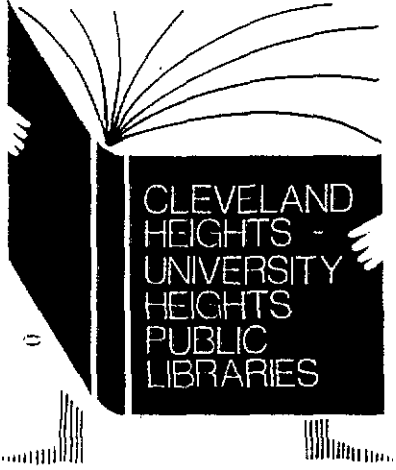
CLEVELAND HEIGHTS-UNIVERSITY HEIGHTS PUBLIC LIBRARY

CLEVELAND HEIGHTS, OHIO

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 1999

**Issued by:
Stephen D. Wood
Director/Clerk-Treasurer**



Cleveland Heights-University Heights Public Library
 Comprehensive Annual Financial Report
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Cleveland Heights - University Heights Public Library

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(216) 932-3600 Fax 932-0932 www.chuhpl.lib.oh.us

Stephen D. Wood
Director/Clerk

Jan Ridgeway
Deputy Director

April 12, 2000

To the Board of Library Trustees,
Citizens of Cleveland Heights–University Heights School District

With great pleasure, we submit to you the Cleveland Heights–University Heights Public Library's ninth Comprehensive Annual Financial Report (CAFR) as prepared by the Library's Business Office for the year ended December 31, 1999. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the Library. We believe the data as presented is accurate in all material respects, that it is presented in a manner designed to set forth fairly the financial position and results of operations of the Library as measured by the financial activity of its various funds, and that all disclosures necessary to enable the reader to gain the maximum understanding of the Library's financial activity have been included. This report will provide the taxpayers of the Cleveland Heights–University Heights City School District with comprehensive financial data in a format that enables them to gain a true understanding of the Library's financial status.

The comprehensive annual financial report is presented in three sections as follows:

1. The Introductory Section, which contains a Table of Contents, this Letter of Transmittal, a list of the Library's officials and department heads, an Organization Chart, and the GFOA Certificate of Achievement.
2. The Financial Section, which contains the Report of Independent Accountants, the General Purpose Financial Statements, which include explanatory notes and provide an overview of the Library's financial position and operating results, and the Individual Fund and Account Group Statements and Schedules which provide detailed information relative to the General Purpose Financial Statements.
3. The Statistical Section, which presents various tables reflecting social and economic information and financial trends of the Cleveland Heights–University Heights Public Library.

Coventry Village Library
1925 Coventry Road 44118-2001

Noble Neighborhood Library
2800 Noble Road 44121-2208

University Heights Library
13866 Cedar Road 44118-3201

REPORTING ENTITY

The Cleveland Heights–University Heights Public Library is organized under Ohio State law as a school district public library. A seven–member board, one member appointed each year by the local board of education for a seven–year term, governs the Library. The taxing authority for the school district public library is the board of education, but the Library operates under a separate budget with funds derived primarily from the Library and Local Government Support Fund and a four-mill property tax levy.

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 the Cleveland Heights–University Heights City School District.

The Director is responsible for the administration of the Library, and the Clerk–Treasurer oversees the Library’s financial affairs. The Board of Library Trustees has appointed Stephen Wood to both positions.

HISTORY OF THE LIBRARY

In November 1916, a Board of Trustees was appointed to form a public library for the village of Cleveland Heights, but because of World War I, the Library was not organized until 1920. At that time a librarian was appointed, and the Cleveland Heights Public Library opened in the basement of the Coventry Elementary School where the school library was merged with it. In 1926, the Library moved into its own permanent building at 1925 Coventry Road.

The Cleveland Heights–University Heights Public Library is presently comprised of four buildings: The 64,000 square foot Main Library, built in 1968 on the expanded site of, and incorporating, the old Lee Road Branch which was built in 1932; the Noble Neighborhood Library, built in 1937; the University Heights Library, built in 1952; and the original 1926 building which became the Coventry Village Library in 1968.

In 1973, the Library placed its first five–year operating levy on the ballot and it passed by 67.8 percent. (None of the Library’s tax levies or bond issues has ever passed by less than 61 percent.) This financial support has allowed the Library to develop innovative approaches to the public service that the residents of the community demand. For example, in 1981 the Cleveland Heights–University Heights Public Library was the first library to join the Cleveland Public Library’s automated circulation system and online catalog. CLEVNET, as it is now known, has grown to twenty-nine libraries in ten counties in northern Ohio.

ECONOMIC CONDITIONS AND OUTLOOK

Although its boundaries coincide with those of the Cleveland Heights–University Heights City School District, primarily the cities of Cleveland Heights and University Heights, being adjacent to the major metropolitan area of Cleveland enlarges the role of the Library. The population of Cuyahoga County is highly mobile, and most residents use several libraries to meet their informational and recreational reading needs; thus, many people come into the Library from outside its immediate service area. Participation in CLEVNET also expands the Library’s role through the mutual sharing of materials and resources both within Cuyahoga County and throughout the State.

Funding for the Library from the Library and Local Government Support Fund, which represents approximately 48 percent of the Library's total revenue, is derived from a percentage of State-wide income tax collections. Receipts from this source depend upon general economic conditions in Ohio, and upon allocation decisions made by the Cuyahoga County Budget Commission.

State law limits the property tax levy, which accounts for approximately 37 percent of the Library's revenue, to the revenue generated by appraisal values at the time of levy passage. As a result, property tax revenues cannot increase significantly during the term of the levy. Properties in the Library's taxing boundaries are largely residential.

Economic and political uncertainties continue to affect future allocations of the Library and Local Government Support Fund. Library trustees and management believe that careful planning and closely monitoring the expenditure of funds is essential to withstand any material effect on levels of public service. In November of 1992, our residents approved a continuous, four-mill operating levy by a two-to-one margin. Beginning in 1993, this new levy replaced a three-mill levy with an effective rate of 2.06 mills and generates approximately \$2,800,000 annually in property taxes and intergovernmental revenues. Passage of this levy has ensured continued public service levels in the face of increasing costs.

The demographics of the Library's service area have changed since 1990. According to 1997 estimates, the most recent data provided by Demographics on Call, the number of our residents who are over the age of 65 has increased from 12.8 percent to 13.0 percent in Cleveland Heights but have decreased from 15.6 percent to 15.2 percent in University Heights. The overall population for the two cities has decreased by 7.6 percent (from 68,842 to 63,614). The racial mix has also changed, as we have experienced a 28.6 percent increase in our African-American population in Cleveland Heights and 44.8 percent in University Heights.

Neither city has any industry to speak of and both are excellent examples of relatively affluent "bedroom communities." Since 1990, the average household income has increased 36.7 percent in Cleveland Heights and 35.2 percent in University Heights. The percentage of residents having received college degrees and above is 45.0 percent and 47.0 percent in Cleveland Heights and University Heights respectively.

MAJOR INITIATIVES

In 1993, the Board of Trustees and the Management Team (i.e., the administrative staff, now referred to as the Administrative Support Team) developed a Strategic Management Program that was the Library's framework for strategic planning. This year, the Library's Mission, Values and Vision were reviewed and updated in preparation for a new planning process that will be completed next year.

The Library's Mission

The Mission indicates what our organization is committed to do:

The Cleveland Heights–University Heights Public Library is committed to serving its communities as an information resource to support the formal and informal learning requirements and recreational needs of its customers.

Approved by the Board of Library Trustees: May 19, 1997
Reaffirmed by the Strategic Planning Steering Committee: November 1, 1999

The Library's Values

The library's Values describe the key attributes that are most important to us as an organization. These include attributes that we currently possess as well as those to which we aspire:

We place great value in:

- Education and literacy;
- Understanding and responsiveness in meeting the needs of our customers;
- Effective management of financial resources;
- Effective management and development of human resources;
- Quality in all we do;
- Intellectual freedom;
- A climate for innovation and change;
- Respect and tolerance for diverse viewpoints and individual differences;
- Integrity and ethics of the organization as guides for all personal and professional actions within the workplace;
- Shared decision-making and shared responsibility;
- Open, timely and effective communication.

Approved by the Board of Library Trustees: May 19, 1997
Reviewed and revised by Strategic Planning Steering Committee: November 1, 1999
Approved by the Board of Library Trustees: November 15, 1999

The Library's Vision

The library's Vision details how we expect our organization to serve the community over the next five years:

The Cleveland Heights–University Heights Public Library is a community resource that nurtures the quest for lifelong learning, cultivates intellectual enrichment, promotes the enjoyment of reading, and opens the door to our children's imagination.

- It is a repository of knowledge serving its customers by providing access to information from any available source, including physical and electronic material;
- It is a center for literacy development and intellectual growth that teaches and encourages its customers to access, evaluate and use print, electronic and other information sources so they can transform information into usable knowledge;
- It is a community gathering place for public forums and group meetings, educational courses, programs for children and adults, senior citizen activities and recreational reading and learning. It is the focal point for information technologies for its communities. It actively promotes the cities it serves;
- It is the leading library system of its size in the nation, a customer service-oriented pace-setter through its:
 - Breadth, depth and accessibility of services for its customers;
 - Approaches to library services using innovative technology and techniques;
 - Services to customer groups with special needs and interests;
 - Establishment and enforcement of evaluative processes to measure quality of services.

This vision will be attained through the commitment of a well-trained, diverse, empowered staff determined to make it happen. We share responsibility and decision-making through teamwork and cooperation.

The Cleveland Heights–University Heights Public Library is a bridge into the future. Generous community support and funding translates this vision into reality.

Approved by the Board of Library Trustees: September 15, 1997
Reviewed and revised by Strategic Planning Steering Committee: November 1, 1999
Approved by the Board of Library Trustees: November 15, 1999

In June, The Board of Trustees retained a consultant to guide the work of staff and Board to prepare a new strategic plan carrying the Library through 2005. A Steering Committee and a series of task forces is at work. It is anticipated that a completed plan will be ready for Board approval in the fall of 2000.

Some highlights of our efforts during 1999 include:

Statistics. A review of the statistics gathered this year produce the following interesting comparisons with 1998:

- Total circulation increased almost 3%, which represents *22.3 items per capita*. The state average for 1997 (the latest year available) was only 12.6; nationally, the average for libraries our size is a mere 7.5!
- Circulation of all non-print materials represented 24% of our total circulation for the year; print circulation remains our "best seller."
- The number of items loaned to teachers for use in the classroom increased by over 11% over last year.
- The number of questions answered by staff increased by over 9%. This statistic is collected daily for the greatest accuracy. Increased time is needed to work with customers. Their questions have become more complex and there is often the need to explain in depth the use of the computers to locate information.
- The number of people entering the buildings increased by 14% over the previous year. The remodeling of University Heights was completed in 1997 and a full year's comparison of their attendance is now included.
- Attendance at staff-planned programs increased by 18%. The meeting rooms in all our buildings are heavily used.
- Use of public computers at the branches and in Main's Computer Center increased by 4% over the previous year.
- Reciprocal returns, our materials returned to other libraries and vice versa, impacts heavily on staff. During 1999, over 350,000 items were carried to and from our buildings.
- The system's book collection increased by almost 10,000 volumes this year. As much as possible, the current size of the collection should be maintained or decreased slightly at the branches.
- Our collection of audiocassettes increased by almost 5%; compact discs increased by 8%; videocassettes increased by 16%. Circulation of these formats increased by 10% over 1998.
- Use of paper at our Internet Workstations, provided free of charge to our customers, increased by 47% over last year. This is a clear indication of how the use of the Internet is growing.

Services and Programming. In the fall, the Board selected a strategic planning consultant. Under the leadership of the Deputy Director, a staff Steering Committee with Board representation is responsible for directing this important process under the consultant's guidance. They reviewed the Library's Mission, Values and Vision and suggested changes to the latter two. The Board approved these changes in November.

The Steering Committee developed five strategic directions that are the basis for the work of the staff-Board task forces in 2000. We anticipate completion of the Library's new five-year plan in the fall of 2000. Once completed, the goals and objectives contained in the plan will help to focus our efforts to reach our vision for the future. It will help to prioritize the many challenges we face.

In November the Library contracted for its second telephone survey of the community. It brought us a wealth of information that will be of great benefit to the five strategic planning task forces. For example, we learned that:

- 80% of the respondents visited libraries monthly or more;
- 97% visited libraries at least once in the past year;
- 92% rated our libraries as excellent or good;
- 90% rated our staff as excellent or good;
- 75% of the residents of our district have access to computers with almost 70% having them in their homes;
- 62% used the Internet within the past six months, and, of those, 59% use it daily. The primary use is for e-mail;
- 61% believe that students and children should be the major focus of our future funding, with 49% saying books and materials and 45% saying more computers;
- Our customers believe there should be a balance between traditional library services (books, etc.) and newer, technology-based information services.

We also learned from the survey that if a levy had been on the ballot in November, 72% of those surveyed would have favored it. This was good news and supported the Board decision to place a new 1.9-mill continuing operating levy on the ballot in the March 2000 primary. This levy, which passed with a 70.3% approval by the voters, will generate over \$1.6 million annually for the Library's General Fund beginning in 2001. It has been eight years since the Library was on the ballot and the additional money is much needed to support the continued operation of the library.

Our full time Training and Staff Development Coordinator has created many opportunities for staff to improve their skills. These range from classes on e-mail and our online electronic database products, to how to make meetings work, safety in the workplace and children's literature. During 1999, 35 technology-related sessions were presented in-house along with 22 that were not about technology. In addition, the Cleveland Area Metropolitan Library System (CAMLs) and others offered 25 technology sessions off-site. Staff attended 45 staff development opportunities off site.

Thanks to generous financial support from our Friends of the Library, programming for adults, teens, and especially children, reached an all-time high in 1999. Over 55,000 people attended staff-planned programming, a 6.6% increase over 1998. Preparing such programs—book discussions, story times, craft activities, performances by local entertainers—takes a

In cooperation with the Cleveland Heights-University Heights City Schools, our Children's Services Department joined CAMLS in developing a grant to purchase proficiency testing software and the hardware to use it. Named "Access Plus," this program provides materials that will be available in all our buildings so that students can practice for their 4th, 6th and 9th grade proficiency tests at times when the schools are not open.

Summer reading programs for children, young adults and adults, are staples of public libraries across the country, but ours benefits by having a very creative staff. For the second year, the culmination of our program was an afternoon of entertainment, crafts, food, fun and games at Cain Park, funded in part by the Cedar-Lee Merchants and the City of Cleveland Heights. Over 1100 people of all ages joined us this year.

The Library seeks out ways to support our local schools and to help them with their most important mission of educating our children. In addition to "Access Plus," described above, we began during our Summer Reading Program to promote the schools' "2000 by 2000" initiative. It is their desire to have every child read 2000 pages by the new millennium. As a way to further celebrate the entire program, the Library sponsored "Read in the New Year" on December 30. And a truly cooperative reading initiative, the "Millennium Project," will take place next year.

We supported Project: LEARN, the Cleveland-area adult literacy program, with a "read-a-thon" in November. Its purpose, countywide, was to promote understanding of the important adult literacy work this organization does. Over 100 visitors on a Saturday morning heard local dignitaries read their favorite children's books. The Library also participated in other community events such as the "Business Expo" of the Heights Regional Chamber of Commerce and the Reaching Heights' spelling bee.

For the past several years the Library's Young Adult Librarian has worked to create a teen volunteer program and we meet with growing success. Some 30-40 teens participated this year and we are moving toward creation of a Teen Advisory Council to help us determine the activities of greatest interest to our community's young adults.

Technology. The Library was the first participant in CLEVNET, the 29-library automation system in northern Ohio operated by the Cleveland Public Library. Through CLEVNET's resource sharing component, our customers effectively have access to over two and one-half million titles, eight and one-half million items, as well as a number of valuable resource databases.

The Library participates in OPLIN, the Ohio Public Library Information Network. This State-wide service provides high-speed telecommunication lines to all public libraries in Ohio, a Web site providing links to useful resources around the world and access to a growing number of commercial reference databases. These databases are valuable for adults and students alike.

Taken as a whole, this Library's staff-developed Web site, membership in CLEVNET and participation in OPLIN, bring to the residents of Cleveland Heights and University Heights, and to all the Library's customers, an amount of information—available at their fingertips—that is truly staggering.

Staff. In 1999, we filled 16 vacancies caused by turnover including the major positions of Deputy Director, Adult Services Coordinator and Business Manager. In addition, one new position, Network Operator, was approved by the Board and filled. For 2000, the Technology Department will increase to three full time staff, the Network Administrator, Network Operator and a Webmaster, and it will become a separate department so that we have better control and understanding of how our money is being spent.

The bulk of the funds from the estate of long-time library supporter Larry Bauer were received this year. The Anne M. Bauer Staff Development Fund now has over \$425,000 designated specifically for the development activities of the staff he appreciated so much.

As in years past, the Library's Staff Association was active on many fronts. Most important this year was their creation of a staff tuition reimbursement program. Although focused on individuals interested in pursuing bachelor's degrees, it can be used by anyone wishing to take course work to improve their skills. At a maximum of \$1,000 per person per year, the Board approved the use in 2000 of \$12,000 from the Bauer Fund for this worthwhile purpose.

Thanks to financial support from our Friends of the Library, longevity with the system is acknowledged through the awarding of special pins. Throughout the year, our productive and stable staff are recognized through small gifts and food, also provided through support from our Friends. In honor of the retirement of their Office Secretary after 14 years of service, the Friends established the "Gertrude Kleiner Award." It is presented each year "...to a Library staff member whose extraordinary efforts advance the work of the Library."

Facilities. At the Coventry Village Library we participated in a joint project to landscape the large open space in front of that building. The property is jointly owned by the Library, the schools and the city. Led by several Coventry-based civic groups, flowers, bushes and trees were planted, and low walls, seating and lighting were installed. A competition will select a large work of art for that space, considered a "gateway" to the Coventry business community.

The fourth Nelson Art Fund competition, named for former Library Director Rachel Wayne Nelson, brought a fascinating mixed-media piece to the newly remodeled University Heights Library. The artist combined photography and ceramics with growing grass in this exciting work.

This year the Library was able to purchase the house directly behind the University Heights Library. In 2000, this will allow us to add much-needed parking to this busy facility.

Planning for the major remodeling of the Main Library began this year and an architect has been selected. Work should begin in mid-2000 and be completed a year later.

The Noble Neighborhood Library received the 1999 Community Improvement Award, given by the Heights Community Congress and the City of Cleveland Heights. This award recognizes not only the way a building looks and is maintained, but also the impact it has on the community.

During the coming year, several major areas will be addressed. The Library plans to:

- Begin a major renovation of the Main Library in the fall. Last remodeled in 1987, this heavily-used building has the requisite square footage just not in the correct areas.
- Increase parking at the University Heights Library by utilizing recently-purchased land to expand the lot.

- Complete and implement a new strategic plan. This plan, replacing one developed in 1993, has involved the staff and Board alike in its creation.
- With a new Young Adult Librarian on staff, we will better focus on the needs of this important portion of our clientele.
- Continue searching for opportunities to partner with our schools in ways that improve the educational experience.
- Continue implementation of the Library's technology plans by further expanding access to information through improved connectivity to CLEVNET, OPLIN, the Internet, the CD-ROM network and the staff administrative network.
- Continue promoting the materials and services of the Cleveland Heights-University Heights Public Library through print pieces, such as our award-winning newsletter, *Check Us Out*, now produced four times a year, our new "BookPage" monthly magazine that provides our customers with reviews of newly published books, and through visually exciting displays of new materials.

Internal Accounting and Budgetary Control

In the preparation of its annual report, the Library utilized the modified accrual basis of accounting for governmental funds. With the modified accrual basis, revenues are recognized when measurable and available, and expenditures are recognized when goods and services are received. This timing enables management to improve the quality of its decision-making process by providing more consistent, comparable information regarding the current and past operations and financial position of the Library.

Development of the Library's accounting system includes consideration of internal controls. Internal accounting controls are designed to provide reasonable but not absolute assurances regarding the safeguarding of assets against loss from unauthorized use or disposition and the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived from its implementation, and (2) the valuation of costs and benefits requires estimates and judgements by management.

The Director/Clerk-Treasurer is responsible for evaluating the Library's internal control methods and developing procedures to enhance internal controls. He is further responsible for working closely with auditors to ensure that the Library's internal controls are followed and adapted to any recommendations from the Auditor of State's Local Government Services or the Audit Division.

Budgetary control is maintained by an encumbrance of the purchase amount prior to the release of purchase orders to vendors. Purchase orders are not issued when an insufficient unencumbered appropriation balance is available.

The Library adopts a temporary appropriations spending measure on or before January 1 of each year for the period January 1 through March 31. An annual appropriations measure is adopted by April 1 of each year for the period January 1 through December 31, and is amended, if necessary, throughout the year. All disbursements and transfers of cash between funds require appropriation authority. Appropriations are controlled by line items within each department and fund.

General Government Functions

The following schedule presents a summary of general fund, special revenue fund and capital projects fund revenues and expenditures for the year ended December 31, 1999, compared to the amounts for 1998.

<u>Revenues:</u>	<u>1998 Amount</u>	<u>1999 Amount</u>	<u>Percent of Total</u>	<u>Change</u>	<u>Percent Change</u>
Intergovernmental	\$3,445,629	\$3,568,195	53.27%	\$122,566	3.56%
Property and Other Taxes	2,503,701	2,545,036	38.00	41,335	1.65
Patron Fines and Fees	176,568	180,204	2.69	3,636	2.06
Contributions, Gifts and Donations	228,644	216,787	3.24	11,857	5.19
Interest	127,666	172,304	2.57	44,638	35.00
Rentals	13,505	14,442	0.21	937	6.94
Other	<u>23,314</u>	<u>1,170</u>	<u>0.02</u>	<u>(22,144)</u>	<u>(94.98)</u>
Total Revenues	<u>\$6,519,027</u>	<u>\$6,698,138</u>	<u>100.00%</u>	<u>\$179,111</u>	

<u>Expenditures:</u>	<u>1998 Amount</u>	<u>1999 Amount</u>	<u>Percent of Total</u>	<u>Change</u>	<u>Percent Change</u>
Current:					
Public Service	\$4,761,633	\$5,032,724	80.89%	\$271,091	5.69%
Administration	681,787	876,887	14.09	195,100	28.62
Capital Outlay	305,082	272,500	4.39	(32,582)	(10.68)
Debt Service:					
Principal Retirement	24,130	32,946	0.53	8,816	36.54
Interest and Fiscal Charges	<u>6,635</u>	<u>6,466</u>	<u>0.10</u>	<u>(169)</u>	<u>(2.55)</u>
Total Expenditures	<u>\$5,779,267</u>	<u>\$6,221,523</u>	<u>100.00%</u>	<u>\$442,256</u>	

Intergovernmental revenues provided 53.27 percent and local property taxes provided 38 percent of the Library's total receipts in 1999. The remaining 8.73 percent came from contributions, patron fines and fees, gifts, interest, rentals and other sources.

Intergovernmental revenues are solely from the Library and Local Government Support Fund (LLGSF) which was created as an earmarked allocation of State income tax revenues each year starting January 1, 1986, replacing the repealed Intangibles Tax. Although originally established in State law at 6.3 percent of all personal income tax collections, that percentage was permanently reduced in 1995 to 5.7 percent as part of the State's 1995-97 biennium budget. Because of increased income tax collections, revenue from this source increased by \$122,566 over 1998.

The Library and Local Government Support Fund is distributed to each of Ohio's eighty-eight counties by a formula which recognizes both inflation and, for poorer areas, a portion designed to contribute to State-wide equalization. In 1996, the nine independent libraries in Cuyahoga County approved a ten-year agreement for distributing this county's share. The Cuyahoga County Budget Commission, which is legally responsible for distributing the Library and Local Government Support Fund within the county, has accepted this formula as its guide.

Interest revenue increased by \$44,638 due to the Library having more cash available for investment purposes.

Other revenue decreased by \$22,144 due to the Library receiving a refund from the Bureau of Workers' Compensation during the prior year.

Public service accounts for the largest cost in operating the Library system, requiring 80.89 percent of total expenditures. Administration accounts for 14.09 percent of the Library's total expenditures. The remaining 5.02 percent of expenditures accounts for capital outlay and principal and interest payments for capital leases.

Overall, expenditures increased by 7.65 percent from 1998. Public service and administration were maintained with a \$466,191 cost increase due to compensation increases, contractual or purchased service cost increases and materials price increases. Principal retirement increased by \$8,816 due to additional capital lease payments.

General Fund Balance - The general fund balance decreased 19.22 percent in 1999. This decrease of \$108,879 is due primarily to donated restricted revenue for staff development being set up in a special revenue fund.

Special Revenue Fund - The special revenue fund balance increased \$232,394. This increase is due primarily to restricted, donated revenues to be used for staff development.

Capital Projects Fund - The capital projects fund balance increased \$371,369. The Library makes transfers from the general fund to make sure the fund will have sufficient revenues for all needed improvements for the Library.

General Fixed Assets

The general fixed assets of the Library include all Library-owned land, buildings, furniture and equipment. As of December 31, 1999, the general fixed assets of the Library totaled \$7,531,284. This amount represents either actual or estimated historical costs of the assets.

Cash Management

Cash temporarily idle during the year was invested in STAR Ohio, the State Treasurer of Ohio's investment pool. The average yield on investments was 5.02 percent. The Library earned interest revenue of \$172,304 on all investments for the year ended December 31, 1999. As custodian of all Library monies, the Director/Clerk-Treasurer is responsible for investing idle funds and directing the investment policies of the Library.

Risk Management

The Cleveland Heights–University Heights Public Library holds a personal service contract with Love Insurance as its agent for liability insurance coverage. This agency seeks the best rated companies at the best price to provide insurance coverage to the Library and its officials. The Library carries a comprehensive general liability policy of \$2,000,000.

The State provides workers' compensation coverage. The Library pays the State Workers' Compensation system a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Debt Management

The Library entered into capital lease agreements with various vendors for copiers and vehicles. After debt is paid, title to the property transfers to the Library. The capital lease obligations are accounted for in the general long-term obligations account group.

As of December 31, 1999, the Library had \$66,759 in capital lease obligations. Capital lease obligations payments are made through the general fund from monies allocated in that fund.

OTHER INFORMATION

Independent Audit

Included in this report is an unqualified audit opinion rendered on the Library's financial statements as of and for the year ended December 31, 1999, by our independent auditor, Jim Petro, Auditor of State.

Library management plans to continue to subject financial statements to an annual independent audit as part of the preparation of a Comprehensive Annual Financial Report. An annual audit also serves to maintain and strengthen the Library's accounting and budgetary controls.

Awards

The Cleveland Heights-University Heights Public Library was rated eighth nationally among libraries its size. Looking at circulation, staff, expenditures and the like, the Hennen American Public Library Rating Index is the only nationwide comparison of libraries based on statistics each collects.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Cleveland Heights– University Heights Public Library for its Comprehensive Annual Financial Report for the year ended December 31, 1998. To be awarded a Certificate of Achievement, a governmental unit must prepare an easily readable and efficiently organized Comprehensive Annual Financial Report whose contents satisfy all program standards. The report must conform to generally accepted accounting principles and satisfy all applicable legal requirements respective to the reporting entity. A Certificate of Achievement is valid for a period of one year only. We believe this Comprehensive Annual Financial Report continues to meet the high standards set by GFOA, and therefore, we will be submitting this report to determine its eligibility for a Certificate.

Acknowledgements

We wish to express our appreciation to the members of the Board of Library Trustees for their continued interest and support in planning and conducting the financial operations of the Library in a responsible and progressive manner.

Respectfully Submitted,



Stephen D. Wood
Director/Clerk-Treasurer



Lyle Gleason
Business Manager/Deputy Clerk-Treasurer

CLEVELAND HEIGHTS-UNIVERSITY HEIGHTS PUBLIC LIBRARY

LIST OF PRINCIPAL OFFICIALS as of December 31, 1999

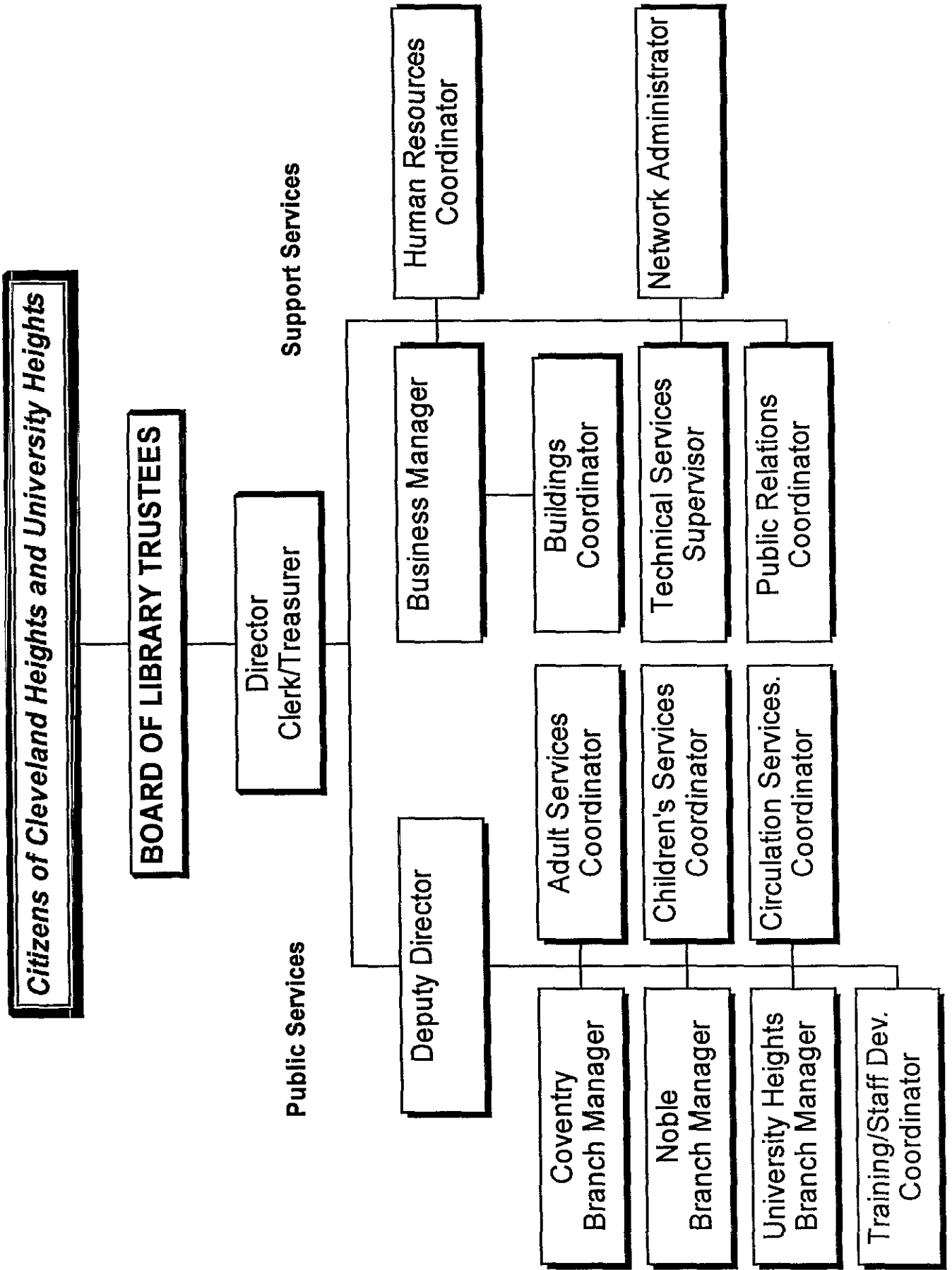
BOARD OF LIBRARY TRUSTEES

President	Leatrice Madison
Vice-President	Richard Gibson
Secretary	Ruth Ness
Member	Pippa Carter
Member	Raizel Michelow
Member	Esther Moss
Member	Christine Stouffer

ADMINISTRATIVE STAFF

Stephen Wood	Director/Clerk-Treasurer
Janice Ridgeway	Deputy Director
Lyle Gleason	Business Manager
Steven Grove	Adult Services Coordinator
Susan Matisoff	Children's Services Coordinator
Mary Beth Musk	Circulation Services Coordinator
Beverly Costanzo	Human Resources Coordinator
Judithe Soppel	Public Relations Coordinator
Gerald Kavulic	Buildings Coordinator
Patricia Carterette	Training & Staff Development Coordinator
Mary Murphy	Technical Services Supervisor
George Lenzer	Network Administrator
Vicki Victoria	Branch Manager, Coventry Village Library
Janice Campana	Branch Manager, Noble Neighborhood Library
Maureen Weisblatt	Branch Manager, University Heights Library

Organization Chart
 Cleveland Heights-University Heights Public Library



Certificate of Achievement for Excellence in Financial Reporting

Presented to

Cleveland Heights-University
Heights Public Library,
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 1998

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.



Cary Brueck
President

Jeffrey L. Esler
Executive Director

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STATE OF OHIO
OFFICE OF THE AUDITOR
JIM PETRO, AUDITOR OF STATE

Lausche Bldg
615 W Superior Ave
Floor 12
Cleveland OH 44113 - 1801
Telephone 216-787-3665
800-626-2297
Facsimile 216-787-3361
www.auditor.state.oh.us

REPORT OF INDEPENDENT ACCOUNTANTS

Cleveland Heights-University Heights Public Library
Cuyahoga County
2345 Lee Road
Cleveland Heights, Ohio 44118

To the Board of Library Trustees:

We have audited the accompanying general-purpose financial statements of the Cleveland Heights-University Heights Public Library, Cuyahoga County, Ohio, (the Library) as of and for the year ended December 31, 1999, as listed in the table of contents. These general-purpose financial statements are the responsibility of the Library's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards 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 opinion.

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Cleveland Heights-University Heights Public Library, Cuyahoga County, Ohio, as of December 31, 1999, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

As described in Note 3 to the accompanying financial statements during fiscal year 1999, the Library reclassified certain staff development activity from the General Fund to a Special Revenue Fund.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 12, 2000 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.

Our audit was performed for the purpose of forming an opinion on the general-purpose financial statements of the Library, taken as a whole. The combining and individual fund and account group financial statements and schedules listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the general-purpose financial statements of the Library. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly presented, in all material respects, in relation to the general-purpose financial statements taken as a whole.

We did not audit the data included in the statistical section of this report and therefore express no opinion thereon.

A handwritten signature in black ink, appearing to read "Jim Petro".

Jim Petro
Auditor of State

April 12, 2000

Cleveland Heights-University Heights Public Library
 Combined Balance Sheet
 All Fund Types and Account Groups
 December 31, 1999

Governmental Fund Types

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>
Assets and Other Debits			
Assets			
Cash and Cash Equivalents	\$300,008	479,693	2,017,707
Receivables:			
Taxes	2,706,330	0	0
Accounts	1,907	0	0
Due from Other Governments	250,443	0	0
Materials and Supplies			
Inventory	23,936	0	0
Prepaid Items	14,349	0	0
Fixed Assets	0	0	0
Other Debits			
Amount to be Provided from General Government Resources	<u>0</u>	<u>0</u>	<u>0</u>
Total Assets and Other Debits	<u>\$3,296,973</u>	<u>479,693</u>	<u>2,017,707</u>
Liabilities, Fund Equity and Other Credits			
Liabilities			
Accounts Payable	\$56,678	0	0
Accrued Wages and Benefits	64,432	0	0
Compensated Absences Payable	18,308	0	0
Due to Other Governments	8,730	0	0
Deferred Revenue	2,691,131	0	0
Capital Leases Payable	<u>0</u>	<u>0</u>	<u>0</u>
Total Liabilities	<u>2,839,279</u>	<u>0</u>	<u>0</u>
Fund Equity and Other Credits			
Investment in General Fixed Assets	0	0	0
Fund Balance:			
Reserved for Encumbrances	188,711	2,900	277,478
Reserved for Inventory	23,936	0	0
Unreserved; Undesignated	<u>245,047</u>	<u>476,793</u>	<u>1,740,229</u>
Total Fund Equity	<u>457,694</u>	<u>479,693</u>	<u>2,017,707</u>
Total Liabilities, Fund Equity and Other Credits	<u>\$3,296,973</u>	<u>479,693</u>	<u>2,017,707</u>

See accompanying notes to the general purpose financial statements

<u>Account Groups</u>		
<u>General Fixed Assets</u>	<u>General Long-Term Obligations</u>	<u>Totals (Memorandum Only)</u>
0	0	2,797,408
0	0	2,706,330
0	0	1,907
		250,443
0	0	23,936
0	0	14,349
7,531,284	0	7,531,284
<u>0</u>	<u>378,655</u>	<u>378,655</u>
<u>7,531,284</u>	<u>378,655</u>	<u>13,704,312</u>
0	0	56,678
0	0	64,432
0	208,639	226,947
0	103,257	111,987
0	0	2,691,131
<u>0</u>	<u>66,759</u>	<u>66,759</u>
<u>0</u>	<u>378,655</u>	<u>3,217,934</u>
7,531,284	0	7,531,284
0	0	469,089
0	0	23,936
<u>0</u>	<u>0</u>	<u>2,462,069</u>
<u>7,531,284</u>	<u>0</u>	<u>10,486,378</u>
<u>7,531,284</u>	<u>378,655</u>	<u>13,704,312</u>

Cleveland Heights-University Heights Public Library
 Combined Statement of Revenues, Expenditures
 and Changes in Fund Balances
 All Governmental Fund Types
 For the Year Ended December 31, 1999

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Revenues:				
Intergovernmental	\$3,568,195	0	0	3,568,195
Property and Other Taxes	2,545,036	0	0	2,545,036
Patron Fines and Fees	180,204	0	0	180,204
Contributions, Gifts and Donations	456	216,331	0	216,787
Interest	89,104	22,771	60,429	172,304
Rentals	14,442	0	0	14,442
Other	<u>1,170</u>	<u>0</u>	<u>0</u>	<u>1,170</u>
Total Revenues	<u>6,398,607</u>	<u>239,102</u>	<u>60,429</u>	<u>6,698,138</u>
Expenditures:				
Current:				
General Government:				
Public Service	5,032,724	0	0	5,032,724
Administration	870,179	6,708	0	876,887
Capital Outlay	58,440	0	214,060	272,500
Debt Service:				
Principal Retirement	32,946	0	0	32,946
Interest and Fiscal Charges	<u>6,466</u>	<u>0</u>	<u>0</u>	<u>6,466</u>
Total Expenditures	<u>6,000,755</u>	<u>6,708</u>	<u>214,060</u>	<u>6,221,523</u>
Excess of Revenues Over (Under) Expenditures	<u>397,852</u>	<u>232,394</u>	<u>(153,631)</u>	<u>476,615</u>
Other Financing Sources (Uses):				
Inception of Capital Lease	14,628	0	0	14,628
Operating Transfers - In	0	0	525,000	525,000
Operating Transfers - Out	<u>(525,000)</u>	<u>0</u>	<u>0</u>	<u>(525,000)</u>
Total Other Sources (Uses)	<u>(510,372)</u>	<u>0</u>	<u>525,000</u>	<u>14,628</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	(112,520)	232,394	371,369	491,243
Fund Balances at Beginning Of Year (Restated - Note 3)	566,573	247,299	1,646,338	2,460,210
Increase in Reserve for Inventory	<u>3,641</u>	<u>0</u>	<u>0</u>	<u>3,641</u>
Fund Balances at End of Year	<u>\$457,694</u>	<u>479,693</u>	<u>2,017,707</u>	<u>2,955,094</u>

See accompanying notes to the general purpose financial statements

Cleveland Heights-University Heights Public Library
 Combined Statement of Revenues, Expenditures and
 Changes in Fund Balances - Budget and Actual (Non-GAAP Basis)
 All Governmental Fund Types
 For the Year Ended December 31, 1999

	<u>General Fund</u>		Variance Favorable (Unfavorable)
	<u>Revised Budget</u>	<u>Actual</u>	
Revenues:			
Intergovernmental	\$3,565,667	3,569,099	3,432
Property and Other Taxes	2,484,013	2,545,207	61,194
Patron Fines and Fees	165,000	180,204	15,204
Contributions, Gifts and Donations	400	456	56
Interest	50,000	74,326	24,326
Rentals	14,000	14,740	740
Other	<u>2,100</u>	<u>270</u>	<u>(1,830)</u>
Total Revenues	<u>6,281,180</u>	<u>6,384,302</u>	<u>103,122</u>
Expenditures:			
Current:			
General Government:			
Public Service	5,354,788	5,172,676	182,112
Administration	1,133,154	971,042	162,112
Capital Outlay	<u>82,710</u>	<u>54,481</u>	<u>28,229</u>
Total Expenditures	<u>6,570,652</u>	<u>6,198,199</u>	<u>372,453</u>
Excess of Revenues Over (Under) Expenditures	<u>(289,472)</u>	<u>186,103</u>	<u>475,575</u>
Other Financing Sources (Uses):			
Operating Transfers - In	0	0	0
Operating Transfers - Out	<u>0</u>	<u>(525,000)</u>	<u>(525,000)</u>
Total Other Sources (Uses)	<u>0</u>	<u>(525,000)</u>	<u>(525,000)</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	(289,472)	(338,897)	(49,425)
Fund Balances at Beginning of Year	285,846	285,846	0
Prior Year Encumbrances Appropriated	<u>92,753</u>	<u>92,753</u>	<u>0</u>
Fund Balances at End of Year	<u>\$89,127</u>	<u>39,702</u>	<u>(49,425)</u>

(continued)

Cleveland Heights-University Heights Public Library
 Combined Statement of Revenues, Expenditures and
 Changes in Fund Balances - Budget and Actual (Non-GAAP Basis)
 All Governmental Fund Types (Continued)
 For the Year Ended December 31, 1999

	Special Revenue Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Intergovernmental	0	0	0
Property and Other Taxes	0	0	0
Patron Fines and Fees	0	0	0
Contributions, Gifts and Donations	416,272	442,900	26,628
Interest	20,000	22,771	2,771
Rentals	0	0	0
Other	0	0	0
Total Revenues	436,272	465,671	29,399
Expenditures:			
Current:			
General Government:			
Public Service	0	0	0
Administration	53,000	9,608	43,392
Capital Outlay	0	0	0
Total Expenditures	53,000	9,608	43,392
Excess of Revenues Over (Under) Expenditures	383,272	456,063	72,791
Other Financing Sources (Uses):			
Operating Transfers - In	0	0	0
Operating Transfers - Out	0	0	0
Total Other Sources (Uses)	0	0	0
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	383,272	456,063	72,791
Fund Balances at Beginning of Year	20,730	20,730	0
Prior Year Encumbrances Appropriated	0	0	0
Fund Balances at End of Year	\$404,002	476,793	72,791

See accompanying notes to the general purpose financial statements

<u>Capital Projects Fund</u>			<u>Totals (Memorandum Only)</u>		
<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
0	0	0	3,565,667	3,569,099	3,432
0	0	0	2,484,013	2,545,207	61,194
0	0	0	165,000	180,204	15,204
0	0	0	416,672	443,356	26,684
12,000	60,429	48,429	82,000	157,526	75,526
0	0	0	14,000	14,740	740
0	0	0	2,100	270	(1,830)
<u>12,000</u>	<u>60,429</u>	<u>48,429</u>	<u>6,729,452</u>	<u>6,910,402</u>	<u>180,950</u>
0	0	0	5,354,788	5,172,676	182,112
0	0	0	1,186,154	980,650	205,504
<u>1,633,795</u>	<u>494,109</u>	<u>1,139,686</u>	<u>1,716,505</u>	<u>548,590</u>	<u>1,167,915</u>
<u>1,633,795</u>	<u>494,109</u>	<u>1,139,686</u>	<u>8,257,447</u>	<u>6,701,916</u>	<u>1,555,531</u>
<u>(1,621,795)</u>	<u>(433,680)</u>	<u>1,188,115</u>	<u>(1,527,995)</u>	<u>208,486</u>	<u>1,736,481</u>
0	525,000	525,000	0	525,000	525,000
0	0	0	0	(525,000)	(525,000)
0	525,000	525,000	0	0	0
(1,621,795)	91,320	1,713,115	(1,527,995)	208,486	1,736,481
1,625,113	1,625,113	0	1,931,689	1,931,689	0
<u>23,795</u>	<u>23,795</u>	<u>0</u>	<u>116,548</u>	<u>116,548</u>	<u>0</u>
<u>27,113</u>	<u>1,740,228</u>	<u>1,713,115</u>	<u>520,242</u>	<u>2,256,723</u>	<u>1,736,481</u>

Cleveland Heights-University Heights Public Library
Notes To The General Purpose Financial Statements
For The Year Ended December 31, 1999

NOTE 1 - REPORTING ENTITY

The Cleveland Heights-University Heights Public Library was organized as a school district public library in 1920 under the laws of the State of Ohio. The Library has its own Board of Trustees of seven members who are appointed by the Cleveland Heights-University Heights Board of Education. 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 property, and of exercising such other powers and privileges conferred upon it by law. The Library also determines and operates under its own budget. Control and management of the Library is governed by sections 3375.33 to 3375.39 of the Ohio Revised Code with the administration of the day-to-day operations of the Library being the responsibility of the Director and financial accountability being solely that of the Clerk-Treasurer.

The Library is fiscally independent of the Board of Education, although the Board of Education serves in a ministerial capacity as the taxing authority for the Library. The determination to request approval of a tax levy, the role and purpose(s) of the levy, are discretionary decisions made solely by the Board of Library Trustees. Once those decisions are made, the Board of Education must put the levy on the ballot. There is no potential for the Library to provide a financial benefit to or impose a financial burden on the Board of Education.

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 the Cleveland Heights-University Heights City School District.

The Friends of the Cleveland Heights-University Heights Public Library, Inc. is a not-for-profit organization with a self-appointing board. The Library is not financially accountable for the organization, nor does the Library approve the budget or the issuance of debt of the organization. Therefore, this organization has been excluded from the reporting entity of the Library.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Cleveland Heights-University Heights Public Library have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Government Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Library's accounting policies are described below.

Cleveland Heights-University Heights Public Library
Notes To The General Purpose Financial Statements
For The Year Ended December 31, 1999

A. Basis of Presentation - Fund Accounting

The Library's accounting system is organized and operated on the basis of funds and account groups, each of which is considered a separate accounting entity. The operation of each fund is accounted for within a set of self-balancing accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain library functions or activities.

An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources. Funds are classified as governmental. Each category, in turn, is divided into separate "fund types." The Library uses the following fund types and account groups:

Governmental Fund Types

Governmental funds are those through which most governmental functions typically are financed. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets. The following are the Library's governmental fund types:

General Fund - This fund 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.

Special Revenue Fund - This fund is used to account for the proceeds of specific revenue sources (other than capital projects) that are restricted to expenditure for special purposes.

Capital Projects Fund - This fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities.

Account Groups

To make a clear distinction between fixed assets related to specific funds and those of general government, and between long-term liabilities related to specific funds and those of a general nature, the following account groups are used:

General Fixed Assets Account Group - to account for all general fixed assets of the Library.

General Long-Term Obligations Account Group - to account for all unmatured long-term indebtedness of the Library.

Cleveland Heights-University Heights Public Library
Notes To The General Purpose Financial Statements
For The Year Ended December 31, 1999

B. Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made.

The modified accrual basis of accounting is utilized for reporting purposes by the governmental funds. Under this method of accounting, the Library recognizes revenue and other financing sources when they become both measurable and available (i.e. collectible within the current period or within 31 days thereafter) to finance current Library operations. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable.

In applying the susceptible to accrual concept, revenues accrued at the end of the year include interest on investments and library and local government support payments. Other miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Delinquent property taxes not due in the current year are recorded as deferred revenue because they do not meet the availability criteria. Property taxes measurable as of December 31, 1999 but not intended to finance 1999 activities have also been recorded as deferred revenue. In subsequent periods, when both revenue recognition criteria are met, the liability for deferred revenue will be removed from the combined balance sheet and revenue will be recognized.

C. Budgets

The budgetary process is prescribed by provisions of the Ohio Administrative Code 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 appropriations resolution are subject to amendment throughout the year with the legal restriction that the appropriations cannot exceed estimated resources, as certified. All funds are required to be budgeted and appropriated. The primary level of budgetary control is at the object level (e.g., salaries and benefits, materials and supplies, purchased/contractual services). Budgetary modifications may only be made by resolution of the Board of Trustees.

Tax Budget:

A tax budget of estimated revenues and expenditures for all funds other than agency funds is required to be submitted to the Board of Education by May 31 of each year, for the period January 1, to December 31, of the following year. As taxing authority, it is the responsibility of the Board of Education to submit the Library's tax budget to the County Budget Commission. The Board of Education is not authorized to make changes to the Library's budget.

Cleveland Heights-University Heights Public Library
Notes To The General Purpose Financial Statements
For The Year Ended December 31, 1999

Estimated Resources:

The County Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. The Commission certifies its actions to the Library by October 1. As part of this certification the Library receives the official certificate of estimated resources, which states the projected revenue of each fund. Prior to December 31, the Library must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure. On or about January 1, the certificate of estimated resources is amended to include unencumbered cash balances at December 31 of the preceding year. The certificate may be further amended during the year if the Clerk-Treasurer determines and the Budget Commission agrees that an estimate needs to be either increased or decreased. The amounts reported on the budgetary statement reflect the amounts in the final amended official certificate of estimated resources issued during 1999.

Appropriations:

A temporary appropriation resolution to control expenditures may be passed on or about January 1 of each year for the period January 1 to March 31. An annual appropriation resolution must be passed by April 1 of each year for the period January 1 to December 31. The appropriation resolution fixes spending authority at the fund, department, and object level. The appropriation resolution may be amended during the year as new information becomes available, provided that total fund appropriations do not exceed current estimated resources. The allocation of appropriations among departments and objects within a fund may be modified during the year only by a resolution of the Board of Library Trustees. During the year, no supplemental appropriation measures were made. The budget figures which appear in the statement of budgetary comparison represent the final appropriation amounts.

Lapsing of Appropriations:

At the close of each year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. Encumbrances are carried forward and are reappropriated as part of the subsequent year appropriations.

Encumbrances:

As part of formal budgetary control, purchases orders, contracts and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance.

On the GAAP basis, encumbrances outstanding at year end for governmental funds are reported as reservations of fund balances for subsequent-year expenditures.

Cleveland Heights-University Heights Public Library
Notes To The General Purpose Financial Statements
For The Year Ended December 31, 1999

D. Cash and Investments

To improve cash management, cash received by the Library is deposited into one bank account. Monies for all funds are maintained in this account or temporarily used to purchase short-term investments. Individual fund integrity is maintained through the Library's records.

During 1999, investments were limited to U.S. Savings Bonds, reported at fair value, and STAROhio. STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on December 31, 1999.

Following Ohio Statutes, the Board of Library Trustees has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 1999 amounted to \$89,104.

E. Inventory

Inventory is stated at cost on a first-in, first-out basis. The costs of inventory items are recorded as expenditures when purchased.

F. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 1999, are recorded as prepaid items by using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure is reported in the year in which services are consumed.

G. Fixed Assets

General fixed assets are long-lived assets of the Library as a whole. When purchased, such assets are recorded as expenditures in the governmental type funds and capitalized (recorded and accounted for) in the General Fixed Assets Account Group.

Fixed asset values were initially determined at December 31, 1990, by assigning original acquisition costs when such information was available. In cases where information supporting original costs was not obtainable, estimated historical costs were developed. For certain fixed assets, the estimates were calculated by indexing estimated current costs back to the estimated year of acquisition. Donated fixed assets are capitalized at estimated fair market value on the date donated. The Library's books have not been capitalized because their per-unit cost does not meet the Library's capitalization threshold of \$500.

The Library has elected not to record depreciation in the General Fixed Assets Account Group.

Cleveland Heights-University Heights Public Library
Notes To The General Purpose Financial Statements
For The Year Ended December 31, 1999

H. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the Library will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the vesting method. The liability includes amounts accumulated by those employees who are currently eligible to receive termination benefits and those the Library has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at year end, taking into consideration any limits specified in the Library's termination policy.

The current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts are recorded in the account "compensated absences payable" in the General Fund. The remainder is reported in the general long-term obligations account group.

I. Accrued Liabilities and Long-term Obligations

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, compensated absences and contractually required pension contributions are reported as a liability in the general long-term obligations account group to the extent that they will not be paid with current expendable available financial resources. Payments made more than thirty-one days after year-end are considered not to have been paid with current available financial resources. Capital leases are recognized as a liability of the general long-term obligations account group until due or until resources have been accumulated in the fund for payment early in the following year.

J. Fund Equity

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 appropriations or expenditure including amounts that are legally segregated for a specific future use. As a result, encumbrances, and inventories are recorded as a reservation of fund balance.

K. Interfund Transactions

Quasi-external transactions are accounted for as revenues and expenditures. Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund, are recorded as expenditures in the reimbursing fund and as a reduction of expenditures in the fund that is reimbursed.

All other interfund transactions are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

Cleveland Heights-University Heights Public Library
Notes To The General Purpose Financial Statements
For The Year Ended December 31, 1999

L. Memorandum Only - Total Columns

The columns on the general purpose financial statements are captioned "Total (Memorandum Only)" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

M. 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 the estimates.

NOTE 3 – RESTATEMENT OF PRIOR YEAR’S FUND EQUITY

For 1998, the Library reclassified staff development from the general fund to a special revenue fund because of restricted revenues donated for this purpose. This reclassification decreased the fund balance of the general fund from \$813,872 to \$566,573 and increased the fund balance of the special revenue fund from \$0 to \$247,299 as of December 31, 1998. This reclassification also decreased the excess of revenues and other financing sources over expenditures and other financing uses in the general fund from (\$327,920) to (\$575,219) and increased the excess of revenues under expenditures in the special revenue fund from \$0 to \$247,299 for the year ended December 31, 1998.

In 1998, fixed assets were understated by \$68,778. This increased the balance of the general fixed assets accounts group from \$7,206,382 to \$7,275,160.

In 1998, compensated absences were understated by \$7,506. This increased the balance of the general long-term obligations account group from \$358,511 to \$366,017.

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations, and changes in fund balances on the basis of generally accepted accounting principles (GAAP basis), the budgetary basis as provided by law is based upon accounting for transactions on a basis of cash receipts, disbursements and encumbrances. The Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (Non-GAAP Basis) - All Governmental Fund Types is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget and to demonstrate compliance with state statute.

Cleveland Heights-University Heights Public Library
Notes To The General Purpose Financial Statements
For The Year Ended December 31, 1999

The major differences between the budget basis and the GAAP basis are:

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

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements for governmental funds to the budgetary basis statements on a fund type basis.

Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses All Governmental Fund Types			
	General	Special Revenue	Capital Projects
GAAP Basis	(\$112,520)	\$232,394	\$371,369
Net Adjustment For Revenue Accruals	(28,933)	226,569	-0-
Net Adjustments For Expenditure Accruals	47,945	-0-	(2,570)
Encumbrances	(245,389)	(2,900)	(277,479)
Budget Basis	(\$338,897)	\$456,063	\$91,320

Cleveland Heights-University Heights Public Library
Notes To The General Purpose Financial Statements
For The Year Ended December 31, 1999

NOTE 5 - DEPOSITS AND INVESTMENTS

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

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies 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 two year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not 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 monies. Interim monies are those monies 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 treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

Interim monies may be deposited or 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 exceeds 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;

Cleveland Heights-University Heights Public Library
Notes To The General Purpose Financial Statements
For The Year Ended December 31, 1999

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 to 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 of 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."

A. Deposits

At year-end, the carrying amount of the Library's deposits was \$5,228 and the bank balance was \$388,590. \$200,000 of the bank balance was covered by federal depository insurance. \$188,590 was uninsured and uncollateralized. Although the securities were held by the pledging financial institution's trust department in the Library's name and all state statutory requirements for the investment of money had been followed, noncompliance with federal requirements would potentially subject the Library to a successful claim by the FDIC.

B. Investments

The Library's investments are 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.

Cleveland Heights-University Heights Public Library
Notes To The General Purpose Financial Statements
For The Year Ended December 31, 1999

The Library invests in STAROhio which is not classified by degree of credit risk since it is not evidenced by securities that exist in physical or book entry form.

	Category 1	Carrying Value	Fair Value
U.S. Savings Bonds	\$451,633	\$451,633	\$451,633
STAROhio		2,340,547	2,340,547
Total		\$2,792,180	\$2,792,180

The classification of cash and cash equivalents, and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9. A reconciliation between the classifications of cash and investments on the combined financial statements and the classification per GASB Statement No. 3 is as follows:

	Cash and Cash Equivalents/Deposits	Investments
GASB Statement 9	\$2,797,408	\$0
U.S. Savings Bonds	(451,633)	451,633
STAROhio	(2,340,547)	2,340,547
GASB Statement 3	\$5,228	\$2,792,180

NOTE 6 - TAXES

Property taxes include amounts levied against all real, public utility and tangible personal property located in the Library district. Taxes collected on real property (other than public utility property) in one calendar year are levied in the preceding calendar year on assessed values as of January 1 of the preceding year, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. All property is required to be revalued every six years. The last update was completed in 1997. Real property taxes are payable annually or semi-annually. The first payment is due December 31, with the remainder payable by June 20.

Taxes collected from tangible personal property (other than public utility property) in one calendar year are levied in the prior calendar year on values listed on December 31 of the prior year, and at the tax rates determined in the prior year. Delinquent personal property taxes become a lien on real estate of the person charged with the tax on December 1 of the year in which the taxes were due. Tangible personal property used in business (except for public utilities) is currently assessed for ad valorem taxation purposes at 25 percent of its true value. Amounts paid by multi-county taxpayers are due September 20. Single-county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20.

Cleveland Heights-University Heights Public Library
Notes To The General Purpose Financial Statements
For The Year Ended December 31, 1999

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Certain public utility tangible personal property currently is assessed at 88 percent of its true value. Public utility property taxes are payable on the same dates as real property taxes described previously.

The County Treasurer collects property taxes on behalf of all taxing districts in the County and periodically remits to the Library its portion of the taxes collected.

The full tax rate for all Library operations for the year ended December 31, 1999 was \$4.00 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 1999 property tax receipts were based are as follows:

Real Property	
Residential/Agricultural	\$813,037,690
Commercial Industrial	26,927,490
Tangible Personal Property	<u>23,459,179</u>
Total	<u>\$863,424,359</u>

NOTE 7 - RECEIVABLES

Receivables at December 31, 1999 consisted of taxes and accounts receivables. All receivables are considered fully collectible.

NOTE 8 - FIXED ASSETS

Changes in general fixed assets during the year ended December 31, 1999, were as follows:

	<u>Balance January 1, 1999</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance December 31, 1999</u>
Land	\$950,384	133,134	-0-	1,083,518
Buildings	5,259,100	16,521	-0-	5,275,621
Furniture and Equipment	<u>1,065,676</u>	<u>106,469</u>	<u>-0-</u>	<u>1,172,145</u>
Total	<u>\$7,275,160</u>	<u>256,124</u>	<u>-0-</u>	<u>7,531,284</u>

Cleveland Heights-University Heights Public Library
Notes To The General Purpose Financial Statements
For The Year Ended December 31, 1999

NOTE 9 - RISK MANAGEMENT

The Library is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 1999, the Library contracted with several companies for various types of insurance as follows:

<u>Company</u>	<u>Type of Coverage</u>	<u>Deductible</u>
Indiana Insurance	Commercial Property	\$250
	General Liability	0
	Commercial Crime	0
	Inland Marine	250
	Automobile Liability	0
	Automobile Comprehensive	50
	Automobile Collision	250
	Boiler and Machinery	250
Utica National	Errors and Omissions	0
Travelers Insurance	Library officials	0
Fidelity and Deposit	Fidelity Bond	0

The amount of settlements did not exceed the coverage for each of the past three years. There have been no significant reductions in insurance coverage from last year.

The Library pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs. The System administers and pays all claims.

The Library provides medical, dental and vision insurance to employees on a paid premium basis. Other employee benefits include life insurance coverage, long term disability insurance and an IRC Section 125 flexible benefit plan.

Cleveland Heights-University Heights Public Library
Notes To The General Purpose Financial Statements
For The Year Ended December 31, 1999

NOTE 10 - CAPITAL LEASES

In prior years the Library entered into leases for the acquisition of copiers, a mailing machine and vehicles. During 1999, the Library entered into lease agreements for a copier that was accounted for on a GAAP basis as capital outlay expenditures in the general fund, with offsetting amounts reported as other financing sources. These lease obligations meet the criteria of a capital lease as defined by Financial Accounting Standards Board Statement Number 13, "Accounting for Leases," and have been recorded in the general long term obligations account group. The agreements provide for minimum annual rental payments as follows:

<u>Year</u>	<u>Total</u>
2000	\$38,914
2001	16,134
2002	10,844
2003	7,926
2004	2,240
 Total minimum lease payments	 \$76,058
 Less amount representing interest	 <u>(9,299)</u>
 Present value of minimum lease	 <u>\$66,759</u>

The copiers, vehicles and mailing machine have been capitalized in the general fixed assets account group in the amount of \$134,562, the present value of the minimum lease payments at the inception of the leases.

Cleveland Heights-University Heights Public Library
Notes To The General Purpose Financial Statements
For The Year Ended December 31, 1999

NOTE 11 - LONG-TERM OBLIGATIONS

Changes in long-term obligations of the Library for the year ended December 31, 1999, are as follows:

	<u>Balance</u> <u>12/31/98</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>12/31/99</u>
General Long-Term Obligations:				
Compensated Absences	\$187,463	21,176	-0-	208,639
Pension Obligations	93,477	103,257	93,477	103,257
Capital Lease Obligations	<u>85,077</u>	<u>14,628</u>	<u>32,946</u>	<u>66,759</u>
Total General Long-Term Obligations	<u>\$366,017</u>	<u>139,061</u>	<u>126,423</u>	<u>378,655</u>

Compensated absences, pension obligations and capital lease obligations are paid from revenues received in the general fund.

NOTE 12 - DEFINED BENEFIT PENSION PLAN

The Library contributes to the Public Employees Retirement System of Ohio (PERS), a cost-sharing multiple employer public employee retirement system administered by the Public Employees Retirement Board. PERS provides basic retirement benefits, disability, and death benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 145 of the Ohio Revised Code. PERS issues a publicly available financial report that includes financial statements and required supplementary information for PERS. That report may be obtained by writing to the Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215.

Plan members are required to contribute 8.5 percent of their annual covered salary to fund pension obligations and the Library is required to contribute 13.55 percent of which 9.35 percent is used for pension obligation and 4.2 percent is used to fund health care. Contributions are authorized by State statute. The contribution rates are determined actuarially. The Library's required contribution to PERS for the years ending December 31, 1999, 1998 and 1997 were \$405,720, \$376,354 and \$362,083 respectively. Seventy-five percent has been contributed for 1999 and 100 percent for the years 1998 and 1997. The unpaid contribution for 1999 is \$103,257 and is recorded as a liability within the general long-term obligations account group.

Cleveland Heights-University Heights Public Library
Notes To The General Purpose Financial Statements
For The Year Ended December 31, 1999

NOTE 13 - POSTEMPLOYMENT BENEFITS

The Public Employees Retirement System of Ohio (the System) provides post-retirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit and to primary survivor recipients of such retirees. Health care coverage for disability 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. A portion of each employer's contribution to the System is set aside for the funding of post-retirement health care based on authority granted by State statute. The 1999 employer contribution rate was 13.55 percent of covered payroll; 4.2 percent was the portion that was used to fund health care.

Benefits are funded on a pay-as-you-go basis. OPEB are financed through employer contributions and investment earnings. The contributions allocated to retiree health care and Medicare, along with investment income on allocated assets and periodic adjustments in health care provisions, are expected to be sufficient to sustain the program indefinitely. During 1999, OPEB expenditures made by PERS were \$523,599,349. As of December 31, 1999, the unaudited estimated net assets available for future OPEB payments were \$9,870,285,641. At December 31, 1999, the total number of benefit recipients eligible for OPEB through the System was 118,062. The Library's required contributions for 1999 were \$125,758.

During 1997, PERS adopted a new calculation method for determining employer contributions applied to OPEB. Under the new method, effective January 1, 1998, employer contributions equal to 4.2 percent of member covered payroll are used to fund health care expenses. Under the prior method, accrued liabilities and normal cost rates were determined for retiree health coverage.

NOTE 14 - OTHER EMPLOYEE BENEFIT

A. Compensated Absences

All full-time, 30-hour and part-time employees earn vacation by payroll period at different rates which are affected by length of service. Up to 100 percent of the annual vacation allowance may be carried forward from one year to the next.

Sick leave for full-time and 30-hour employees is also earned by payroll period and can be accumulated up to 105 days, plus the current year. Part-time staff also earn sick leave which accumulates to a comparable amount.

Upon retirement, employees are paid 25 percent of their accumulated hours of sick leave. Accrued vacation is paid upon retirement, termination or death of the employee.

The current portion of unpaid compensated absences is recorded as a current liability in the fund from which the employees who have accumulated unpaid leave are paid. The remainder is reported in the general long-term obligations account group. As of December 31, 1999, the liability for unpaid compensated absences was \$226,947.

Cleveland Heights-University Heights Public Library
Notes To The General Purpose Financial Statements
For The Year Ended December 31, 1999

NOTE 15 – SUBSEQUENT EVENT

On March 7, 2000, the voters of the Cleveland Heights-University Heights City School District approved a 1.9-mill continuing property tax levy for the Library. The proceeds of this levy, \$1.6 million annually, will be used for the continued operation of the Library.

GENERAL FUND

The general fund accounts for all financial resources of the Library 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.

Cleveland Heights-University Heights Public Library
Schedule of Revenues, Expenditures, and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
General Fund
For the Year Ended December 31, 1999

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Intergovernmental	\$3,565,667	3,569,099	3,432
Property and Other Taxes	2,484,013	2,545,207	61,194
Patron Fines and Fees	165,000	180,204	15,204
Contributions, Gifts and Donations	400	456	56
Investment Income	50,000	74,326	24,326
Rentals	14,000	14,740	740
Other	2,100	270	(1,830)
Total Revenue	6,281,180	6,384,302	103,122
Expenditures:			
Current:			
Public Service			
Salaries and Benefits	3,196,297	3,157,746	38,551
Materials and Supplies Purchased/Contracted	1,458,470	1,381,150	77,320
Services	679,321	616,999	62,322
Other	20,700	16,781	3,919
Total Public Service	5,354,788	5,172,676	182,112
Administration			
Salaries and Benefits	631,604	623,986	7,618
Materials and Supplies Purchased/Contracted	43,581	39,298	4,283
Services	307,969	307,758	211
Other	150,000	0	150,000
Total Administration	1,133,154	971,042	162,112
Capital Outlay			
Land Improvements	9,000	7,207	1,793
Building Improvements	21,338	10,616	10,722
Furniture and Equipment	52,372	36,658	15,714
Total Capital Outlay	82,710	54,481	28,229
Total Expenditures	6,570,652	6,198,199	372,453
Excess of Revenues Over Expenditures	(\$289,472)	186,103	475,575

(continued)

Cleveland Heights-University Heights Public Library
 Schedule of Revenues, Expenditures, and Changes
 In Fund Balance - Budget and Actual (Non-GAAP Basis)
 General Fund (continued)
 For the Year Ended December 31, 1999

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Other Financing Uses:			
Operating Transfers - Out	<u>\$0</u>	<u>(525,000)</u>	<u>(525,000)</u>
Total Other Financing Uses	<u>0</u>	<u>(525,000)</u>	<u>(525,000)</u>
Excess of Revenues Under Expenditures and Other Financing Uses	(289,472)	(338,897)	(49,425)
Fund Balance at Beginning of Year	285,846	285,846	0
Prior Year Encumbrances Appropriated	<u>92,753</u>	<u>92,753</u>	<u>0</u>
Fund Balance at End of Year	<u>\$89,127</u>	<u>39,702</u>	<u>(49,425)</u>

SPECIAL REVENUE FUND

Special Revenue Funds are established to account for the proceeds of specific revenue sources (other than major capital projects) that are restricted by law and administrative action to expenditures for specified purposes.

The purpose of the Library's special revenue fund is to account for monies received from donations to be used for Library staff development. Since there is only one special revenue fund and the level of budgetary control is not greater than that presented in the combined financial statements, no additional financial statements are presented here.

CAPITAL PROJECTS FUND

The capital projects fund accounts for financial resources to be used for the acquisition or construction of major capital improvements within the Library.

Since there is only one capital projects fund and the level of budgetary control is not greater than that presented in the combined financial statements, no additional financial statements are presented here.

GENERAL FIXED ASSETS ACCOUNT GROUP

The general fixed assets account group accounts for all fixed assets of the Cleveland Heights-University Heights Public Library.

Cleveland Heights-University Heights Public Library
Schedule Of General Fixed Assets
By Source
December 31, 1999

	<u>Total</u>
General Fixed Assets:	
Land	\$1,083,518
Buildings	5,275,621
Furniture and Equipment	<u>1,172,145</u>
Totals	<u>\$7,531,284</u>
Investment in General Fixed Assets From:	
General Revenues	\$7,396,722
Capital Leases	<u>134,562</u>
Total General Fixed Assets	<u>\$7,531,284</u>

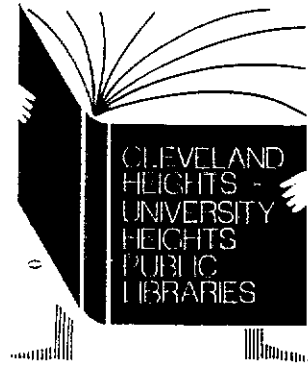
Cleveland Heights-University Heights Public Library
 Schedule Of Changes In General Fixed Assets
 By Function
 For the Year Ended December 31, 1999

	General Fixed Assets <u>1/1/99</u>	<u>Additions</u>	<u>Deletions</u>	General Fixed Assets <u>12/31/99</u>
Public Service	\$7,105,305	\$213,773	\$0	\$7,319,078
Administration	<u>169,855</u>	<u>42,351</u>	<u>0</u>	<u>212,206</u>
Total General Fixed Assets	<u>\$7,275,160</u>	<u>\$256,124</u>	<u>\$0</u>	<u>\$7,531,284</u>

Schedule Of General Fixed Assets
 By Function
 December 31, 1999

	<u>Land</u>	<u>Buildings</u>	Furniture and Equipment	<u>Totals</u>
Public Service	\$1,083,518	\$5,246,489	\$989,071	\$7,319,078
Administration	<u>0</u>	<u>29,132</u>	<u>183,074</u>	<u>212,206</u>
Total General Fixed Assets	<u>\$1,083,518</u>	<u>\$5,275,621</u>	<u>\$1,172,145</u>	<u>\$7,531,284</u>

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Cleveland Heights-University Heights Public Library
 General Governmental Expenditures By Function
 Last Ten Years

<u>Year</u>	<u>Public Service</u>	<u>Administration</u>	<u>Contingency</u>	<u>Capital Outlay</u>	<u>Principal Retirement</u>	<u>Interest and Fiscal Charges</u>	<u>Totals</u>
1990	\$3,158,060	\$350,896	\$11,347	\$238,031	\$0	\$0	\$3,758,334
1991 (1)	3,402,289	389,371	0	246,386	19,293	2,802	4,060,141
1992 (1)	3,462,089	511,650	0	113,086	18,470	3,693	4,108,988
1993 (1)	3,753,257	599,967	0	205,488	18,258	3,268	4,580,238
1994 (1)	4,075,716	615,310	0	760,739	19,284	2,191	5,473,240
1995 (1)	4,220,453	653,155	0	929,258	18,508	4,054	5,825,428
1996 (1)	4,366,384	660,521	0	642,058	18,264	2,964	5,690,191
1997 (1)	4,685,253	736,377	0	1,083,912	18,223	1,876	6,525,641
1998 (1)	4,761,633	681,787	0	305,082	24,130	6,635	5,779,267
1999 (1)	5,032,724	876,887	0	272,500	32,946	6,466	6,221,523

Source: Library Financial Records

(1) 1991 through 1999 reported on GAAP basis; all other years on cash basis. This includes General, Special Revenue and Capital Projects funds.

Cleveland Heights-University Heights Public Library
General Governmental Revenues By Source
Last Ten Years

<u>Year</u>	<u>Inter-Governmental</u>	<u>Property and Other Taxes</u>	<u>Patrons Fines and Fees</u>	<u>Contributions Donations Gifts and</u>	<u>Interest</u>	<u>Rentals</u>	<u>Other</u>	<u>Total</u>
1990	\$2,112,408	\$1,544,191	\$107,456	\$1,000	\$71,725	\$0	\$97,727	\$3,934,507
1991 (1)	2,389,839	1,386,025	188,653	1,269	64,564	0	24,505	4,054,855
1992 (1)	2,406,964	1,394,051	188,167	450	41,721	12,550	4,142	4,048,045
1993 (1)	2,667,951	2,509,298	186,718	373	53,214	15,715	5,186	5,438,455
1994 (1)	2,750,022	2,515,136	197,489	1,945	109,284	14,850	4,136	5,592,862
1995 (1)	2,883,199	2,520,562	191,251	8,855	124,596	15,320	3,262	5,747,045
1996 (1)	3,136,718	2,539,458	181,761	11,519	118,513	14,130	5,462	6,007,561
1997 (1)	3,239,149	2,479,638	180,000	1,320	131,085	15,645	2,366	6,049,203
1998 (1)	3,445,629	2,503,701	176,568	228,644	127,666	13,505	23,314	6,519,027
1999 (1)	3,568,195	2,545,036	180,204	216,787	172,304	14,442	1,170	6,698,138

Source: Library Financial Records

(1) 1991 through 1999 reported on GAAP basis; all other years on cash basis. This includes General, Special Revenue and Capital Projects funds.

Cleveland Heights-University Heights Public Library
Property Tax Levies and Collections (1)
Last Ten Years

Collection Year	Current Tax Levy	Current Tax Collections	Percent Collected	Delinquent Tax Collections	Total Tax Collections (2)	Percent of Total Collections to Current Tax Levy	Outstanding Delinquent Taxes	Percent of Outstanding Delinquent Taxes to Current Tax Levy
1990	\$1,543,831	\$1,509,665	97.79%	\$27,867	\$1,537,532	99.59%	\$81,965	5.31%
1991	1,559,564	1,523,719	97.70	29,955	1,553,674	99.62	90,464	5.80
1992	1,562,646	1,528,569	97.82	25,677	1,554,246	99.46	71,743	4.59
1993	2,787,742	2,731,440	97.98	28,233	2,759,673	98.99	90,133	3.23
1994	2,781,713	2,700,435	97.08	53,756	2,754,191	99.01	117,289	4.22
1995	2,774,624	2,697,285	97.21	60,272	2,757,557	99.38	127,782	4.61
1996	2,777,036	2,714,477	97.75	61,708	2,776,185	99.97	124,224	4.47
1997	2,777,348	2,675,313	96.33	77,107	2,752,420	99.10	147,910	5.33
1998	2,774,079	2,652,333	95.61	81,851	2,734,185	98.56	173,266	6.25
1999	2,772,395	2,657,244	95.85	111,572	2,785,953	100.49	167,888	6.06

Source: Cuyahoga County, Ohio; County Auditor

(1) Information for Real and Public Utility Property Only

(2) State Reimbursements of Rollback and Homestead Exemptions are included

Cleveland Heights-University Heights Public Library
Assessed Valuation And Estimated Actual Value Of Taxable Property
Last Ten Years

Year	Real Property		Public Utility Personal Property		Tangible Personal Property		Total		Ratio of Assessed Value to Estimated Actual Value
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	
1990	\$567,943,890	\$1,622,696,829	\$59,056,417	\$59,056,417	\$24,793,640	\$88,548,714	\$651,793,947	\$1,770,301,960	37%
1991	572,426,700	1,635,504,857	52,942,369	60,161,783	24,789,410	91,812,628	650,158,479	1,787,479,268	36
1992	665,696,680	1,901,990,514	59,327,822	67,417,980	22,343,964	85,938,324	747,368,466	2,055,346,818	36
1993	664,409,800	1,898,313,714	32,860,450	37,341,420	21,575,124	86,300,496	718,845,374	2,021,955,630	36
1994	664,716,300	1,899,189,429	32,565,220	37,005,932	21,575,936	86,308,744	718,857,456	2,022,504,105	36
1995	751,385,040	2,146,814,400	30,963,200	35,185,455	22,939,216	91,756,864	805,287,456	2,273,756,719	35
1996	751,834,635	2,148,099,100	30,118,460	34,225,523	23,934,850	95,739,400	805,887,945	2,278,064,023	35
1997	769,834,700	2,199,527,714	30,118,460	34,225,523	23,934,850	95,739,400	823,888,010	2,329,492,637	35
1998	802,796,940	2,293,705,543	29,159,440	33,135,727	22,936,713	91,746,852	854,893,093	2,418,588,122	35
1999	813,037,690	2,322,964,828	26,927,490	30,599,420	23,459,179	93,836,716	863,424,359	2,447,400,964	35

Source: Cuyahoga County, Ohio; County Auditor

Estimated actual value is calculated by dividing the assessed value by the assessed percentage. The percentages for 1999 were 35% for real property, 35% public utility real property, 88% public utility tangible personal property and 25% for tangible personal property.

Cleveland Heights-University Heights Public Library
Property Tax Rates - Direct and Overlapping Governments
(Per \$1,000 of Assessed Valuation)
Last Ten Years

	<u>1990</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>
Cleveland Heights-University Heights Public Library	\$3.00	\$3.00	\$3.00	\$4.00	\$4.00	\$4.00	\$4.00	\$4.00	\$4.00	\$4.00
Cuyahoga County	9.32	9.32	9.32	9.32	9.32	9.12	9.12	9.12	7.82	7.82
Cuyahoga Community College	2.80	2.80	2.80	2.80	2.80	2.80	2.80	2.80	2.80	2.80
Metroparks	1.55	1.55	1.55	1.55	1.55	1.55	1.55	1.55	1.55	1.55
Port Authority	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13
Health and Human Services	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Cleveland Heights	16.40	14.50	14.50	14.40	13.90	13.00	13.00	13.00	14.80	14.80
South Euclid	15.90	15.70	15.70	15.80	15.80	15.50	15.50	15.50	15.20	15.10
University Heights	12.50	12.50	12.50	12.50	12.50	13.20	13.20	13.20	13.20	13.20
Cleveland Heights-University Heights School District	93.30	92.90	92.90	96.70	104.10	102.10	111.00	111.00	111.00	111.00

Source: Cuyahoga County, Ohio; County Auditor

Cleveland Heights–University Heights Public Library
Bonded Debt
December 31, 1999

The Cleveland Heights–University Heights Public Library does not have any general obligation bonded debt, and has not had any general obligation bonded debt for the last fifteen years; therefore, no ratio of net general bonded debt to assessed value and net bonded debt per capita and no ratio of annual debt service for general bonded debt to total general fund expenditures are presented in the Library's statistical tables.

Cleveland Heights-University Heights Public Library
Property Value, Construction, and Bank Deposits
Last Ten Years

<u>Year</u>	<u>Number of Building Permits (1)</u>	<u>Dollar Value of Building Permits Issued (1)</u>	<u>Estimated Property Values (2)</u>	<u>Bank Deposits (in Thousands) (3)</u>
1990	4,101	\$59,868,941	\$1,770,301,960	\$19,188,641
1991	1,526	13,549,224	1,787,479,268	18,392,243
1992	1,214	12,839,826	2,055,346,818	19,370,280
1993	1,717	14,896,318	2,021,955,630	21,009,421
1994	2,058	14,614,218	2,022,504,105	20,885,453
1995	1,537	11,771,876	2,273,756,719	22,458,573
1996	2,014	22,620,481	2,278,064,023	27,068,211
1997	2,069	41,698,495	2,329,492,637	40,245,094
1998	2,061	43,055,372	2,418,588,122	58,904,596
1999	1,945	31,779,938	2,447,400,964	57,816,942

Source: (1) Cleveland Heights Building Department
(2) Cuyahoga County, Ohio; County Auditor
(3) Federal Reserve Bank of Cleveland—Bank deposits increased during 1997 because Key Bank now has a single charter.

Cleveland Heights-University Heights Public Library
 Ten Principal Taxpayers
 December 31, 1999

<u>Taxpayer</u>	<u>Assessed Valuation</u>	<u>Percentage Of Total Assessed Valuation</u>
Cleveland Electric Illuminating	\$11,059,430	1.28%
Ohio Bell Telephone Company	8,078,590	0.94
SCIT, Inc.	7,136,570	0.83
Kaiser Foundation	6,580,000	0.76
East Ohio Gas	4,976,680	0.58
ABS Development Company	3,685,430	0.43
Telerama, Incorporated	2,505,140	0.29
Concord Company	2,129,400	0.25
Lancashire Towers Associates	2,038,400	0.23
Motorcars Incorporated	1,156,810	0.13
International Securities, Limited	<u>970,900</u>	<u>0.11</u>
 Total	 <u>\$50,317,350</u>	 <u>5.83%</u>
 Total Library Valuation	 <u>\$863,424,359</u>	

Source: Cuyahoga County, Ohio; County Auditor

Cleveland Heights-University Heights Public Library
Demographic Statistics
December 31, 1999

	<u>1990 Census</u>		<u>1997 Estimate</u>	
	<u>Cleve. Hts.</u>	<u>Univ. Hts.</u>	<u>Cleve. Hts.</u>	<u>Univ. Hts.</u>
Population (1)	54,052	14,790	49,727	13,887
Population by Age				
Under Age 18	24.7%	20.5%	24.5%	22.0%
Age 65 and Over	12.8%	15.6%	13.0%	15.2%
Population by Race				
White	60.2%	81.8%	49.4%	74.0%
African American	37.1%	16.3%	47.7%	23.6%
Other	2.7%	1.9%	2.9%	2.4%
Total Households	21,012	5,151	19,385	4,813
Average Household Size	2.52	2.50	2.51	2.49
Average Household Income	\$46,407	\$52,828	\$63,422	\$71,440
Median Household Income	\$36,043	\$43,376	\$46,308	\$55,736
Educational Attainment				
High School Graduate or Higher	88.0%	90.9%		
Bachelor's Degree or Higher	45.1%	47.0%		

Source: Demographics On Call, 1998

(1) The Cleveland Heights-University Heights Public Library is a school district library and its boundaries follow those of the Cleveland Heights-University Heights School District. These boundaries cover all of the community of University Heights; all but a small portion of Cleveland Heights (that which is within the boundaries of the East Cleveland School District); and includes a small portion of the City of South Euclid. The population of this area covered by the School District is estimated to be 66,700. Despite this fact, these demographic statistics are considered representative of the population served by the Cleveland Heights-University Heights Public Library.

Cleveland Heights–University Heights Public Library
Miscellaneous Statistics
December 31, 1999

<u>Year</u>	<u>Number of Employees</u>	<u>Number of Volumes Owned</u>
1990	113	312,807
1991	113	315,678
1992	113	307,661
1993	113	311,951
1994	113	316,842
1995	118	330,977
1996	119	338,917
1997	125	322,820
1998	137	332,362
1999	139	342,697

<u>Year</u>	<u>Number of Library Materials Circulated</u>	<u>Number of Registered Borrowers (1)</u>
1990	1,165,842	73,811
1991	1,253,384	62,918 (2)
1992	1,299,812	62,078
1993	1,346,518	62,641
1994	1,357,790	62,928
1995	1,438,826 (3)	61,067
1996	1,457,290	60,074
1997	1,419,264	63,514
1998	1,441,650	66,911
1999	1,490,404	70,047

Source: Cleveland Heights–University Heights Public Library

- (1) Borrowers registered at other CLEVNET libraries (twenty-eight in all) may use their cards at this Library without registering a second time.
- (2) Patron database purged in 1991.
- (3) Prior to 1995, circulation monitored activity of a library's materials collection regardless of the CLEVNET library from which the items circulated. Beginning with 1995, circulation monitors activity at our specific agencies regardless of which CLEVNET library owns the items we circulated. This method is a truer indication of how "busy" our buildings are.



STATE OF OHIO
OFFICE OF THE AUDITOR

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CLEVELAND HEIGHTS-UNIVERSITY HEIGHTS PUBLIC LIBRARY

CUYAHOGA 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
JUNE 6, 2000**