

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

**REGULAR AUDIT**

**FOR THE YEAR ENDED DECEMBER 31, 2002**



**Auditor of State  
Betty Montgomery**



CLEVELAND HEIGHTS-UNIVERSITY HEIGHTS PUBLIC LIBRARY  
CUYAHOGA COUNTY

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**Auditor of State  
Betty Montgomery**

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

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

We have audited the financial statements of Cleveland Heights-University Heights Public Library, Cuyahoga County, Ohio, (the Library) as of and for the year ended December 31, 2002, and have issued our report thereon dated May 8, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the Library's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no 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 May 8, 2003.

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.

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

**Betty Montgomery**  
Auditor of State

May 8, 2003

**Cleveland Heights-  
University Heights  
Public Library**  
Cleveland Heights, Ohio

**Comprehensive  
Annual  
Financial  
Report**



For the year ended December 31, 2002





**CLEVELAND HEIGHTS-UNIVERSITY HEIGHTS PUBLIC LIBRARY**

**CLEVELAND HEIGHTS, OHIO**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED DECEMBER 31, 2002**

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

Cleveland Heights-University Heights Public Library  
 Comprehensive Annual Financial Report  
 For The Year Ended December 31, 2002  
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**Cleveland Heights - University Heights Public Library**  
2345 Lee Road Cleveland Heights, Ohio 44118-3493  
(216) 932-3600 Fax 932-0932 www.chuhpl.lib.oh.us

**Stephen D. Wood**  
Director/Clerk

**Susan Matisoff**  
Deputy Director

May 8, 2003

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 twelfth Comprehensive Annual Financial Report (CAFR) as prepared by the Library's Business Office for the year ended December 31, 2002. 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 Principal Officials, an Organization Chart, the GFOA Certificate of Achievement and a map of the Library's service area.
2. The Financial Section, which contains the Independent Accountants' Report, 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 5.9-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 31 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 26 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. Economic and political uncertainties continue to affect future allocations of the Library and Local Government Support Fund. The Board of 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 only 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 began in 2001 and they generate approximately \$1,300,000 annually. Passage of this second levy has ensured continued public service levels in the face of increasing costs.

State law limits the property tax levy, which accounts for approximately 31 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.

In November 2001 the voters of the Cleveland Heights-University Heights City School District approved a \$9.5 million bond issue. This money supports the renovation of the Main Library, the former Heights YMCA, purchased in 2000, and the construction of a pedestrian walkway over the street between the two buildings. This increased space allows needed growth in all departments and increased programming for the community.

The demographics of the Library's service area have changed since 1990. According to 2002 estimates, the most recent data provided by ESRI, when compared with 1990 Census figures the number of our residents who are over the age of 65 has decreased from 12.8 percent to 11.9 percent in Cleveland Heights and from 15.6 percent to 12.7 percent in University Heights. The overall population for the two cities has decreased by 9.0 percent (from 68,842 to 62,617). The racial mix has also changed as we have experienced a 20.8 percent increase in our African-American population in Cleveland Heights and 38.7 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 56.3 percent in Cleveland Heights and 58.6 percent in University Heights. The percentage of residents having received college degrees and above is 50.0 percent and 55.3 percent in Cleveland Heights and University Heights respectively. At the same time, 10.6 percent of households in Cleveland Heights and 5.8 percent in University Heights are below the poverty level.

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## **MAJOR INITIATIVES**

The Library's latest strategic plan was initiated in 2000 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. At the end of this year, the Mission was revised in response to the community's support for the bond issue.

### **The Library's Mission**

The Mission indicates what our organization is committed to do:

The Cleveland Heights–University Heights Public Library—A vital and dynamic community resource that promotes lifelong learning.

Approved by the Board of Library Trustees: December 17, 2001

### **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 the

Board, administration and staff are excited by and committed to the results beginning to take place.

Some highlights of our efforts during 2002 include:

Statistics. A review of the statistics gathered this year produce the following interesting comparisons with 2001:

- Total circulation increased by 12 percent, which represents *30.4 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 remains at 26 percent of the total.
- Circulation of all non-print materials represented almost 34 percent of our total circulation for the year; print circulation remains our "best seller."
- Circulation of the various audiovisual formats increased by almost 26 percent over 2001. Videocassettes increased by 25 percent, DVDs alone by 188 percent!
- The number of people entering the buildings increased by almost 5 percent.
- The use of materials within our buildings increased by 1 percent, but "hits" to our Web site increased by 3 percent over last year. The number of unique visitors to our Web site increased by 223 percent!
- The number of programs planned by staff increased by more than 13 percent and attendance increased by almost 34 percent.
- The number of outside groups using our buildings increased by more than 12 percent over last year, although attendance at these meetings decreased by 7 percent.
- Still, total meeting and program attendance this year increased by 10.6 percent over 2001.
- Reciprocal returns, our materials returned to other libraries and vice versa, impacts heavily on staff. During 2002, almost 550,000 items were carried to and from our buildings, an increase of almost 8 percent over last year.
- The system's book collection decreased by more than 2,000 volumes this year. As much as possible, the current size of the collection should be maintained or decreased slightly in all our buildings.
- Use of paper at our Internet workstations, provided free of charge to our customers, increased by 17 percent over last year. This is another indication of how the use of the Internet continues to grow.

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 2002 by more than 13 percent. We have always heavily programmed for children, but we now see programs for

adults run the gamut, with a number of them focusing on diversity and especially on music. We are also a very popular resource for classes on computers, software and using the Internet. We'll see even more programming for all ages in the years to come because of the renovation project; it supports the growing realization that libraries really *are* community centers.

Because the Library's strategic plan is both staff-developed and staff driven, it has a buy-in that brings a high level of enthusiasm to the deliberations of our five teams, Customer Service, Workplace, Collections, Marketing and Facilities. Specific accomplishments emanating from staff's work in 2002 include:

- Developed orientation sessions for all current staff and all new staff. These cover information on the Library's organization and structure, the Library Web site, our customer service philosophy and intellectual freedom issues.
- Planned and conducted reference interview training for all reference staff that included factors that are crucial to high quality reference service and ensuring a positive experience for the customer.
- Explored partnerships with key area businesses and community organizations such as the Heights High School Gay Straight Alliance and the RapArt Center implementing the Drew Carey grant; the Cedar-Lee Merchants, Cedar-Fairmount Merchants, Coventry Neighbors and the Heights Arts Collaborative planning the *Summer PARTY in the Heights* and *Under the Arch* series of outdoor family entertainment at venues throughout the community; establishing a summer *Reading Zone* at Wiley School allowing campers to borrow books and participate in the Library's *Summer Reading Program*; worked with the Heights Parent Center developing a federal LSTA mini-grant to launch a *Play and Learn* center.
- Participated with other area libraries in the Cleveland Area Metropolitan Library System's *North Coast Neighbors Share a Book*. During this two-month program, the Library partnered with many local entities including the Fairfax Neighborhood Network, the University Heights Diversity Task Force, Great Lakes Theatre Company, the Global Issues Resource Center and the Cleveland Heights Historical Society, to promote reading, foster cultural diversity and encourage interaction among residents of the many communities in northern Ohio with the book *To Kill a Mockingbird*. Plans began for the 2003 book choice, *Fahrenheit 451*.
- Began development of a comprehensive volunteer program by expanding our use of summer teen volunteers in a variety of activities.
- Increased the use of our Web site by developing software allowing customers to register for programs and classes online; redesigning the Teen Web site to be substantially more interactive, acquiring new software allowing for booklist to be created much more easily and linking titles directly to the online catalog.
- Added HomeworkNow and Tutor.com to our 24 hour, seven day a week online reference service, KnowItNow.
- Created a positive environment in which young adults can gather by expanding the teen area and adding comfortable furniture, an art board and computers, adding a part time

Young Adult Associate position, offering a pilot teen homework help program one afternoon a week and offering a number of programs specifically geared to the interests of teens.

- Held the fifth annual festival at Cain Park culminating the Library's *Summer Reading Program*. Over 1200 people attended.
- Changed our method of reserving videocassettes and DVDs to make them more accessible for our customers.
- Added popular paperbacks in Russian at Main, Coventry and University Heights.
- Began a collection of books on MP3 players, one of the first libraries in the state to do so.
- Added a significant number of new CD-ROMs (circulating software) to the collection.
- Purchased Indian videos and music for our collections.
- Added 30 new educational games to computers in the children's areas of all buildings.
- Expanded the Library's collection of graphic novels and comic books in all buildings. They are very popular with teens.
- Began a collection of Animé videos to support the Library's Animé Club, a part of the Drew Carey grant.
- Evaluated our standing orders based on current use and duplication in electronic databases. We canceled 30 titles that we received annually for a savings of \$7,000.
- Analyzed the Library's materials selection process, streamlining it and ordering items electronically, to reduce the amount of time needed to handle new orders.

Technology. The Library was the first participant in CLEVNET, the 31-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 to 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 number of commercial reference databases. These databases are valuable for adults and students alike.

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

The Library has a leasing program in place for all public and staff workstations. One-third of our PCs are replaced each year and the second third of our machines were replaced in 2002. Our equipment receives heavy use by our customers and this replacement program ensures that we remain current with new technology.

Staff. Several important initiatives occurred this year including the creation of the Young Adult Services Department, totally separate from the Adult Services Department. This recognizes the importance of this age group to the overall success of the Library.

We completed the review and revision of all current position descriptions and we held training for supervisors in hiring techniques.

This is the first year we reimbursed staff for up to \$100 of their membership fees in professional organizations. Not only does this help support our profession, it also encourages greater participation by our staff and attendance at workshops and conferences. Training and staff development remain essential to quality customer service.

For the first time, we offered staff the opportunity to receive flu shots through the Cuyahoga County Board of Health. The Library paid the cost.

We are outsourcing many of the processing functions from our Technical Services Department and have begun to order new materials electronically from our jobbers. This has had a major impact on the workload of that department that will serve us well in coming years. This is a cooperative effort among several departments that is a model for additional efforts to maximize our staffing resources and streamline procedures.

We continue to look at the organizational structure of the Library and how that may be improved. We talk a great deal about "shared leadership" and "flattening the organization" but it is still unclear how any of this will improve the Library, the leadership within it, or, ultimately, customer service. The latter is *always* our goal.

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."

Buildings. Shortly after the voters approved the renovation bond issue in November 2001, we began to hear that there was a group of local architects who were concerned about the design proposed for our Main Library complex. Their issues seemed to revolve around the exterior of both buildings connected by the walkway as well as the existence of the walkway itself. A meeting was held with members of the Cleveland Heights Architectural Board of Review (ABR) to show them the model on display and they, too, expressed some difficulties with the design, especially the walkway. This was the first of several "preliminary reviews" with the ABR.

Dislike for the project design came into the open early in 2002. The Library's response was to initiate the approval process and to gather a great deal of input from the community. By year's end, despite many, many meetings, we still do not have a working design much less progress

through all the appropriate City Boards and Commissions. We are hopeful, though, that we will see movement early in the New Year.

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 former Heights Y and begin construction in the fall.
- Investigate new technology to improve customer service during the process of circulating library materials.
- Continue searching for opportunities to partner with our schools in ways that improve the educational experience.
- Continue partnering with other community groups to increase the number of, and enhance, the programs we offer to the community.
- Continue planning, in this poor economy, to reduce spending in ways that have only a minor impact on the residents of our community and on the level of customer service we provide.

#### 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 fund.

All disbursements and transfers of cash between funds require appropriation authority from the Board. The allocation of appropriations among functions and subjects within a fund is determined during the year by the Clerk Treasurer without Board approval. All purchase order requests must be approved by either the Director or Deputy Director and certified by either the Clerk Treasurer or Deputy Clerk Treasurer; necessary funds are then encumbered and purchase orders released to vendors. Those requests that exceed the available appropriation are rejected until additional appropriations are secured.

### General Government Functions

The following schedule presents a summary of general fund, special revenue funds, and capital projects funds revenues and expenditures for the year ended December 31, 2002, compared to the amounts for 2001.

<u>Revenues:</u>	<u>2001 Amount</u>	<u>2002 Amount</u>	<u>Percent of Total</u>	<u>Change</u>	<u>Percent Change</u>
Intergovernmental	\$3,982,598	\$3,688,977	29.03%	(\$293,621)	(7.37%)
Property and Other Taxes	3,897,506	3,969,137	31.23	71,631	1.84
Patron Fines and Fees	151,515	148,495	1.17	(3,020)	(1.99)
Contributions, Gifts and Donations	121,983	88,190	0.69	(33,793)	(27.70)
Interest	136,202	298,272	2.35	162,070	118.99
Rentals	13,750	15,438	0.12	1,688	12.28
Other	<u>5,135,139</u>	<u>4,501,097</u>	<u>35.41</u>	<u>(634,042)</u>	<u>(12.35)</u>
Total Revenues	<u>\$13,438,693</u>	<u>\$12,709,606</u>	<u>100.00%</u>	<u>(\$729,087)</u>	

<u>Expenditures:</u>	<u>2001 Amount</u>	<u>2002 Amount</u>	<u>Percent of Total</u>	<u>Change</u>	<u>Percent Change</u>
Current:					
Public Service	\$5,621,448	\$5,883,555	76.72%	\$262,107	4.66%
Administration	982,663	1,276,581	16.65	293,918	29.91
Capital Outlay	1,056,666	429,481	5.60	(627,185)	(59.36)
Debt Service:					
Principal Retirement	36,951	65,103	0.85	28,152	76.19
Interest and Fiscal Charges	<u>9,571</u>	<u>13,880</u>	<u>0.18</u>	<u>4,309</u>	<u>45.02</u>
Total Expenditures	<u>\$7,707,299</u>	<u>\$7,668,600</u>	<u>100.00%</u>	<u>(\$38,699)</u>	



Intergovernmental revenues provided 29.03 percent and local property taxes provided 31.23 percent of the Library's total receipts in 2002. The remaining 39.74 percent came from contributions, patron fines and fees, gifts, interest, rentals and other revenues. Other revenues decreased due to the Library issuing less notes during 2002 than in 2001 through the Cleveland Heights-University Heights City School District that were rolled into bonds. (See Note 14.)

Intergovernmental revenues are solely from State homestead and rollback, grants and 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. In 2001, because of the poor economy, income from the LLGSF was frozen at 2000 levels, or allowed to remain at 5.7 percent, whichever amount was less. For 2002, Intergovernmental revenues decreased by \$293,621 over 2001.

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.

Property taxes increased by \$71,631 over 2001 due to marginally larger collections during 2002.

Revenues from Contributions, Gifts and Donations decreased by \$33,793 because the Library received one-time contributions from outside sources during 2001 that it did not receive during 2002.

Other revenue decreased by \$634,042 due to the local School District issuing \$4,500,000 in bond anticipation notes for Library improvements during 2002 compared to it issuing \$5,000,000 in bond anticipation notes during 2001.

Public service accounts for the largest cost in operating the Library system, requiring 76.72 percent of total expenditures. Administration accounts for 16.65 percent of the Library's total expenditures. The remaining 6.63 percent of expenditures accounts for capital outlay and principal and interest payments for capital leases.

Overall, expenditures decreased by .50 percent from 2001. Public service and administration were maintained with a \$556,025 cost increase due to compensation increases, contractual or purchased service cost increases and materials price increases. Capital outlay decreased by \$627,185 due to less professional services and architectural fees. Principal retirement increased by \$28,152 due to additional capital lease payments.

General Fund Balance - The general fund balance increased 14.57 percent in 2002. This increase of \$122,624 is due primarily to additional tax revenues generated by property taxes.

Special Revenue Fund - The special revenue fund balance decreased \$3,049. This decrease is due primarily to decreased intergovernmental revenue and contributions.

Capital Projects Fund - The capital projects fund balance increased \$4,990,983. This increase was caused by \$4,500,000 in other revenue due to the School District's issuance of notes to be rolled into bonds for the renovation of the Main Library and the former Heights Y building as well as additional operations transfers from the general fund.

### General Fixed Assets

The general fixed assets of the Library include all Library-owned land, buildings, furniture and equipment. As of December 31, 2002, the general fixed assets of the Library totaled \$9,657,010. This amount represents either actual or estimated historical costs of the assets.

### Cash Management

Cash temporarily idle during the year was invested in several investments. The average yield on investments was 2.58 percent. The Library earned interest revenue of \$298,272 on all investments for the year ended December 31, 2002. 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 Library also carries commercial property coverage of \$12,434,335.

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, 2002, the Library had \$135,953 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, 2002, by our independent auditor, Auditor of State Betty Montgomery.

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 tenth nationally among libraries its size. Looking at circulation, staff, expenditures and the like, the Hennen American Public Library Rating Index is the only nationwide comparison of libraries based on statistics each collects.

The Library's Web site, [www.heightslibrary.org](http://www.heightslibrary.org), has been recognized as a "Site of the Month" by *LibrarySpot.com* and has won the prestigious "Libby Award" from *LibraryPlace.com*. Innovative Applications in Libraries chose to recognize our *Potamus Place* (for children) and *Yazine* (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, 2001. 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.

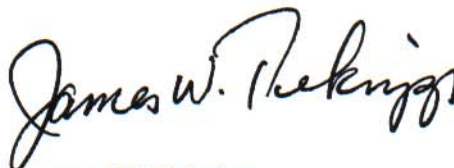
#### Acknowledgements

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



James W. Teknipp  
Business Manager

# CLEVELAND HEIGHTS–UNIVERSITY HEIGHTS PUBLIC LIBRARY

## LIST OF PRINCIPAL OFFICIALS as of December 31, 2002

### BOARD OF LIBRARY TRUSTEES

President .....	Raizel Michelow
Vice-President .....	Christine Stouffer
Secretary .....	Pippa Carter
Member .....	William Batcheller
Member .....	Gerald Blake
Member .....	Susan Janssen
Member .....	Esther Moss

### ADMINISTRATIVE STAFF

Stephen Wood .....	Director/Clerk-Treasurer
Susan Matisoff .....	Deputy Director
James Teknipp .....	Business Manager
Vicki Victoria .....	Adult Services Coordinator
Nancy Levin .....	Young Adult Services Coordinator
Amy Switzer .....	Children's Services Coordinator
Mary Beth Musk .....	Circulation Services Coordinator
Vacant .....	Human Resources Coordinator
Judithe Soppel .....	Public Relations Coordinator
Gerald Kavulic .....	Buildings Coordinator
Patricia Carterette .....	Training & Staff Development Coordinator
Mary Murphy .....	Technical Services Coordinator
Matt Hoffman .....	Network Administrator
Abigail Noland .....	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

**Citizens of Cleveland Heights and University Heights**

**BOARD OF LIBRARY TRUSTEES**

Director  
Clerk/Treasurer

**Support Services**

Human Resources  
Coordinator

Network Administrator

**Public Services**

Deputy Director

Business Manager

Buildings  
Coordinator

Technical Services  
Coordinator

Public Relations  
Coordinator

Adult Services  
Coordinator

Young Ad. Services  
Coordinator

Children's Services  
Coordinator

Circulation Services  
Coordinator

Coventry  
Branch Manager

Noble  
Branch Manager

University Heights  
Branch Manager

Training/Staff Dev.  
Coordinator

November 2002

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Cleveland Heights-  
University Heights Public  
Library, Ohio

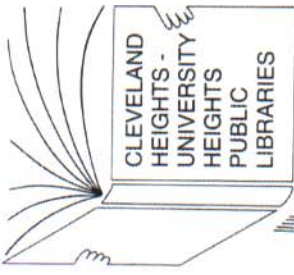
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
December 31, 2001

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.



*William Patrick Pate*  
President

*Jeffrey L. Essler*  
Executive Director



CLEVELAND  
HEIGHTS -  
UNIVERSITY  
HEIGHTS  
PUBLIC  
LIBRARIES

**Cleveland Heights -  
University Heights  
Public Library**

**Main Library**  
2345 Lee Road  
Cleveland Heights, OH 44118  
216-932-3600

**Coventry Village Library**  
1925 Coventry Road  
Cleveland Heights, OH 44118  
216-321-3400; TTY 321-0739

**Noble Neighborhood Library**  
2800 Noble Road  
Cleveland Heights, OH 44121  
216-291-5665

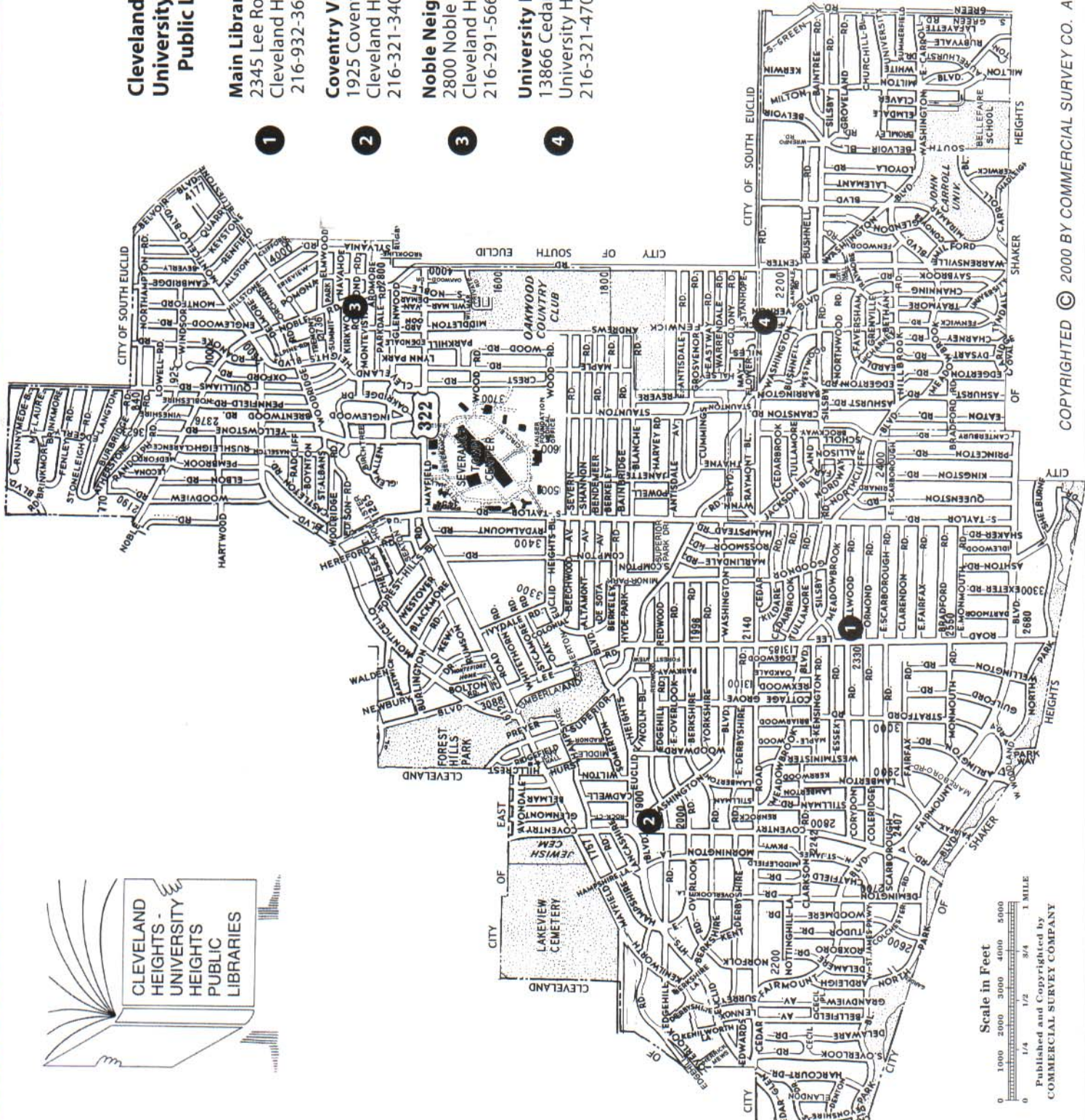
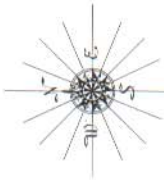
**University Heights Library**  
13866 Cedar Road  
University Heights, OH 44118  
216-321-4700

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## Auditor of State Betty Montgomery

### INDEPENDENT ACCOUNTANTS' REPORT

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

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, 2002, 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 auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2002, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 8, 2003 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.

The combining and individual fund and account group financial statements and schedules listed in the table of contents are presented for additional analysis and are not a required part of the general-purpose financial statements. We subjected this information to the auditing procedures applied in the audit of the general-purpose financial statements. In our opinion, it is fairly stated 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 that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

May 8, 2003

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Cleveland Heights-University Heights Public Library  
 Combined Balance Sheet  
 All Fund Types and Account Groups  
 December 31, 2002

	Governmental Fund Types		
	General	Special Revenue	Capital Projects
Assets and Other Debits			
Assets			
Cash and Cash Equivalents	\$851,153	488,172	11,783,183
Receivables:			
Taxes	4,392,641	0	0
Accounts	1,517	0	0
Due from Other Governments	1,936,063	0	0
Materials and Supplies Inventory	30,346	0	0
Prepaid Items	20,590	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	\$7,232,310	488,172	11,783,183
Liabilities, Fund Equity and Other Credits			
Liabilities			
Accounts Payable	\$14,822	0	0
Accrued Wages and Benefits	109,721	0	0
Compensated Absences Payable	30,574	0	0
Due to Other Governments	14,867	0	0
Deferred Revenue	6,098,202	0	0
Capital Leases Payable	0	0	0
Total Liabilities	6,268,186	0	0
Fund Equity and Other Credits			
Investment in General Fixed Assets	0	0	0
Fund Balance:			
Reserved for Encumbrances	159,552	2,153	897,992
Reserved for Inventory	30,346	0	0
Unreserved; Undesignated	774,226	486,019	10,885,191
Total Fund Equity and Other Credits	964,124	488,172	11,783,183
Total Liabilities, Fund Equity and Other Credits	\$7,232,310	488,172	11,783,183

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	13,122,508
0	0	4,392,641
0	0	1,517
0	0	1,936,063
0	0	30,346
0	0	20,590
9,657,010	0	9,657,010
<u>0</u>	<u>481,475</u>	<u>481,475</u>
<u>9,657,010</u>	<u>481,475</u>	<u>29,642,150</u>
0	0	14,822
0	0	109,721
0	234,055	264,629
0	111,467	126,334
0	0	6,098,202
<u>0</u>	<u>135,953</u>	<u>135,953</u>
<u>0</u>	<u>481,475</u>	<u>6,749,661</u>
9,657,010	0	9,657,010
0	0	1,059,697
0	0	30,346
<u>0</u>	<u>0</u>	<u>12,145,436</u>
<u>9,657,010</u>	<u>0</u>	<u>22,892,489</u>
<u>9,657,010</u>	<u>481,475</u>	<u>29,642,150</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, 2002

	<u>Governmental Fund Types</u>			<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Revenues:</b>				
Intergovernmental	\$3,688,977	0	0	3,688,977
Property and Other Taxes	3,969,137	0	0	3,969,137
Patron Fines and Fees	148,495	0	0	148,495
Contributions, Gifts and Donations	9,288	0	78,902	88,190
Interest	87,547	20,159	190,566	298,272
Rentals	15,438	0	0	15,438
Other (See Note 14)	<u>1,097</u>	<u>0</u>	<u>4,500,000</u>	<u>4,501,097</u>
Total Revenues	<u>7,919,979</u>	<u>20,159</u>	<u>4,769,468</u>	<u>12,709,606</u>
<b>Expenditures:</b>				
<b>Current:</b>				
<b>General Government:</b>				
Public Service	5,874,791	8,764	0	5,883,555
Administration	1,262,137	14,444	0	1,276,581
Capital Outlay	50,996	0	378,485	429,481
<b>Debt Service:</b>				
Principal Retirement	65,103	0	0	65,103
Interest and Fiscal Charges	<u>13,880</u>	<u>0</u>	<u>0</u>	<u>13,880</u>
Total Expenditures	<u>7,266,907</u>	<u>23,208</u>	<u>378,485</u>	<u>7,668,600</u>
Excess of Revenues Over (Under) Expenditures	<u>653,072</u>	<u>(3,049)</u>	<u>4,390,983</u>	<u>5,041,006</u>
<b>Other Financing Sources (Uses):</b>				
Inception of Capital lease	77,394	0	0	77,394
Operating Transfers - In	0	0	600,000	600,000
Operating Transfers - Out	<u>(600,000)</u>	<u>0</u>	<u>0</u>	<u>(600,000)</u>
Total Other Sources (Uses)	<u>(522,606)</u>	<u>0</u>	<u>600,000</u>	<u>77,394</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	130,466	(3,049)	4,990,983	5,118,400
<b>Fund Balances at Beginning Of Year</b>	841,500	491,221	6,792,200	8,124,921
Decrease in Reserve for Inventory	<u>(7,842)</u>	<u>0</u>	<u>0</u>	<u>(7,842)</u>
<b>Fund Balances at End of Year</b>	<u>\$964,124</u>	<u>488,172</u>	<u>11,783,183</u>	<u>13,235,479</u>

See accompanying notes to the general purpose financial statements

Cleveland Heights-University Heights Public Library  
 Combined Statement of Revenues, Expenditures and  
 Changes in Fund Balances - Budget and Actual (Non-GAAP Basis)  
 All Governmental Fund Types  
 For the Year Ended December 31, 2002

	General Fund		Variance Favorable (Unfavorable)
	Revised Budget	Actual	
Revenues:			
Intergovernmental	\$3,689,747	3,689,747	0
Property and Other Taxes	3,858,827	3,969,137	110,310
Patron Fines and Fees	145,000	148,478	3,478
Contributions, Gifts and Donations	8,200	9,288	1,088
Interest	50,000	76,245	26,245
Rentals	14,000	13,938	(62)
Other	1,100	1,767	667
Total Revenues	<u>7,766,874</u>	<u>7,908,600</u>	<u>141,726</u>
Expenditures:			
Current:			
General Government:			
Public Service	6,050,268	6,035,190	15,078
Administration	1,436,577	1,283,354	153,223
Capital Outlay	80,580	51,462	29,118
Total Expenditures	<u>7,567,425</u>	<u>7,370,006</u>	<u>197,419</u>
Excess of Revenues Over (Under) Expenditures	<u>199,449</u>	<u>538,594</u>	<u>339,145</u>
Other Financing Sources (Uses):			
Operating Transfers - In	0	0	0
Operating Transfers - Out	(600,000)	(600,000)	0
Total Other Sources (Uses)	<u>(600,000)</u>	<u>(600,000)</u>	<u>0</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	(400,551)	(61,406)	339,145
Fund Balances at Beginning of Year	555,708	555,708	0
Prior Year Encumbrances Appropriated	171,175	171,175	0
Fund Balances at End of Year	<u>\$326,332</u>	<u>665,477</u>	<u>339,145</u>

(continued)

Cleveland Heights-University Heights Public Library  
 Combined Statement of Revenues, Expenditures and  
 Changes in Fund Balances - Budget and Actual (Non-GAAP Basis)  
 All Governmental Fund Types (Continued)  
 For the Year Ended December 31, 2002

	Special Revenue Funds		
	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	0	0
Interest	10,000	20,159	10,159
Rentals	0	0	0
Other	0	0	0
Total Revenues	10,000	20,159	10,159
Expenditures:			
Current:			
General Government:			
Public Service	24,130	10,117	14,013
Administration	31,335	15,244	16,091
Capital Outlay	0	0	0
Total Expenditures	55,465	25,361	30,104
Excess of Revenues Over (Under) Expenditures	(45,465)	(5,202)	40,263
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	(45,465)	(5,202)	40,263
Fund Balances at Beginning of Year	489,386	489,386	0
Prior Year Encumbrances Appropriated	1,835	1,835	0
Fund Balances at End of Year	\$445,756	486,019	40,263

See accompanying notes to the general purpose financial statements



Capital Projects Funds			Totals (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
0	0	0	3,689,747	3,689,747	0
0	0	0	3,858,827	3,969,137	110,310
0	0	0	145,000	148,478	3,478
100,000	78,902	(21,098)	108,200	88,190	(20,010)
162,000	190,566	28,566	222,000	286,970	64,970
0	0	0	14,000	13,938	(62)
<u>4,500,000</u>	<u>4,500,000</u>	<u>0</u>	<u>4,501,100</u>	<u>4,501,767</u>	<u>667</u>
<u>4,762,000</u>	<u>4,769,468</u>	<u>7,468</u>	<u>12,538,874</u>	<u>12,698,227</u>	<u>159,353</u>
0	0	0	6,074,398	6,045,307	29,091
0	0	0	1,467,912	1,298,598	169,314
<u>2,476,273</u>	<u>1,276,477</u>	<u>1,199,796</u>	<u>2,556,853</u>	<u>1,327,939</u>	<u>1,228,914</u>
<u>2,476,273</u>	<u>1,276,477</u>	<u>1,199,796</u>	<u>10,099,163</u>	<u>8,671,844</u>	<u>1,427,319</u>
<u>2,285,727</u>	<u>3,492,991</u>	<u>1,207,264</u>	<u>2,439,711</u>	<u>4,026,383</u>	<u>1,586,672</u>
600,000	600,000	0	600,000	600,000	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>(600,000)</u>	<u>(600,000)</u>	<u>0</u>
<u>600,000</u>	<u>600,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
2,885,727	4,092,991	1,207,264	2,439,711	4,026,383	1,586,672
6,542,394	6,542,394	0	7,587,488	7,587,488	0
<u>249,806</u>	<u>249,806</u>	<u>0</u>	<u>422,816</u>	<u>422,816</u>	<u>0</u>
<u>9,677,927</u>	<u>10,885,191</u>	<u>1,207,264</u>	<u>10,450,015</u>	<u>12,036,687</u>	<u>1,586,672</u>

Cleveland Heights-University Heights Public Library  
Notes To The General Purpose Financial Statements  
For The Year Ended December 31, 2002

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, 2002

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. The funds of the Library are all classified as governmental. The governmental 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 Funds - These funds are used to account for the proceeds of specific revenue sources (other than capital projects) that are restricted to expenditure for special purposes.

Capital Projects Funds - These funds are 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  
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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.

Revenues – Exchange and Nonexchange Transactions. Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the modified accrual basis when the exchange takes place provided that the resources are also measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the Library, available means expected to be received within thirty-one days of year-end.

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

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: state-levied locally shared taxes, interest, grants, fees and rentals.

Deferred Revenue. Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of December 31, 2002, but which were levied to finance 2003 operations, have been recorded as deferred revenue. Grants and entitlements received before eligibility requirements are met are also recorded as deferred revenue. On the modified accrual basis, receivables that will not be collected within the available period have also been reported as deferred revenue.

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

Cleveland Heights-University Heights Public Library  
Notes To The General Purpose Financial Statements  
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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 fund level. Budgetary modifications at the fund level may only be made by resolution of the Board of Trustees.

Tax Budget:

A tax budget of estimated revenues and expenditures for all 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.

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 amended certificate in effect at the time the final appropriations were passed.

Cleveland Heights-University Heights Public Library  
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Appropriations:

The Library has established internal control guidelines for the budgetary process. Estimated resources together with unencumbered balances from the prior year set a limit on total appropriations for the current year. 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 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 at the fund level may be modified during the year only by a resolution of the Board of Library Trustees. The allocation of appropriations among functions and objects within a fund is determined during the year by the Clerk Treasurer without Board approval. During the year, supplemental appropriation measures were made. The budget figures, which appear in the statement of budgetary comparison, represent the final appropriation amounts, including all amendments and modifications, approved by the Board during the year.

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.

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. Each fund's interest in the pool is presented as "cash and cash equivalents" on the combined balance sheet.

Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices. Nonparticipating investment contracts such as nonnegotiable certificates of deposit are reported at cost.

During 2002, investments of the cash management pool were limited to U. S. Savings Bonds, stock, federal home loan mortgage corporation notes, federal home loan bank notes, federal national mortgage association notes, certificates of deposit and STAROhio.

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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, 2002.

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 2002 amounted to \$87,547.

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, 2002, 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.

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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. The Library records a liability for accumulated unused vacation time when earned for all employees. 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.



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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)
- 4) Investments reported at cost (budget) rather than fair value (GAAP).

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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	\$130,466	(\$3,049)	\$4,990,983
Net Adjustment			
For Revenue Accruals	(77,471)	-0-	-0-
Fair Value Adjustment			
For Investments	(11,302)	- 0 -	- 0 -
Net Adjustments			
For Expenditure Accruals	(71,275)	-0-	-0-
Encumbrances	(174,374)	(2,153)	(897,992)
Budget Basis	(\$61,406)	(\$5,202)	\$4,092,991

**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 five-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.

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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."

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Cash on Hand. At year-end, the Library had \$1,300 in undeposited cash on hand, which is included on the balance sheet of the Library as part of cash and cash equivalents.

A. Deposits

At year-end, the carrying amount of the Library's deposits was \$4,760,769 and the bank balance was \$5,080,712. \$488,252 of the bank balance was covered by federal depository insurance. \$4,592,460 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.

	<u>Category 1</u>	<u>Category 3</u>	<u>Carrying Value</u>	<u>Fair Value</u>
U.S. Savings Bonds	<u>\$506,320</u>		\$506,320	\$506,320
Anthem Stock		\$165,490	165,490	165,490
Federal National Mortgage Association Notes		3,103,900	3,103,900	3,103,900
Federal Home Loan Mortgage Corporation Notes		2,515,590	2,515,590	2,515,590
Federal Home Loan Bank Notes		<u>1,609,300</u>	1,609,300	1,609,300
STAROhio			<u>459,839</u>	<u>459,839</u>
Total		<u>\$7,394,280</u>	<u>\$8,360,439</u>	<u>\$8,360,439</u>

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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	\$13,122,508	\$0
Cash on Hand	(1,300)	0
Investments of Cash		
Management Pool:		
U.S. Savings Bonds	(506,320)	506,320
Anthem Stock	(165,490)	165,490
Federal National Mortgage Association Notes	(3,103,900)	3,103,900
Federal Home Loan Mortgage Corporation Notes	(2,515,590)	2,515,590
Federal Home Loan Bank Notes	(1,609,300)	1,609,300
STAROhio	(459,839)	459,839
	<u>\$4,760,769</u>	<u>\$8,360,439</u>
GASB Statement 3		

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 2002 for real and public utility property taxes represents collections of 2001 taxes. Property tax payments received during 2002 for tangible personal property (other than public utility property) is for 2002 taxes.

2002 real property taxes are levied after October 1, 2002 on the assessed value as of January 1, 2002, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2002 real property taxes are collected in and intended to finance 2003.

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. 2002 public utility property taxes become a lien December 31, 2001, are levied after October 1, 2002, and are collected in 2003 with real property taxes.

2002 tangible personal property taxes are levied after October 1, 2001, on the value as of December 31, 2001. Collections are made in 2002. Tangible personal property assessments are 25 percent of true value for capital assets and 24 percent of true value for inventory.

Cleveland Heights-University Heights Public Library  
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The full tax rate assessed in calendar year 2001 and collected for all Library operations for the year ended December 31, 2002, was \$5.90 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2002 property tax receipts were based are as follows:

Real Property	\$937,234,820
Public Utility Property	31,701,920
Tangible Personal Property	<u>25,539,854</u>
Total	<u>\$994,476,594</u>

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.

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, tangible personal property taxes and public utility taxes that are measurable as of December 31, 2002 and for which there is an enforceable legal claim. 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 2002 operations. The receivable is offset by deferred revenue.

#### NOTE 6 - RECEIVABLES

Receivables at December 31, 2002 consisted of taxes, accounts and due from other governments. All receivables are considered fully collectible. The principal intergovernmental receivables at December 31, 2002 were \$262,181 of Homestead and Rollback and \$1,673,882 of Library Local Government Support Fund revenues received through the State of Ohio.

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NOTE 7 - FIXED ASSETS

Changes in general fixed assets during the year ended December 31, 2002, were as follows:

	Balance January 1, 2002	Additions	Deletions	Balance December 31, 2002
Land and Land Improvements	\$1,385,236	0	-0-	1,385,236
Buildings	6,085,885	90,693	-0-	6,176,578
Furniture and Equipment	1,289,312	106,355	83,046	1,312,621
Construction in Progress	<u>513,273</u>	<u>269,302</u>	<u>0</u>	<u>782,575</u>
Total	<u>\$9,273,706</u>	<u>466,350</u>	<u>83,046</u>	<u>9,657,010</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 2002, 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	\$12,434,335
	General Liability	2,000,000
	Commercial Crime	2,000
	Inland Marine	3,557,680
	Automobile	1,000,000
Utica National	Errors and Omissions	2,000,000
Ohio Farmers Insurance	Library officials	100,000
Fidelity and Deposit	Fidelity Bond	10,000

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.

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NOTE 9 - CAPITAL LEASES

The Library has entered into leases for the acquisition of copiers, computers, 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>
2003	\$80,111
2004	54,994
2005	8,264
2006	4,598
2007	<u>383</u>
 Total minimum lease payments	 148,350
 Less amount representing interest	 <u>(12,397)</u>
 Present value of minimum lease	 <u>\$135,953</u>

The copiers, computers, vehicles and mailing machine have been capitalized in the general fixed assets account group in the amount of \$252,692, the present value of the minimum lease payments at the inception of the leases.



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NOTE 10 - LONG-TERM OBLIGATIONS

Changes in long-term obligations of the Library for the year ended December 31, 2002, are as follows:

	<u>Balance</u> <u>1/1/02</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>12/31/02</u>
General Long-Term Obligations:				
Compensated Absences	\$221,169	12,886	-0-	234,055
Pension Obligations	109,363	111,467	109,363	111,467
Capital Lease Obligations	<u>123,662</u>	<u>77,394</u>	<u>65,103</u>	<u>135,953</u>
Total General Long-Term Obligations	<u>\$454,194</u>	<u>201,747</u>	<u>174,466</u>	<u>481,475</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 Ohio Public Employees Retirement System (OPERS), a cost sharing multiple employer public employee retirement system administered by the Public Employees Retirement Board. OPERS 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. OPERS issues a publicly available financial report that includes financial statements and required supplementary information for OPERS. That report may be obtained by writing to the Ohio 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. The 2002 employer pension contribution rate for the Library was 8.55 percent of covered payroll, decreased from 9.25 percent in 2001. Contributions are authorized by State statute. The contribution rates are determined actuarially. The Library's required contributions to OPERS for the years ending December 31, 2002, 2001 and 2000 were \$305,767, \$461,368 and \$338,371 respectively. Seventy-four percent has been contributed for 2002 and 100 percent for the years 2001 and 2000. The unpaid contribution for 2002 is \$111,467 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, 2002

NOTE 12 - POSTEMPLOYMENT BENEFITS

The Ohio Public Employees Retirement System (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 2002 employer contribution rate was 13.55 percent of covered payroll; 5.00 percent was the portion that was used to fund health care for 2002. For 2001, the contribution rate was 13.55 percent of covered payroll; 4.30 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, 2001, include a rate of return on investments of 8.0 percent, an annual increase in active employee total payroll of 4.0 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .5 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase 4.0 percent annually.

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

The number of active contributing participants was 402,041. The Library's actual contributions for 2002 that were used to fund postemployment benefits were \$178,811. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2001, (the latest information available), were \$11.6 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$16.4 billion and \$4.8 billion, respectively.

NOTE 13 - OTHER EMPLOYEE BENEFITS

A. Compensated Absences

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

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

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

Cleveland Heights-University Heights Public Library  
Notes To The General Purpose Financial Statements  
For The Year Ended December 31, 2002

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, 2002, the liability for unpaid compensated absences was \$264,629.

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.

NOTE 14 – CONSTRUCTION AND IMPROVEMENT OF FACILITIES

In 2001, the Board of Library Trustees of the Cleveland Heights-University Heights Public Library submitted to the Cleveland Heights-University Heights City School District a bond issue to be used for improvements to the Library system. The School District serves as the taxing authority and issues tax related debt on behalf of the Library, although their role is limited to a ministerial function. The determination to request approval of a tax, the rate, and the purpose are discretionary decisions made solely by the Board of Library Trustees.

With approval of the bond issue in 2001, the School District issued bond anticipation notes for Library improvements in the amount of \$5,000,000 in 2001 and of \$4,500,000 during 2002. The \$4,500,000 in 2002 is reflected as "Other" revenue in the Renovation Capital Projects Fund. The notes will be paid from proceeds of the property tax levy. During 2002 the notes were rolled into bonds. Because the notes are general obligations of the Cleveland Heights-University Heights City School District, the long-term obligation is excluded from the general long-term obligations of the Cleveland Heights-University Heights Public Library.

## GENERAL FUND

The general fund accounts for all financial resources of the Library except those required to be accounted for in another fund. The general fund balance is available to the Library for any purpose provided it is expended or transferred according to the general laws of Ohio.

Cleveland Heights-University Heights Public Library  
Schedule of Revenues, Expenditures, and Changes  
In Fund Balance - Budget and Actual (Non-GAAP Basis)  
General Fund  
For the Year Ended December 31, 2002

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues:</b>			
Intergovernmental	\$3,689,747	3,689,747	0
Property and Other Taxes	3,858,827	3,969,137	110,310
Patron Fines and Fees	145,000	148,478	3,478
Contributions, Gifts and Donations	8,200	9,288	1,088
Interest	50,000	76,245	26,245
Rentals	14,000	13,938	(62)
Other	1,100	1,767	667
Total Revenue	7,766,874	7,908,600	141,726
<b>Expenditures:</b>			
<b>Current:</b>			
<b>Public Service</b>			
Salaries and Benefits	3,642,994	3,642,903	91
Materials and Supplies Purchased/Contracted	1,547,031	1,540,297	6,734
Services	838,743	831,206	7,537
Capital Outlay	21,500	20,784	716
Total Public Service	6,050,268	6,035,190	15,078
<b>Administration</b>			
Salaries and Benefits	968,391	968,389	2
Materials and Supplies Purchased/Contracted	51,216	50,774	442
Services	416,970	264,191	152,779
Total Administration	1,436,577	1,283,354	153,223
<b>Capital Outlay</b>			
Land Improvements	7,000	0	7,000
Building Improvements	22,450	11,381	11,069
Furniture and Equipment	51,130	40,081	11,049
Total Capital Outlay	80,580	51,462	29,118
Total Expenditures	7,567,425	7,370,006	197,419

(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, 2002

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Excess of Revenues Over Expenditures	\$199,449	538,594	339,145
Other Financing Uses:			
Operating Transfers - Out	(600,000)	(600,000)	0
Excess of Revenues Under Expenditures and Other Financing Uses	(400,551)	(61,406)	339,145
Fund Balance at Beginning of Year	555,708	555,708	0
Prior Year Encumbrances Appropriated	171,175	171,175	0
Fund Balance at End of Year	\$326,332	665,477	339,145

## SPECIAL REVENUE FUNDS

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.

### Staff Development

To account for revenue received as interest from principal left to the Library as part of the estate of Larry Bauer. It is used specifically for staff development programs.

### OLF Grant (Ohio Library Foundation)

To account for contributions received from the Drew Carey Fund of the Ohio Library Foundation that is used to develop a program training teens to review library materials.

Cleveland Heights-University Heights Public Library  
 Combining Balance Sheet  
 All Special Revenue Funds  
 December 31, 2002

	<u>Staff Development</u>	<u>OLF Grant</u>	<u>Totals</u>
<b>Assets</b>			
Cash and Cash Equivalents	<u>\$472,806</u>	<u>15,366</u>	<u>488,172</u>
<b>Total Assets</b>	<u><u>\$472,806</u></u>	<u><u>15,366</u></u>	<u><u>488,172</u></u>
<b>Liabilities and Fund Equity</b>			
Total Liabilities	\$0	0	0
<b>Fund Equity</b>			
Fund Balance			
Reserved for Encumbrances	800	1,353	2,153
Unreserved; Undesignated	<u>472,006</u>	<u>14,013</u>	<u>446,019</u>
<b>Total Liabilities and Fund Equity</b>	<u><u>\$472,806</u></u>	<u><u>15,366</u></u>	<u><u>488,172</u></u>



Cleveland Heights-University Heights Public Library  
 Combining Statement of Revenues, Expenditures  
 And Changes in Fund Balances  
 All Special Revenue Funds  
 For the Year Ended December 31, 2002

	<u>Staff Development</u>	<u>OLF Grant</u>	<u>Totals</u>
Revenues			
Interest	<u>\$20,159</u>	<u>0</u>	<u>20,159</u>
Expenditures			
Current:			
General Government:			
Public Service	0	8,764	8,764
Administration	<u>14,444</u>	<u>0</u>	<u>14,444</u>
Total Expenditures	<u>14,444</u>	<u>8,764</u>	<u>23,208</u>
Excess of Revenues Over (Under) Revenues	5,715	(8,764)	(3,049)
Fund Balances at Beginning Of Year	<u>467,091</u>	<u>24,130</u>	<u>491,221</u>
Fund Balances at End of Year	<u>\$472,806</u>	<u>15,366</u>	<u>488,172</u>

Cleveland Heights-University Heights Public Library  
Schedule of Revenues, Expenditures, and Changes  
In Fund Balance - Budget and Actual (Non-GAAP Basis)  
Staff Development  
For the Year Ended December 31, 2002

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Interest	<u>\$10,000</u>	<u>20,159</u>	<u>10,159</u>
Expenditures			
Current:			
Administration			
Salaries and Benefits	21,935	8,094	13,841
Materials and Supplies	2,900	1,666	1,234
Purchased/Contracted Services	5,000	4,095	905
Capital Outlay	<u>1,500</u>	<u>1,389</u>	<u>111</u>
Total Expenditures	<u>31,335</u>	<u>15,244</u>	<u>16,091</u>
Excess of Revenues Over (Under) Expenditures	(21,335)	4,915	26,250
Fund Balance at Beginning of Year	465,256	465,256	0
Prior Year Encumbrances Appropriated	<u>1,835</u>	<u>1,835</u>	<u>0</u>
Fund Balance at End of Year	<u>\$445,756</u>	<u>472,006</u>	<u>26,250</u>

Cleveland Heights-University Heights Public Library  
Schedule of Revenues, Expenditures, and Changes  
In Fund Balance - Budget and Actual (Non-GAAP Basis)  
OLF Grant  
For the Year Ended December 31, 2002

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Contributions, Gifts and Donations	\$0	0	0
Expenditures			
Current			
Public Service			
Materials and Supplies	1,922	762	1,160
Purchased/Contracted Services	6,108	2,970	3,138
Capital Outlay	16,100	6,385	9,715
Total Expenditures	24,130	10,117	14,013
Excess of Revenues Under Expenditures	(24,130)	(10,117)	14,013
Fund Balance at Beginning of Year	24,130	24,130	0
Prior Year Encumbrances Appropriated	0	0	0
Fund Balance at End of Year	\$0	14,013	14,013

## CAPITAL PROJECTS FUNDS

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

### Building and Repair

To account for monies set aside by the Board of Library Trustees specifically for major capital and technology improvements.

### Renovation

To account for revenue from the recent School District bond issue and fundraising efforts specifically set aside for the planned renovation of the Main Library.

Cleveland Heights-University Heights Public Library  
Combining Balance Sheet  
All Capital Projects Funds  
December 31, 2002

	<u>Building and Repair</u>	<u>Renovation</u>	<u>Totals</u>
<b>Assets</b>			
Cash and Cash Equivalents	<u>\$2,055,684</u>	<u>9,727,499</u>	<u>11,783,183</u>
Total Assets	<u>\$2,055,684</u>	<u>9,727,499</u>	<u>11,783,183</u>
<b>Liabilities and Fund Equity</b>			
Total Liabilities	\$0	0	0
<b>Fund Equity</b>			
<b>Fund Balance</b>			
Reserved for Encumbrances	592,992	305,000	897,992
Unreserved; Undesignated	<u>1,462,692</u>	<u>9,422,499</u>	<u>10,885,191</u>
Total Liabilities and Fund Equity	<u>\$2,055,684</u>	<u>9,727,499</u>	<u>11,783,183</u>

Cleveland Heights-University Heights Public Library  
Combining Statement of Revenues, Expenditures  
And Changes in Fund Balances  
All Capital Projects Funds  
For the Year Ended December 31, 2002

	<u>Building and Repair</u>	<u>Renovation</u>	<u>Totals</u>
<b>Revenues</b>			
Contributions, Gifts and Donations	\$0	78,902	78,902
Interest	27,865	162,701	190,566
Other	<u>0</u>	<u>4,500,000</u>	<u>4,500,000</u>
 Total Revenues	 27,865	 4,741,603	 4,769,468
<b>Expenditures</b>			
Capital Outlay	<u>341,997</u>	<u>36,488</u>	<u>378,485</u>
 Excess of Revenues Over (Under) Expenditures	 (314,132)	 4,705,115	 4,390,983
<b>Other Financing Sources</b>			
Operating Transfers In	<u>600,000</u>	<u>0</u>	<u>600,000</u>
 Excess of Revenues and Other Financing Sources Over Expenditures	 285,868	 4,705,115	 4,990,983
 Fund Balance at Beginning of Year	 <u>1,769,816</u>	 <u>5,022,384</u>	 <u>6,792,200</u>
 Fund Balances at End of Year	 <u>\$2,055,684</u>	 <u>9,727,499</u>	 <u>11,783,183</u>

Cleveland Heights-University Heights Public Library  
 Schedule of Revenues, Expenditures, and Changes  
 In Fund Balance - Budget and Actual (Non-GAAP Basis)  
 Building and Repair  
 For the Year Ended December 31, 2002

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Interest	\$12,000	27,865	15,865
Expenditures			
Capital Outlay	1,781,816	934,989	846,827
Excess of Revenues Under Expenditures	(1,769,816)	(907,124)	862,692
Other Financing Sources			
Operating Transfers – In	600,000	600,000	0
Excess of Revenues and Other Financing Sources Under Expenditures	(1,169,816)	(307,124)	862,692
Fund Balance at Beginning of Year	1,555,010	1,555,010	0
Prior Year Encumbrances Appropriated	214,806	214,806	0
Fund Balance at End of Year	\$600,000	1,462,692	862,692

Cleveland Heights-University Heights Public Library  
Schedule of Revenues, Expenditures, and Changes  
In Fund Balance - Budget and Actual (Non-GAAP Basis)  
Renovation  
For the Year Ended December 31, 2002

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<b>Revenues</b>			
Contributions, Gifts and Donations	\$100,000	78,902	(21,098)
Interest	150,000	162,701	12,701
Other	<u>4,500,000</u>	<u>4,500,000</u>	<u>0</u>
<b>Total Revenues</b>	4,750,000	4,741,603	(8,397)
<b>Expenditures</b>			
Capital Outlay	<u>694,457</u>	<u>341,488</u>	<u>352,969</u>
Excess of Revenues Over Expenditures	4,055,543	4,400,115	344,572
Fund Balance at Beginning of Year	4,987,384	4,987,384	0
Prior Year Encumbrances Appropriated	<u>35,000</u>	<u>35,000</u>	<u>0</u>
Fund Balance at End of Year	<u>\$9,077,927</u>	<u>9,422,499</u>	<u>344,572</u>



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, 2002

	<u>Total</u>
General Fixed Assets:	
Land and Land Improvements	\$1,385,236
Buildings	6,176,578
Furniture and Equipment	1,312,621
Construction in Progress	<u>782,575</u>
 Total General Fixed Assets	 <u><u>\$9,657,010</u></u>
 Investment in General Fixed Assets From:	
General Revenues	\$9,481,712
Capital Leases	<u>175,298</u>
 Total Investment in General Fixed Assets	 <u><u>\$9,657,010</u></u>

Cleveland Heights-University Heights Public Library  
 Schedule Of Changes In General Fixed Assets  
 By Function  
 For the Year Ended December 31, 2002

	General Fixed Assets 1/1/02	Additions	Deletions	General Fixed Assets 12/31/02
Public Service Administration	\$9,066,800	\$466,350	\$83,046	\$9,450,104
	<u>206,906</u>	<u>0</u>	<u>0</u>	<u>206,906</u>
Total General Fixed Assets	<u>\$9,273,706</u>	<u>\$466,350</u>	<u>\$83,046</u>	<u>\$9,657,010</u>

Schedule Of General Fixed Assets  
By Function  
December 31, 2002

	<u>Land and Land Improvements</u>	<u>Buildings</u>	<u>Furniture and Equipment</u>	<u>Construction in Progress</u>	<u>Totals</u>
Public Service Administration	\$1,385,236 <u>0</u>	\$6,147,446 <u>29,132</u>	\$1,134,847 <u>177,774</u>	\$782,575 <u>0</u>	\$9,450,104 <u>206,906</u>
Total General Fixed Assets	<u>\$1,385,236</u>	<u>\$6,176,578</u>	<u>\$1,312,621</u>	<u>\$782,575</u>	<u>\$9,657,010</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>
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
2001	5,621,448	982,663	1,056,666	36,951	9,571	7,707,299
2002	5,883,555	1,276,581	429,481	65,103	13,880	7,668,600

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 Gifts and Donations</u>	<u>Interest</u>	<u>Rentals</u>	<u>Other</u>	<u>Total</u>
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
2001	3,982,598	3,897,506	151,515	121,983	136,202	13,750	5,135,139	13,438,693
2002	3,688,977	3,969,137	148,495	88,190	298,272	15,438	4,501,097	12,709,606

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
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
2001	4,431,593	4,185,829	94.45	115,372	4,301,201	97.06	289,640	6.54
2002	4,383,205	4,102,149	93.59	218,360	4,320,509	98.57	354,058	8.07

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	Assessed Value	Estimated Actual Value	
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
2001	929,693,070	2,656,265,914	20,379,170	23,158,148	24,751,484	99,005,936	974,823,724	2,778,429,998	35
2002	937,234,820	2,677,813,771	31,701,920	36,024,909	25,539,854	102,159,416	994,476,594	2,815,998,096	35

Source: Cuyahoga County, Ohio; County Auditor

Estimated actual value is calculated by dividing the assessed value by the assessed percentage. The percentages for 2002 were 35% for real property, 35% public utility real property, 88% public utility tangible personal property, 25% for tangible personal property capital assets and 24% for tangible personal property inventory.



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

	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
Cleveland Heights-University Heights Public Library	\$4.00	\$4.00	\$4.00	\$4.00	\$4.00	\$4.00	\$4.00	\$4.00	\$5.90	\$5.90
Cuyahoga County	9.32	9.32	9.12	9.12	9.12	7.82	7.82	7.82	8.72	8.72
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	14.40	13.90	13.00	13.00	13.00	14.80	14.80	14.80	14.10	14.10
South Euclid	15.80	15.80	15.50	15.50	15.50	15.20	15.10	15.10	15.00	15.00
University Heights	12.50	12.50	13.20	13.20	13.20	13.20	13.20	13.20	13.20	13.20
Cleveland Heights-University Heights School District	96.70	104.10	102.10	111.00	111.00	111.00	111.00	111.00	120.40	121.10

Source: Cuyahoga County, Ohio; County Auditor

Cleveland Heights–University Heights Public Library  
Bonded Debt  
December 31, 2002

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 twenty 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>
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
2001	1,953	28,678,819	2,778,429,998	63,893,769
2002	1,955	26,308,804	2,815,998,096	95,760,917

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, 2002

<u>Taxpayer</u>	<u>Assessed Valuation</u>	<u>Percentage Of Total Assessed Valuation</u>
SCIT, Inc.	\$12,791,600	1.29%
AT&T Wireless	10,295,760	1.04
Starwood Wasserman	8,692,360	0.87
Kaiser Foundation	7,791,840	0.78
Cleveland Electric Illuminating	7,710,290	0.77
Ohio Bell Telephone Company	6,142,900	0.62
Coral SEUH, LLC	3,943,810	0.40
American Retirement Corporation	3,882,380	0.39
Concord Company	2,290,930	0.23
East Ohio Gas Company	<u>2,177,230</u>	<u>0.22</u>
Total	<u>\$65,719,100</u>	<u>6.61%</u>
Total Library Valuation	<u>\$994,476,594</u>	

Source: Cuyahoga County, Ohio; County Auditor

Cleveland Heights-University Heights Public Library  
Demographic Statistics  
December 31, 2002

	<u>2000 Census</u>		<u>2002 Estimate</u>	
	<u>Cleve. Hts.</u>	<u>Univ. Hts.</u>	<u>Cleve. Hts.</u>	<u>Univ. Hts.</u>
Population (1)	50,769	14,146	48,789	13,828
Population by Age				
Under Age 19	26.0%	28.7%	25.4%	30.2%
Age 65 and Over	11.7%	13.5%	11.9%	12.7%
Population by Race				
White	52.5%	75.4%	49.2%	73.2%
African American	41.8%	20.6%	44.8%	22.6%
Other	5.7%	4.0%	6.0%	4.2%
Total Households	20,913	5,163	20,616	5,081
Persons Below Poverty Level	10.6%	5.8%	N/A	N/A
Average Household Income	\$61,190	\$72,317	\$72,520	\$83,792
Median Household Income	\$46,565	\$61,284	\$53,164	\$69,816
Educational Attainment				
High School Graduate or Higher	91.6%	94.0%	N/A	N/A
Bachelor's Degree or Higher	50.0%	55.3%	N/A	N/A

Source: ESRI, 2003

(1) The Cleveland Heights–University Heights Public Library is a school district library and its boundaries follow those of the Cleveland Heights–University Heights City 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 62,875. 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, 2002

<u>Year</u>	<u>Number of Employees</u>	<u>Number of Volumes Owned</u>
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	138	342,697
2000	130	352,496
2001	143	342,143
2002	135	340,403

<u>Year</u>	<u>Number of Library Materials Circulated</u>	<u>Number of Registered Borrowers (1)</u>
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)
2001	1,707,812	56,691
2002	1,908,017	52,512

Source: Cleveland Heights–University Heights Public Library

- (1) Borrowers registered at any CLEVNET library (thirty-one in all), or newly registered at any branch of the Cuyahoga County Public Library, may use their cards at this Library without registering a second time.
- (2) Patron database purged 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.



**Auditor of State  
Betty Montgomery**

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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  
JULY 3, 2003**