

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

**REGULAR AUDIT**

**FOR THE YEAR ENDED DECEMBER 31, 2006**



**Mary Taylor, CPA**  
Auditor of State



CLEVELAND HEIGHTS-UNIVERSITY HEIGHTS PUBLIC LIBRARY  
CUYAHOGA COUNTY

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

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

To the Board of Trustees:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Cleveland Heights-University Heights Public Library, Cuyahoga County, Ohio, (the Library) as of and for the year ended December 31, 2006, which collectively comprise the Library's basic financial statements and have issued our report thereon dated June 18, 2007. 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 the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Library's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinions on the financial statements, but not to opine on the effectiveness of the Library's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Library's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Library's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Library's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Library's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

We noted certain matters that we reported to the Library's management in a separate letter dated June 18, 2007.

### **Compliance and Other Matters**

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

We did note certain noncompliance or other matters that we reported to the Library's management in a separate letter dated June 18, 2007.

We intend this report solely for the information and use of the audit committee, management, and the Board of Trustees. We intend it for no one other than these specified parties.

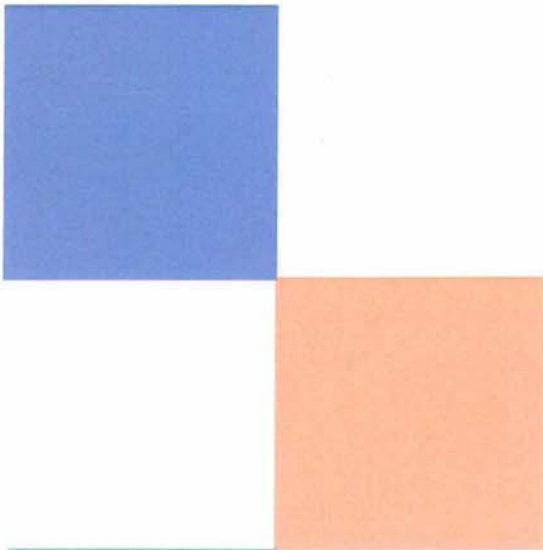
A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA  
Auditor of State

June 18, 2007

# Cleveland Heights- University Heights Public Library

Cleveland Heights, Ohio



## Comprehensive Annual Financial Report



For the year ended December 31, 2006





# **Introductory Section**

**CLEVELAND HEIGHTS-UNIVERSITY HEIGHTS PUBLIC LIBRARY**

**CLEVELAND HEIGHTS, OHIO**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED DECEMBER 31, 2006**

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

**Cleveland Heights-University Heights Public Library**  
*Comprehensive Annual Financial Report*  
*For the Year Ended December 31, 2006*  
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Stephen D. Wood  
Director/Clerk

Catherine Hakala-Ausperk  
Deputy Director

Cleveland Heights-University Heights Public Library  
2345 Lee Road Cleveland Heights, Ohio 44118-3493

Ph: 216.932.3600 Fax: 216.932.0932 [www.heightslibrary.org](http://www.heightslibrary.org)

June 18, 2007

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 (the Library) sixteenth Comprehensive Annual Financial Report (CAFR). It is prepared by the Library's Business Office for the year ended December 31, 2006. 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, 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.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive frame-work of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

The Ohio Auditor of State has issued an unqualified ("clean") opinion on the Library's financial statements for the year ended December 31, 2006. The independent auditor's report is located at the front of the financial section of this report.

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

Coventry Village Library  
1925 Coventry Road  
44118-2001

Lee Road Library  
2345 Lee Road  
44118-3493

Noble Neighborhood Library  
2800 Noble Road  
44121-2208

University Heights Library  
13866 Cedar Road  
44118-3201

## **REPORTING ENTITY**

The Cleveland Heights–University Heights Public Library is organized under Ohio State law as a school district public library. A seven–member board, one member appointed each year by the local board of education for a seven–year term, governs the Library. The taxing authority for the school district public library is the board of education, but the Library operates under a separate budget with funds derived primarily from the Library and Local Government Support Fund and two property tax levies totaling 5.9-mills.

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.

## **PROFILE OF GOVERNMENT**

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 110,000 square foot Lee Road (Main) Library, with renovation completed this year, and incorporating the old Lee Road branch built in 1932 and an earlier renovation from 1968; 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 September, the Main Library operations returned from temporary quarters where it had been housed while the building was being renovated and enlarged.

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 over 30 libraries in 10 counties in northern Ohio.

## ECONOMIC CONDITIONS AND OUTLOOK

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

Funding for the Library from the Library and Local Government Support Fund, which represents approximately 44.17 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 \$3,180,000 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 \$1,495,000 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 49.58 percent of the Library’s revenue, to the revenue generated by real property 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. This renovation was completed and the facility opened in September of this year.

The demographics of the Library’s service area have changed since 2000. According to 2006 estimates, the most recent data provided by ESRI, when compared with 2000 Census figures the number of our residents who are over the age of 65 has increased from 11.7 percent to 12.1 percent in Cleveland Heights, but decreased from 13.5 percent to 12.5 percent in University Heights. The overall population for the two cities has decreased by 3.9 percent (from 64,104 to 61,614). The racial mix is also changing as we have experienced a 14.4 percent increase in our African–American population in Cleveland Heights and 23.3 percent in University Heights.

Neither city has any industry to speak of and both are excellent examples of relatively affluent “bedroom communities.” Since 2000 the average household income has increased 27.8 percent in Cleveland Heights and 27.4 percent in University Heights. The percentage of residents having received college degrees and above is 50.0 percent and 55.4 percent in Cleveland Heights and University Heights respectively. At the same time, per capita income in Cleveland Heights is \$33,135 and is \$35,913 in University Heights.

## **LONG-TERM FINANCIAL PLANNING**

The Library maintains five-year financial projections at all times and this is regularly shared with the Board of Library Trustees. It is updated as material changes to income and expenditures are determined. It covers both operational and capital needs to maintain and enhance current services and facilities.

## **RELEVANT FINANCIAL POLICIES**

The Board of Library Trustees approved a long-term investment policy in May 2004 as part of their *By-Laws*. The purpose of this policy is to establish priorities and guidelines regarding the investment management of the Library’s operating funds. These priorities and guidelines are based upon Chapter 135 ORC and prudent money management. The policy also follows Section 135.14 ORC in establishing what qualifies as an eligible investment. Safety of principal is the most important objective of the Library’s investment policy. The policy also focuses on issues regarding liquidity and yield.

## **MAJOR INITIATIVES**

The Library’s latest strategic plan was completed last year and uses a relatively new methodology to such planning by libraries. It uses the “Balanced Scorecard” approach that emphasizes results with measurements taken throughout the year, such as statistical use counts, community surveys, and customer feedback. It seeks a “balance” between past accomplishments and future achievements and recognizes that rapid change and the need to adjust quickly to customer needs requires that we replace the typical three to five year long-range plan with something that is shorter in duration and is updated regularly.

Staff’s work was based on the Library’s Mission, Values and Vision that were reviewed and updated by the Board of Library Trustees last July.

### **The Library’s Mission**

The Mission indicates what our organization is committed to do:

The Cleveland Heights–University Heights Public Library—Opening doors, opening minds.



## The Library's Values

We place great value in:

- Education and literacy,
- Understanding and responding to the needs of our customers,
- Effective management of financial resources,
- Assuring that our libraries remain free for all,
- Effective management and development of human resources, resulting in a diverse and culturally competent staff,
- 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 in the workplace,
- Shared organizational decision making and responsibility,
- Open, timely and effective internal and external communications,
- Contributing to a culture of respect and comfort for all.

## The Library's Vision

We will know we are succeeding when...

- Our services and facilities appeal to all ages.
- Our collections, services and staff are outstanding.
- We have established the Library as a Third Place, or "someplace other than work or home where a person can go to... feel part of the community."
- We remain focused on the needs of our customers.

Some highlights of our efforts in 2006 include:

Statistics. A review of the statistics gathered this year show sharp changes resulting from re-opening the Lee Road Library. For one thing we increased the square footage of our system by 51%!

- Total circulation increased by about 3% over 2005, mostly due to our September return to the renovated Lee Road Library. This represents over *26 items per capita*. The state average for 2003 was only 14.5 per capita; the national average in 2002, the latest year available, was a mere 6.85! Our circulation of children's materials represents almost 27% of the total.
- The number of people entering the buildings, over 1,038,000, is an increase of almost 5% over 2005.
- Program attendance, which is the focus of our newly-renovated library, was 13,813 in 2006, with our customers attending over 2,300 programs. More than 1,400 outside groups brought almost 28,000 people into our meeting rooms.
- In-house use of materials increased by more than 11% in 2006.

- We grew our materials collection to match our larger library. We purchased 45% more new books than we did in 2005, our audio-visual collection grew by 18%, and our CD music collection grew by 9%.

Buildings. Our primary focus this year has been the renovation of the Main Library. It has consumed much of our time since construction began in late March 2005 and never seemed to move very quickly until the end. The return to Lee Road from our temporary quarters took place in August and went extraordinarily well. It was necessary to move all library materials, staff and furniture completely out of the temporary space. At our opening event on September 16-17, almost 10,000 visitors came to the newly renovated complex and were delighted by what they saw. The new space is extraordinarily flexible in design and easily combines traditional library service with the latest thinking in the provision of reference service. In addition, it has many more programming and meeting venues than before and, already, is much appreciated by our customers.

Unveiled at the Lee Road Library's Grand Reopening was a completely new logo. Comprised of a blue and green "H," for the Heights in which we are located, and sweeping cross pieces representing the walkway, this logo truly represents the system's new approaches, partnerships and vision.

The Library's three branches are in excellent shape. Last year, the Board of Library Trustees authorized a facilities report to be prepared by Studio Techne, our architects for the renovation project. Although they did find some problems that will need to be dealt with in the next few years, there is nothing that requires immediate attention. That is very good news.

Personnel. There has been a fair amount of staff turnover this year, six full time (8%) and eight part-time (14%), for an average of 11.2%. According to the Department of Labor, the August turnover rate was only 3.2%. Still, we recently learned that other libraries are having similar experiences. For example, the library in Youngstown had turnover of 3.8% for full time and 11.7% for part-time. The Toledo and Akron libraries saw staff turnovers of 12.8% and 7.5% respectively. In our case, all resignations were of staff moving on to better positions, but this high of a turnover must still be an area of concern.

The Board approved a Drug-Free Workplace program this year and it has not caused us any problems. Our reason for implementing it was to reduce our costs for Workers' Compensation, but we have to believe it can provide a safer workplace for all.

Our high deductible health insurance through Medical Mutual is working quite well. The deductible is \$1,000/\$2,000 of which the library pays the first \$800/\$1,600. It is saving us money and, should our rates be increased unreasonably, we have much greater flexibility now in what we can provide for staff.

We continue expanding the staffing of our Young Adult Services Department but without increasing the overall staffing budget. Now we have staff at every building every afternoon specifically trained in working with this age group. Taking an interest in the teens has, by itself, reduced the behavior problems, but this staff understands that inappropriate behavior will not be tolerated. We've seen very positive outcomes already.

Staff training continues to grow throughout the system. Increasing the knowledge of staff, even in areas outside their specific expertise, does increase their value as employees.

We continue to reap success through our tuition reimbursement program. Since 2000, over \$37,000 has been paid out to our staff furthering their education. We are very proud that we are able to offer this important program.

This is the fifth 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.

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 long-term staff is 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."

We are outsourcing many of the processing functions from our Technical Services Department and are now ordering new materials electronically from our jobbers. Although the 2004 conversion to the new automation system slowed us down, this electronic ordering and full processing of books still has a major impact on the workload of that department that will serve us well in coming years.

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.

Several staff and Board members are participating with the Civility Project supported by our two Cities and the School Board. The purpose of this effort is to rally community support for a greater level of respect among people. Although not much work has taken place as yet, the Library continues to be supportive of its goals.

The Library is a founding participant in the Heights Neighborhood Collaborative. Funded by the county's Department of Children and Families, the Collaborative provides direct support services to local families in need. The Library provides space for meetings and family visitations.

Technology. We have installed wireless access in all four buildings and this is much appreciated by our customers with their own laptop computers. The Lee Road Library, as the Main Library is now being called, is completely wireless throughout.

As part of the renovation of the Lee Road Library, we purchased Avaya Spectralink portable phones that function with the wireless capabilities of the new building. They give us much more flexible communication among staff including the Guards and those designated "in-charge." Having these new phones, though, has pointed out the shortcomings of the rest of our telephone system. A new method of telephone service, "Voice over Internet Protocol (VoIP) will be investigated as a replacement in 2007.

Throughout the system, we have installed new software and hardware that allows us to (a) manage the scheduling of all our public PCs; and (b) to collect payments for online printing. Although we are still tweaking the way we use it, S.A.M., as it is called, has already proven to be a great saver of time and reducer of frustration for both our customers and our staff.

We are very pleased with the content and functionality of the library's web site. Changing news items, complete with links to additional information, and currently updated program information, is all created by staff.

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.

Through CLEVNET, OPLIN and on our own, the number of electronic databases we provide our customers, especially remotely to homes and offices, is quite remarkable. And the Library participates in the statewide online reference service, *KnowItNow*. This extraordinary service provides to every resident twenty-four hour-a-day, seven day-a-week contact with a live librarian ready to answer even the most difficult question. Over 10,000 questions each month are answered throughout the State of Ohio.

Taken as a whole, this Library's staff-developed web site, membership in CLEVNET, participation in OPLIN, and *KnowItNow* 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. We doubt there are many libraries of our size anywhere in the country that provide the breadth of resources we do.

Library Services and Programming. Probably the most important thing we've done this year, besides the return to the renovated Lee Road Library, is the implementation of what we call "QIS," Quality Information Service. This is a much more proactive way of interacting with our customers than we have used in the past. While the philosophy of "roving reference" is getting growing attention around Ohio and the rest of the country, it is still fairly new and experimental. Our implementation has not been without flaws and a few hiccups, but it is so clearly the way to move forward.

Brought back with us from our temporary facility, our lobby "Welcome Desk" is staffed during all hours the library is open by various members of the Main Library staff, from the Director to Pages. Although begun as a way of helping people find their way around a new and vastly different building, it has proven to be successful as a way of just greeting people that it is much appreciated by our customers.

Staff has developed an expanded and separated collection by and about African Americans. Ordinarily, separated collections are rather limiting, but we have had so many requests for it that it only made sense to do it. On the website there is now a booklist, "African American Archives," that breaks down these materials by category and genre.

In September, a deposit collection of popular materials was created in the library at John Carroll University. Although the circulation from this collection is minimal, it is very popular with staff and students alike. We hope this first step will lead to other programs in partnership with the University.

An art gallery is located in the "Arts Center," the former YMCA building connected to the Library by walkway across Lee Road. It is operated by one of our programming partners, HeightsArts, and has already had several important exhibits.

Also in the Arts Center is another of our programming partners, the Heights Parent Center. Supported originally by a Library Services and Construction Act grant through the State Library of Ohio, they operate "Little Heights," a family literacy center for children and their parents together.

Still to come, Dobama Theatre is committed to original and unique plays, and is raising funds to "build out" their new space in the Arts Center. The economy is tight and we wish them well.

In other Arts Center space, the Library's "Community Office" is our computer lab. Eventually, 30 PCs will be in space that can be divided in half allowing public programs to take place while other customers avail themselves of a wide variety of computer software.

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

- Continue to provide unique, positive customer service experiences to everyone using our facilities by constantly revisiting the ways we provide that service;
- Continue work on our Balanced Scorecard strategic plan;
- Undergo a complete review of staff's position descriptions and evaluation system;
- Review new telephone system opportunities to improve service to our customers;
- Continue partnering with other community groups to increase the number of, and enhance, the many programs we offer to the community;
- Continue searching for opportunities to partner with our schools in ways that improve the educational experience;
- 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.

## 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, 2006, by our independent auditor, Auditor of State Mary Taylor.

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

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Cleveland Heights-University Heights Public Library for its Comprehensive Annual Financial Report for the year ended December 31, 2005. To be awarded a Certificate of Achievement, a governmental unit must prepare an easily readable and efficiently organized Comprehensive Annual Financial Report the contents of which 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.

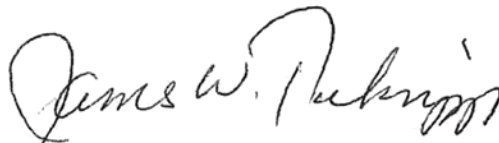
### Acknowledgements

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, 2006

### BOARD OF LIBRARY TRUSTEES

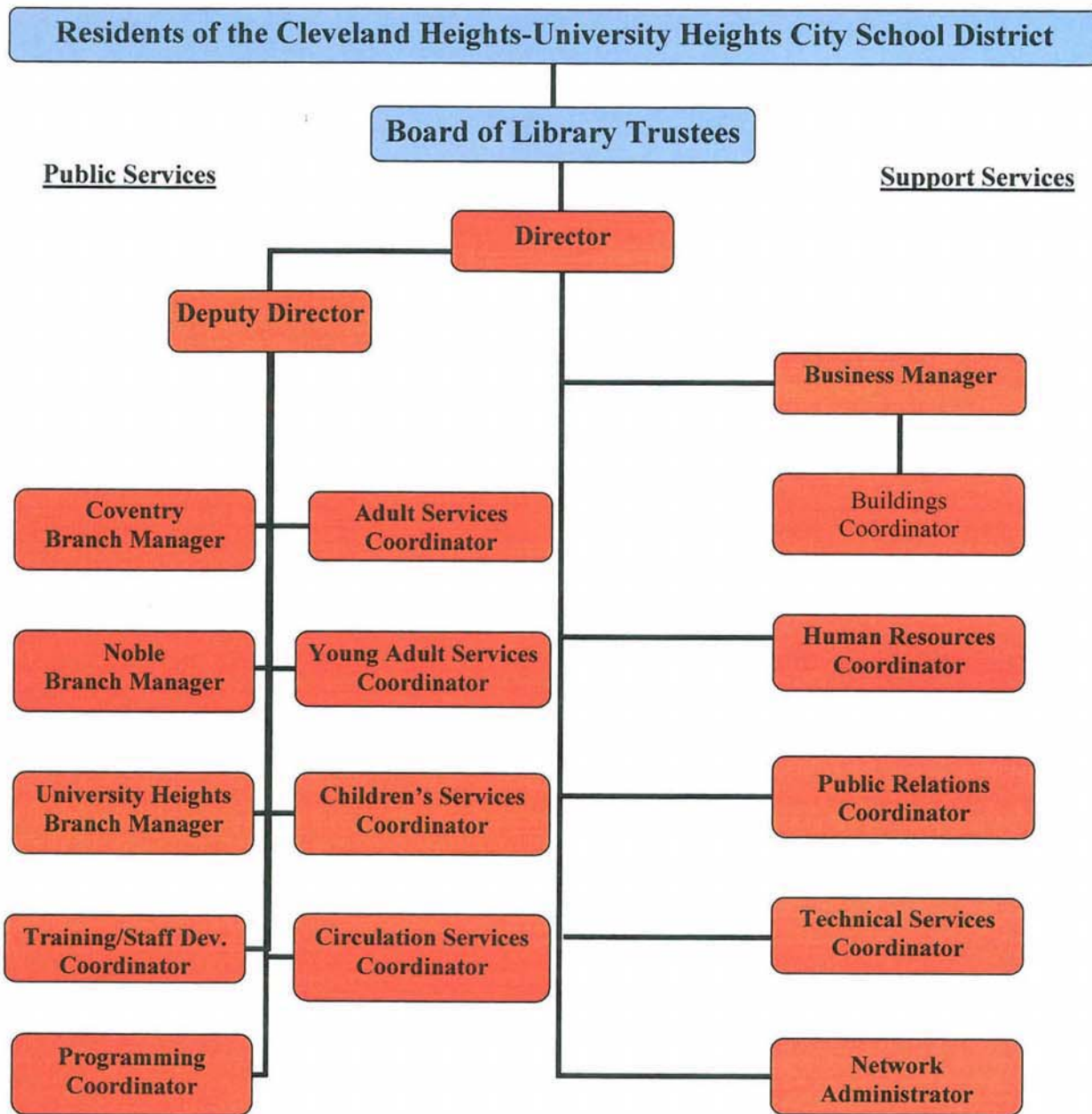
President .....	Susan Janssen
Vice-President .....	William Batcheller
Secretary .....	Gerald Blake
Member .....	Esther Moss
Member .....	Eric Silverman
Member .....	John Storhm
Member .....	Linda Wims

### ADMINISTRATIVE STAFF

Stephen Wood .....	Director/Clerk-Treasurer
Catherine Hakala-Ausperk .....	Deputy Director
James Teknipp.....	Business Manager
David Farnan .....	Adult Services Coordinator
Nancy Levin .....	Young Adult Services Coordinator
Amy Switzer.....	Children's Services Coordinator
Mary Beth Musk.....	Circulation Services Coordinator
Laurie Marotta.....	Human Resources Coordinator
Tonya Davis .....	Programming 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
Patricia Gray.....	Branch Manager, Coventry Village Library
Jo Ann Vicarel.....	Branch Manager, Noble Neighborhood Library
Maureen Weisblatt ....	Branch Manager, University Heights Library

# Cleveland Heights-University Heights Public Library

## ORGANIZATION CHART





# 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, 2005

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President

Executive Director

**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

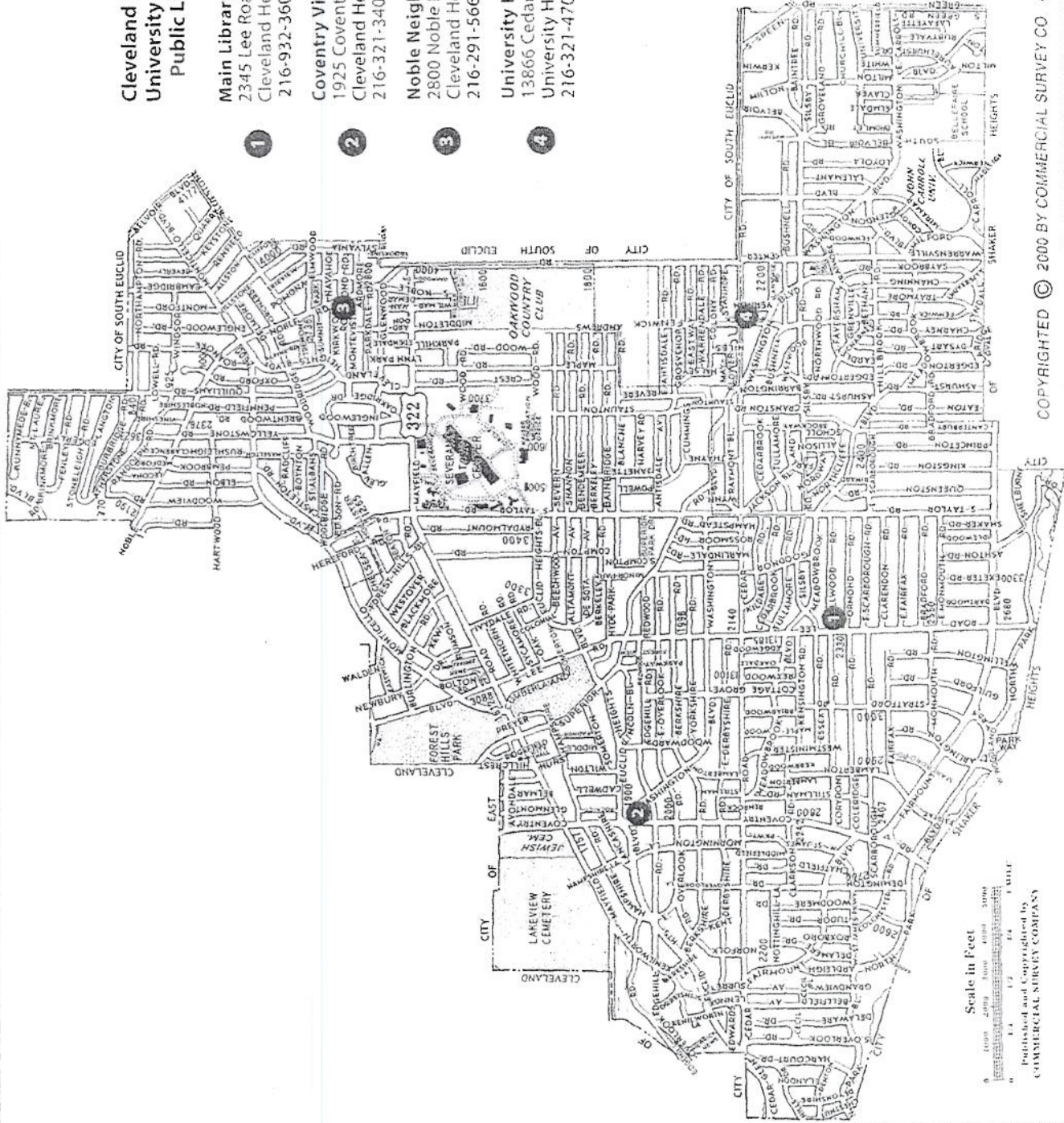
**University Heights Library**  
13866 Cedar Road  
University Heights, OH 44118  
216-321-4700

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Scale in Feet

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# Financial Section



Mary Taylor, CPA  
Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Cleveland Heights-University Heights Public Library, Cuyahoga County, Ohio, (the Library) as of and for the year ended December 31, 2006, which collectively comprise the Library's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Library's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Cleveland Heights-University Heights Public Library, Cuyahoga County, Ohio, as of December 31, 2006, and the respective changes in financial position thereof and the budgetary comparison for the General fund 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 June 18, 2007, on our consideration of the Library's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

We conducted our audit to opine on the financial statements that collectively comprise the Library's basic financial statements. The introductory section, combining nonmajor fund statements and schedules and statistical tables provide additional information and are not a required part of the basic financial statements. We subjected the combining nonmajor fund statements and schedules to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. We did not subject the introductory section and statistical tables to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on them.



Mary Taylor, CPA  
Auditor of State

June 18, 2007

## Cleveland Heights-University Heights Public Library

*Management's Discussion and Analysis*

*For the Year Ended December 31, 2006*

*Unaudited*

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The management's discussion and analysis of the Cleveland Heights-University Heights Public Library's (the Library) financial performance provides an overall review of the Library's financial activities for the year ended December 31, 2006. The intent of this management's discussion and analysis is to look at the Library's financial performance as a whole. Readers should also review the transmittal letter, the basic financial statements and the notes to the basic financial statements to enhance their understanding of the Library's financial performance.

### **Financial Highlights**

Key financial highlights for 2006 are as follows:

- Total Net Assets increased \$515,453 or a 2.26 percent increase over 2005.
- Total Assets of Governmental Activities increased \$901,671 which represents a 3.21 percent increase over 2005.
- Total Current Liabilities decreased by \$83,940 or 1.71 percent from 2005.
- Total Capital Assets increased by \$6,550,970 or 54.70 percent over 2005.
- Total Outstanding Long-term Liabilities at 2006 were \$470,158 more than year 2005 or a 112.21 percent increase.
- On a modified accrual basis, Library property tax revenue has increased by \$3,689 or 0.09 percent from 2005.

### **Using This Annual Financial Report**

This annual report consists of a series of financial statements and notes to those statements. These statements are prepared and organized so the reader can understand the Cleveland Heights-University Heights Public Library as a financial whole or as an entire operating entity. The statements provide a detailed look at the Library's specific financial activities.

The Statement of Net Assets and Statement of Activities provide information about the activities of the whole Library, presenting both an aggregate view of the Library's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short term as well as what dollars remain for future spending. The fund financial statements also look at the Library's most significant funds with all other nonmajor funds presented in total in one column.

**Cleveland Heights-University Heights Public Library**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2006*  
*Unaudited*

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**Reporting the Cleveland Heights-University Heights Public Library as a Whole**

Statement of Net Assets and the Statement of Activities

While this document contains information about the funds used by the Library to provide services to our citizens, the view of the Library as a whole considers all financial transactions and asks the question, "How did we do financially during 2006?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting method used by the private sector. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when the cash is received or paid.

These two statements report the Library's net assets and the changes in those net assets. The change in net assets is important because it tells the reader whether, for the Library as a whole, the financial position of the Library has improved or diminished. However, in evaluating the overall position of the Library, non-financial information such as changes in the Library's tax base and the condition of the Library's capital assets also need to be evaluated.

The Statement of Net Assets and the Statement of Activities are divided into the following categories:

- Assets
- Liabilities
- Net Assets (Assets minus Liabilities)
- Program Expenses and Revenues
- General Revenues
- Net Assets Beginning of Year and Year's End

**Reporting the Cleveland Heights-University Heights Public Library's Most Significant Funds**

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Cleveland Heights-University Heights Public Library uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the Library's funds can be classified as governmental funds. Fund financial reports provide detailed information about the Library's major funds. The Library has established funds that account for the multitude of services and facilities provided to our residents. However, these fund financial statements focus on the Library's most significant funds. In the case of the Cleveland Heights-University Heights Public Library, our major funds are the general, building and repairs and renovation funds.



**Cleveland Heights-University Heights Public Library**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2006*  
*Unaudited*

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**Governmental Funds** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. All Library activities are reported in the governmental funds focusing on how money flows into and out of those funds and the balances left at year end available for spending in future periods. Our funds are reported using an accounting method called modified accrual accounting which measures cash and all other financial assets that are expected to be readily converted to cash. The governmental fund statements provide a detailed short-term view of the Library's general operations and the basic services it provides. Governmental fund information helps one determine whether there are more or fewer financial resources that can be spent in the near future on services provided to our residents. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. The governmental fund financial statements can be found on pages 14 – 17 of this report.

**Cleveland Heights-University Heights Public Library**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2006*  
*Unaudited*

**The Cleveland Heights-University Heights Public Library as a Whole**

Recall that the Statement of Net Assets pictures the Library as a whole. Table 1 provides a summary of the Library's net assets for 2006 compared to 2005.

**Table 1**  
**Net Assets**

	Governmental Activities		
	2006	2005	Change
<b>Assets</b>			
Current and Other Assets	\$10,505,580	\$16,154,879	(\$5,649,299)
Capital Assets, Net	18,528,215	11,977,245	6,550,970
<i>Total Assets</i>	<u>29,033,795</u>	<u>28,132,124</u>	<u>901,671</u>
<b>Liabilities</b>			
Current and Other Liabilities	4,819,601	4,903,541	(83,940)
Long-Term Liabilities:			
Due Within One Year	335,730	300,996	34,734
Due In More Than One Year	553,418	117,994	435,424
<i>Total Liabilities</i>	<u>5,708,749</u>	<u>5,322,531</u>	<u>386,218</u>
<b>Net Assets</b>			
Invested in Capital			
Assets, Net of Related Debt	17,924,166	11,850,493	6,073,673
Restricted for:			
Capital Projects	1,311,793	6,997,038	(5,685,245)
Debt Service	312,489	0	312,489
Other Purposes	468,404	470,199	(1,795)
Unrestricted	3,308,194	3,491,863	(183,669)
<i>Total Net Assets</i>	<u>\$23,325,046</u>	<u>\$22,809,593</u>	<u>\$515,453</u>

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Cleveland Heights-University Heights Public Library, assets exceeded liabilities by \$23,325,046 at year-end 2006. Total governmental assets increased by \$901,671 while total governmental liabilities increased by \$386,218 resulting in an increase to net assets of \$515,453. By comparing assets and liabilities, one can see the overall position of the Library is good.

**Cleveland Heights-University Heights Public Library**

*Management's Discussion and Analysis*

*For the Year Ended December 31, 2006*

*Unaudited*

Although the Cleveland Heights-University Heights Public Library's investment in its capital assets is reported net of related debt, which is strictly capital leases, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Additionally, the Cleveland Heights-University Heights Public Library works very hard to stabilize current liabilities and reduce long-term liabilities. By comparing assets and liabilities, one can see the overall position of the Library is good.

Table 2 shows the changes in net assets for the years ended December 31, 2005 and 2006.

**Table 2**  
**Change in Net Assets**

	Governmental Activities		
	2006	2005	Change
<b>Revenues</b>			
<b>Program Revenues</b>			
Charges for Services	\$121,130	\$127,634	(\$6,504)
Operating Grants and Contributions	37,244	2,793	34,451
Capital Grants and Contributions	598	257,999	(257,401)
<b>Total Program Revenues</b>	<b>158,972</b>	<b>388,426</b>	<b>(229,454)</b>
<b>General Revenues</b>			
Property Taxes	4,045,997	4,154,144	(108,147)
Grants and Entitlements	3,628,958	3,617,300	11,658
Interest	357,563	414,154	(56,591)
Miscellaneous	20,012	3,688	16,324
<b>Total General Revenues</b>	<b>8,052,530</b>	<b>8,189,286</b>	<b>(136,756)</b>
<b>Total Revenues</b>	<b>8,211,502</b>	<b>8,577,712</b>	<b>(366,210)</b>
<b>Program Expenses</b>			
General Government:			
Public Services	6,201,050	7,074,142	(873,092)
Administration	1,452,755	1,178,367	274,388
Interest and Fiscal Charges	42,244	13,564	28,680
<b>Total Program Expenses</b>	<b>7,696,049</b>	<b>8,266,073</b>	<b>(570,024)</b>
<b>Increase in Net Assets</b>	<b>515,453</b>	<b>311,639</b>	<b>203,814</b>
Net Assets Beginning of Year	22,809,593	22,497,954	311,639
Net Assets End of Year	<u>\$23,325,046</u>	<u>\$22,809,593</u>	<u>\$515,453</u>

**Cleveland Heights-University Heights Public Library**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2006*  
*Unaudited*

The vast majority of revenue supporting all governmental activities is general revenue. General revenue totaled \$8,052,530 or 98.06 percent of total revenue. The most significant portion of the general revenues is local property tax. The remaining amount of revenue received was in the form of program revenues, which equaled \$158,972 or 1.94 percent of total revenue.

The Library also carefully invests its funds in a variety of investment types with the primary focus being safety of principal, but with an attention to investment opportunities to increase yield. The Director and Business Manager pay close attention to daily interest rates and have made the Library's money "work for us", in the current period of increasing interest rates. The Library realized \$357,563 in interest revenue. This additional revenue is utilized as part of the Library's plan to pay for future projects or improvements.

**Analysis of Overall Financial Positions and Results of Operations**

In Table 3 below, the total cost of services column contains all costs related to the programs and the net cost of services column shows how much of the total amount is not covered by program revenues. The net costs are program costs that must be covered by unrestricted State aid (Library and Local Government Support Fund) or local taxes.

**Table 3**  
**Governmental Activities**

Programs	Total Cost of Services 2006	Total Cost of Services 2005	Net Cost of Services 2006	Net Cost of Services 2005
General Government:				
Public Service	\$6,201,050	\$7,074,142	(\$6,063,439)	(\$6,707,889)
Administration	1,452,755	1,178,367	(1,431,394)	(1,156,194)
Interest and Fiscal Charges	42,244	13,564	(42,244)	(13,564)
<b>Total Expenses</b>	<b><u>\$7,696,049</u></b>	<b><u>\$8,266,073</u></b>	<b><u>(\$7,537,077)</u></b>	<b><u>(\$7,877,647)</u></b>

The difference in these two columns of \$158,972 represents restricted grants, fees and donations. The dependence upon general tax revenues for governmental activities is apparent. Almost 95 percent of total expenses are supported through taxes and other general revenue.

**Governmental Activities**

Several revenue sources fund our governmental activities with the Library property tax being the largest contributor. Property tax revenues account for \$4,045,997 or 49.27 percent of total revenues. General revenues from grants and entitlements, such as local government funds, are also sources of revenue.

## **Cleveland Heights-University Heights Public Library**

*Management's Discussion and Analysis*

*For the Year Ended December 31, 2006*

*Unaudited*

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Library property tax collections in 2006 were 2.6 percent less than in 2005, and that decrease can be attributed to new tax abatements and slightly less than anticipated collections. The Library System's geographic boundaries encompass several inner-ring suburbs of the City of Cleveland. These communities are primarily residential in nature. The proximity and the easy access of the cities to major cultural, educational and medical facilities in northeast Ohio contributes to climbing property values, a key indicator of a community's economic health and stability, where the primary "industry" is housing. The vitality of the area is also demonstrated by new construction over the past few years, development and redevelopment of retail and commercial corridors found throughout each community.

Although the Library relies heavily upon local property taxes to support its operations, we continue to actively solicit and receive additional grant and entitlement funds to help offset operating and program costs. Grants and entitlements account for \$3,628,958 or 44.19 percent of total revenue.

Approximately 80.57 percent of the Library's budget is used for public services. Administration accounts for an additional 18.88 percent. The remaining program expenses, amounting to less than one percent represent other obligations such as interest and fiscal charges.

### **The Library's Funds**

Information about the Library's Governmental funds begins on page 14. These funds are accounted for using the modified accrual basis of accounting. All Governmental Funds had total revenue of \$8,346,011 and expenditures of \$14,356,624. The most significant fund is our general fund with an unreserved fund balance at year-end of \$1,444,866 compared to annual expenditures of \$7,423,162. While revenues exceeded expenditures by \$617,418, \$712,489 was transferred to other funds. These transfers enabled the Library to fund capital improvements.

The Library's building and repairs fund supports normal capital improvements and major repairs at the main library and branches. It had an unreserved fund balance at year-end of \$569,699 compared to annual expenditures of \$1,489,904. The Library's renovation fund, established specifically to support the main library renovation project, had an unreserved deficit fund balance at year-end of (\$305,893) with annual expenditures of \$5,368,030. Expenditures remained consistent in 2006 as renovation construction came to a conclusion.

### **General Fund Budgetary Highlights**

The Library's budget is prepared according to the Ohio Administrative Code and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the general fund. During the course of 2006, the Library amended its general fund budget, but no amendment was significant. For the general fund, original and final budgeted revenues were \$7,720,723. Original and final budgeted expenditures in the general fund were \$8,069,563 and \$8,296,325 respectively. Variances are due to increased property tax income over certification, increased interest income over anticipated, and careful spending of the certified budget.

**Cleveland Heights-University Heights Public Library**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2006*  
*Unaudited*

**Capital Assets and Debt**

*Capital Assets*

**Table 4**  
**Capital Assets at December 31, 2006**

	Governmental Activities	
	2006	2005
Land	\$791,638	\$791,638
Construction in Progress	0	7,568,168
Land Improvements	192,868	229,819
Buildings and Building Improvements	16,455,363	3,052,410
Furniture and Equipment	1,086,964	330,890
Vehicles	1,382	4,320
<i>Total Capital Assets</i>	\$18,528,215	\$11,977,245

Total capital assets for the Cleveland Heights-University Heights Public Library as of December 31, 2006 were \$18,528,215, \$6,550,970 more than 2005. The most significant changes in our capital assets came in the areas of construction in progress and buildings and building improvements due to the Library Renovation Project ending. The Library is committed to a long-term goal of rebuilding and renovating facilities. See Note 10 for additional information on capital assets.

**Debt**

As of December 31, 2006, the Cleveland Heights-University Heights Public Library had \$1,189,148 in notes, compensated absences and capital leases outstanding with \$635,730 due within one year. See Notes 15 and 16 for additional information on the Library's debt.

**Table 5**  
**Outstanding Debt at Year End**

	Governmental Activities	
	2006	2005
Notes	\$300,000	\$0
Compensated Absences	285,099	292,238
Capital Leases	604,049	126,752
<i>Total</i>	\$1,189,148	\$418,990

**Cleveland Heights-University Heights Public Library**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2006*  
*Unaudited*

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**Current Financial Related Activities**

The Cleveland Heights-University Heights Public Library has continued to maintain the highest standard of service to the customers of our communities. The Cleveland Heights-University Heights Public Library is financially strong. Over the past sixteen years we have enjoyed positive growth in revenues and at the same time adopted a strong, fiscally responsible financial plan to live within our means. The Board of Library Trustees and administration closely monitor its revenues and expenditures in accordance with its financial forecast.

The Cleveland Heights-University Heights Public Library relies on its property tax payers to support its operations, and the fiscal capacity and community support for the library is quite strong. The Cleveland Heights-University Heights Public Library voters have passed additional operating levies in the years 1992 and 2000, which help the general operations and permanent improvements of the Library. In addition, the community overwhelmingly passed a bond issue in 2001 to support the renovation of the Main Library and Arts Center. The Cleveland Heights-University Heights Public Library continues to communicate to the community that they rely upon their support for the majority of its operations and will continue to work diligently to plan expenses, staying carefully within the Library's budget and financial forecast. The community realizes the income generated by local levies remains constant, thereby forcing the Library to come back to the voters from time to time for additional support.

The Board of Trustees and Director work extremely hard at containing health care costs by securing updated competitive proposals from various health care providers. While the cost increases for medical insurance are unavoidable in today's environment, the Library is working diligently to maintain a high level of coverage for its employees at the lowest cost possible.

**Contacting the Library's Finance Department**

This financial report is designed to provide our citizens, taxpayers, creditors and investors with a general overview of the Library's finances and demonstrates the Library's accountability for all money it receives, spends, and invests. Please direct any questions about this report or financial information inquiries to Director/Clerk-Treasurer Stephen D. Wood, Cleveland Heights-University Heights Public Library, 2345 Lee Road, Cleveland Heights, Ohio 44118-3493, or telephone 216-932-3600. We also offer information regarding our Library on our web site, [www.heightslibrary.org](http://www.heightslibrary.org).

**Cleveland Heights-University Heights Public Library**

*Statement of Net Assets*

*December 31, 2006*

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	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$4,194,258
Accounts Receivable	1,700
Intergovernmental Receivable	1,795,933
Prepaid Items	32,973
Property Taxes Receivable	4,480,716
Nondepreciable Capital Assets, Net	791,638
Depreciable Capital Assets, Net	<u>17,736,577</u>
<i>Total Assets</i>	<u>29,033,795</u>
<b>Liabilities</b>	
Accounts Payable	101,666
Accrued Wages and Benefits	158,197
Intergovernmental Payable	120,700
Deferred Revenue	4,127,350
Accrued Interest Payable	11,688
Notes Payable	300,000
Long-Term Liabilities:	
Due Within One Year	335,730
Due In More Than One Year	<u>553,418</u>
<i>Total Liabilities</i>	<u>5,708,749</u>
<b>Net Assets</b>	
Invested in Capital Assets, Net of Related Debt	17,924,166
Restricted for:	
Capital Projects	1,311,793
Debt Service	312,489
Other Purposes	468,404
Unrestricted	<u>3,308,194</u>
<i>Total Net Assets</i>	<u><u>\$23,325,046</u></u>

See accompanying notes to the basic financial statements



**Cleveland Heights-University Heights Public Library**  
*Statement of Activities*  
For the Year Ended December 31, 2006

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
<b>Governmental Activities</b>					
General Government:					
Public Service	\$6,201,050	\$100,472	\$36,541	\$598	(\$6,063,439)
Administration	1,452,755	20,658	703		(1,431,394)
Interest and Fiscal Charges	42,244	0	0	0	(42,244)
<i>Total Governmental Activities</i>	<b>\$7,696,049</b>	<b>\$121,130</b>	<b>\$37,244</b>	<b>\$598</b>	<b>(7,537,077)</b>
		<b>General Revenues</b>			
		Property Taxes Levied for General Purposes			4,045,997
		Grants and Entitlements not Restricted to Specific Programs			3,628,958
		Investment Earnings			357,563
		Miscellaneous			20,012
		<i>Total General Revenues</i>			8,052,530
		Change in Net Assets			515,453
		<i>Net Assets Beginning of Year</i>			22,809,593
		<i>Net Assets End of Year</i>			<b>\$23,325,046</b>

See accompanying notes to the basic financial statements

Cleveland Heights-University Heights Public Library  
*Balance Sheet*  
*Governmental Funds*  
*December 31, 2006*

	General	Building and Repairs	Renovation	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Equity in Pooled Cash and Cash Equivalents	\$1,795,679	\$1,013,452	\$604,234	\$780,893	\$4,194,258
Property Taxes Receivable	4,480,716	0	0	0	4,480,716
Accounts Receivable	1,700	0	0	0	1,700
Intergovernmental Receivable	1,795,933	0	0	0	1,795,933
Prepaid Items	32,973	0	0	0	32,973
<i>Total Assets</i>	<u>\$8,107,001</u>	<u>\$1,013,452</u>	<u>\$604,234</u>	<u>\$780,893</u>	<u>\$10,505,580</u>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities</b>					
Accounts Payable	\$101,666	\$0	\$0	\$0	\$101,666
Accrued Wages and Benefits	158,197	0	0	0	158,197
Intergovernmental Payable	120,700	0	0	0	120,700
Deferred Revenue	6,042,415	0	0	0	6,042,415
Accrued Interest Payable	0	0	5,893	0	5,893
Notes Payable	0	0	300,000	0	300,000
<i>Total Liabilities</i>	<u>6,422,978</u>	<u>0</u>	<u>305,893</u>	<u>0</u>	<u>6,728,871</u>
<b>Fund Balances</b>					
Reserved for Encumbrances	239,157	443,753	604,234	3,786	1,290,930
Unreserved:					
Undesignated (Deficit), Reported in:					
General Fund	1,444,866	0	0	0	1,444,866
Special Revenue Funds	0	0	0	464,618	464,618
Debt Service Funds	0	0	0	312,489	312,489
Capital Projects Funds	0	569,699	(305,893)	0	263,806
<i>Total Fund Balances</i>	<u>1,684,023</u>	<u>1,013,452</u>	<u>298,341</u>	<u>780,893</u>	<u>3,776,709</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$8,107,001</u>	<u>\$1,013,452</u>	<u>\$604,234</u>	<u>\$780,893</u>	<u>\$10,505,580</u>

See accompanying notes to the basic financial statements

**Cleveland Heights-University Heights Public Library**  
*Reconciliation of Total Governmental Fund Balances to*  
*Net Assets of Governmental Activities*  
 December 31, 2006

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**Total Governmental Fund Balances** \$3,776,709

*Amounts reported for governmental activities in the statement of net assets are different because*

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds 18,528,215

Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:

Property Taxes	353,366	
Intergovernmental	<u>1,561,699</u>	
<b>Total</b>		<b>1,915,065</b>

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. (5,795)

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:

Compensated Absences	(285,099)	
Capital Lease Payable	<u>(604,049)</u>	
<b>Total</b>		<b><u>(889,148)</u></b>

*Net Assets of Governmental Activities* \$23,325,046

See accompanying notes to the basic financial statements

**Cleveland Heights - University Heights Public Library**  
*Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Governmental Funds*  
*For the Year Ended December 31, 2006*

	General	Building and Repairs	Renovation	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>					
Property and Other Taxes	\$4,137,884	\$0	\$0	\$0	\$4,137,884
Patrons Fines and Fees	89,844	0	0	17,612	107,456
Intergovernmental	3,621,593	0	49,987	15,212	3,686,792
Interest	170,842	136,297	28,025	22,399	357,563
Donations	3,522	0	598	18,510	22,630
Rentals	13,674	0	0	0	13,674
Miscellaneous	3,221	16,791	0	0	20,012
<i>Total Revenues</i>	<u>8,040,580</u>	<u>153,088</u>	<u>78,610</u>	<u>73,733</u>	<u>8,346,011</u>
<b>Expenditures</b>					
Current:					
General Government:					
Public Service	5,815,520	0	0	49,334	5,864,854
Administration	1,393,369	0	0	26,194	1,419,563
Capital Outlay	125,443	1,489,904	5,312,150	0	6,927,497
Debt Service:					
Principal Retirement	82,330	0	25,931	0	108,261
Interest and Fiscal Charges	6,500	0	29,949	0	36,449
<i>Total Expenditures</i>	<u>7,423,162</u>	<u>1,489,904</u>	<u>5,368,030</u>	<u>75,528</u>	<u>14,356,624</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>617,418</u>	<u>(1,336,816)</u>	<u>(5,289,420)</u>	<u>(1,795)</u>	<u>(6,010,613)</u>
<b>Other Financing Sources (Uses)</b>					
Inception of Capital Lease	44,567	0	540,991	0	585,558
Transfers In	0	400,000	0	312,489	712,489
Transfers Out	(712,489)	0	0	0	(712,489)
<i>Total Other Financing Sources (Uses)</i>	<u>(667,922)</u>	<u>400,000</u>	<u>540,991</u>	<u>312,489</u>	<u>585,558</u>
<i>Net Change in Fund Balances</i>	<u>(50,504)</u>	<u>(936,816)</u>	<u>(4,748,429)</u>	<u>310,694</u>	<u>(5,425,055)</u>
<i>Fund Balances Beginning of Year</i>	<u>1,734,527</u>	<u>1,950,268</u>	<u>5,046,770</u>	<u>470,199</u>	<u>9,201,764</u>
<i>Fund Balances End of Year</i>	<u>\$1,684,023</u>	<u>\$1,013,452</u>	<u>\$298,341</u>	<u>\$780,893</u>	<u>\$3,776,709</u>

See accompanying notes to the basic financial statements

**Cleveland Heights - University Heights Public Library**  
*Reconciliation of the Statement of Revenues, Expenditures and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities  
For the Year Ended December 31, 2006*

**Net Change in Fund Balances - Total Governmental Funds** (\$5,425,055)

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

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

Capital Asset Additions	6,982,359	
Current Year Depreciation	(431,389)	
<b>Total</b>		<b>6,550,970</b>

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Property Taxes	(91,887)	
Intergovernmental	(42,622)	
<b>Total</b>		<b>(134,509)</b>

Repayment of capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 108,261

Some expenses such as accrued interest reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. (5,795)

Other financing sources in the governmental funds increase long-term liabilities in the statement of net assets.  
Capital Leases Payable (585,558)

Some expenses reported in the statement of activities, do not require the use of current financial resources and therefore are not reported as an expenditure in governmental funds.  
Compensated Absences 7,139

*Change in Net Assets of Governmental Activities* **\$515,453**

See accompanying notes to the basic financial statements

**Cleveland Heights-University Heights Public Library**  
*Statement of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*General Fund*  
For the Year Ended December 31, 2006

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues</b>				
Property and Other Taxes	\$3,924,688	\$3,924,688	\$4,223,529	\$298,841
Patrons Fines and Fees	115,000	115,000	89,844	(25,156)
Intergovernmental	3,585,935	3,585,935	3,585,935	0
Interest	70,000	70,000	170,126	100,126
Donations	11,000	11,000	3,522	(7,478)
Rentals	13,000	13,000	12,974	(26)
Miscellaneous	1,100	1,100	3,221	2,121
<i>Total Revenues</i>	<u>7,720,723</u>	<u>7,720,723</u>	<u>8,089,151</u>	<u>368,428</u>
<b>Expenditures</b>				
Current:				
Public Service	6,211,669	6,386,013	5,976,611	409,402
Administration	1,649,224	1,695,777	1,542,943	152,834
Capital Outlay	158,683	164,548	150,469	14,079
Debt Service:				
Principal Retirement	25,931	25,931	25,931	0
Interest and Fiscal Charges	24,056	24,056	24,056	0
<i>Total Expenditures</i>	<u>8,069,563</u>	<u>8,296,325</u>	<u>7,720,010</u>	<u>576,315</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(348,840)	(575,602)	369,141	944,743
<b>Other Financing Uses</b>				
Transfers Out	(389,067)	(400,000)	(712,489)	(312,489)
<i>Net Change in Fund Balance</i>	(737,907)	(975,602)	(343,348)	632,254
<i>Fund Balance Beginning of Year</i>	1,559,793	1,559,793	1,559,793	0
Prior Year Encumbrances Appropriated	237,965	237,965	237,965	0
<i>Fund Balance End of Year</i>	<u>\$1,059,851</u>	<u>\$822,156</u>	<u>\$1,454,410</u>	<u>\$632,254</u>

See accompanying notes to the basic financial statements

## Cleveland Heights-University Heights Public Library

*Notes to the Basic Financial Statements*

*For the Year Ended December 31, 2006*

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### **Note 1 – Description of the Library and Reporting Entity**

The Cleveland Heights-University Heights Public Library (the 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 3375.41 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.

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

The Friends of the Cleveland-Heights-University Heights Public Library, Inc. is a not-for-profit organization with a self-appointing board and is not a component unit of the Library. 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 local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles. The Library also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental activities provided they do not conflict with or contradict GASB pronouncements. The most significant of the Library's accounting policies are described below.

## Cleveland Heights-University Heights Public Library

*Notes to the Basic Financial Statements  
For the Year Ended December 31, 2006*

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### ***A. Basis of Presentation***

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

***Government-wide Financial Statements*** The statement of net assets and the statement of activities display information about the Library as a whole.

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

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

### ***B. Fund Accounting***

The Library uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. The Library's funds are all classified as governmental.

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

***General Fund*** The general fund accounts 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.

***Building and Repairs Fund*** The building and repairs fund accounts for monies set aside by the Board of Library Trustees specifically for major capital and technology improvements.

***Renovation Fund*** The renovation fund accounts 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

Notes to the Basic Financial Statements

For the Year Ended December 31, 2006

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

### **C. Measurement Focus**

**Government-wide Financial Statements** The government-wide financial statements are prepared using a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of the Library are included on the Statement of Net Assets. The Statement of Activities presents increases (e.g. revenues) and decreases (e.g. expenses) in total net assets. These statements usually distinguish between those activities of the Library that are governmental and those that are considered business-type. However, the Library has only governmental activities; therefore no business-type activities are presented.

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

### **D. Basis of Accounting**

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

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

Nonexchange 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 year for which the taxes are levied (See Note 6). Revenue from Library and Local Government Support Fund payments, grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the Library must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Library on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

## Cleveland Heights-University Heights Public Library

*Notes to the Basic Financial Statements  
For the Year Ended December 31, 2006*

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**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, 2006, but which were levied to finance year 2007 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

**Expenses/Expenditures** On the accrual basis of accounting, expenses are recognized at the time they are incurred.

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

### ***E. Cash and Cash Equivalents***

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. Interest in the pool is presented as "equity in pooled cash and cash equivalents."

During 2006, investments were limited to STAROhio and nonnegotiable certificates of deposit. Nonnegotiable certificates of deposit are reported at cost.

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, 2006.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue credited to the general fund during 2006 amounted to \$170,842 which includes \$17,759 assigned from other Library funds.

Investments with original maturities of three months or less at the time they are purchased and investments of the cash management pool are presented on the financial statements as cash equivalents.

### ***F. Prepaid Items***

Payments made to vendors for services that will benefit periods beyond December 31, 2006, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount at the time of the purchase and reflecting the expenditure/expense in the year in which the services are consumed.

## Cleveland Heights-University Heights Public Library

Notes to the Basic Financial Statements  
For the Year Ended December 31, 2006

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### **G. Capital Assets**

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The Library was able to estimate the historical cost for the initial reporting of infrastructure by backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). Donated capital assets are recorded at their fair market values as of the date received. The Library maintains a capitalization threshold of five hundred dollars with the exception of land as land was listed regardless of cost. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All capital assets are depreciated except for land and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

Description	Governmental Activities Estimated Lives
Land Improvements	5-40 Years
Buildings and Improvements	5-99 Years
Equipment	3-20 Years
Furniture	5-20 Years
Vehicles	5 years

### **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 all 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.

### **I. Accrued Liabilities and Long-Term Obligations**

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

## **Cleveland Heights-University Heights Public Library**

*Notes to the Basic Financial Statements  
For the Year Ended December 31, 2006*

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

### ***J. Fund Balance Reserves***

The Library reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent expendable resources and therefore are not available for appropriation or expenditure. As a result, encumbrances are recorded as a reservation of fund balance.

### ***K. Net Assets***

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through constitutional provisions or enabling legislation adopted by the Library or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The government-wide statement of net assets reports \$2,092,686 of restricted net assets, of which none is restricted by enabling legislation. Net assets restricted for other purposes include training for staff.

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

### ***L. Internal Activity***

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

### ***M. Extraordinary and Special Items***

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Library Administration and that are either unusual in nature or infrequent in occurrence.

### ***N. Estimates***

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

**Cleveland Heights-University Heights Public Library**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2006*

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***O. Budgetary Process***

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 tax budget demonstrates a need for existing or increased tax rates.

The certificate of estimated resources establishes a limit on the amount the Board of Trustees may appropriate. The appropriations resolution is the Board of Trustees' authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by the Board of Trustees. The legal level of control has been established by the Board of Trustees at the fund level. Any budgetary modifications at this level may only be made by resolution of the Board of Trustees. The Clerk/Treasurer has been given authority to allocate Board appropriations to the function and object levels within each fund.

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

The appropriation resolution is subject to amendment throughout the year. The amounts reported as the original budgeted amounts reflect the first appropriation resolution for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board of Trustees during the year.

**Note 3 - Change in Accounting Principles**

For 2006, the Library has implemented GASB Statement No. 44, "Economic Condition Reporting: The Statistical Section" and GASB Statement No. 47, "Accounting for Termination Benefits."

The purpose of Statement No. 44 is to improve the understandability and usefulness of the information that state and local governments present as supplementary information in the Statistical Section.

GASB Statement No. 47 establishes standards of accounting and financial reporting for termination benefits.

The implementation of GASB Statement No. 47 did not materially affect the presentation of the financial statements of the Library.

## Cleveland Heights-University Heights Public Library

Notes to the Basic Financial Statements

For the Year Ended December 31, 2006

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### Note 4 - Budgetary Basis of Accounting

While the Library is reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual presented for the General Fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis (generally accepted accounting principles) are:

- a) Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
- b) Expenditures are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
- c) Encumbrances are treated as expenditures for all funds (budget) rather than as a reservation of fund balance (GAAP).
- d) Unrecorded cash represents amounts received but not reported by the Library on the operating statements (budget), but which is reported on the GAAP basis operating statements.
- e) Short term debt is repaid from the General Fund (budget) as opposed to the fund that received the proceeds (GAAP). General Fund resources used to pay both principal and interest have been allocated accordingly.

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the general fund.

#### Net Change in Fund Balance

GAAP Basis	(\$50,504)
Revenue Moved for Debt Payment	49,987
Net Adjustment for Revenue Accruals	(46,699)
Net Adjustment for Expenditure Accruals	93,962
Debt Principal	(25,931)
Debt Interest	(24,056)
Ending Unrecorded Cash	716
Encumbrances	<u>(340,823)</u>
Budget Basis	<u><u>(\$343,348)</u></u>

### Note 5 - Deposits and Investments

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

Active deposits are public deposits necessary to meet current demands on the Library 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.

## Cleveland Heights-University Heights Public Library

*Notes to the Basic Financial Statements  
For the Year Ended December 31, 2006*

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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 depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

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

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

Interim monies may be deposited or invested in the following securities:

1. United States treasury notes, bills, bonds, or any other obligation and security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. 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;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) 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;
6. 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 to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

**Cleveland Heights-University Heights Public Library**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2006*

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**Deposits**

**Custodial Credit Risk** Custodial credit risk for deposits is the risk that in the event of bank failure, the Library will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$1,619,324 of the Library's bank balance of \$2,135,393 was uninsured and uncollateralized. Although the securities were held by the pledging financial institutions' trust department and all statutory requirements for the investment of money had been followed, noncompliance with Federal requirements could potentially subject the Library to a successful claim by the FDIC.

The Library has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Library or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

**Investments**

As of December 31, 2006, the Library had STAROhio as the only investment with an amount of \$2,575,573 and an average maturity of 39 days.

**Credit Risk** STAROhio carries a rating of AAAM by Standard & Poor's. Ohio law requires that STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service. The Library has no investment policy that addresses credit risk.

**Note 6 - Property Taxes**

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the Cleveland Heights-University Heights City School District. Property tax revenue received during 2006 for real and public utility property taxes represents collections of the 2005 taxes. Property tax payments received during 2006 for tangible personal property (other than public utility property) are for 2006 taxes.

2006 real property taxes are levied after October 1, 2006, on the assessed value as of January 1, 2006, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2006 real property taxes are collected in and intended to finance 2007.

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. 2006 public utility property taxes became a lien December 31, 2005, are levied after October 1, 2006, and are collected in 2007 with real property taxes.

2006 tangible personal property taxes are levied after October 1, 2005, on the value as of December 31, 2005. Collections are made in 2006. Tangible personal property assessments are being phased out – the assessment percentage for all property including inventory for 2006 is 18.75 percent. This will be reduced to 12.5 percent for 2007, 6.25 percent for 2008 and zero for 2009.



**Cleveland Heights-University Heights Public Library**

*Notes to the Basic Financial Statements  
For the Year Ended December 31, 2006*

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The full tax rate for all Library operations for the year ended December 31, 2006 was \$5.90 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2006 property tax receipts were based are as follows:

Real Property	\$1,218,353,600
Public Utility Personal Property	17,706,520
Tangible Personal Property	<u>17,686,445</u>
Total	<u><u>\$1,253,746,565</u></u>

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

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 by 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 collected. Property taxes receivable represents real and tangible personal property taxes and public utility taxes which are measurable as of December 31, 2006 and for which there is an enforceable legal claim. In the general fund, the entire receivable has been offset by deferred revenue since the current taxes were not levied to finance 2006 operations and the collection of delinquent taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as revenue while on a modified accrual basis it is deferred.

#### **Note 7 - Receivables**

Receivables at December 31, 2006, consisted of taxes, accounts and due from other governments. The intergovernmental receivables at December 31, 2006 were \$226,301 for homestead and rollback, \$1,568,134 of Library and Local Government Support Fund revenues received through the State of Ohio and \$1,498 from the Bureau of Worker's Compensation. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds and all receivables will be collected within one year.

#### **Note 8 – Capital Leases**

During 2006, the Library entered into lease agreements for the acquisition of a copier, communication equipment and an energy management system. The Library's 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 on the government-wide statements. The equipment has been capitalized in the amount of \$901,981, the present value of the minimum lease payments at the inception of the lease. Accumulated depreciation on these leases was \$275,881, leaving a current book value of \$626,100 as of December 31, 2006. The following is a schedule of the future long-term minimum lease payments required on the capital leases and present value of the minimum lease payments as of December 31, 2006. All lease payments are made from the General Fund.

**Cleveland Heights-University Heights Public Library**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2006*

Year Ending December 31,	Amount
2007	\$101,276
2008	67,594
2009	60,500
2010	60,501
2011	56,997
2012-2016	249,935
2017-2020	199,946
Total Minimum Lease Payments	796,749
Less: Amount Representing Interest	(192,700)
Present Value of Minimum Lease	<u>\$604,049</u>

**Note 9 - Risk Management**

The Library is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2006, the Library contracted with several companies for various types of insurance coverage as follows:

Company	Type of Coverage	Coverage
Indiana Insurance	Comercial Property	\$12,434,336
	General Liability	2,000,000
	Comercial Crime	2,000
	Inland Marine	3,557,680
	Vehicle	1,000,000
Utica National	Errors and Omissions	2,000,000
Ohio Farmers Insurance	Library Officials	50,000
Fidelity and Deposit	Fidelity and Deposit	10,000

Settled claims have not exceeded coverage in any of the last three years and there was no significant reduction in coverage from the prior 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.

**Cleveland Heights-University Heights Public Library**

*Notes to the Basic Financial Statements*

*For the Year Ended December 31, 2006*

**Note 10 - Capital Assets**

Capital asset activity for the year ended December 31, 2006, was as follows:

	<u>Balance</u> <u>12/31/05</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>12/31/06</u>
Governmental activities:				
Capital assets, not being depreciated				
Land	\$791,638	\$0	\$0	\$791,638
Construction in progress	<u>7,568,168</u>	<u>6,905,281</u>	<u>(14,473,449)</u>	<u>0</u>
Total capital assets not being depreciated	<u>8,359,806</u>	<u>6,905,281</u>	<u>(14,473,449)</u>	<u>791,638</u>
Capital assets, being depreciated				
Land Improvements	597,715	0	0	597,715
Buildings and Building Improvements	6,173,774	13,605,632	(180,312)	19,599,094
Equipment	1,039,582	944,895	(92,443)	1,892,034
Furniture	33,432	0	0	33,432
Vehicles	<u>27,073</u>	<u>0</u>	<u>0</u>	<u>27,073</u>
Total capital assets being depreciated	<u>7,871,576</u>	<u>14,550,527</u>	<u>(272,755)</u>	<u>22,149,348</u>
Accumulated depreciation				
Land Improvements	(367,896)	(36,951)	0	(404,847)
Buildings and Building Improvements	(3,121,364)	(202,679)	180,312	(3,143,731)
Equipment	(725,642)	(183,975)	92,443	(817,174)
Furniture	(16,482)	(4,846)	0	(21,328)
Vehicles	<u>(22,753)</u>	<u>(2,938)</u>	<u>0</u>	<u>(25,691)</u>
Total accumulated depreciation	<u>(4,254,137)</u>	<u>(431,389) *</u>	<u>272,755</u>	<u>(4,412,771)</u>
Total Capital assets being depreciated, net	<u>3,617,439</u>	<u>14,119,138</u>	<u>0</u>	<u>17,736,577</u>
Governmental activities capital assets, net	<u>\$11,977,245</u>	<u>\$21,024,419</u>	<u>(\$14,473,449)</u>	<u>\$18,528,215</u>

\* Depreciation expense was charged to governmental activities as follows:

General Government:	
Public Service	\$422,761
Administration	<u>8,628</u>
Total	<u>\$431,389</u>

## **Cleveland Heights-University Heights Public Library**

*Notes to the Basic Financial Statements  
For the Year Ended December 31, 2006*

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### **Note 11 - Defined Benefit Pension Plan**

#### ***A. Ohio Public Employees Retirement System***

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

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

For the year ended December 31, 2006, the members of all three plans were required to contribute 9 percent of their annual covered salaries. The Library's contribution rate for pension benefits for 2006 was 13.7 percent. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Library's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2006, 2005, and 2004 were \$358,639, \$354,685 and \$353,024 respectively; 88.99 percent has been contributed for 2006 and 100 percent for 2005 and 2004. Contributions to the member-directed plan for 2006 were \$14,552 made by the Library and \$9,560 made by the plan members.

### **Note 12 - Postemployment Benefits**

#### ***A. Ohio Public Employees Retirement System***

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and qualified survivor benefit recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2006 local government employer contribution rate was 13.7 percent of covered payroll; 4.5 percent of covered payroll was the portion that was used to fund health care.

**Cleveland Heights-University Heights Public Library**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2006*

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Benefits are advance-funded using the individual entry age actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2005, include a rate of return on investments of 6.5 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.3 percent based on additional annual pay increases. Health care costs were assumed to increase between .5 and 6 percent annually for the next nine years and 4 percent annually after nine years.

All investments are carried at market value. 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 annually, not to exceed a 12 percent corridor.

The number of active contributing participants in the traditional and combined plans was 369,214. The number of active contributing participants for both plans used in the December 31, 2005, actuarial valuation was 358,804. Actual employer contributions for 2006 which were used to fund postemployment benefits were \$175,421. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2005, (the latest information available) were \$11.1 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$31.3 billion and \$20.2 billion, respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. To improve the solvency of the Health Care Fund, OPERS created a separate investment pool for health care assets. Member and employer contribution rates increased as of January 1, 2006 and January 1, 2007, which will allow additional funds to be allocated to the health care plan.

### **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. Accrued vacation leave is paid upon retirement, termination or death of the employee.

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 can 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.

#### ***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.

**Cleveland Heights-University Heights Public Library**

*Notes to the Basic Financial Statements*

*For the Year Ended December 31, 2006*

**Note 14 – Interfund Transfers**

The general fund transferred \$400,000 to the building and repairs capital projects fund for the purchase and maintenance of various items throughout the Library and \$312,489 to the bond retirement fund to pay for the outstanding notes.

**Note 15 – Note Payable**

The Library issued a \$300,000 4.16 percent tax anticipation note on July 11, 2006 to help finance the Main Library Renovation Project. The project has been completed by December 31, 2006 and the note matures on July 10, 2007.

**Note 16 - Long-Term Obligations**

A schedule of changes in bonds and other long-term obligations of the Library during 2006 follows:

	Principal Outstanding 12/31/2005	Additions	Deletions	Principal Outstanding 12/31/2006	Amounts Due In One Year
<i><b>Governmental Activities</b></i>					
Compensated Absences	\$292,238	\$452,500	\$459,639	\$285,099	\$260,948
Capital Lease Obligations	126,752	585,558	108,261	604,049	74,782
<i>Total Governmental Activities</i>	<u>\$418,990</u>	<u>\$1,038,058</u>	<u>\$567,900</u>	<u>\$889,148</u>	<u>\$335,730</u>

**Note 17 – 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. During 2002, the notes were rolled into bonds. Because the bonds 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. The receipt and expenditure of the proceeds from the property tax levy for the retirement of the debt is reflected in the School District's bond retirement fund.

**Cleveland Heights-University Heights Public Library**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2006*

**Note 18 – Contractual Commitments**

As of December 31, 2006, the Library had the following contractual purchase commitments outstanding:

Contractor	Contract Amount	Amount Paid to date	Remaining Contract
Higley Construction	\$672,986	\$636,411	\$36,575
Martin Enterprises	1,028,326	918,389	109,937
John G. Johnson Company	5,437,172	4,972,148	465,024
Comm Steel Incorporated	1,842,368	1,698,011	144,357
Soehnlén Piping	411,701	378,765	32,936
Mac Mechanical	462,186	439,076	23,110
Cleveland Mechanical	1,193,193	1,094,977	98,216
Inland Electric	1,243,459	1,143,982	99,477
<b>Total</b>	<b>\$12,291,391</b>	<b>\$11,281,759</b>	<b>\$1,009,632</b>

## Combining Statements – Nonmajor Governmental Funds

### *Nonmajor Special Revenue Funds*

The Special Revenue funds are used to account for the proceeds of specific revenue sources (other than amounts relating to major capital projects) that are legally restricted to expenditures for specified purposes. A description of the Library's nonmajor special revenue funds follows:

*Staff Development Fund* - This fund accounts 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.

*LLOhio Fund* - This fund accounts for revenue received from the State fees and donations to be used for leadership development for library professionals.

### *Nonmajor Debt Service Fund*

The Debt Service Fund is used to account for the accumulation of, resources for, and the payment of, general long-term debt principal and interest.

*Bond Retirement Fund* - This fund accounts for the retirement of principal and interest on outstanding notes.



**Cleveland Heights-University Heights Public Library**  
*Combining Balance Sheet*  
*Nonmajor Governmental Funds*  
*December 31, 2006*

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Total Nonmajor Governmental Funds
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$468,404	\$312,489	\$780,893
<b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>	\$0	\$0	\$0
<b>Fund Balances</b>			
Reserved for Encumbrances	3,786	0	3,786
Unreserved, Undesignated, Reported in:			
Special Revenue Funds	464,618	0	464,618
Debt Service Fund	0	312,489	312,489
<i>Total Fund Balances</i>	468,404	312,489	780,893
<i>Total Liabilities and Fund Balances</i>	\$468,404	\$312,489	\$780,893

**Cleveland Heights - University Heights Public Library**  
*Combining Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Nonmajor Governmental Funds*  
*For the Year Ended December 31, 2006*

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Total Nonmajor Governmental Funds
<b>Revenues</b>			
Patrons Fines and Fees	\$17,612	\$0	\$17,612
Intergovernmental	15,212	0	15,212
Interest	22,399	0	22,399
Donations	18,510	0	18,510
<i>Total Revenues</i>	<u>73,733</u>	<u>0</u>	<u>73,733</u>
<b>Expenditures</b>			
Current:			
General Government:			
Public Service	49,334	0	49,334
Administration	26,194	0	26,194
<i>Total Expenditures</i>	<u>75,528</u>	<u>0</u>	<u>75,528</u>
<i>Excess of Revenues Under Expenditures</i>	(1,795)	0	(1,795)
<b>Other Financing Sources</b>			
Transfers In	0	312,489	312,489
<i>Net Change in Fund Balances</i>	(1,795)	312,489	310,694
<i>Fund Balances Beginning of Year</i>	<u>470,199</u>	<u>0</u>	<u>470,199</u>
<i>Fund Balances End of Year</i>	<u>\$468,404</u>	<u>\$312,489</u>	<u>\$780,893</u>

**Cleveland Heights-University Heights Public Library**  
*Combining Balance Sheet*  
*Nonmajor Special Revenue Funds*  
*December 31, 2006*

	<u>Staff Development</u>	<u>LLOhio Grant</u>	<u>Total Nonmajor Special Revenue Funds</u>
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	<u>\$466,404</u>	<u>\$2,000</u>	<u>\$468,404</u>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<b>Fund Balances</b>			
Reserved for Encumbrances	3,786	0	3,786
Unreserved, Undesignated	<u>462,618</u>	<u>2,000</u>	<u>464,618</u>
<i>Total Fund Balances</i>	<u>466,404</u>	<u>2,000</u>	<u>468,404</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$466,404</u>	<u>\$2,000</u>	<u>\$468,404</u>

**Cleveland Heights - University Heights Public Library**  
*Combining Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Nonmajor Special Revenue Funds*  
*For the Year Ended December 31, 2006*

	Staff Development	LLOhio Grant	Total Nonmajor Special Revenue Funds
<b>Revenues</b>			
Patrons Fines and Fees	\$0	\$17,612	\$17,612
Intergovernmental	0	15,212	15,212
Interest	22,399	0	22,399
Donations	0	18,510	18,510
<i>Total Revenues</i>	<u>22,399</u>	<u>51,334</u>	<u>73,733</u>
<b>Expenditures</b>			
Current:			
General Government:			
Public Service	0	49,334	49,334
Administration	26,194	0	26,194
<i>Total Expenditures</i>	<u>26,194</u>	<u>49,334</u>	<u>75,528</u>
<i>Net Change in Fund Balances</i>	(3,795)	2,000	(1,795)
<i>Fund Balances Beginning of Year</i>	<u>470,199</u>	<u>0</u>	<u>470,199</u>
<i>Fund Balances End of Year</i>	<u>\$466,404</u>	<u>\$2,000</u>	<u>\$468,404</u>

**Cleveland Heights - University Heights Public Library**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*General Fund*  
*For the Year Ended December 31, 2006*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues</b>				
Property and Other Taxes	\$3,924,688	\$3,924,688	\$4,223,529	\$298,841
Patron Fines and Fees	115,000	115,000	89,844	(25,156)
Intergovernmental	3,585,935	3,585,935	3,585,935	0
Interest	70,000	70,000	170,126	100,126
Donations	11,000	11,000	3,522	(7,478)
Rentals	13,000	13,000	12,974	(26)
Miscellaneous	1,100	1,100	3,221	2,121
<i>Total Revenues</i>	<u>7,720,723</u>	<u>7,720,723</u>	<u>8,089,151</u>	<u>368,428</u>
<b>Expenditures</b>				
<b>Current:</b>				
Public Service				
Salaries and Wages	3,923,112	4,033,355	3,863,438	169,917
Purchased Services	794,176	816,493	736,776	79,717
Materials and Supplies	1,470,284	1,511,601	1,354,493	157,108
Other	24,097	24,564	21,904	2,660
Total Public Service	<u>6,211,669</u>	<u>6,386,013</u>	<u>5,976,611</u>	<u>409,402</u>
Administration				
Salaries and Wages	1,171,635	1,204,768	1,154,014	50,754
Purchased Services	188,034	193,318	155,668	37,650
Materials and Supplies	289,555	297,691	233,261	64,430
Total Administration	<u>1,649,224</u>	<u>1,695,777</u>	<u>1,542,943</u>	<u>152,834</u>
Capital Outlay				
Land Improvements	7,781	8,000	0	8,000
Building Improvements	105,048	108,000	105,793	2,207
Furniture and Equipment	45,854	48,548	44,676	3,872
Total Capital Outlay	<u>158,683</u>	<u>164,548</u>	<u>150,469</u>	<u>14,079</u>
Debt Service				
Principal Retirement	25,931	25,931	25,931	0
Interest and Fiscal Charges	24,056	24,056	24,056	0
Total Debt Service	<u>49,987</u>	<u>49,987</u>	<u>49,987</u>	<u>0</u>
<i>Total Expenditures</i>	<u>8,069,563</u>	<u>8,296,325</u>	<u>7,720,010</u>	<u>576,315</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(348,840)	(575,602)	369,141	944,743
<b>Other Financing Uses</b>				
Transfers Out	(389,067)	(400,000)	(712,489)	(312,489)
<i>Net Change in Fund Balance</i>	(737,907)	(975,602)	(343,348)	632,254
<i>Fund Balance Beginning of Year</i>	1,559,793	1,559,793	1,559,793	0
Prior Year Encumbrances Appropriated	237,965	237,965	237,965	0
<i>Fund Balance End of Year</i>	<u>\$1,059,851</u>	<u>\$822,156</u>	<u>\$1,454,410</u>	<u>\$632,254</u>

**Cleveland Heights - University Heights Public Library**

*Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Budget (Non-GAAP Basis) and Actual  
Building and Repairs Fund  
For the Year Ended December 31, 2006*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Interest	\$30,000	\$30,000	\$136,297	\$106,297
Other	5,000	5,000	16,791	11,791
<i>Total Revenues</i>	35,000	35,000	153,088	118,088
<b>Expenditures</b>				
Capital Outlay	2,302,830	3,197,830	2,258,036	939,794
<i>Excess of Revenues Under Expenditures</i>	(2,267,830)	(3,162,830)	(2,104,948)	1,057,882
<b>Other Financing Sources</b>				
Transfers In	0	0	400,000	400,000
<i>Net Change in Fund Balance</i>	(2,267,830)	(3,162,830)	(1,704,948)	1,457,882
<i>Fund Balance Beginning of Year</i>	1,241,817	1,241,817	1,241,817	0
Prior Year Encumbrances Appropriated	1,032,830	1,032,830	1,032,830	0
<i>Fund Balance (Deficit) End of Year</i>	\$6,817	(\$888,183)	\$569,699	\$1,457,882

**Cleveland Heights - University Heights Public Library**

*Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Budget (Non-GAAP Basis) and Actual  
Renovation Fund*

*For the Year Ended December 31, 2006*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Interest	\$19,789	\$19,789	\$28,025	\$8,236
Donations	416	416	598	182
<i>Total Revenues</i>	20,205	20,205	28,623	8,418
<b>Expenditures</b>				
Capital Outlay:				
Capital Outlay	5,618,418	5,918,427	5,716,990	201,437
<i>Excess of Revenues Under Expenditures</i>	(5,598,213)	(5,898,222)	(5,688,367)	209,855
<b>Other Financing Sources</b>				
Proceeds of Notes	0	211,846	300,000	88,154
<i>Net Change in Fund Balance</i>	(5,598,213)	(5,686,376)	(5,388,367)	298,009
<i>Fund Balance Beginning of Year</i>	(230,051)	(230,051)	(230,051)	0
Prior Year Encumbrances Appropriated	5,618,418	5,618,418	5,618,418	0
<i>Fund Balance (Deficit) End of Year</i>	<u>(\$209,846)</u>	<u>(\$298,009)</u>	<u>\$0</u>	<u>\$298,009</u>

**Cleveland Heights - University Heights Public Library**

*Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Budget (Non-GAAP Basis) and Actual  
Staff Development Fund  
For the Year Ended December 31, 2006*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues</b>				
Interest	\$20,000	\$20,000	\$22,276	\$2,276
<b>Expenditures</b>				
Current:				
Administration				
Salaries and Wages	5,295	5,295	5,001	294
Purchased Services	26,846	26,846	16,422	10,424
Materials and Supplies	14,863	14,863	8,557	6,306
<i>Total Expenditures</i>	47,004	47,004	29,980	17,024
<i>Net Change in Fund Balance</i>	(27,004)	(27,004)	(7,704)	19,300
<i>Fund Balance Beginning of Year</i>	463,930	463,930	463,930	0
Prior Year Encumbrances Appropriated	3,004	3,004	3,004	0
<i>Fund Balance End of Year</i>	\$439,930	\$439,930	\$459,230	\$19,300



**Cleveland Heights - University Heights Public Library**

*Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Budget (Non-GAAP Basis) and Actual  
LLOhio Grant Fund*

*For the Year Ended December 31, 2006*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues</b>				
Patrons Fines and Fees	\$18,400	\$18,400	\$17,612	(\$788)
Intergovernmental	14,373	14,373	15,212	839
Donations	17,489	17,489	18,510	1,021
<i>Total Revenues</i>	<u>50,262</u>	<u>50,262</u>	<u>51,334</u>	<u>1,072</u>
<b>Expenditures</b>				
Current:				
Public Service				
Purchased Services	43,787	43,787	43,787	0
Materials and Supplies	2,412	2,412	2,069	343
Other	4,063	4,063	3,478	585
<i>Total Expenditures</i>	<u>50,262</u>	<u>50,262</u>	<u>49,334</u>	<u>928</u>
<i>Net Change in Fund Balance</i>	0	0	2,000	2,000
<i>Fund Balance Beginning of Year</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$2,000</u>	<u>\$2,000</u>

**Cleveland Heights - University Heights Public Library**

*Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Budget (Non-GAAP Basis) and Actual  
Bond Retirement Fund  
For the Year Ended December 31, 2006*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues</b>				
Interest	\$0	\$0	\$0	\$0
<b>Expenditures</b>	0	0	0	0
<i>Excess of Revenues Over (Under) Expenditures</i>	0	0	0	0
<b>Other Financing Sources</b>				
Transfers In	0	0	312,489	312,489
<i>Net Change in Fund Balance</i>	0	0	312,489	312,489
<i>Fund Balance Beginning of Year</i>	0	0	0	0
<i>Fund Balance End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$312,489</u>	<u>\$312,489</u>

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# Statistical Section

## Statistical Section

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

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<b>Contents</b>	<b>Pages(s)</b>
<b><i>Financial Trends</i></b> .....	<b><i>S2 – S7</i></b>
These schedules contain trend information to help the reader understand how the Library's financial performance and well-being have changed over time.	
<b><i>Revenue Capacity</i></b> .....	<b><i>S8 – S18</i></b>
These schedules contain information to help the reader assess the Library's most significant local revenue, the property tax.	
<b><i>Debt Capacity</i></b> .....	<b><i>S19 – S20</i></b>
These schedules present information to help the reader assess the affordability of the Library's current levels of outstanding debt and the Library's ability to issue additional debt in the future.	
<b><i>Economic and Demographic Information</i></b> .....	<b><i>S21 – S23</i></b>
These schedules offer economic and demographic indicators to help the reader understand the environment within which the Library's financial activities take place.	
<b><i>Operating Information</i></b> .....	<b><i>S24 – S26</i></b>
These schedules contain service and infrastructure data to help the reader understand how the information in the Library's financial report relates to the services the Library provides and the activities it performs.	

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

**Cleveland Heights-University Heights Public Library**  
*Net Assets By Component*  
*Last Four Years*  
*(Accrual Basis of Accounting)*

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Governmental Activities				
Invested in Capital Assets, Net of Related Debt	\$17,924,166	\$11,850,493	\$6,649,002	\$5,895,502
Restricted:				
Capital Projects	1,311,793	6,997,038	12,049,830	12,100,420
Debt Service	312,489	0	0	0
Other Purposes	468,404	470,199	474,850	482,381
Unrestricted	<u>3,308,194</u>	<u>3,491,863</u>	<u>3,324,272</u>	<u>3,241,771</u>
<i>Total Governmental Activities Net Assets</i>	<u>\$23,325,046</u>	<u>\$22,809,593</u>	<u>\$22,497,954</u>	<u>\$21,720,074</u>

**Cleveland Heights - University Heights Public Library**  
*Changes in Net Assets*  
*Last Four Years*  
*(Accrual Basis of Accounting)*

	2006	2005	2004	2003
<b>Program Revenues</b>				
Governmental Activities:				
Charges for Services:				
General Government:				
Public Service	\$100,472	\$105,936	\$116,469	\$174,815
Administration	20,658	21,698	27,876	0
Subtotal - Charges for Services	<u>121,130</u>	<u>127,634</u>	<u>144,345</u>	<u>174,815</u>
Operating Grants and Contributions:				
General Government:				
Public Service	36,541	2,318	5,819	3,138
Administration	703	475	305	0
Subtotal - Operating Grants and Contributions	<u>37,244</u>	<u>2,793</u>	<u>6,124</u>	<u>3,138</u>
Capital Grants and Contributions:				
General Government				
Public Service	598	257,999	87,557	4,732
<i>Total Primary Government Program Revenues</i>	<u>158,972</u>	<u>388,426</u>	<u>238,026</u>	<u>182,685</u>
<b>Expenses</b>				
Governmental Activities:				
General Government:				
Public Service	6,201,050	7,074,142	6,144,037	6,238,829
Administration	1,452,755	1,178,367	1,381,107	1,191,302
Interest and Fiscal Charges	42,244	13,564	16,172	14,292
<i>Total Governmental Activities Expenses</i>	<u>7,696,049</u>	<u>8,266,073</u>	<u>7,541,316</u>	<u>7,444,423</u>
<b>Net Expense</b>				
Governmental Activities	<u>(7,537,077)</u>	<u>(7,877,647)</u>	<u>(7,303,290)</u>	<u>(7,261,738)</u>
<b>General Revenues and Other Changes in Net Assets</b>				
Governmental Activities				
Taxes:				
Property and Other Local Taxes Levied For:				
General Purposes	4,045,997	4,154,144	4,178,114	4,155,802
Grants and Entitlements not Restricted to				
Specific Programs	3,628,958	3,617,300	3,722,905	3,554,417
Investment Earnings	357,563	414,154	176,561	411,667
Miscellaneous	20,012	3,688	3,590	2,750
<i>Total Governmental Activities</i>	<u>8,052,530</u>	<u>8,189,286</u>	<u>8,081,170</u>	<u>8,124,636</u>
<b>Change in Net Assets</b>				
Governmental Activities	<u>\$515,453</u>	<u>\$311,639</u>	<u>\$777,880</u>	<u>\$862,898</u>

**Cleveland Heights - University Heights Public Library**  
*Fund Balances, Governmental Funds*  
*Last Ten Years*  
*(Modified Accrual Basis of Accounting)*

	2006	2005	2004	2003	2002
<b>General Fund</b>					
Reserved	\$239,157	\$164,238	\$145,124	\$116,477	\$189,898
Unreserved	1,444,866	1,570,289	1,364,190	1,340,247	774,226
Total General Fund	<u>1,684,023</u>	<u>1,734,527</u>	<u>1,509,314</u>	<u>1,456,724</u>	<u>964,124</u>
<b>All Other Governmental Funds</b>					
Reserved	1,051,773	5,986,236	884,406	806,656	900,145
Unreserved, Undesignated, Reported in:					
Special Revenue funds	464,618	467,195	471,150	471,052	486,019
Debt Service fund	312,489	0	0	0	0
Capital Projects funds	263,806	1,013,806	11,169,124	11,305,093	10,885,191
Total All Other Governmental Funds	<u>2,092,686</u>	<u>7,467,237</u>	<u>12,524,680</u>	<u>12,582,801</u>	<u>12,271,355</u>
<b>Total Governmental Funds</b>	<u><u>\$3,776,709</u></u>	<u><u>\$9,201,764</u></u>	<u><u>\$14,033,994</u></u>	<u><u>\$14,039,525</u></u>	<u><u>\$13,235,479</u></u>



2001	2000	1999	1998	1997
\$167,254	\$45,485	\$212,647	\$87,944	\$91,186
674,246	508,939	245,047	725,928	1,051,449
841,500	554,424	457,694	813,872	1,142,635
251,641	244,541	280,378	23,795	37,939
489,386	453,484	476,793	0	0
0	0	0	0	0
6,542,394	1,005,458	1,740,229	1,622,543	459,101
7,283,421	1,703,483	2,497,400	1,646,338	497,040
<u>\$8,124,921</u>	<u>\$2,257,907</u>	<u>\$2,955,094</u>	<u>\$2,460,210</u>	<u>\$1,639,675</u>

**Cleveland Heights - University Heights Public Library**  
*Changes in Fund Balances, Governmental Funds*  
*Last Ten Years*  
*(Modified Accrual Basis of Accounting)*

	2006	2005	2004	2003	2002
<b>Revenues</b>					
Taxes	\$4,137,884	\$4,134,195	\$4,204,497	\$4,058,172	\$3,969,137
Patron Fines and Fees	107,456	114,514	133,045	159,975	148,495
Intergovernmental	3,686,792	3,671,580	3,669,810	3,659,416	3,688,977
Interest	357,563	414,154	176,561	411,667	298,272
Donations	22,630	260,792	88,737	7,870	88,190
Rentals	13,674	13,120	11,300	14,840	15,438
Miscellaneous	20,012	3,688	3,590	2,750	4,501,097
<i>Total Revenues</i>	<u>8,346,011</u>	<u>8,612,043</u>	<u>8,287,540</u>	<u>8,314,690</u>	<u>12,709,606</u>
<b>Expenditures</b>					
Current:					
General Government:					
Public Service	5,864,854	5,683,861	5,640,180	5,923,909	5,883,555
Administration	1,419,563	1,182,721	1,358,823	1,138,871	1,276,581
Capital Outlay	6,927,497	6,515,594	1,284,583	496,791	429,481
Debt Service:					
Principal Retirement	108,261	99,285	111,935	95,464	65,103
Interest and Fiscal Charges	36,449	13,564	16,172	14,292	13,880
<i>Total Expenditures</i>	<u>14,356,624</u>	<u>13,495,025</u>	<u>8,411,693</u>	<u>7,669,327</u>	<u>7,668,600</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(6,010,613)</u>	<u>(4,882,982)</u>	<u>(124,153)</u>	<u>645,363</u>	<u>5,041,006</u>
<b>Other Financing Sources (Uses)</b>					
Inception of Capital Lease	585,558	50,752	118,622	128,109	77,394
Transfers In	712,489	900,000	1,000,000	500,000	600,000
Transfers Out	(712,489)	(900,000)	(1,000,000)	(500,000)	(600,000)
<i>Total Other Financing Sources (Uses)</i>	<u>585,558</u>	<u>50,752</u>	<u>118,622</u>	<u>128,109</u>	<u>77,394</u>
<i>Net Change in Fund Balances</i>	<u><u>(\$5,425,055)</u></u>	<u><u>(\$4,832,230)</u></u>	<u><u>(\$5,531)</u></u>	<u><u>\$773,472</u></u>	<u><u>\$5,118,400</u></u>
Debt Service as a Percentage of Noncapital Expenditures	1.99%	1.6%	1.8%	1.6%	1.1%

2001	2000	1999	1998	1997
\$3,897,506	\$2,568,771	\$2,545,036	\$2,503,701	\$2,479,638
151,515	161,772	180,204	176,568	180,000
3,982,598	3,812,425	3,568,195	3,445,629	3,239,149
136,202	159,615	172,304	127,666	131,085
121,983	1,652	216,787	228,644	1,320
13,750	15,828	14,442	13,505	15,645
5,135,139	2,188	1,170	23,314	2,366
<u>13,438,693</u>	<u>6,722,251</u>	<u>6,698,138</u>	<u>6,519,027</u>	<u>6,049,203</u>
5,621,448	5,297,826	5,032,724	4,761,633	4,685,253
982,663	968,274	876,887	681,787	736,377
1,056,666	1,120,994	272,500	305,082	1,083,912
36,951	34,337	32,946	24,130	18,223
9,571	4,830	6,466	6,635	1,876
<u>7,707,299</u>	<u>7,426,261</u>	<u>6,221,523</u>	<u>5,779,267</u>	<u>6,525,641</u>
<u>5,731,394</u>	<u>(704,010)</u>	<u>476,615</u>	<u>739,760</u>	<u>(476,438)</u>
128,191	0	14,628	81,618	15,665
1,300,000	200,000	525,000	1,300,000	400,000
<u>(1,300,000)</u>	<u>(200,000)</u>	<u>(525,000)</u>	<u>(1,300,000)</u>	<u>(400,000)</u>
<u>128,191</u>	<u>0</u>	<u>14,628</u>	<u>81,618</u>	<u>15,665</u>
<u>\$5,859,585</u>	<u>(\$704,010)</u>	<u>\$491,243</u>	<u>\$821,378</u>	<u>(\$460,773)</u>
0.7%	0.6%	0.7%	0.6%	0.4%

**Cleveland Heights-University Heights Public Library**  
*Assessed and Estimated Actual Value of Taxable Property*  
*Last Nine Years (1)*

Collection Year	Real Property			Tangible Personal Property	
	Assessed Value		Estimated Actual Value	Public Utility	
	Residential/ Agricultural	Commercial Industrial/PU		Assessed Value	Estimated Actual Value
2006	\$1,031,665,920	\$186,687,680	\$3,481,010,286	\$17,706,520	\$20,121,045
2005	903,510,300	165,323,030	3,053,809,514	27,878,630	31,680,261
2004	902,759,460	232,806,480	3,244,474,114	30,356,400	34,495,909
2003	900,693,110	165,866,620	3,047,313,514	31,701,920	36,024,909
2002	773,205,020	164,029,800	2,677,813,771	31,701,920	36,024,909
2001	772,943,680	156,749,390	2,656,265,914	20,379,170	23,158,148
2000	773,287,850	153,174,770	2,647,036,057	30,906,950	35,121,534
1999	681,420,410	131,617,280	2,322,964,829	26,927,490	30,599,420
1998	681,596,840	121,200,100	2,293,705,543	29,159,440	33,135,727

Source: Cuyahoga County, Ohio; County Auditor

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

The assessed value of real property (including public utility real property) is 35 percent of estimated true value. The assessed value of public utility personal property ranges from 25 percent of true value for railroad property to 88 percent for electric transmission and distribution property. General business tangible personal property was assessed in previous years at 25 percent for machinery and equipment and 23 percent for inventories. General business tangible personal property tax is being phased out beginning in 2006. For collection year 2006 both types of general business tangible personal property were assessed at 18.75 percent. The percentage will be 12.5 percent for 2007, 6.25 percent for 2008 and zero for 2009.

The tangible personal property values associated with each year are the values that, when multiplied by the applicable rates, generated the property tax revenue billed in that year. For real property, the amounts generated by multiplying the assessed values by the applicable rates would be reduced by the 10%, 2 1/2% and homestead exemptions before being billed. Beginning in the 2006 collection year, the 10% rollback for commercial/industrial property has been eliminated.

(1) Information prior to 1998 is not available

Tangible Personal Property					Weighted Average Tax Rate (per \$1,000 of Assessed Value)
General Business		Total			
Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Ratio	
\$17,686,445	\$94,327,707	\$1,253,746,565	\$3,595,459,038	34.87 %	\$3.6480
23,111,301	100,483,917	1,119,823,261	3,185,973,693	35.15	4.1328
22,495,796	97,807,809	1,188,418,136	3,376,777,832	35.19	4.1154
25,539,854	102,159,416	1,123,801,504	3,185,497,839	35.28	4.1556
25,539,854	102,159,416	994,476,594	2,815,998,097	35.32	4.6741
24,751,484	99,005,936	974,823,724	2,778,429,998	35.09	4.6527
34,917,354	139,669,416	992,286,924	2,821,827,007	35.16	4.6755
23,459,179	93,836,716	863,424,359	2,447,400,965	35.28	3.3440
22,936,713	91,746,852	854,893,093	2,418,588,122	35.35	3.3461

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

	2006	2005	2004	2003
<b>Voted Millage - by levy</b>				
1993 Current Expense				
Residential/Agricultural Real	\$2.1947	\$2.4945	\$2.4929	\$2.4928
Commerical/Industrial and Public Utility Real	2.7188	2.9866	2.8406	3.0505
General Business and Public Utility Personal	4.0000	4.0000	4.0000	4.0000
2001 Current Expense				
Residential/Agricultural Real	1.2815	1.4565	1.4556	1.4555
Commerical/Industrial and Public Utility Real	1.4515	1.5945	1.5166	1.6286
General Business and Public Utility Personal	1.9000	1.9000	1.9000	1.9000
<b>Total Millage</b>				
Residential/Agricultural Real	\$3.4762	\$3.9510	\$3.9485	\$3.9483
Commerical/Industrial and Public Utility Real	4.1703	4.5811	4.3572	4.6791
General Business and Public Utility Personal	5.9000	5.9000	5.9000	5.9000
<b>Overlapping Rates by Taxing District</b>				
Cleveland Heights City				
Residential/Agricultural Real	\$13.0000	\$13.0000	\$13.1000	\$14.0000
Commerical/Industrial and Public Utility Real	13.0000	13.0000	13.1000	14.0000
General Business and Public Utility Personal	13.0000	13.0000	13.1000	14.0000
University Heights City				
Residential/Agricultural Real	13.2000	13.2000	13.2000	13.2000
Commerical/Industrial and Public Utility Real	13.2000	13.2000	13.2000	13.2000
General Business and Public Utility Personal	13.2000	13.2000	13.2000	13.2000

(1) Information prior to 1998 is not available

2002	2001	2000	1999	1998
\$2.8747	\$2.8710	\$2.8689	\$3.2540	\$3.2514
3.1400	3.1377	3.1377	3.5588	3.5978
4.0000	4.0000	4.0000	4.0000	4.0000
1.6785	1.6764	1.6751	0.0000	0.0000
1.6764	1.6752	1.6752	0.0000	0.0000
1.9000	1.9000	1.9000	0.0000	0.0000
\$4.5532	\$4.5474	\$4.5440	\$3.2540	\$3.2514
4.8164	4.8129	4.8129	3.5588	3.5978
5.9000	5.9000	5.9000	4.0000	4.0000

\$14.1000	\$14.0000	\$14.1000	\$14.8000	\$14.8000
14.1000	14.0000	14.1000	14.8000	14.8000
14.1000	14.0000	14.1000	14.8000	14.8000
13.2000	13.2000	13.2000	13.2000	13.2000
13.2000	13.2000	13.2000	13.2000	13.2000
13.2000	13.2000	13.2000	13.2000	13.2000

(continued)

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

	2006	2005	2004	2003
South Euclid City				
Residential/Agricultural Real	\$12.9037	\$13.2397	\$13.2394	\$13.3393
Commerical/Industrial and Public Utility Real	13.0711	13.2964	13.3008	13.4031
General Business and Public Utility Personal	14.7000	14.9000	14.9000	15.0000
Cleveland Heights/University Heights City School District				
Residential/Agricultural Real	53.0145	59.4523	59.5232	51.0205
Commerical/Industrial and Public Utility Real	68.9863	75.1736	71.8459	68.2727
General Business and Public Utility Personal	129.6000	129.5000	129.6000	121.1000
Cuyahoga County				
Residential/Agricultural Real	11.8655	11.7227	10.9754	10.9899
Commerical/Industrial and Public Utility Real	12.4941	12.5762	11.9846	12.0433
General Business and Public Utility Personal	13.4200	13.5200	13.5200	13.5200
Special Taxing Districts (2)				
Residential/Agricultural Real	4.1576	4.2965	4.2949	4.1139
Commerical/Industrial and Public Utility Real	4.3962	4.5552	4.5175	4.0096
General Business and Public Utility Personal	4.7800	4.7800	4.7800	4.4800

Source: Cuyahoga County Auditor

Note: The rates presented for a particular calendar year are the rates that, when applied to the assessed values presented in the Assessed Value Table, generated the property tax revenue billed in that year.

The Library's basic property tax rate may be increased only by a majority vote of the Library's residents.

The real property tax rates for the voted levies of the overlapping taxing districts are reduced so that inflationary increases in values do not generate additional revenue.

Overlapping rates are those of local and county governments that apply to property owners within the Cities.

- (1) Information prior to 1998 is not available
- (2) Metro Parks, Port Authority, Community College



2002	2001	2000	1999	1998
\$13.4860	\$13.4860	\$13.4853	\$13.7393	\$13.8382
13.4723	13.4811	13.4230	13.6790	13.7947
15.0000	15.0000	15.0000	15.1000	15.2000
58.0479	56.9136	56.1752	53.7189	53.6784
70.1257	69.2618	68.5620	67.7656	68.4600
121.1000	121.1000	120.4000	111.0000	111.0000
12.4609	11.3815	11.3967	11.4114	11.4230
12.8764	12.0023	11.9298	12.3736	12.4065
14.6500	14.6500	14.6500	13.7500	13.7500
1.2758	1.2771	1.2812	1.4267	1.4295
1.3447	1.3335	1.3247	1.5039	1.5083
1.5500	1.5500	1.5500	1.5500	1.5500

**Cleveland Heights-University Heights Public Library**  
*Real Property and Public Utility Tax Levies And Collections*  
*Last Ten Years*

Year	Total Tax Levy(1)	Current Tax Collections(1)	Percent of Current Tax Collections To Current Tax Levy	Delinquent Tax Collection	Total Tax Collections(2)
2006	\$4,511,524	\$4,245,826	94.11%	\$234,895	\$4,480,721
2005	4,560,243	4,276,028	93.77	223,680	4,499,708
2004	4,514,148	4,303,482	95.33	264,985	4,568,467
2003	4,533,482	4,203,470	92.72	212,737	4,416,207
2002	4,383,205	4,102,149	93.59	218,360	4,320,509
2001	4,431,593	4,185,829	94.45	115,372	4,301,201
2000	2,790,287	2,658,169	95.27	119,373	2,777,542
1999	2,772,395	2,657,244	95.85	111,572	2,768,816
1998	2,774,079	2,652,333	95.61	81,851	2,734,184
1997	2,777,348	2,675,313	96.33	77,107	2,752,420

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

Note: The County does not identify delinquent collections by the year for which the tax was levied.

Percent of Total Tax Collections To Tax Levy	Accumulated Outstanding Delinquent Taxes	Percent of Delinquent Taxes to Total Tax Levy
99.32%	\$353,366	7.83 %
98.67	445,253	9.76
101.20	425,304	9.42
97.41	451,686	9.96
98.57	354,058	8.08
97.06	289,640	6.54
99.54	165,429	5.93
99.87	167,888	6.06
98.56	173,266	6.25
99.10	147,910	5.33

**Cleveland Heights-University Heights Public Library**  
*Personal Property Tax Levies and Collections*  
*Last Ten Years*

Year	Total Tax Levy	Current Tax Collections	Percent of Current Tax Collections To Tax Levy	Delinquent Tax Collections	Total Tax Collections
2006	\$108,802	\$105,406	96.88 %	\$20,597	\$126,003
2005	149,948	135,438	90.32	368	135,806
2004	182,702	136,508	74.72	3,533	140,041
2003	172,501	130,509	75.66	4,274	134,783
2002	164,408	130,475	79.36	6,575	137,050
2001	137,832	140,694	102.08	(17,978)	122,716
2000	147,166	121,881	82.82	4,055	125,936
1999	102,985	91,759	89.10	2,679	94,438
1998	101,046	90,503	89.57	1,695	92,198
1997	108,834	96,830	88.97	3,156	99,986

Source: Cuyahoga County, Ohio; County Auditor

(1) Includes penalties and interest, since by Ohio Law, they become part of tax obligation as assessment occurs.

Note: The County does not identify delinquent collections by the year for which the tax was levied.

Percent of Total Tax Collections To Tax Levy	Accumulated Outstanding Delinquent Taxes (1)	Percentage of Delinquent Taxes to Total Tax Levy
115.81 %	\$42,370	38.94 %
90.57	58,250	38.85
76.65	40,006	21.90
78.13	68,535	39.73
83.36	27,119	16.49
89.03	10,130	7.35
85.57	27,494	18.68
91.70	7,688	7.47
91.24	7,296	7.22
91.87	8,841	8.12

**Cleveland Heights-University Heights Public Library**  
*Principal Real Property Taxpayers*  
 2006 and 1998

<i>2006</i>		
Taxpayer	Real Property Assessed Valuation	Percentage of Total Assessed Valuation
Severance SPE Lease Company	\$19,182,600	1.57 %
Inland Western	15,755,720	1.29
Kaiser Permanente	11,642,930	0.96
Macy Department Store	8,552,780	0.70
Cleveland Electric Illuminating Company	8,207,460	0.67
University Square, Incorporated	7,827,610	0.64
Target	6,279,500	0.52
Ohio Bell Telephone Company	4,449,070	0.37
Huntington House	3,559,060	0.29
ARC American Retirement Community	3,415,590	0.59
<b>Total</b>	<b>\$88,872,320</b>	<b>7.29 %</b>
<b>Total Assessed Valuation</b>	<b>\$1,218,353,600</b>	
<i>1998</i>		
Taxpayer	Real Property Assessed Valuation	Percentage of Total Assessed Valuation
Cleveland Electric Illuminating	\$11,852,330	1.48 %
Ohio Bell Telephone Company	11,168,470	1.39
East Ohio Gas Company	6,167,790	0.77
SCIT, Incorporated	4,444,060	0.55
ABS Development Company	4,162,830	0.52
Jewish Community Housing, Incorporated	2,300,480	0.29
Concord Company	2,129,400	0.27
Lancashire Towers Associates	2,038,400	0.25
Goldberg, Robert Trustee	1,980,160	0.25
Severance Housing Corporation	1,925,210	0.24
<b>Total</b>	<b>\$48,169,130</b>	<b>6.00 %</b>
<b>Total Assessed Valuation</b>	<b>\$802,796,940</b>	

Source: Cuyahoga County Auditor

**Cleveland Heights - University Heights Public Library**

*Ratios of Outstanding Debt to  
Total Personal Income and Debt Per Capita  
Last Ten Years*

<u>Fiscal Year</u>	<u>Notes Payable (1)</u>	<u>Capital Leases (1)</u>	<u>Total</u>	<u>Total Personal Income (2)</u>	<u>Percentage Of Personal Income</u>	<u>Population (2)</u>	<u>Per Capita</u>
2006	\$300,000	\$604,049	\$904,049	\$2,078,917,974	0.04%	61,614	\$15
2005	0	126,752	126,752	2,099,250,690	0.01	62,610	2
2004	0	175,285	175,285	2,112,600,876	0.01	63,411	3
2003	0	168,598	168,598	N/A	N/A	N/A	N/A
2002	0	135,953	135,953	N/A	N/A	N/A	N/A
2001	0	123,662	123,662	N/A	N/A	N/A	N/A
2000	0	32,422	32,422	N/A	N/A	N/A	N/A
1999	0	66,759	66,759	N/A	N/A	N/A	N/A
1998	0	85,077	85,077	N/A	N/A	N/A	N/A
1997	0	27,589	27,589	N/A	N/A	N/A	N/A

(1) Library records

(2) Personal Income and Population amounts derived from S21.

**Cleveland Heights - University Heights Public Library**

*Computation of Direct and Overlapping  
Debt Attributable to Governmental Activities  
December 31, 2006*

Jurisdiction	Governmental Activities Debt	Percentage Applicable to Library(1)	Amount Applicable to the Library
<b>Direct</b>			
Library Facilities Note	\$300,000	100.00 %	\$300,000
Capital Leases	604,049	100.00	604,049
<i>Total Direct Debt</i>	<u>904,049</u>		<u>904,049</u>
<b>Overlapping</b>			
Cuyahoga County			
General Obligation Bonds	208,194,000	4.19	8,723,329
Capital Leases	6,529,000	4.19	273,565
Revenue Bonds	106,015,000	4.19	4,442,029
Loans	5,475,000	4.19	229,403
Greater Cleveland Regional Transit Authority	136,440,196	4.19	5,716,844
City of Cleveland Heights			
General Obligation Bonds	19,400,000	95.00	18,430,000
Economic Development Revenue Bond	1,090,000	95.00	1,035,500
OPWC Loans	1,462,519	95.00	1,389,393
Capital Leases	17,798	95.00	16,908
Bond Anticipation Notes	9,724,000	95.00	9,237,800
City of University Heights			
General Obligation Bonds	990,000	100.00	990,000
Tax Anticipation Notes	494,000	100.00	494,000
OWDA Loans	188,704	100.00	188,704
Police Pension	295,911	100.00	295,911
City of South Euclid			
General Obligation Bonds	9,711,038	6.51	632,189
Special Assessment Bonds	340,000	6.51	22,134
OPWC Loans	1,856,693	6.51	120,871
Police Pension	320,994	6.51	20,897
Capital Leases	291,856	6.51	19,000
Bond Anticipation Notes	1,800,000	6.51	117,180
Cleveland Heights - University Heights City School District			
General Obligation Bonds	13,694,990	100.00	13,694,990
QZAB Bonds	5,500,000	100.00	5,500,000
Capital Lease	514,173	100.00	514,173
<i>Total Overlapping Debt</i>	<u>530,345,872</u>		<u>72,104,818</u>
<i>Total Direct and Overlapping Debt</i>	<u>\$531,249,921</u>		<u>\$73,008,867</u>

Source: Office of the Auditor, Cuyahoga County, Ohio

(1) Percentages were determined by dividing the assessed valuation of the overlapping government located within the boundaries of the City by the total assessed valuation of the government. The valuations used were for the 2006 collection year. 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. Despite this fact, the statistics given here, which represent those of the two cities of Cleveland Heights and University Heights, are considered representative of the service area covered by the Cleveland Heights-University Heights Public Library.



**Cleveland Heights-University Heights Public Library**  
*Principal Employers*  
*Current Year (1)*

<b>2006</b>			
Employer	Nature of Activity	Employees	Percentage of Total City Employment(2)
Cleveland Heights-University Heights City			
School District	Public Education	851	1.95 %
John Carroll University	Higher Education	545	1.25
Kaiser Permanente	Medical Facility	375	0.86
Wal-Mart, Inc.	Retail Store	250	0.57
Macy's	Retail Store	200	0.46
Motorcars, Inc.	New and Used Cars	200	0.46
Target's	Retail Store	200	0.46
Whole Foods, Inc.	Food Reseller	200	0.46
Hebrew Academy	Private Education	145	0.33
Home Depot, Inc.	Retail Store	135	0.31
<b>Total</b>		<b>3,101</b>	<b>7.09 %</b>
<b>Total Employment within the two Cities</b>		<b>43,712</b>	

Source: Survey conducted by the two Cities.

(1) Information prior to 2006 is not available

(2) 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. Despite this fact, the statistics given here, which represent combined totals for the two cities of Cleveland Heights and University Heights, are considered representative of the service area covered by the Cleveland Heights-University Heights Public Library.

**Cleveland Heights-University Heights Public Library**  
*Demographic and Economic Statistics*  
*Last Three Years (1)*

Year	Population (2)	Total Personal Income (3)	Median Family Income (4)	Per Capita Income (3)	Unemployment Rate (4)	
					Cuyahoga County	State of Ohio
2006	61,614	\$2,078,917,974	\$61,401	\$33,741	6.1%	5.6%
2005	62,610	2,099,250,690	60,864	33,529	5.9	5.9
2004	63,411	2,112,600,876	60,326	33,316	6.6	5.9

Sources:

- (1) Information prior to 2004 is not available
- (2) Estimates 2004-2006, ESRI, 2007. 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. Despite this fact, the statistics given here, which represent the combined totals for the two cities of Cleveland Heights and University Heights, are considered representative of the service area covered by the Cleveland Heights-University Heights Public Library.
- (3) ESRI, 2005-2007
- (4) County and State Records
- (5) Records of Cities of Cleveland Heights and University Heights
- (6) Cuyahoga County, Ohio; County Auditor  
Represents total real property assessed value for the Cities of Cleveland Heights and University Heights
- (7) Federal Reserve Bank of Cleveland

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<u>City Square Miles (5)</u>	<u>Property Value (6)</u>	<u>Number of Building Permits (5)</u>	<u>Dollar Value of Building Permits (5)</u>	<u>Bank Deposits (in thousands)(7)</u>
10.11	\$3,595,459,038	2,159	\$42,688,348	\$153,725,693
10.11	3,185,973,603	2,071	52,872,625	105,769,931
10.11	3,376,777,832	2,107	30,161,964	101,838,959

**Cleveland Heights-University Heights Public Library**  
*Full-Time Equivalent Library Employees by Function/Program*  
*Current Year(1)*

Function/Program	2006
<b>Public Service</b>	
Adult Services	19.30
Young Adult Services	3.85
Children's Services	8.83
Circulation Services	20.23
Technical Services	6.25
Information Technology	3.00
Building Services	6.00
Coventry Village Library	5.65
Noble Neighborhood Library	7.15
University Heights Library	6.65
Public Relations	1.50
Administrative Support	6.30
<b>Administration</b>	
Main Library	9.00
Branch Libraries	3.00
Totals:	<u>106.71</u>

**Method:** Using total hours worked by all staff divided by  
a 40-hour work week at December 31.

(1) Information prior to 2006 is not available

**Cleveland Heights-University Heights Public Library**  
*Capital Assets Statistics by Function/Program*  
*Current Year (1)*

Function/Program	2006
<b>Public Service</b>	
Number of Buildings	4
Public Meeting Rooms	12
Vehicles for Delivery	1
Square Footage	
Coventry Village Library	5,105
Noble Neighborhood Library	11,160
University Heights Library	11,160
Lee Road (Main) Library	107,856
Public Use Copy Machines	7
Public Use Fax Machines	4
ATMs	1
Cafes	1
Art Galleries	1
<b>Administration</b>	
Square Footage (at Lee Road)	2,144
Administrative Copy Machine	1
Staff Use PCs	89

(1) Information prior to 2006 is not available

**Cleveland Heights-University Heights Public Library**

*Operating Indicators by Function/Program*

*Current Year (1)*

Function/Program	2006
<b>Public Service</b>	
Circulation By Building	
Coventry Village Library	143,688
Noble Neighborhood Library	278,741
University Heights Library	216,506
Total Circulation, All Buildings	1,766,434
Circulation By Age Level	
Total Adult Circulation	1,337,745
Total Juvenile Circulation	428,689
Circulation By Type of Materials	
Books and Magazines	1,019,068
Videocassettes and DVDs	509,809
Recordings (Discs, Tapes, CDs)	229,645
Computer Software	2,211
Other Items	5,691
Library Collections Systemwide	
Books	306,202
E-books	15,944
Videocassettes and DVDs	23,904
Recordings (Discs, Tapes, CDs)	28,415
Computer Software	194
Magazine Subscriptions	1,181
Databases Provided	80
Electronic Resources	
Number of PCs Available for Public	105
Number of Weekly Users of Electronic Resources	5,755
Annual Number of Users of Electronic Resources	299,260
Outside Web Documents Accessed	20,769,709
Public Service Transactions Systemwide	
Average Weekly Building Attendance	19,963
Annual Building Attendance	1,380,076
Average Weekly Reference Transactions	6,238
Annual Reference Transactions	324,376
Total Annual Library Programs	1,935
Total Annual Library Program Attendance	13,821
<b>Administration</b>	
Purchase Orders Issued	644
Accounts Payable Checks/Vouchers Issued	2,658
Payroll Checks/Direct Deposits Processed/Issued	4,595
W-2s and 1099s Issued	205
Board Resolutions	81

(1) Information prior to 2006 is not available



**Mary Taylor, CPA**  
Auditor of State

**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 10, 2007**