

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

REGULAR AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

CLEVELAND HEIGHTS-UNIVERSITY HEIGHTS PUBLIC LIBRARY
CUYAHOGA COUNTY

TABLE OF CONTENTS

<u>TITLE</u>	<u>PAGE</u>
Report on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	1

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

Board of Library Trustees
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, (the Library) as of and for the year ended December 31, 2000, and have issued our report thereon dated April 6, 2001. 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*.

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 6, 2001.

Cleveland Heights-University Heights Public Library
Cuyahoga County
Report on Compliance and on Internal Control Required by
Government Auditing Standards
Page 2

This report is intended for the information and use of the Audit 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 6, 2001



STATE OF OHIO
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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.

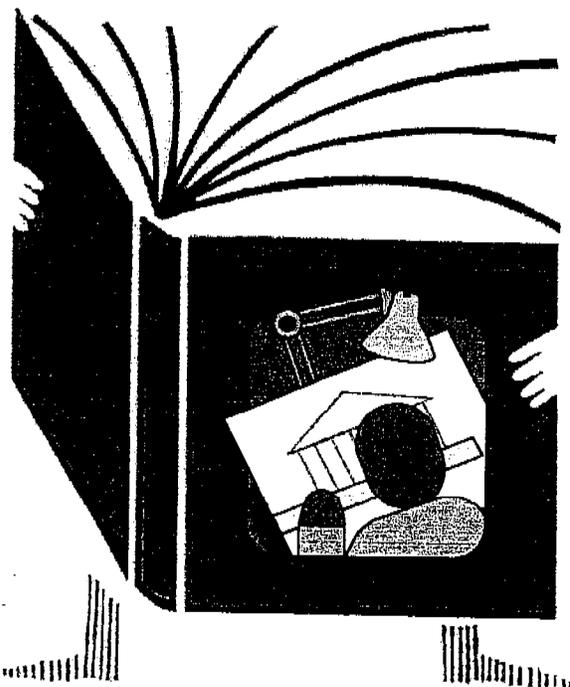
Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MAY 8, 2001**

**CLEVELAND HEIGHTS-
UNIVERSITY HEIGHTS
PUBLIC LIBRARY**
Cleveland Heights, Ohio

Comprehensive Annual Financial Report



For the year ended December 31, 2000

CLEVELAND HEIGHTS-UNIVERSITY HEIGHTS PUBLIC LIBRARY

CLEVELAND HEIGHTS, OHIO

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2000

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

Cleveland Heights-University Heights Public Library
 Comprehensive Annual Financial Report
 For The Year Ended December 31, 2000
 Table of Contents

I. INTRODUCTORY SECTION	<u>Page</u>
Table of Contents	i
Letter of Transmittal.....	iii
List of Principal Officials.....	xvii
Organization Chart.....	xviii
GFOA Certificate of Achievement	xix
II. FINANCIAL SECTION	
Report of Independent Accountants.....	1
General Purpose Financial Statements: (Combined Statements - Overview)	
Combined Balance Sheet - All Fund Types and Account Groups.....	2
Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types.....	4
Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Non-GAAP Basis) - All Governmental Fund Types	5
Notes to the General Purpose Financial Statements.....	8
Financial Statements and Schedules of Individual Funds and Account Groups:	
Governmental Funds:	
General Fund:	
Description of Fund.....	24
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Basis).....	25
Special Revenue Fund:	
Description of Fund.....	27
Capital Projects Fund:	
Description of Fund.....	27

Cleveland Heights-University Heights Public Library
 Comprehensive Annual Financial Report
 For The Year Ended December 31, 2000
 Table of Contents (continued)

General Fixed Assets Account Group:

Description of Account Group	28
Schedule of General Fixed Assets - By Source.....	29
Schedule of Changes in General Fixed Assets - By Function.....	30
Schedule of General Fixed Assets - By Function	30

III. STATISTICAL SECTION

General Governmental Expenditures by Function - Last Ten Years	S1
General Governmental Revenues by Source - Last Ten Years	S2
Property Tax Levies and Collections - Last Ten Years	S3
Assessed Valuation and Estimated Actual Value of Taxable Property - Last Ten Years	S4
Property Tax Rates - Direct and Overlapping Governments - Last Ten Years	S5
Bonded Debt.....	S6
Property Value, Construction and Bank Deposits - Last Ten Years	S7
Ten Principal Taxpayers.....	S8
Demographic Statistics.....	S9
Miscellaneous Statistics	S10



Cleveland Heights - University Heights Public Library

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Stephen D. Wood
Director/Clerk

Susan Matisoff
Deputy Director

April 6, 2001

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 tenth Comprehensive Annual Financial Report (CAFR) as prepared by the Library's Business Office for the year ended December 31, 2000. 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.

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 30 libraries in 10 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 52 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 38 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 are essential to withstand any material effect on levels of public service. In November of 1992 our residents approved a continuing, four-mill operating levy by a two-to-one margin. Beginning collection in 1993, this levy replaced a three-mill levy with an effective rate of 2.06 mills and generates approximately \$2,850,000 annually in property taxes and intergovernmental revenues.

In March of 2000 the voters of the Cleveland Heights-University Heights City School District approved an additional continuing 1.9-mill operating levy. Collections beginning in 2001 will generate approximately \$1,600,000 annually. Passage of this second 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 2000 estimates, the most recent data provided by CACI, the number of our residents who are over the age of 65 has increased from 12.8 percent to 13.4 percent in Cleveland Heights but have remained constant at 15.6 percent in University Heights. The overall population for the two cities has decreased by 4.5 percent (from 68,842 to 65,738). The racial mix has also changed as we have experienced a 29.9 percent increase in our African-American population in Cleveland Heights and 50.9 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 32.3 percent in Cleveland Heights and 35.1 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

The Library's latest strategic plan was initiated this year and differs from most others. The Board of Library Trustees recognized that since it falls to staff to carry out such a plan, it should be generated by them. It is rare for a Board to have the vision to allow this to happen and the proof of its success will be found in the document.

Staff's work is based on the Library's Mission, Values and Vision reviewed and updated by the Board last 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

Work on the strategic plan began in March and was approved by the Board of Library Trustees in June. The implementation of the plan was initiated in September. This is a fast track, but Board, administration and staff are excited by and committed to the results beginning to take place.

Some highlights of our efforts during 2000 include:

Statistics. A review of the statistics gathered this year produce the following interesting comparisons with 1999:

- Total circulation increased by 4%, which represents *23.3 items per capita*. The state average for 1998 (the latest year available) was only 12.6; nationally, the average for libraries our size is a mere 7.5! Our circulation of children's materials increased this year to 26% of the total circulation.
- Circulation of all non-print materials represented 30% of our total circulation for the year; print circulation remains our "best seller."
- Circulation of the various audiovisual formats increased by more than 15% over 1999. Videocassettes alone increased by 32%.
- In-house use of library materials increased slightly over last year.
- The number of people entering the buildings increased by 6.5%.
- The number of questions answered by staff increased only slightly, but "hits" to our Web site increased by 75% over last year. The number of unique visitors to our site increased by 412%!
- The number of programs planned by staff increased by almost 20% although attendance decreased by almost 4%. Newspaper publicity has been particularly difficult to secure.
- The number of outside groups using our buildings increased by almost 5% over last year. Attendance at these meetings increased by over 8%.
- Reciprocal returns, our materials returned to other libraries and vice versa, impacts heavily on staff. During 2000, over 345,000 reciprocal 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.
- Use of paper at our Internet workstations, provided free of charge to our customers, increased by 5% over last year. This is another indication of how the use of the Internet continues to grow.
- The number of visits to senior residences increased by over 40%. The number of items circulated to them increased by over 50%.

- Service to the homebound increased by 8% over last year.

Services and Programming. The Cleveland Heights-University Heights Public Library has a long tradition of customer service and we focused on it again this year. Increasingly, we recognize the importance of programming and the number of staff-planned programs grew in 2000 by over 46%. We have always heavily programmed for children. This year saw programs for adults run the gamut, with a number of them focusing on diversity and especially on music. We'll see even more programming for all ages in the years to come; it supports the growing realization that libraries really *are* community centers.

A number of new programs were presented for teens, always a difficult audience. Several were very successful including "After School Cooking," "Back to School Beauty" and "Finding Financial Aid on the Internet."

Several new library materials were introduced this year including comic books and graphic novels for teens. These are quite popular and do serve to encourage this age group to read.

In the audiovisual area, we added DVDs and books on CD. While the former may not replace videocassettes for some time, they have been gaining rapidly in popularity. And the same is true for books on CD. More and more new automobiles are being sold with only CD players in them. This is certainly a medium whose time has come.

Electronic books truly represent the cutting edge and they'll have increasing impact as time goes on. We are pleased that our Library was the first in the area to make the RocketEbook hand-held book readers available for our borrowers. Our purpose is to give people the opportunity to experience these technological wonders so they may make their own judgment as to their value.

In addition to the RocketEbooks, we've also purchased electronic collections of materials from NetLibrary. This company provides books in electronic format via a PC or laptop. We are not convinced this will be accepted as a way to read novels or popular non-fiction, but they can be extremely useful for research. To begin, we purchased collections of computer titles and titles on health-related issues. It is too soon to see how well our customers will accept them.

We also initiated a new collection of popular fiction and non-fiction titles called "TNT" for Top New Titles. These books are kept separate from the normal reserve pool so there is a chance someone browsing in one of our buildings could actually find a brand new title on the shelf. This is already a popular idea.

A true negative to customer service was the theft of a significant number of compact discs and DVDs that was discovered this year. Happily, the stolen items were identified at a local used CD store and the thieves apprehended. In early 2001 a newly designed AV area will be created and an additional security system will be installed.

Technology. The Library was the first participant in CLEVNET, the 30-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, 10 million items, as well as a number of valuable resource databases, many available from home or office.

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.

We are very proud of the Library's extensive Web site that won a major award for it this year. *LibrarySpot.com* named us their December "Site of the Month," a prestigious honor. Part of the reason we won was for our new teen site and the valuable readers' advisory on the Web, developed by our staff Readers' Advisory Team. And, as a way to better market our Web site, we had its Internet address changed to www.heightslibrary.org. This is much less cumbersome than what we had before.

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. Staffing changes were significant again this year. Although almost 60% of our full time staff have been with us 10 years or more, 2000 saw turnover in some of our most important positions. During those 12 months we lost our Deputy Director, both Adult and Children's Services Coordinators, our Noble Branch Manager, our Young Adult Librarian and our Network Administrator. Despite the administrative disruption these departures caused, it is important to note that the rest of the staff performed remarkably well. Customer service never suffered despite the changes in these key positions.

In addition to a complete review of the *Human Resources Manual*, several new practices were initiated this year with direct benefit to staff. Part-time staff now have access to several payroll deduction benefits, such as our deferred compensation programs and the Flexible Spending Account, already enjoyed by full time staff. A tuition reimbursement program for all staff, not just those working on a master's degree in library science, was initiated. Both these benefits came from recommendations by our Staff Association. We applaud their efforts on the Library's behalf.

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. We began the year planning for the remodeling of just the Main Library. We had engaged architect Dan Meehan to help us look at the building and resolve a series of space issues. We were pleased with the results of his work, although there was still not enough space to do everything we felt was needed. Enlarging the Children's Room is a good example. Even after remodeling, it was not going to be as large as we believed was necessary to meet our community's needs. Still, we initiated the bidding process in April and were hopeful that work could begin as early as fall.

In May, the Board of Library Trustees recognized that the former Heights Y, empty for almost a year and directly across the street from the Main Library, could play a significant role in the future of this Library. As we consider the future, and what the Library's space needs might be, we believe that 20 to 30 years from now we may well need to expand our services to the community. Today we see possibilities for reducing space as "printing on demand" or electronic books begin to impact our shelving needs. But it is entirely possible—even probable—that libraries in a farther future will be community "hubs," offering all or most of the programming vital to the life and well being of our community. To do that will require more space than we have now. The decision by the Board of Trustees to purchase the former Heights Y responds directly to this potential need for future space.

After purchasing the Heights Library Activity Center, as we are calling the former Y, we held a series of town meetings to learn from our residents how they believe the new space should be used. These ideas ran the gamut from maintaining the existing gym and swimming pool for the community to theater and art space to space for after-school programming for children.

Two entities asked to rent the same specific space in the Activity Center and made presentations before a community committee we set up for this purpose. The Fairfax Neighborhood Network wished to operate the swimming pool and gymnasium, and the Dobama Theatre, currently located in small basement space in the Coventry business district, wanted a new theatre complex. Choosing between these two worthwhile organizations and uses for the space was not easy for the Board. Ultimately, they determined that a relationship with Dobama could have the greater benefit for the community through synergy with the Library.

Dobama will use a little less than half of the available space in the Activity Center. That leaves close to 15,000 square feet for other uses. When staff first began thinking of the space and how we might want to use it, it didn't take us long to come up with many ideas—all consistent with the ideas generated during the community town meetings.

Although it is much too soon to know specifically how space will be used, we do see the two buildings, the Main Library and the Activity Center, working together as a single complex. Having this new space allows us, perhaps, to relocate the Administration offices and Computer Center across the street to permit expansion of both the children's space and teen space in Main. Also in the Activity Center, there would be space for both after-school and seniors programming; an art gallery and studio space (run by a local consortium); a multi-purpose room where teleconferencing and distance learning can take place; and a coffee/gift shop that is a place to relax and talk with friends. To make this complex truly functional the two buildings must be connected, perhaps with a bridge across Lee Road.

New parking was created at the University Heights Library. Two houses were purchased behind the building and were leveled. Thirty-six new, unmetered spaces were ready for the November election. The additional parking has had a tremendous positive impact on the use of this already popular facility.

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

- Complete planning for a major renovation of the Main Library and the Activity Center in 2001 and determine the best ways to fund this important project.
- Continue implementation of the new strategic plan. This plan, replacing one developed in 1993, has relied heavily on staff involvement in its creation.
- 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 from home or office to information through improved connectivity to CLEVNET, OPLIN, the Internet, and other locally provided electronic resources.
- 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 and soon to be expanded in size, through the staff-created Readers' Advisory section of our Web site, 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, 2000, compared to the amounts for 1999.

<u>Revenues:</u>	<u>1999 Amount</u>	<u>2000 Amount</u>	<u>Percent of Total</u>	<u>Change</u>	<u>Percent Change</u>
Intergovernmental	\$3,568,195	\$3,812,425	56.71%	\$244,230	6.84%
Property and Other Taxes	2,545,036	2,568,771	38.21	23,735	0.93
Patron Fines and Fees	180,204	161,772	2.41	(18,432)	(10.23)
Contributions, Gifts and Donations	216,787	1,652	0.02	(215,135)	(99.24)
Interest	172,304	159,615	2.37	(12,689)	(7.36)
Rentals	14,442	15,828	0.25	1,386	9.60
Other	1,170	2,188	0.03	1,018	87.01
Total Revenues	<u>\$6,698,138</u>	<u>\$6,722,251</u>	<u>100.00%</u>	<u>\$24,113</u>	

<u>Expenditures:</u>	<u>1999 Amount</u>	<u>2000 Amount</u>	<u>Percent of Total</u>	<u>Change</u>	<u>Percent Change</u>
Current:					
Public Service	\$5,032,724	\$5,297,826	71.34%	\$265,102	5.27%
Administration	876,887	968,274	13.04	91,387	10.42
Capital Outlay	272,500	1,120,994	15.09	848,494	311.37
Debt Service:					
Principal Retirement	32,946	34,337	0.46	1,391	4.22
Interest and Fiscal Charges	6,466	4,830	0.07	(1,636)	(25.30)
Total Expenditures	<u>\$6,221,523</u>	<u>\$7,426,261</u>	<u>100.00%</u>	<u>\$1,204,738</u>	

Intergovernmental revenues provided 56.71 percent and local property taxes provided 38.21 percent of the Library's total receipts in 2000. The remaining 5.08 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 state income tax collections, revenue from this source increased by \$244,230 over 1999.

The Library and Local Government Support Fund is distributed to each of Ohio's 88 counties by a formula that 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 10-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.

Revenues from Contributions, Gifts and Donations decreased by \$215,135 because all income for staff development, from the estate of library supporter Larry Bauer, was received in 1999.

Other revenue increased by \$1,018 due to a \$1,000 prize won in a 3M promotional contest.

Public service accounts for the largest cost in operating the Library system, requiring 71.34 percent of total expenditures. Administration accounts for 13.04 percent of the Library's total expenditures. The remaining 15.62 percent of expenditures accounts for capital outlay and principal and interest payments for capital leases.

Overall, expenditures increased by 19.36 percent from 1999. Public service and administration were maintained with a \$356,489 cost increase due to compensation increases, contractual or purchased service cost increases and materials price increases. Principal retirement increased by \$1,391 due to additional principal capital lease payments.

General Fund Balance - The general fund balance increased 21.13 percent in 2000. This increase of \$96,730 is due primarily to reduced operations transfers to capital projects funds.

Special Revenue Fund – The special revenue fund balance decreased \$23,115. This decrease is due primarily to increased expenditures for staff development.

Capital Projects Fund - The capital projects fund balance decreased \$770,802. This decrease was caused by the purchase of the former Heights Y building, across the street from the Main Library, and the construction of an expanded parking lot at the University Heights Library.

General Fixed Assets

The general fixed assets of the Library include all Library-owned land, buildings, furniture and equipment. As of December 31, 2000, the general fixed assets of the Library totaled \$8,465,538. 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 6.20 percent. The Library earned interest revenue of \$159,615 on all investments for the year ended December 31, 2000. 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

In prior years, 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, 2000, the Library had \$32,422 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, 2000, by our independent auditor, Auditor of State Jim Petro.

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 seventh 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.

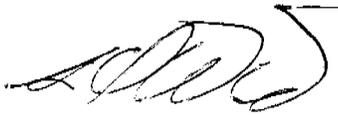
In December, the Library's Web site, www.heightslibrary.org, received the "Site of the Month" award from the prestigious *LibrarySpot.com*. Innovative Applications in Libraries chose to recognize our *Potamus Place* (for children) and *ClickThis* (for teens).

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, 1999. 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

CLEVELAND HEIGHTS–UNIVERSITY HEIGHTS PUBLIC LIBRARY

LIST OF PRINCIPAL OFFICIALS
as of December 31, 2000

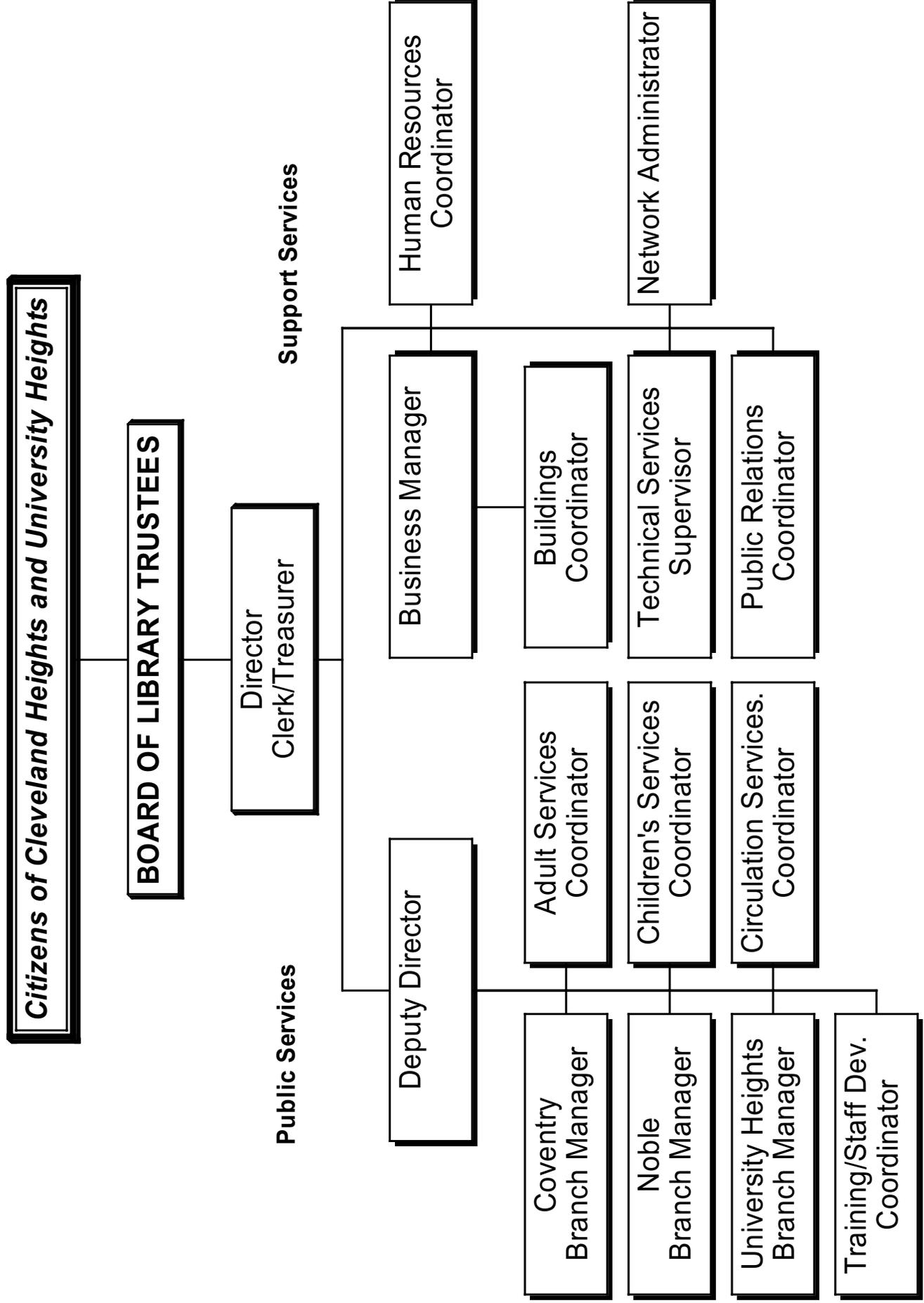
BOARD OF LIBRARY TRUSTEES

President	Richard Gibson
Vice–President.....	Ruth Ness
Secretary	Raizel Michelow
Member.....	Pippa Carter
Member.....	Susan Janssen
Member.....	Esther Moss
Member.....	Christine Stouffer

ADMINISTRATIVE STAFF

Stephen Wood	Director/Clerk-Treasurer
Susan Matisoff.....	Deputy Director
Lyle Gleason.....	Business Manager
Vacant.....	Adult Services Coordinator
Amy Switzer.....	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
Matt Hoffman	Network Administrator
Vicki Victoria	Branch Manager, Coventry Village Library
Jo Ann Vicarel.....	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, 1999

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.



Anne Spray Kinney
President

Jeffrey L. Esser
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, 2000, 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, 2000, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 6, 2001 on our consideration of the Library's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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. 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 introductory and statistical sections 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 6, 2001

Cleveland Heights-University Heights Public Library
 Combined Balance Sheet
 All Fund Types and Account Groups
 December 31, 2000

	Governmental Fund Types		
	General	Special Revenue	Capital Projects
Assets and Other Debits			
Assets			
Cash and Cash Equivalents	\$450,051	456,578	1,246,905
Receivables:			
Taxes	4,276,852	0	0
Due from Other Governments	235,594	0	0
Materials and Supplies			
Inventory	30,759	0	0
Prepaid Items	15,700	0	0
Fixed Assets	0	0	0
Other Debits			
Amount to be Provided from General Government Resources	0	0	0
Total Assets and Other Debits	\$5,008,956	456,578	1,246,905
Liabilities, Fund Equity and Other Credits			
Liabilities			
Accounts Payable	\$67,939	0	0
Accrued Wages and Benefits	78,282	0	0
Compensated Absences Payable	20,851	0	0
Due to Other Governments	10,608	0	0
Deferred Revenue	4,276,852	0	0
Capital Leases Payable	0	0	0
Total Liabilities	4,454,532	0	0
Fund Equity and Other Credits			
Investment in General Fixed Assets	0	0	0
Fund Balance:			
Reserved for Encumbrances	14,726	3,094	241,447
Reserved for Inventory	30,759	0	0
Unreserved; Undesignated	508,939	453,484	1,005,458
Total Fund Equity and Other Credits	554,424	456,578	1,246,905
Total Liabilities, Fund Equity and Other Credits	\$5,008,956	456,578	1,246,905

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	2,153,534
0	0	4,276,852
		235,594
0	0	30,759
0	0	15,700
8,465,538	0	8,465,538
<u>0</u>	<u>285,284</u>	<u>285,284</u>
<u>8,465,538</u>	<u>285,284</u>	<u>15,463,261</u>
0	0	67,939
0	0	78,282
0	194,266	215,117
0	58,596	69,204
0	0	4,276,852
<u>0</u>	<u>32,422</u>	<u>32,422</u>
<u>0</u>	<u>285,284</u>	<u>4,739,816</u>
8,465,538	0	8,465,538
0	0	259,267
0	0	30,759
<u>0</u>	<u>0</u>	<u>1,967,881</u>
<u>8,465,538</u>	<u>0</u>	<u>10,723,445</u>
<u>8,465,538</u>	<u>285,284</u>	<u>15,463,261</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, 2000

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	
Revenues:				
Intergovernmental	\$3,812,425	0	0	3,812,425
Property and Other Taxes	2,568,771	0	0	2,568,771
Patron Fines and Fees	161,772	0	0	161,772
Contributions, Gifts and Donations	0	1,652	0	1,652
Interest	40,146	22,296	97,173	159,615
Rentals	15,828	0	0	15,828
Other	2,188	0	0	2,188
Total Revenues	6,601,130	23,948	97,173	6,722,251
Expenditures:				
Current:				
General Government:				
Public Service	5,297,826	0	0	5,297,826
Administration	921,211	47,063	0	968,274
Capital Outlay	53,019	0	1,067,975	1,120,994
Debt Service:				
Principal Retirement	34,337	0	0	34,337
Interest and Fiscal Charges	4,830	0	0	4,830
Total Expenditures	6,311,223	47,063	1,067,975	7,426,261
Excess of Revenues Over (Under) Expenditures	289,907	(23,115)	(970,802)	(704,010)
Other Financing Sources (Uses):				
Operating Transfers - In	0	0	200,000	200,000
Operating Transfers - Out	(200,000)	0	0	(200,000)
Total Other Sources (Uses)	(200,000)	0	200,000	0
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	89,907	(23,115)	(770,802)	(704,010)
Fund Balances at Beginning Of Year	457,694	479,693	2,017,707	2,955,094
Increase in Reserve for Inventory	6,823	0	0	6,823
Fund Balances at End of Year	\$554,424	456,578	1,246,905	2,257,907

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, 2000

	General Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Intergovernmental	\$3,778,218	3,827,274	49,056
Property and Other Taxes	2,512,647	2,583,970	71,323
Patron Fines and Fees	175,991	161,772	(14,219)
Contributions, Gifts and Donations	500	0	(500)
Interest	58,500	55,063	(3,437)
Rentals	15,000	16,835	1,835
Other	0	3,088	3,088
Total Revenues	6,540,856	6,648,002	107,146
Expenditures:			
Current:			
General Government:			
Public Service	5,659,327	5,365,886	293,441
Administration	994,126	943,949	50,177
Capital Outlay	69,769	55,872	13,897
Total Expenditures	6,723,222	6,365,707	357,515
Excess of Revenues Over (Under) Expenditures	(182,366)	282,295	464,661
Other Financing Sources (Uses):			
Operating Transfers - In	0	0	0
Operating Transfers - Out	0	(200,000)	(200,000)
Total Other Sources (Uses)	0	(200,000)	(200,000)
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	(182,366)	82,295	264,661
Fund Balances at Beginning of Year	39,702	39,702	0
Prior Year Encumbrances Appropriated	245,389	245,389	0
Fund Balances at End of Year	\$102,725	367,386	264,661

(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, 2000

	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	0	1,652	1,652
Interest	20,000	22,296	2,296
Rentals	0	0	0
Other	0	0	0
Total Revenues	20,000	23,948	3,948
Expenditures:			
Current:			
General Government:			
Public Service	0	0	0
Administration	82,942	50,157	32,785
Capital Outlay	0	0	0
Total Expenditures	82,942	50,157	32,785
Excess of Revenues Over (Under) Expenditures	(62,942)	(26,209)	36,733
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	(62,942)	(26,209)	36,733
Fund Balances at Beginning of Year	476,793	476,793	0
Prior Year Encumbrances Appropriated	2,900	2,900	0
Fund Balances at End of Year	\$416,751	453,484	36,733

See accompanying notes to the general purpose financial statements

Capital Projects Fund			Totals (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
0	0	0	3,778,218	3,827,274	49,056
0	0	0	2,512,647	2,583,970	71,323
0	0	0	175,991	161,772	(14,219)
0	0	0	500	1,652	1,152
12,000	97,173	85,173	90,500	174,532	84,032
0	0	0	15,000	16,835	1,835
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3,088</u>	<u>3,088</u>
<u>12,000</u>	<u>97,173</u>	<u>85,173</u>	<u>6,572,856</u>	<u>6,769,123</u>	<u>196,267</u>
0	0	0	5,659,327	5,365,886	293,441
0	0	0	1,077,068	994,106	82,962
<u>2,029,707</u>	<u>1,309,422</u>	<u>720,285</u>	<u>2,099,476</u>	<u>1,365,294</u>	<u>734,182</u>
<u>2,029,707</u>	<u>1,309,422</u>	<u>720,285</u>	<u>8,835,871</u>	<u>7,725,286</u>	<u>1,110,585</u>
<u>(2,017,707)</u>	<u>(1,212,249)</u>	<u>805,458</u>	<u>(2,263,015)</u>	<u>(956,163)</u>	<u>1,306,852</u>
0	200,000	200,000	0	200,000	200,000
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(200,000)</u>	<u>(200,000)</u>
<u>0</u>	<u>200,000</u>	<u>200,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
(2,017,707)	(1,012,249)	1,005,458	(2,263,015)	(956,163)	1,306,852
1,740,229	1,740,229	0	2,256,724	2,256,724	0
<u>277,478</u>	<u>277,478</u>	<u>0</u>	<u>525,767</u>	<u>525,767</u>	<u>0</u>
<u>0</u>	<u>1,005,458</u>	<u>1,005,458</u>	<u>519,476</u>	<u>1,826,328</u>	<u>1,306,852</u>

Cleveland Heights-University Heights Public Library
Notes To The General Purpose Financial Statements
For The Year Ended December 31, 2000

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, 2000

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, 2000

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, 2000 but not intended to finance 2000 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 function 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, 2000

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 2000.

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 function 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 functions within a fund may be modified during the year only by a resolution of the Board of Library Trustees. During the year, 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, 2000

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 2000, 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, 2000.

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 2000 amounted to \$40,146.

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, 2000, 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, 2000

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, 2000

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 - 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.

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).

Cleveland Heights-University Heights Public Library
Notes To The General Purpose Financial Statements
For The Year Ended December 31, 2000

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	\$89,907	(\$23,115)	(\$770,802)
Net Adjustment For Revenue Accruals	46,872	-0-	-0-
Net Adjustments For Expenditure Accruals	28,181	-0-	-0-
Encumbrances	(82,665)	(3,094)	(241,447)
Budget Basis	\$82,295	(\$26,209)	(\$1,012,249)

NOTE 4 - 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.

Cleveland Heights-University Heights Public Library
Notes To The General Purpose Financial Statements
For The Year Ended December 31, 2000

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;
- 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."

Cleveland Heights-University Heights Public Library
Notes To The General Purpose Financial Statements
For The Year Ended December 31, 2000

A. Deposits

At year-end, the carrying amount of the Library's deposits was \$50,247 and the bank balance was \$216,750. \$148,153 of the bank balance was covered by federal depository insurance. \$68,597 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.

The Library invests in STAROhio that 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	\$473,620	\$473,620	\$473,620
STAROhio		1,629,667	1,629,667
Total		\$2,103,287	\$2,103,287

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	\$2,153,534	\$0
U.S. Savings Bonds	(473,620)	473,620
STAROhio	(1,629,667)	1,629,667
GASB Statement 3	\$50,247	\$2,103,287

Cleveland Heights-University Heights Public Library
Notes To The General Purpose Financial Statements
For The Year Ended December 31, 2000

NOTE 5 - TAXES

Property taxes include amounts levied against all real, public utility and tangible personal property located in the Library district. Property tax revenue received during 2000 for real and public utility property taxes represents collections of 1999 taxes. Property tax payments received during 2000 for tangible personal property (other than public utility property) is for 2000 taxes.

2000 real property taxes are levied after October 1, 2000 on the assessed value as of January 1, 2000, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2000 real property taxes are collected in and intended to finance 2001.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2000 public utility property taxes become a lien December 31, 1999, are levied after October 1, 2000, and are collected in 2001 with real property taxes.

2000 tangible personal property taxes are levied after October 1, 1999, on the value as of December 31, 1999. Collections are made in 2000. Tangible personal property assessments are 25 percent of true value.

The full tax rate assessed in calendar year 1999 and collected for all Library operations for the year ended December 31, 2000, was \$4.00 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2000 property tax receipts were based are as follows:

Real Property	\$926,462,620
Public Utility Property	30,906,950
Tangible Personal Property	<u>34,917,354</u>
Total	<u><u>\$992,286,924</u></u>

The Library passed a 1.9 mill continuing property tax levy for Library operations on March 7, 2000. The proceeds of this levy are anticipated to be \$1.6 million annually. Collections will begin during 2001.

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

Tangible personal property taxes 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 at September 20.

Cleveland Heights-University Heights Public Library
Notes To The General Purpose Financial Statements
For The Year Ended December 31, 2000

The County Treasurer collects property tax on behalf of all taxing districts within the county, including the Library district. The County Auditor periodically remits to the Library its portion of the taxes. Property taxes receivable represent real and tangible personal property taxes, public utility taxes and outstanding delinquencies that are measurable as of December 31, 2000. Although total property tax collections for the next fiscal year are measurable, amounts to be received during the available period are not subject to reasonable estimate at December 31, nor are they intended to finance 2000 operations. The receivable is offset by deferred revenue.

NOTE 6 - RECEIVABLES

Receivables at December 31, 2000 consisted of taxes receivable. All receivables are considered fully collectible.

NOTE 7 - FIXED ASSETS

Changes in general fixed assets during the year ended December 31, 2000, were as follows:

	Balance January 1, 2000	Additions	Deletions	Balance December 31, 2000
Land	\$1,083,518	287,616	-0-	1,371,134
Buildings	5,275,621	564,109	-0-	5,839,730
Furniture and Equipment	<u>1,172,145</u>	<u>96,540</u>	<u>14,011</u>	<u>1,254,674</u>
Total	<u>\$7,531,284</u>	<u>948,265</u>	<u>14,011</u>	<u>8,465,538</u>

NOTE 8 - 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 2000, the Library contracted with several companies for various types of insurance as follows:

<u>Company</u>	<u>Type of Coverage</u>	<u>Coverage</u>
Indiana Insurance	Commercial Property	\$11,303,941
	General Liability	2,000,000
	Commercial Crime	2,000
	Inland Marine	3,632,679
	Automobile	1,000,000
Utica National	Errors and Omissions	1,000,000
Ohio Farmers Insurance	Library officials	50,000
Fidelity and Deposit	Fidelity Bond	10,000

Cleveland Heights-University Heights Public Library
Notes To The General Purpose Financial Statements
For The Year Ended December 31, 2000

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.

NOTE 9 - CAPITAL LEASES

In prior years the Library entered into leases for the acquisition of copiers, a mailing machine and vehicles. 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>
2001	\$15,886
2002	10,844
2003	7,926
2004	<u>2,240</u>
Total minimum lease payments	\$36,896
Less amount representing interest	<u>(4,474)</u>
Present value of minimum lease	<u><u>\$32,422</u></u>

The copiers, vehicles and mailing machine have been capitalized in the general fixed assets account group in the amount of \$120,551, 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, 2000

NOTE 10 - LONG-TERM OBLIGATIONS

Changes in long-term obligations of the Library for the year ended December 31, 2000, are as follows:

	<u>Balance 12/31/99</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/00</u>
General Long-Term Obligations:				
Compensated Absences	\$208,639	-0-	14,373	194,266
Pension Obligations	103,257	58,596	103,257	58,596
Capital Lease Obligations	<u>66,759</u>	<u>-0-</u>	<u>34,337</u>	<u>32,422</u>
Total General Long- Term Obligations	<u>\$378,655</u>	<u>58,596</u>	<u>151,967</u>	<u>285,284</u>

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

NOTE 11 - 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 43215-4642.

Plan members are required to contribute 8.5 percent of their annual covered salary to fund pension obligations. For calendar year 2000, PERS instituted a temporary employer rate rollback for state and local governments. The 2000 employer pension contribution rate for the Library was 6.54 percent of covered payroll, reduced from 9.35 percent in 1999. Contributions are authorized by State statute. The contribution rates are determined actuarially. The Library's required contributions to PERS for the years ending December 31, 2000, 1999 and 1998 were \$338,371, \$405,720 and \$376,354 respectively. Eighty-three percent has been contributed for 2000 and 100 percent for the years 1999 and 1998. The unpaid contribution for 2000 is \$58,596 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, 2000

NOTE 12 - 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 2000 employer contribution rate was 10.84 percent of covered payroll; 4.30 percent was the portion that was used to fund health care for 2000. For 1999, the contribution rate was 13.55 percent of covered payroll; 4.2 percent was the portion that was used to fund health care.

Benefits are advanced-funded using the entry age normal cost method. Significant actuarial assumptions, based on PERS's latest actuarial review performed as of December 31, 1999, include a rate of return on investments of 7.75 percent, an annual increase in active employee total payroll of 4.75 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .54 percent and 5.1 percent based on additional annual pay increases. Health care premiums were assumed to increase 4.75 percent annually.

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

The number of active contributing participants was 401,339. The Library's actual contributions for 2000 that were used to fund postemployment benefits were \$104,882. The actual contribution and the actuarially required contribution amounts are the same. PERS's net assets available for payment of benefits at December 31, 1999, (the latest information available), were \$10,805.5 million. The actuarially accrued liability and the unfunded actuarial accrued liability were \$12,473.6 million and \$1,668.1 million, respectively.

For 2000, PERS elected to return to an actuarially pre-funded type of disclosure because it is a better presentation of PERS's actual funding methodology. Since 1997, disclosures had been based on a pay-as-you-go funding basis.

NOTE 13 - 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.

Cleveland Heights-University Heights Public Library
Notes To The General Purpose Financial Statements
For The Year Ended December 31, 2000

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, 2000, the liability for unpaid compensated absences was \$215,117.

B. Insurance

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.

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, 2000

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues:			
Intergovernmental	\$3,778,218	3,827,274	49,056
Property and Other Taxes	2,512,647	2,583,970	71,323
Patron Fines and Fees	175,991	161,772	(14,219)
Contributions, Gifts and Donations	500	0	(500)
Interest	58,500	55,063	(3,437)
Rentals	15,000	16,835	1,835
Other	<u>0</u>	<u>3,088</u>	<u>3,088</u>
 Total Revenue	 <u>6,540,856</u>	 <u>6,648,002</u>	 <u>107,146</u>
Expenditures:			
Current:			
Public Service			
Salaries and Benefits	3,336,250	3,217,672	118,578
Materials and Supplies Purchased/Contracted	1,595,624	1,449,420	146,204
Services	706,539	678,873	27,666
Other	<u>20,914</u>	<u>19,921</u>	<u>993</u>
 Total Public Service	 <u>5,659,327</u>	 <u>5,365,886</u>	 <u>293,441</u>
Administration			
Salaries and Benefits	776,750	731,016	45,734
Materials and Supplies Purchased/Contracted	42,893	42,185	708
Services	<u>174,483</u>	<u>170,748</u>	<u>3,735</u>
 Total Administration	 <u>994,126</u>	 <u>943,949</u>	 <u>50,177</u>
Capital Outlay			
Land Improvements	7,822	7,106	716
Building Improvements	9,020	2,984	6,036
Furniture and Equipment	<u>52,927</u>	<u>45,782</u>	<u>7,145</u>
 Total Capital Outlay	 <u>69,769</u>	 <u>55,872</u>	 <u>13,897</u>
 Total Expenditures	 <u>6,723,222</u>	 <u>6,365,707</u>	 <u>357,515</u>
 Excess of Revenues Over (Under) Expenditures	 <u>(\$182,366)</u>	 <u>282,295</u>	 <u>464,661</u>

(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, 2000

	Budget	Actual	Variance Favorable (Unfavorable)
Other Financing Uses:			
Operating Transfers - Out	\$0	(200,000)	(200,000)
Total Other Financing Uses	0	(200,000)	(200,000)
Excess of Revenues Over (Under) Expenditures and Other Financing Uses	(182,366)	82,295	264,661
Fund Balance at Beginning of Year	39,702	39,702	0
Prior Year Encumbrances Appropriated	245,389	245,389	0
Fund Balance at End of Year	\$102,725	367,386	264,661

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, 2000

	<u>Total</u>
General Fixed Assets:	
Land	\$1,371,134
Buildings	5,839,730
Furniture and Equipment	<u>1,254,674</u>
Totals	<u><u>\$8,465,538</u></u>
Investment in General Fixed Assets From:	
General Revenues	\$8,344,987
Capital Leases	<u>120,551</u>
Total General Fixed Assets	<u><u>\$8,465,538</u></u>

Cleveland Heights-University Heights Public Library
Schedule Of Changes In General Fixed Assets
By Function
For the Year Ended December 31, 2000

	<u>General Fixed Assets 1/1/00</u>	<u>Additions</u>	<u>Deletions</u>	<u>General Fixed Assets 12/31/00</u>
Public Service	\$7,319,078	\$946,110	\$5,346	\$8,259,842
Administration	<u>212,206</u>	<u>2,155</u>	<u>8,665</u>	<u>205,696</u>
Total General Fixed Assets	<u><u>\$7,531,284</u></u>	<u><u>\$948,265</u></u>	<u><u>\$14,011</u></u>	<u><u>\$8,465,538</u></u>

Schedule Of General Fixed Assets
By Function
December 31, 2000

	<u>Land</u>	<u>Buildings</u>	<u>Furniture and Equipment</u>	<u>Totals</u>
Public Service	\$1,371,134	\$5,810,598	\$1,078,110	\$8,259,842
Administration	<u>0</u>	<u>29,132</u>	<u>176,564</u>	<u>205,696</u>
Total General Fixed Assets	<u><u>\$1,371,134</u></u>	<u><u>\$5,839,730</u></u>	<u><u>\$1,254,674</u></u>	<u><u>\$8,465,538</u></u>

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>Capital Outlay</u>	<u>Principal Retirement</u>	<u>Interest and Fiscal Charges</u>	<u>Totals</u>
1991	\$3,402,289	\$389,371	\$246,386	\$19,293	\$2,802	\$4,060,141
1992	3,462,089	511,650	113,086	18,470	3,693	4,108,988
1993	3,753,257	599,967	205,488	18,258	3,268	4,580,238
1994	4,075,716	615,310	760,739	19,284	2,191	5,473,240
1995	4,220,453	653,155	929,258	18,508	4,054	5,825,428
1996	4,366,384	660,521	642,058	18,264	2,964	5,690,191
1997	4,685,253	736,377	1,083,912	18,223	1,876	6,525,641
1998	4,761,633	681,787	305,082	24,130	6,635	5,779,267
1999	5,032,724	876,887	272,500	32,946	6,466	6,221,523
2000	5,297,826	968,274	1,120,994	34,337	4,830	7,426,261

Source: Library Financial Records

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>
1991	\$2,389,839	\$1,386,025	\$188,653	\$1,269	\$64,564	\$0	\$24,505	\$4,054,855
1992	2,406,964	1,394,051	188,167	450	41,721	12,550	4,142	4,048,045
1993	2,667,951	2,509,298	186,718	373	53,214	15,715	5,186	5,438,455
1994	2,750,022	2,515,136	197,489	1,945	109,284	14,850	4,136	5,592,862
1995	2,883,199	2,520,562	191,251	8,855	124,596	15,320	3,262	5,747,045
1996	3,136,718	2,539,458	181,761	11,519	118,513	14,130	5,462	6,007,561
1997	3,239,149	2,479,638	180,000	1,320	131,085	15,645	2,366	6,049,203
1998	3,445,629	2,503,701	176,568	228,644	127,666	13,505	23,314	6,519,027
1999	3,568,195	2,545,036	180,204	216,787	172,304	14,442	1,170	6,698,138
2000	3,812,425	2,568,771	161,772	1,652	159,615	15,828	2,188	6,722,251

Source: Library Financial Records

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
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	2,734,184	98.56	173,266	6.25
1999	2,772,395	2,657,244	95.85	111,572	2,768,816	99.87	167,888	6.06
2000	2,790,287	2,658,169	95.27	119,373	2,777,542	99.54	165,429	5.93

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 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			
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
2000	926,462,620	2,647,036,057	30,906,950	35,121,534	34,917,354	139,669,416	992,286,924	2,821,827,007	35

Source: Cuyahoga County, Ohio; County Auditor

Estimated actual value is calculated by dividing the assessed value by the assessed percentage. The percentages for 2000 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>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>	<u>2000</u>
Cleveland Heights–University Heights Public Library	\$3.00	\$3.00	\$4.00	\$4.00	\$4.00	\$4.00	\$4.00	\$4.00	\$4.00	\$4.00
Cuyahoga County	9.32	9.32	9.32	9.32	9.12	9.12	9.12	7.82	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	14.50	14.50	14.40	13.90	13.00	13.00	13.00	14.80	14.80	14.80
South Euclid	15.70	15.70	15.80	15.80	15.50	15.50	15.50	15.20	15.10	15.10
University Heights	12.50	12.50	12.50	12.50	13.20	13.20	13.20	13.20	13.20	13.20
Cleveland Heights–University Heights School District	92.90	92.90	96.70	104.10	102.10	111.00	111.00	111.00	111.00	111.00

Source: Cuyahoga County, Ohio; County Auditor

Cleveland Heights–University Heights Public Library
Bonded Debt
December 31, 2000

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 sixteen 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>
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
2000	1,835	41,653,992	2,821,827,007	61,942,764

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, 2000

<u>Taxpayer</u>	<u>Assessed Valuation</u>	<u>Percentage Of Total Assessed Valuation</u>
SCIT, Inc.	\$12,855,130	1.30%
Cleveland Electric Illuminating	11,021,090	1.11
Kaiser Foundation	8,587,010	0.87
Ohio Bell Telephone Company	7,075,460	0.71
East Ohio Gas	6,351,300	0.64
AT&T Wireless	4,770,100	0.48
ABS Development Company	3,720,640	0.37
Coral SEUH, LLC	3,138,730	0.32
Huntington House, LLC	2,924,160	0.29
Concord Company	<u>2,290,930</u>	<u>0.23</u>
 Total	 <u><u>\$62,734,550</u></u>	 <u><u>5.46%</u></u>
 Total Library Valuation	 <u><u>\$992,286,924</u></u>	

Source: Cuyahoga County, Ohio; County Auditor

Cleveland Heights-University Heights Public Library
Demographic Statistics
December 31, 2000

	<u>1990 Census</u>		<u>2000 Estimate</u>	
	<u>Cleve. Hts.</u>	<u>Univ. Hts.</u>	<u>Cleve. Hts.</u>	<u>Univ. Hts.</u>
Population (1)	54,052	14,790	52,260	13,478
Population by Age				
Under Age 18	24.7%	20.5%	24.8%	20.1%
Age 65 and Over	12.8%	15.6%	13.4%	15.6%
Population by Race				
White	60.2%	81.8%	48.6%	73.0%
African American	37.1%	16.3%	48.2%	24.6%
Other	2.7%	1.9%	3.2%	2.4%
Total Households	21,012	5,151	20,861	4,734
Average Household Size	2.52	2.50	2.51	2.85
Average Household Income	\$46,407	\$52,828	\$61,414	\$71,359
Median Household Income	\$36,043	\$43,376	\$44,853	\$53,613
Educational Attainment				
High School Graduate or Higher	88.0%	90.9%	88.1%	90.8%
Bachelor's Degree or Higher	45.1%	47.0%	45.0%	47.0%

Source: CACI, 2000

(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, 2000

<u>Year</u>	<u>Number of Employees</u>	<u>Number of Volumes Owned</u>
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
2000	143	352,496

<u>Year</u>	<u>Number of Library Materials Circulated</u>	<u>Number of Registered Borrowers (1)</u>
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
2000	1,554,131	59,623 (2)

Source: Cleveland Heights–University Heights Public Library

- (1) Borrowers registered at other CLEVNET libraries (thirty in all) may use their cards at this Library without registering a second time.
- (2) Patron database purged in 1991 and again in 2000.
- (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.