



Dave Yost • Auditor of State



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S 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, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, 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, (the Library) as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements and have issued our report thereon dated June 18, 2018.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Library's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Library's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Library's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

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, opining 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*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Library's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Library's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State
Columbus, Ohio

June 18, 2018

Comprehensive Annual Financial Report

For the year ended December 31, 2017



Opening Doors, Opening Minds

www.heightslibrary.org

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Introductory Section

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CLEVELAND HEIGHTS-UNIVERSITY HEIGHTS PUBLIC LIBRARY

CLEVELAND HEIGHTS, OHIO

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2017

**Issued by:
Nancy S. Levin, Director
&
Deborah Herrmann, Finance Manager**

Cleveland Heights-University Heights Public Library
Comprehensive Annual Financial Report
For the Year Ended December 31, 2017
Table of Contents

<i>I. Introductory Section</i>	Page
Table of Contents	i
Transmittal Letter.....	iv
List of Principal Officials.....	xix
Organization Chart.....	xx
GFOA Certificate of Achievement	xxi
Map of Library’s Service Area	xxii
<i>II. Financial Section</i>	
Independent Auditor’s Report.....	1
Management’s Discussion and Analysis.....	5
Basic Financial Statements:	
Government Wide Financial Statements:	
Statement of Net Position	14
Statement of Activities.....	15
Fund Financial Statements:	
Balance Sheet - Governmental Funds	16
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities	17
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	18
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	19
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual: General Fund.....	20
Notes to the Basic Financial Statements.....	21
Required Supplementary Information:	
Schedule of the Library’s Proportionate Share of the Net Pension Liability - Ohio Public Employees Retirement System – Traditional Plan – Last Four Years	48

Cleveland Heights-University Heights Public Library

Comprehensive Annual Financial Report

For the Year Ended December 31, 2017

Table of Contents

Schedule of the Library’s Contributions - Ohio Public Employees Retirement System – Traditional Plan – Last Five Years	49
Notes to the Required Supplementary Information	50
Combining Statements and Individual Fund Schedules:	
Combining Statements - Nonmajor Governmental Funds:	
Fund Descriptions	51
Combining Balance Sheet - Nonmajor Special Revenue Funds	52
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds	53
Individual Fund Schedules of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual:	
Major Funds:	
General Fund.....	55
Building and Repairs Fund	56
Nonmajor Funds:	
Staff Development Fund	57
LSTA Grant Fund	58
Summer Teen Program Fund	59

III. Statistical Section

Statistical Section Table of Contents.....	S1
Net Position by Component – Last Ten Years	S2
Changes in Net Position – Last Ten Years	S4
Fund Balances, Governmental Funds – Last Ten Years.....	S6
Changes in Fund Balances, Governmental Funds – Last Ten Years.....	S8
Assessed and Estimated Actual Value of Taxable Property – Last Ten Years	S10
Property Tax Rates – Direct and Overlapping Governments – Last Ten Years.....	S12
Real Property and Public Utility Tax Levies and Collections – Last Ten Years.....	S16
Personal Property Tax Levies and Collections – Last Ten Years	S18
Principal Real Property Taxpayers – 2017 and 2008	S20

Cleveland Heights-University Heights Public Library

Comprehensive Annual Financial Report

For the Year Ended December 31, 2017

Table of Contents

Ratios of Outstanding Debt to Total Personal Income and Debt Per Capita – Last Ten Years	S21
Computation of Direct and Overlapping Debt Attributable to Governmental Activities.....	S22
Principal Employers – 2017 and 2008.....	S23
Demographic and Economic Statistics – Last Ten Years.....	S24
Full-Time Equivalent Library Employees by Function/Program – Last Ten Years.....	S26
Capital Assets Statistics by Function/Program – Last Ten Years	S28
Operating Indicators by Function/Program – Last Ten Years.....	S30

June 18, 2018

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

PUBLIC REPORTING RESPONSIBILITY

We hereby submit to you the Cleveland Heights-University Heights Public Library’s Comprehensive Annual Financial Report for the year ended December 31, 2017. This is the 27th year that the Library has gone the extra mile to share comprehensive financial data in this format with the taxpayers, enabling them to gain a true understanding of the Library’s financial status.

Ohio law requires that public offices reporting pursuant to Generally Accepted Accounting Principles (GAAP) shall file their reports with the Auditor of the State and publish notice of the availability of the financial statements within 150 days of the close of each year. The General Purpose External Financial Statements from this report were filed to fulfill that requirement for the year ended December 31, 2017.

Library Administration assumes full responsibility for the completeness and reliability of the information presented in this report, based upon a comprehensive framework of internal control that is 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.

CONTENTS

The Auditor of State, Dave Yost, has issued an unmodified (“clean”) opinion on the Library’s financial statements for the year ended December 31, 2017. The independent accountants’ report is located at the front of the financial section of this report. “Management’s Discussion and Analysis” immediately follows the independent accountants’ report and provides a narrative introduction, overview, and analysis of the basic financial statements.

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 of trustees governs the Library. One member is appointed each year by the local board of education for a seven-year term. The taxing authority for the school district public library is the Cleveland Heights-University Heights Board of Education, but the Library operates under a separate budget with funds derived primarily from the Ohio Public Library Fund and four property tax levies totaling 10-mills.

Under the provisions of Statement No. 14 of the Governmental Accounting Standards Board (GASB), “The Financial Reporting Entity,” and GASB Statement 61, “The Financial Reporting Entity: Omnibus, 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 Fiscal Officer oversees the Library's financial affairs. Deborah Herrmann is the Library's Fiscal Officer. Nancy Levin entered her tenth year as Director in October.

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 Helen Keeler was appointed librarian 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 five buildings: The 107,856-square-foot Lee Road Branch (our main library) was last renovated in 2006, the old Lee Road Branch built in 1932 and an earlier renovation from 1968; the Noble Neighborhood Branch, built in 1937 and renovated in 2011; the University Heights Branch, built in 1952; the original 1926 building which became the Coventry Village Branch in 1968, and the new Heights Knowledge and Innovation Center (HKIC) which was the west building on Lee Road and former YMCA. Coventry Village Branch was updated significantly in 2015 with the completion of a new children's room and exterior lighting. Noble Neighborhood Branch received new storm windows and upgrades to the teen room in 2015. In 2016, we embarked on a full tuck-pointing project at the 90-year-old Coventry Branch which was completed in 2017. A five million dollar renovation and additions project at the University Heights Branch was completed in 2017. This project was entirely self-funded with no issuance of debt.

In 1973, the Library placed its first five-year operating levy on the ballot and it passed by 67.8 percent. In 2008, the community passed its third continuing levy. The fourth levy passed in 2014 with 68 percent of the votes. This financial support has allowed the Library to develop innovative approaches to the public service that the residents of the community demand.

The Cleveland Heights–University Heights Public Library was the first library to join the Cleveland Public Library's automated circulation system and online catalog in 1981. It remains in the regional CLEVNET consortium, serving 43 libraries in 12 counties in Northern Ohio.

State funding in the form of the Public Library Fund (PLF), represents 22 percent of the Library's budget and it increased only \$10,084 over 2016. This increase is reflected in tax collections flowing to the general revenue fund despite the fact that the legislature changed the percentage of the general revenue fund allocated to the PLF 1.7 percent for the 2016-2017 biennium budget. This amount was still lower than the 2015 PLF contribution of \$2,543,466. The Library's peak State funding was in 2007 at \$3,136,266.

Why is this important? State funding supports the Ohio Public Information Network which provides high speed internet access to all 251 of Ohio's public libraries. Many of these libraries rely solely on the PLF as their primary source of revenue. In fact, the PLF makes up 49 percent of the total funding of Ohio's public libraries. PLF funding remains at 2009 levels.

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 with a five street area located within South Euclid, the Library's role is enlarged by its proximity to the major metropolitan area of Cleveland. The population of Cuyahoga County is highly mobile and most residents use several libraries to meet their recreational and informational needs. Thus, the Library serves residents beyond those located within our boundaries, which has an impact on our available resources. Participation in

CLEVNET also expands the Library's role through the mutual sharing of materials and resources both within Cuyahoga County and in 12 other counties throughout northern Ohio.

Local property taxes account for approximately 67 percent of our revenue. The Board of Library Trustees and management believe close monitoring of funds is essential to extend the life of our levies. This is essential as our school community and cities face increasing economic pressure.

LEVY SUPPORT

The Library is supported by four continuing operating levies. They were passed in November 1992, March 2000, March 2008 and November 2014.

In November 2001, the voters of the Cleveland Heights-University Heights City School District approved a \$9.5 million bond issue. This money supported the renovation of the Lee Road Branch, the former Heights YMCA (purchased in 2000), and the construction of a pedestrian walkway over the street between the two buildings. This renovation was completed and the facility re-opened in September of 2006.

State law limits the property tax levies to the revenue generated by real property appraisal values at the time of each levy's passage. As a result, property tax revenues cannot increase significantly during the term of each levy.

COMMUNITY DEMOGRAPHICS

A demographic study, commissioned by Cleveland State's Northern Ohio Data and Information Service (NODIS) in 2012, allowed us to take a closer look at our service area characteristics and how that relates to borrowing from our Library.

The Cleveland Heights-University Heights School District, which defines our boundaries, is above the county average in educational attainment and other socioeconomic measures like household income, and generally is associated with strong support for education and library services. However, population loss and the increase in poverty will continue to challenge us. Poverty for children ages 5-17 in our community jumped from 6.1 percent in 2000 to 20 percent in 2012.

NODIS predicts that we will continue to lose population by another 4.5 percent between 2010 and 2020. Mirroring the population of Cuyahoga County, the Cleveland Heights-University Heights area lost 3.2 percent of its population in the 2010 census with a total population for Cleveland Heights of 46,121 residents. Both white and black populations dipped while Hispanic and Asian populations grew slightly. University Heights residents number 13,539 according to the 2010 census, about 600 fewer than in 2000.

Neither city has any industry and both are excellent examples of relatively affluent "bedroom communities." Since 2000, the average household income has increased by more than 25 percent in the two communities. Per capita income in Cleveland Heights is \$28,906 and \$32,197 in University Heights, while the combined median household income for the two cities is around \$53,901. (Source: U.S. Census Bureau). A disproportionate share of workers commute to cities other than their place of residence. There are a large number of small businesses and home-based businesses in our communities and they are served more completely by the Small Business Development Center that is housed at the Lee Road Branch.

Borrowing patterns

As of December 31, 2017 there were 45,662 library cardholders registered at Cleveland Heights-University Heights Public Library, who may also use their cards at any CLEVNET library. This number is nearly the same as last year.

Many of our residents check out items from neighboring libraries as well as from our own system. These other systems include Shaker Heights, Cleveland Public and Euclid as well as Cuyahoga County Public Libraries. According to the NODIS data, we also had more than 90,000 transacting visits from people who live outside our service area during the study period.

Within our service area, people who live near a library generally use that branch *as well as* the Lee Road Branch. But defying that generalization, most Noble Neighborhood residents who borrow from our system use the Noble Neighborhood Branch exclusively (89.4 percent). Our neighborhood libraries continue to serve a significant number of our residents. Electronic media borrowing continues to grow and made up 11 percent of our circulation in 2017. Our circulation per capita of all materials is 25.67 overall.

Ohio Public Library environment

- By law, no new public library systems can be established in Ohio.
- The PLF distributes money to the 88 counties (not the Library systems) to fund library services. If there are multiple library systems within a county, the county budget commissions use agreements reached by the libraries to determine how the money gets distributed to the library systems within each county.
- State funding allows public libraries to collaborate by supporting interlibrary loan of materials, shared staffing models, group purchasing, etc. Public libraries view their collections as a statewide asset.
- State funding of public libraries recovered slightly from 2016 to 2017 but still remains at 2009 levels.

LONG-TERM FINANCIAL PLANNING

The Library maintains a five-year financial projection 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, and 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 operating funds. These priorities and guidelines are based upon Chapter 135 of the Ohio Revised Code (ORC) and prudent money management practices. The policy also follows Section 135.14 of the 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. Income from investments in 2017 improved over the previous year.

STRATEGIC PLANNING

We spent the year preparing for the 2017-2018 plan in a unique way. The Board of Library Trustees asked us to understand our community better by conducting a comprehensive study. We employed tools

provided by the Harwood Institute and the American Library Association's Transforming Communities Initiative.

The entire library staff engaged the community in surveys and interviews to gather information from community members regarding their aspirations for themselves and their community.

Staff members attended public community meetings, including those of city councils and local civic organizations, to take notes on the concerns that residents raise. Other staff conducted brief interviews with residents, local business owners, and those who work in our community; some handed out surveys at community events and library programs.

Our process led us to update our institutional values (listed below). We analyzed the information, looking for patterns and trends to help guide the next phase of the strategic plan. The resulting goals are listed below. This is our road map for 2017-2018.

Strategic goals for 2017-2018

- Foster diversity, equity, and inclusion
- Seek opportunities to promote an environment of safety and security for the community
- Provide opportunities to positively impact community members' growth and personal development
- Be proactive in facilitating communication and be a bridge builder for community concerns

Library staff members have created work goals that directly align with these four areas. Throughout the process, surveys were distributed to measure the impact of initiatives related to our Strategic Focus areas.

Here are a few examples of goals accomplished in 2017:

- 1) 26 staff accomplished a goal focused on fostering diversity, equity and inclusion
 - a. Create bookmarks and displays in audio-visual and graphic novels on topics such as refugees, African American directors, LGTBO graphic novels and others.
 - b. Work with the Diversity Center to bring a series of sessions on different diversity issues to library staff and management.
 - c. Put into practice the new slogan: "We're here for you, wherever you are!"
 - d. Increase outreach and expand to non-traditional settings.
 - e. Create a handbook that includes phrases in a variety of community appropriate languages.
 - f. Establish an ongoing English as a Second Language Conversation Group program.
 - g. Create a hotspot lending program to allow customers to access the internet outside of the Library.

- 2) 23 staff members accomplished goals focused on building bridges for community concerns
 - a. Heights Community Congress co-sponsored focused conversations on community needs, inclusion and diversity.
 - b. Sponsored community events with The League of Women Voters on pressing topics (We have two: Infant Mortality and Immigrant Services and Deferred Action for Childhood Arrivals).
 - c. Plan and execute On the Same Page Programming and Discussion related to the book March: Book Three by Congressman John Lewis.

- 3) 13 staff members accomplished goals focused on Safety and Security for the community
 - a. Coordinated a self-defense series for children.
 - b. ACLU know your rights when stopped by the police program.
 - c. Improved lighting around our buildings.
 - d. Developed a “Community Conversations” program featuring speakers such as the mayor and police.

- 4) 22 staff members accomplished a goal focused on community members’ personal growth
 - a. Create pilot projects of limited number of loaning laptops for use in the building.
 - b. Form a task force to examine ways in which to improve the media lab for customers.
 - c. Develop a resume toolkit for staff and customers.
 - d. Create new technology skills classes.

MISSION, VISION AND VALUES

Staff’s work is based on the Library’s Mission, Values and Vision that are reviewed annually by the Board of Library Trustees.

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:

- *Governing Effectively*
 - Provide effective management, integrity, diversity, and ethics in the workplace. Share organizational decision making and responsibility. Provide effective internal and external communications.
- *Maintaining Public Trust*
 - Assure that our libraries remain free and accessible for all. Support digital and print literacy, intellectual freedom, privacy and respond to the needs of our customers.
- *Supporting Community Aspirations*
 - Promote safe and economically thriving neighborhoods, foster a climate of innovation and change, and lead with a culture of respect 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.

2017 Annual Report

Numbers to know:

- Circulation: 1,531,458 items
- Visitors: 699,764
- Meeting Room Uses: 1,548
- Computer Classes: 438
- Computer Class Attendance: 1,809

The year 2017 was a watershed at the Library. We completed the total renovation of the University Heights branch with a grand opening celebration in November. Our Strategic Plan found us reaching out into the community in unprecedented ways. And, perhaps most significantly, the Board of Library Trustees voted to remove overdue fines from all materials.

Highlights of 2017

Fine Elimination

The Library joined many other public libraries across the Country in eliminating overdue fines on the majority of items in our collections. In Ohio alone, nineteen other libraries, including Stark County, Delaware County, Columbus Metropolitan and Athens County had already eliminated fines. Stark County has seen a dramatic increase in circulation since fines were eliminated. Since our children's materials were already fine free and seniors qualify for fine forgiveness, it seemed only reasonable to go "all the way". The image of a public library "teaching responsibility" to patrons through fines is out of date and destructive to our customer approach.

We wish to achieve three things by eliminating fines:

- 1) Improved access to our collections for all people.
- 2) Increased circulation of our materials.
- 3) Eliminate outdated rules and establish best practices.

There is no evidence that overdue fines improve the timeliness of material returns and the rise of digital collections makes fine charges obsolete. We wish to have materials returned so that others may have access to them and this model will be more persuasive than fines clocking cards of those who do not return their items. This initiative will also eliminate staff time spent in tracking and processing fine payments and fees paid to a collection agency.

This good will and increased circulation that fine elimination will create will more than make up for the slight loss in revenue. In 2017, the Library earned approximately \$50,000 from fines. Compare that to our investment earnings in 2017, which were \$157,363. Additionally, we have a more than adequate tax base from our operations.

University Heights Branch Renovation

Demolition commenced in 2016 and construction was completed in October of 2017. This project was funded by the building and repair fund at a cost of \$5.4 million. CBLH Design provided architectural services and Regency Construction was the construction manager at risk. The owner's representative was PMC/Thompson Hine.

The renovation was sparked in 2012 by community feedback along with mounting costs of piecemeal renovations and system upgrades. The University Heights branch was originally built in 1952 and had served the community well, but it was out-of-date and too small for the growing community it serves.

We held many community meetings before we decided on the new building plan. Architecturally, we retained the brick work on the chimney and elements of the old brick building, but the renovation was a complete redesign. Three houses were purchased to create additional space to expand the building by 7,000 square feet and the parking lot was pushed further back down Fenwick Road.

More than 200 community members attended the grand reopening. University Heights Mayor Susan Infeld read a resolution naming November 21, 2017, University Heights Library Day. Our guests enjoyed crafts, snacks and a performance by the Barbershoppers, a vocal music group from Heights High School. Board of Library Trustees President Ron Holland recalled the roll of this project during his tenure.

The staff construction committee included Debbie Herrmann, Kim DeNero-Ackroyd, Sara Phillips, Tim Pasbrig, Matt Hoffman and Kevin Echols. Sheryl Banks and the Communications Team planned the opening ceremony with the assistance of the branch staff.

Bookmobile Replaces UH Branch for One Year

A 1995 bookmobile was purchased to serve in place of the University Heights branch for the year it was under construction. The bookmobile, named “Nellie” through an online poll, provided library service to 1,345 people at 173 stops during eight months of service. It also was featured in the annual City of University Heights Touch a Truck program that summer.

A notable day during Nellie’s year of service was Tuesday, May 23, when the bookmobile stopped at Forest Hill Presbyterian Church during their monthly community meal and food pantry. Sixty-four people came on the bookmobile and many signed up for library cards. This became a regular Tuesday stop.

Coventry School Request by Library Board

From early May through the end of the year, a local issue emerged over the fate of the Coventry School property located adjacent to the Coventry branch library on Washington Boulevard in Cleveland Heights. The school was closed in 2006, after which nonprofit and arts organizations were allowed to rent space from the CH-UH School district, which retained ownership of the building. Then, in 2017, the City of Cleveland Heights began considering the possibility of developing the property with retail and housing and entered into an agreement with the School District. Citizens expressed an overwhelming desire to maintain the property as a park. On December 5, The Board of Library Trustees sent a letter to the Board of Education stating the following and requesting a meeting at the earliest possible convenience:

“Heights Libraries stated that it was prepared to immediately accept title and stewardship of the Coventry School property for the benefit of all citizens of the cities of University Heights and Cleveland Heights:

- The Library is an eligible recipient of the Property, by law.
- The Coventry library building is adjacent to the Property and the Property’s disposition impacts public access to the library building.
- The Library has the financial stability and assets to protect and preserve the Property.

As steward of the Property, we would:

- Maintain existing parking for the Library.
- Maintain the green space as a public park.
- Work with existing stakeholders to maintain and improve the playground.
- Keep the property from being vacant by supporting the current tenants in their mission to become financially independent within two years.

- The receipt of the Property supports the Library’s strategic plan to benefit the community.”

This letter was the basis for an agreement reached with the School District in 2018 for the purchase of the school property.

Five-Star Rating From Library Journal for 9th Straight Year

Library Journal maintains a star rating system for public libraries in the United States that compares libraries with similar budgets and ranks them based on five public service measures: circulation, visits, program attendance, public computer use, and eMedia circulation. Heights Libraries, along with many Ohio library systems, excels in the rating because we benefit from State funding and we lead the country in regional collaboration. Another reason for our consistently high rating is the dedication of our staff to bring quality collections and programming to our community.

Technology Updates in 2017

A new CLEVNET mobile application was implemented to greatly improve mobile service to our customers. This free app allows customers to search and place holds on any item available in the CLEVNET catalog. It stores the library card information for a whole family and allows access to digital downloads.

The Library Science and Technology Act funding through the State Library of Ohio allowed us to create the Teen Digital Media Lab, which contains state-of-the-art recording and music production equipment. An inaugural group of twelve Cleveland Heights and University Heights students participated in the Music MakerSpace program, designed and taught by staff in partnership with Lake Erie Ink. The Teen Digital Media Lab was deemed an “exemplary program” by the State Library of Ohio. Staff Maggie Kinney, Matt Mancini, Sam Lapides, and Jessica Robinson all contributed greatly to this successful project.

Library Associate Angie George and her team won our internal ULEAD competition and were given training and funding to complete their STEM program, “Girl Engineers.” They also applied and were granted LSTA Funds through the State Library of Ohio. The program provided nine sessions of 90 minutes in length to an average of eight teen girls per session, focusing on STEM activities such as coding and robotics. They partnered with women scientists from Case Western University and HER Ideas in Motion for the training. IT Manager Matt Hoffman served as the mentor to Angie’s team and Special Projects Manager Maggie Kinney assisted with the grant reporting. We are very proud of this program, which demonstrates the creativity of our staff. We also began loaning wireless hotspots, which give customers access to the internet from wherever they are. This service assists students who don’t have wifi at home or travelers who wish keep working while on the road.

Much of the technology infrastructure at our libraries is invisible, but it is vital to our operations. A new fiber optic network connected all of our buildings. Matt Hoffman, IT manager, worked with Spectrum to plan wiring routes into all of the buildings and data closets.

Continuing Education

The Continuing Education department launched an online reservation system on our website for the new *Reserve a Tech Expert* service that allows customers to make appointments with tech trainers. Here are some other new programs from this department. This system was created in house by Colin Tomele, Web Designer.

- **Learning Circle – The New Rules of Work** A learning circle is a study group for learners who want to complete an online course together, in person, at the library. Course materials were accessed through the Library’s lynda.com subscription.
- **Tech Talks** A lecture-based series with topics such as Staying Safe Online, Social Media Boot Camp, & Troubleshooting Tech Gifts.
- **Coding Clubs for Kids/Teens** An offshoot of the Library’s popular coding classes for kids and teens, a monthly “coding club” for each age group met at Lee Road branch in the fall.
- **Scan Your Family History** Customers were able to scan and save family photos and documents. Scheduled twice a month on Fridays during the summer at Lee Road branch, the program was also offered at the other branches in the fall.
- The Continuing Education staff increased their **outreach** to Coventry, Noble and UH to four-hour, bi-monthly visits.

Programming Highlights

The Coventry Branch has a unique 25-year tradition of offering special services to the Deaf community. A full-time librarian on the staff has a primary focus of service to the Deaf, including a collection of books and audio-visual materials for and about the deaf community. They held a number of events to celebrate **Deaf History Month** in 2017 including a discussion about "William 'Dummy' Hoy: Deaf Baseball Hero” and a screening of the movie Deaf President Now, about a student protest at Galludet University that played to a packed house.

We welcomed **Comedian CJ Jones** to Cleveland Heights in October. Jones became deaf as a child and is an advocate for the deaf community. He also starred recently in a popular film Baby Driver. The Mayfield Civic Conference Center was secured for the event that attracted over 600 people thanks to the Communications Department’s extensive promotion. The IT Department set up and assisted on sound issues. Ben Gulyas and the Coventry branch staff planned this heavily attended program that was funded in part by a gift in memory of former branch Manager Shoney Long.

Hundreds of people filled the library as the **CH-UH School District’s Student Art Show** was displayed in every area of the Lee Road Branch for a month in the spring. Much of the preparation for this large project was done by the Communications Department.

In partnership with Dobama Theater, we planned and created a collaborative/interactive art gallery display for Dobama December production of **Sherlock Holmes**-based Baker Street Irregulars play production.

March: Book Three was our On the Same Page Community Read title in 2017. We circulated multiple copies of this graphic novel by Congressman and activist John Lewis, along with other books on the subject of the civil rights movement of the 1960s. The film Selma was screened at the Cedar-Lee movie theater free of charge to the community. Heights Community Congress hosted a reenactment of the March on Selma at the Lee Road branch.

The Noble Neighborhood branch focused heavily on outreach in 2017. **Deposit collections were added to two local barbershops.** In addition, the branch staff supported activities at the Heights Middle School and the Noble and Oxford elementary schools, including those specifically for refugee children. They also visited senior living facilities, pediatricians’ offices, churches, block parties, city parks, and preschools. Staff serve on the Community Care Team and the Community in Schools Task Force, and attend the Noble Neighbors’ monthly meetings. Noble received a Future Heights grant to offer **driving instruction**

for five refugees through Heights Driving School. The expectation is that these five drivers will teach other drivers and pass along the skill.

Our **Book Bike** reached over 430 people at eight outreach events throughout the summer including the Roxboro Back to School BBQ, Finley Park Block Party, and Noblefest.

Summer Reading continued to be a strong program for youth and adults in 2017. The theme was “**Dream, Build, Share,**” and emphasized community involvement. We introduced a new program and drew 216 participants in the “1,000 Books Before Kindergarten” initiative. Fifteen early literacy kits were created and circulated by the Youth Services Department.

2017 GRANTS

FRIENDS of Heights Libraries: Teen Digital Media Lab -	\$5,000
LSTA: Teen Digital Media Lab -	\$7,373
ALA STAR_Net: NASA at Your Library -	\$1,000
FUTURE HEIGHTS Minigrant Driver’s Ed -	\$500

Facilities updates

The Strategic Plan Leadership Team developed this list of 2017 facilities improvements at each branch of Heights Libraries. Many of these changes improved the security of our buildings and the property surrounding them.

Coventry Village branch

- Indoor Air Quality Testing performed by Bureau of Worker’s Compensation Ohio – Found compliant with State of Ohio regulations.
- Tuck pointing
- Restrooms remodeled
- Installed a basin and alarm to prevent further water damage in attic and ceiling
- Front doors refinished and new kick plates installed
- Retaining wall around front entrance garden
- New Coventry Village branch library sign face installed, frame painted, and updated to LED lighting
- New shelving in The Shire
- Hallways scraped and painted in staircase
- New treads installed on staircases
- New Spectrum Fiber optic data connection installed
- Nine staff computers replaced at end of life
- Updated security software on all cameras and computers with access to footage
- New cameras installed
 - Handicapped entrance exterior
 - Outside front steps and walk up

Lee Road Branch

- Drop-off/ Pick-up zone on Dellwood Road
- Replaced locks and card readers for staff prox tags on interior and exterior doors for access control

- New bike racks
- Converted all exterior lighting to LED
- Converted all interior T-8 bulbs to LED 800
- Replace AV locking cases and disposed of 6,000 old cases
- New furniture
 - Browsing and AV shelving
 - AV staff desk
 - Tables, chairs, sofas and staff desk in Teen Room
 - Computer furniture in ASD, YSD, Teen, HKIC and lobby, with new power and data lines to support
- Lobby reorganization
 - Relocated and installed lighting for the 15 minute computers
 - Removed circular countertop around lobby pole
 - Relocated display and literature fixtures
 - Installed new lighting above holds area
- New partitions in men's restrooms
- Replaced four interior doors
- Contracted a new cleaning company system wide, resulting in significant improvements
- New Spectrum Fiber optic data connection installed
- New portable speakers and microphone system added
- Six self-check computers replaced at end of life
- Two lobby public computers replaced at end of life
- Seven staff computers /laptops replaced at end of life
- Ten new Windows 10 laptops added for mobile classroom
- Updated security software on all cameras and computers with access to footage
- New cameras installed in Main Library and HKIC
 - Gallery lounge
 - Second floor seating area
 - YSD computer area
 - Main entrance interior
- New library sign face installed on HKIC side of Lee Rd, frame painted, and updated to LED
- HKIC assessed furniture layout for maximum usability and comfort for patrons
- Plans in place to bring additional power outlets to the center of the open office area in the HKIC to be completed in January

Noble Neighborhood Branch

- Exterior lighting project including all parking lot poles, exterior building lights, and front pole lights, all converted to LED with a new timer
- New Noble Neighborhood branch library sign face installed, frame painted, and updated to LED
- New Spectrum Fiber optic data connection installed
- Ten staff computers replaced at end of life
- Updated security software on all cameras and computers with access to footage
- New cameras installed
 - YSD reference desk
 - Rear entrance elevator and vending
 - Basement lobby, restroom and meeting rooms
- New carpet installed on first floor to eliminate tile tripping hazard
- New carpet installed on lower level over problematic tile

University Heights Branch (Renovation)

- Entirely new building and parking lot!
- Patrons can now enter the building directly from the parking lot
- New University Heights branch library sign face installed, frame painted, and updated to LED, Restrooms are available on upper and lower levels
- Elevator installed to replace the “lift”
- New Spectrum Fiber optic data connection installed
- Additional computers in Children and Teen areas added to increase the number of public computers from 19 to 23
- Two new AWE early literacy stations added
- Eight staff computers replaced at end of life
- Two additional new staff computers added
- Two IP people counters added
- New portable speakers and microphone system added
- Added Dewey cart with 42” flat screen TV and new portable projector added for presentations
- Second Self-check station added in the basement
- New cameras (all digital IP) installed
- Interior and exterior access control panels installed

Staff Development and Human Resources Upgrade

The entire staff participated in a workshop at the 38th annual Staff Development Day to explore concepts relating to race and ethnicity, and discuss the impact that these socially constructed differences have in the workplace and society as a whole. During this workshop, the film *Cracking the Codes: The System of Racial Inequity*, was used as a tool to help participants engage in meaningful dialogue.

The Library also upgraded from paper to a new **online human resources management software**, Kronos. Not only does it replace paper time cards, it also allows staff to view their accruals and benefits online and update their own personal information. Additional aspects of the software include a recruitment suite, employee appraisal system, and employee compensation system tied into payroll. This year long initiative was led by Human Resources Manager Laurie Marotta. The implementation team included Amy Gerson, Debbie Herrmann, Heather Howiler and Leslie Mallon.

Major 2017 Community Partners

American Civil Liberties Union
Bellefaire JCB
Case Western Reserve University
City Club of Cleveland
City Fresh
Clayworks
Cleveland Association of Black Storytellers
Cleveland Hearing and Speech
Cleveland Heights Community Center
Cleveland Heights Historical Society
Cleveland Heights Landmarks Commission
Cleveland Heights Senior Center
Cleveland Heights-University Heights Public School System

Cleveland Institute of Music
Cleveland Museum of Art
Cleveland Museum of Natural History
Cleveland Orchestra
Cleveland Restoration Society
Cleveland Seed Bank
Coventry SID
Family Connections
Forest Hill Church
Foundation Center
FRIENDS of Heights Libraries
Heart of Dying Project
Heights Community Congress
Heights Writes
Heights Youth Club
Judson Park
Lake Erie Ink
League of Women Voters of Greater Cleveland
Mac's Backs Books on Coventry
MetroHealth Hospital
Musicians' Towers
Monarch Center for Autism
North Chagrin Nature Center
Plain Dealer and Cleveland.com
Starting Point
University Hospitals Seidman Cancer Center
Warrensville Center Apartments

Supporting Organizations

Fund for the Future of Heights Libraries

The Fund for the Future of Heights Library (FFHL) hosted a book launch party for local author celebrity Thrity Umrigar who published the book Everybody's Son. She has been heard on National Public Radio discussing the issues of race, class, and identity it raises. The FFHL also honored John Jarvey and Marilyn McLaughlin at a dinner held at the Doan Center of John Carroll University on Sunday, November 5. The dinner was attended by 54 individuals and raised more than \$2,000 for the Foundation. Matthew Ginn, FFHL Board member, organized the award and the dinner with Director Nancy Levin. Foundation President Rob Fischer delivered eloquent remarks at this inaugural event.

FRIENDS

The FRIENDS support all Library programming, provide Library school scholarships and sponsor Library participation in community events such as the Reaching Heights Spelling Bee, Heights Arts Haiku Death Match, and Heights Community Congress Home and Garden Tour. Notably they matched the grant for the Teen Digital Media Lab and funded the 1,000 Books before Kindergarten program as well as citizenship classes at the Noble branch. They paid for the purchase and installation of a bike repair station at Lee Road branch.

In their 2016-2017 annual report they stated that volunteers gave 5,118 hours of time to the FRIENDS! There were 378 members at last reporting. They raised a total of \$56,371 in 2017 and provided \$44,103 of that in grants and support.

OTHER INFORMATION

Independent Audit

Included in this report is an unmodified audit opinion rendered on the Library's financial statements as of and for the year ended December 31, 2017, by our independent auditor, Auditor of State Dave Yost.

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 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, 2016.

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,



Nancy S. Levin
Director



Deborah Herrmann
Finance Manager

CLEVELAND HEIGHTS-UNIVERSITY HEIGHTS PUBLIC LIBRARY

LIST OF PRINCIPAL OFFICIALS as of December 31, 2017

BOARD OF LIBRARY TRUSTEES

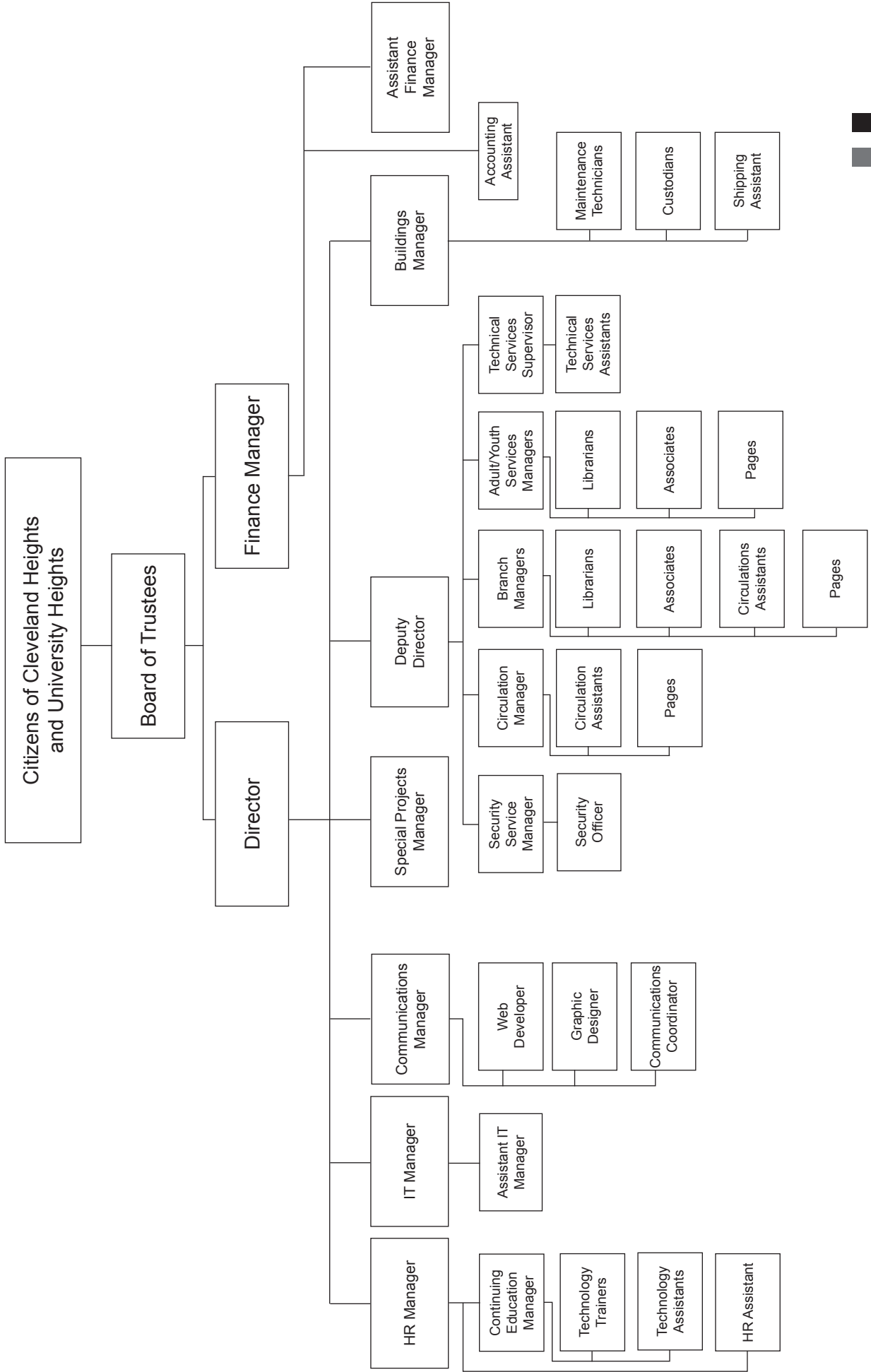
Ron Holland	President
Abby Botnick	Vice President
Chris Mentrek	Secretary
Max Gerboc	Member
James Roosa	Member
Susan Beatty	Member
Suzann Moskowitz	Member

ADMINISTRATIVE STAFF

Nancy S. Levin	Director
Kimberlee DeNero-Ackroyd	Deputy Director
Deborah Herrmann	Finance Manager
Charles Collins	Adult Services Manager
Maggie Kinney	Special Projects Coordinator
Sam Lapidés	Youth Services Manager
Laurie Marotta	Human Resources Manager
Sheryl Banks	Marketing & Community Relations Manager
Timothy Pasbrig	Buildings Manager
Heather Howiler	Training Development Manager
Matt Hoffman	IT Manager
Patricia Gray	Branch Manager, Coventry Village Library
Constance Dickerson	Branch Manager, Noble Neighborhood Library
Sara Phillips	Branch Manager, University Heights Library
Kevin Echols	Security Supervisor

2017 ORGANIZATION CHART

Cleveland Heights - University Heights Public Library





Government Finance Officers Association

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, 2016

Christopher P. Morrill

Executive Director/CEO

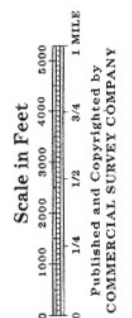
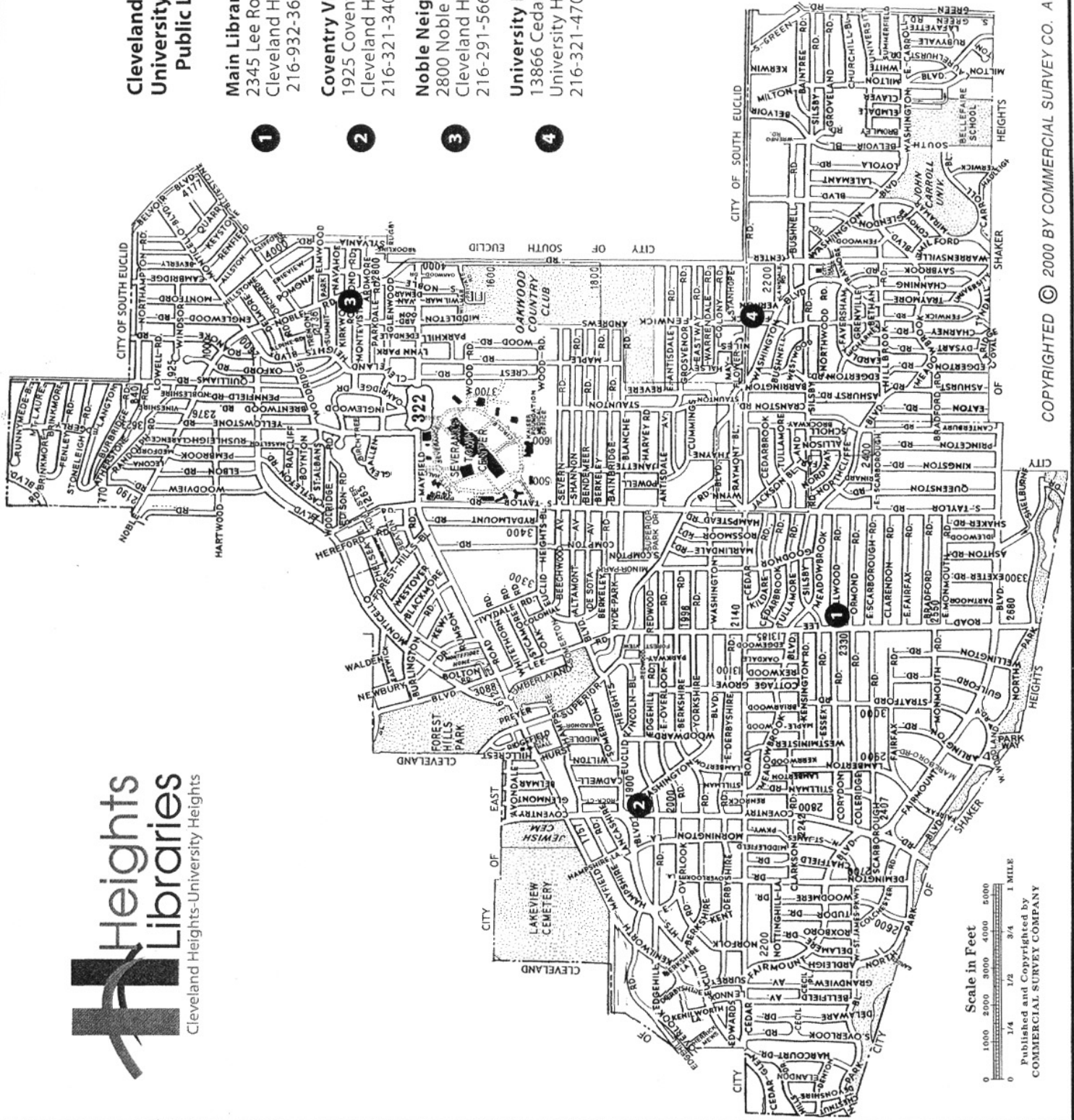
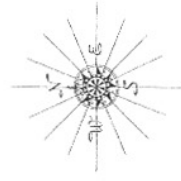
Cleveland Heights-University Heights Public Library

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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Financial Section

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

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

To the Board of Trustees:

Report on the Financial Statements

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, 2017, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Library's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Library's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Lausche Building, 615 Superior Ave., NW, Twelfth Floor, Cleveland, Ohio 44113-1801
Phone: 216-787-3665 or 800-626-2297 Fax: 216-787-3361

www.ohioauditor.gov

Opinion

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, 2017, and the respective changes in financial position and the budgetary comparison for the General Fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *management's discussion and analysis*, and schedules of net pension liabilities and pension contributions listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary and Other Information

Our audit was conducted to opine on the Library's basic financial statements taken as a whole.

The introductory section, the financial section's combining statements, individual fund statements and schedules and the statistical section information present additional analysis and are not a required part of the basic financial statements.

We did not subject the introductory section and statistical section information to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or any other assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 18, 2018, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Library's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State
Columbus, Ohio

June 18, 2018

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Cleveland Heights-University Heights Public Library

Management's Discussion and Analysis

For the Year Ended December 31, 2017

Unaudited

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, 2017. 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 2017 are as follows:

- Total net position increased from 2016, primarily due to the Library completing several large capital asset projects that included additions to all asset categories and the finishing of a building project. These increases were offset by a reduction in cash as the projects were completed.
- Capital assets had additions to all categories except vehicles and land. The Library continues to make improvements to ensure that the residents using the Library will have current technology and updated facilities.
- The Library complies with GASB 68 and GASB 71, which establish standards for measuring and recognizing pension liabilities, deferred outflows/inflows of resources and expense/expenditure. The implementation of these GASB statements resulted in a significant change to the financial statements presentation of the Library.

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 Position 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.

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

Statement of Net Position 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 2017?" The Statement of Net Position 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.

Cleveland Heights-University Heights Public Library

*Management's Discussion and Analysis
For the Year Ended December 31, 2017
Unaudited*

These two statements report the Library's net position and the changes in those net position. The change in net position 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 Position and the Statement of Activities are divided into the following categories:

- Assets
- Deferred Outflows of Resources
- Liabilities
- Deferred Inflows of Resources
- Net position (Assets plus Deferred Outflows of Resources minus Liabilities and Deferred Inflows of Resources)
- Program Expenses and Revenues
- General Revenues
- Net Position 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 statements 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 and building and repairs funds.

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 Library'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.

Cleveland Heights-University Heights Public Library

Management's Discussion and Analysis

For the Year Ended December 31, 2017

Unaudited

The Cleveland Heights-University Heights Public Library as a Whole

Recall that the Statement of Net Position pictures the Library as a whole. Table 1 provides a summary of the Library's net position for 2017 compared to 2016.

Table 1
Net Position

	Governmental Activities		
	2017	2016	Change
Assets			
Current and Other Assets	\$22,200,043	\$24,312,653	(\$2,112,610)
Capital Assets, Net	20,975,756	17,190,286	3,785,470
Total Assets	43,175,799	41,502,939	1,672,860
Deferred Outflows of Resources			
Pension	2,611,246	1,895,177	716,069
Liabilities			
Current Liabilities	679,284	756,411	77,127
Long-Term Liabilities			
Due Within One Year	286,234	274,391	(11,843)
Due in More Than One Year			
Net Pension Liability	6,586,088	4,855,667	(1,730,421)
Other Amounts	152,286	210,815	58,529
Total Liabilities	7,703,892	6,097,284	(1,606,608)
Deferred Inflows of Resources			
Property Taxes	7,309,572	7,448,686	139,114
Pension	39,197	93,821	54,624
Total Deferred Inflows of Resources	7,348,769	7,542,507	193,738
Net Position			
Investment in Capital Assets	20,462,276	16,928,082	3,534,194
Restricted for:			
Staff Development			
Nonexpendable	418,502	418,502	0
Expendable	143,016	137,739	5,277
Other Purposes	2,915	2,940	(25)
Unrestricted	9,707,675	12,271,062	(2,563,387)
Total Net Position	\$30,734,384	\$29,758,325	\$976,059

The net pension liability (NPL) is the largest single liability reported by the Library at December 31, 2017 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the Library's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

Cleveland Heights-University Heights Public Library

Management's Discussion and Analysis

For the Year Ended December 31, 2017

Unaudited

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension costs, GASB 27 focused on a funding approach. This approach limited pension costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability*. GASB 68 takes an earnings approach to pension accounting; however, the nature of Ohio's statewide pension systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB 68 requires the net pension liability to equal the Library's proportionate share of each plan's collective:

1. Present value of estimated future pension benefits attributable to active and inactive employees' past service;
2. Minus plan assets available to pay these benefits.

GASB notes that pension obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the Library is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability. As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required pension payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68, the Library's statements prepared on an accrual basis of accounting include an annual pension expense for their proportionate share of each plan's *change* in net pension liability not accounted for as deferred inflows/outflows.

As noted earlier, net position 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 at year-end 2017. The increase in assets over 2016 is attributable to the completion of a building project along with the purchases of new furniture, fixtures and equipment specific to the upgrades. By comparing assets and liabilities, one can see the overall position of the Library is good. Total liabilities increased due to an increase in the net pension liability.

Cleveland Heights-University Heights Public Library

Management's Discussion and Analysis

For the Year Ended December 31, 2017

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.

Table 2 shows the changes in net position for the years ended December 31, 2017 and 2016.

Table 2
Change in Net Position

	Governmental Activities		
	2017	2016	Change
Revenues			
<i>Program Revenues</i>			
Charges for Services	\$159,500	\$167,636	(\$8,136)
<i>General Revenues</i>			
Property Taxes	7,680,582	7,908,118	(227,536)
Grants and Entitlements not Restricted to Specific Purposes	3,307,074	3,351,830	(44,756)
Investment Earnings	157,363	111,228	46,135
Unrestricted Contributions	50,222	105,530	(55,308)
Miscellaneous	90,949	32,726	58,223
<i>Total General Revenues</i>	11,286,190	11,509,432	(223,242)
<i>Total Revenues</i>	11,445,690	11,677,068	(231,378)
Program Expenses			
General Government:			
Public Service	8,069,559	7,544,227	(525,332)
Administration	2,390,597	2,250,759	(139,838)
Interest and Fiscal Charges	9,475	13,468	3,993
<i>Total Program Expenses</i>	10,469,631	9,808,454	(661,177)
<i>Change in Net Position</i>	976,059	1,868,614	(892,555)
Net Position Beginning of Year	29,758,325	27,889,711	1,868,614
Net Position End of Year	\$30,734,384	\$29,758,325	\$976,059

The vast majority of revenue supporting all governmental activities is general revenue. The most significant portions of general revenues are local property taxes and grants and entitlements not restricted. The remaining amount of revenue received was in the form of program revenues, all of which was charges for services provided by the Library.

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 Finance Manager pay close attention to daily interest rates and have made the Library's money "work for us," even during these difficult economic times of dropping interest rates.

Cleveland Heights-University Heights Public Library

Management's Discussion and Analysis

For the Year Ended December 31, 2017

Unaudited

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 property taxes.

Table 3
Governmental Activities

<u>Programs</u>	<u>Total Cost of Services 2017</u>	<u>Total Cost of Services 2016</u>	<u>Net Cost of Services 2017</u>	<u>Net Cost of Services 2016</u>
General Government:				
Public Service	\$8,069,559	\$7,544,227	\$7,950,334	\$7,410,783
Administration	2,390,597	2,250,759	2,350,322	2,216,567
Interest and Fiscal Charges	9,475	13,468	9,475	13,468
Total Expenses	<u>\$10,469,631</u>	<u>\$9,808,454</u>	<u>\$10,310,131</u>	<u>\$9,640,818</u>

The difference in the total cost and net cost of services represents patron fines and fees and rentals. The dependence upon general tax revenues for governmental activities is apparent.

Governmental Activities

Several revenue sources fund our governmental activities with the Library property tax being the largest contributor. General revenues from grants and entitlements, such as local government funds, and patron fines and fees are also major sources of revenue.

The area of Cleveland Heights is not immune to the economic situation affecting the Country. 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 typically contributes to climbing property values, a key indicator of a community's economic health and stability, where the primary "industry" is housing. Typically, the vitality of the area has also been demonstrated by new construction over the past few years, with development and redevelopment of retail and commercial corridors found throughout each community. However, even with the current foreclosure crisis and overall increase in delinquencies, there is a slight upturn in the State economy which caused the slight increase. A 2.2 mill levy was passed by the voters with over 68 percent approval in November 2014.

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.

The majority of the Library's program expenses are for public services. The increase in public service expenses is due to the Library ensuring that programs and media for the users of the Library remain current with what the public is looking for coupled with a \$35,391 loss on disposal of capital assets. Administration accounts for the majority of the remaining total expenses. The remaining program expense, amounting to less than one percent, represents interest and fiscal charges.

Cleveland Heights-University Heights Public Library

Management's Discussion and Analysis

For the Year Ended December 31, 2017

Unaudited

The Library's Funds

Information about the Library's governmental funds begins with the balance sheet. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenue of \$11,429,581 and expenditures of \$13,343,118. The most significant fund is our general fund with an unassigned fund balance at year-end of \$9,364,549 compared to annual expenditures of \$8,960,797. The general fund transferred \$600,000 to the building and repairs capital projects fund. This transfer enabled the Library to fund various capital improvements, including building improvements. The general fund balance had an increase from 2016 due to a decrease in the transfer out to the building and repairs capital projects fund. The building and repairs capital projects fund decreased from 2016 due to the completion of capital asset projects Library-wide offset with the transfer in from the general fund to assist with capital improvements.

General Fund Budgetary Highlights

The Library's budget is prepared according to Ohio law 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 2017, the Library amended its general fund budget. For the general fund, original and final budgeted revenues were \$11,108,715 and \$11,032,662, respectively. Actual revenues were \$367,295 higher than final budgeted resources due to an increase in property tax and intergovernmental revenues. Original and final budgeted expenditures in the general fund were \$10,156,993 and \$10,250,498, respectively. Actual expenditures were \$1,037,403 lower than final budgeted expenditures due to careful monitoring of expenditures that resulted in decreases to all expenditure line items.

Capital Assets and Debt

Capital Assets

(Table 4)

Capital Assets at December 31
(Net of Accumulated Depreciation)

	Governmental Activities		
	2017	2016	Change
Land	\$934,657	\$934,657	\$0
Construction in Progress	0	831,504	(831,504)
Land Improvements	184,890	156,189	28,701
Buildings and Building Improvements	18,880,370	14,446,460	4,433,910
Equipment	534,362	596,285	(61,923)
Furniture	438,816	186,026	252,790
Vehicles	2,661	39,165	(36,504)
Total Capital Assets	<u>\$20,975,756</u>	<u>\$17,190,286</u>	<u>\$3,785,470</u>

The Library is committed to a long-term goal of rebuilding and renovating facilities. There were increases to all categories except vehicles and land during 2017; however those increases were offset by the current year depreciation. See Note 9 for additional information on capital assets.

Cleveland Heights-University Heights Public Library

Management's Discussion and Analysis

For the Year Ended December 31, 2017

Unaudited

Long-term Obligations

As of December 31, 2017, the Cleveland Heights-University Heights Public Library had outstanding balances in compensated absences and capital leases as well as reporting the net pension liability. See Note 15 for additional information on the Library's debt.

(Table 5)
Outstanding Obligations at Year End

	Governmental Activities		
	2017	2016	Change
Net Pension Liability	\$6,586,088	\$4,855,667	\$1,730,421
Compensated Absences	245,325	223,002	22,323
Capital Leases	193,195	262,204	(69,009)
Total	<u>\$7,024,608</u>	<u>\$5,340,873</u>	<u>\$1,683,735</u>

Current Financial Related Activities

The Cleveland Heights-University Heights Public Library has continued to maintain the highest standard of service to the patrons of our communities. The Cleveland Heights-University Heights Public Library is financially strong. The Library saw revenues remain relatively consistent with 2016, and revenues continued to outpace expenditures which is part of our 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 taxpayers 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, 2001, 2008 and 2014, 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 cultural 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 ensuring the pricing it receives is competitive and promotes employee wellness programs. 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. An Employee Wellness Initiative has lowered the rates of insurance renewals in recent years.

Cleveland Heights-University Heights Public Library

Management's Discussion and Analysis

For the Year Ended December 31, 2017

Unaudited

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 the Finance Manager, 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.

Cleveland Heights-University Heights Public Library

Statement of Net Position

December 31, 2017

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$11,285,104
Cash and Cash Equivalents with Fiscal Agent	320,285
Accounts Receivable	883
Intergovernmental Receivable	1,683,654
Prepaid Items	67,876
Property Taxes Receivable	8,842,241
Nondepreciable Capital Assets	934,657
Depreciable Capital Assets, Net	20,041,099
<i>Total Assets</i>	<u>43,175,799</u>
Deferred Outflows of Resources	
Pension	<u>2,611,246</u>
Liabilities	
Accounts Payable	62,415
Contracts Payable	8,779
Retainage Payable	320,285
Accrued Wages	188,871
Intergovernmental Payable	97,176
Accrued Interest Payable	1,758
Long-Term Liabilities:	
Due Within One Year	286,234
Due In More Than One Year	
Net Pension Liability (See Note 11)	6,586,088
Other Amounts	152,286
<i>Total Liabilities</i>	<u>7,703,892</u>
Deferred Inflows of Resources	
Property Taxes	7,309,572
Pension	39,197
<i>Total Deferred Inflows of Resources</i>	<u>7,348,769</u>
Net Position	
Net Investment in Capital Assets	20,462,276
Restricted for:	
Staff Development	
Nonexpendable	418,502
Expendable	143,016
Other Purposes	2,915
Unrestricted	9,707,675
<i>Total Net Position</i>	<u><u>\$30,734,384</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, 2017

	<u>Expenses</u>	<u>Program Revenues</u>	<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Governmental Activities</u>
Governmental Activities			
General Government:			
Public Service	\$8,069,559	\$119,225	(\$7,950,334)
Administration	2,390,597	40,275	(2,350,322)
Interest and Fiscal Charges	<u>9,475</u>	<u>0</u>	<u>(9,475)</u>
<i>Total Governmental Activities</i>	<u><u>\$10,469,631</u></u>	<u><u>\$159,500</u></u>	<u><u>(10,310,131)</u></u>
General Revenues			
Property Taxes Levied for General Purposes			7,680,582
Grants and Entitlements not Restricted to Specific Programs			3,307,074
Investment Earnings			157,363
Unrestricted Contributions			50,222
Miscellaneous			<u>90,949</u>
<i>Total General Revenues</i>			<u>11,286,190</u>
Change in Net Position			976,059
<i>Net Position Beginning of Year - Restated - (See Note 18)</i>			<u>29,758,325</u>
<i>Net Position End of Year</i>			<u><u>\$30,734,384</u></u>

See accompanying notes to the basic financial statements

Cleveland Heights-University Heights Public Library

Balance Sheet

Governmental Funds

December 31, 2017

	General	Building and Repairs	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$9,737,395	\$983,276	\$562,372	\$11,283,043
Cash and Cash Equivalents				
Cash with Fiscal Agents	0	320,285	0	320,285
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	2,061	0	0	2,061
Receivables:				
Property Taxes	8,842,241	0	0	8,842,241
Accounts	883	0	0	883
Intergovernmental	1,683,654	0	0	1,683,654
Prepaid Items	67,876	0	0	67,876
<i>Total Assets</i>	<u>\$20,334,110</u>	<u>\$1,303,561</u>	<u>\$562,372</u>	<u>\$22,200,043</u>
Liabilities				
Accounts Payable	\$62,415	\$0	\$0	\$62,415
Contracts Payable	0	8,779	0	8,779
Retainage Payable	0	320,285	0	320,285
Accrued Wages	188,871	0	0	188,871
Intergovernmental Payable	97,176	0	0	97,176
<i>Total Liabilities</i>	<u>348,462</u>	<u>329,064</u>	<u>0</u>	<u>677,526</u>
Deferred Inflows of Resources				
Property Taxes	7,309,572	0	0	7,309,572
Unavailable Revenue	3,000,481	0	0	3,000,481
<i>Total Deferred Inflows of Resources</i>	<u>10,310,053</u>	<u>0</u>	<u>0</u>	<u>10,310,053</u>
Fund Balances				
Nonspendable	69,937	0	418,502	488,439
Restricted	0	0	143,870	143,870
Committed	37,497	337,721	0	375,218
Assigned	203,612	636,776	0	840,388
Unassigned	9,364,549	0	0	9,364,549
<i>Total Fund Balances</i>	<u>9,675,595</u>	<u>974,497</u>	<u>562,372</u>	<u>11,212,464</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$20,334,110</u>	<u>\$1,303,561</u>	<u>\$562,372</u>	<u>\$22,200,043</u>

See accompanying notes to the basic financial statements

Cleveland Heights-University Heights Public Library
*Reconciliation of Total Governmental Fund Balances to
 Net Position of Governmental Activities
 December 31, 2017*

Total Governmental Fund Balances	\$11,212,464
 <i>Amounts reported for governmental activities in the statement of net position are different because</i>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	20,975,756
Other long-term assets are not available to pay for current-period expenditures and therefore are reported as unavailable revenue in the funds:	
Delinquent Property Taxes	1,532,669
Intergovernmental	<u>1,467,812</u>
Total	3,000,481
In the statement of activities, interest is accrued on outstanding capital leases, whereas in governmental funds, an interest expenditure is reported when due.	(1,758)
The net pension liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in governmental funds:	
Deferred Outflows - Pension	2,611,246
Deferred Inflows - Pension	(39,197)
Net Pension Liability	<u>(6,586,088)</u>
Total	(4,014,039)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Compensated Absences	(245,325)
Capital Leases	<u>(193,195)</u>
Total	<u>(438,520)</u>
<i>Net Position of Governmental Activities</i>	<u><u>\$30,734,384</u></u>

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, 2017

	General	Building and Repairs	Other Governmental Funds	Total Governmental Funds
Revenues				
Property Taxes	\$7,632,973	\$0	\$0	\$7,632,973
Patron Fines and Fees	103,063	0	0	103,063
Intergovernmental	3,338,574	0	0	3,338,574
Interest	128,107	14,814	14,442	157,363
Donations	50,222	0	0	50,222
Rentals	56,437	0	0	56,437
Miscellaneous	74,936	0	16,013	90,949
<i>Total Revenues</i>	<u>11,384,312</u>	<u>14,814</u>	<u>30,455</u>	<u>11,429,581</u>
Expenditures				
Current:				
General Government:				
Public Service	6,395,239	0	16,506	6,411,745
Administration	2,147,550	210,230	9,165	2,366,945
Capital Outlay	338,465	4,146,420	0	4,484,885
Debt Service:				
Principal Retirement	69,009	0	0	69,009
Interest and Fiscal Charges	10,534	0	0	10,534
<i>Total Expenditures</i>	<u>8,960,797</u>	<u>4,356,650</u>	<u>25,671</u>	<u>13,343,118</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>2,423,515</u>	<u>(4,341,836)</u>	<u>4,784</u>	<u>(1,913,537)</u>
Other Financing Sources (Uses)				
Transfers In	0	600,000	0	600,000
Transfers Out	(600,000)	0	0	(600,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(600,000)</u>	<u>600,000</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	1,823,515	(3,741,836)	4,784	(1,913,537)
<i>Fund Balances Beginning of Year</i>	<u>7,852,080</u>	<u>4,716,333</u>	<u>557,588</u>	<u>13,126,001</u>
<i>Fund Balances End of Year</i>	<u><u>\$9,675,595</u></u>	<u><u>\$974,497</u></u>	<u><u>\$562,372</u></u>	<u><u>\$11,212,464</u></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, 2017*

Net Change in Fund Balances - Total Governmental Funds (\$1,913,537)

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 outlay exceeded depreciation in the current period:

Capital Outlay	4,506,664
Depreciation	<u>(685,803)</u>

Total	3,820,861
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Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. (35,391)

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

Property Taxes	47,609
Intergovernmental	<u>(31,500)</u>

Total	16,109
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Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows. 484,806

Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities. (1,444,534)

Repayment of capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 69,009

In the statement of activities, interest is accrued on capital leases, whereas in governmental funds, an interest expenditure is reported when due. 1,059

Some expenses, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. (22,323)

Change in Net Position of Governmental Activities \$976,059

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, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$7,445,179	\$7,394,207	\$7,632,973	\$238,766
Patron Fines and Fees	99,666	98,984	102,180	3,196
Intergovernmental	3,264,610	3,242,259	3,346,955	104,696
Interest	141,578	140,609	145,149	4,540
Donations	38,674	38,410	50,222	11,812
Rentals	55,048	54,672	56,437	1,765
Miscellaneous	63,960	63,521	66,041	2,520
<i>Total Revenues</i>	<u>11,108,715</u>	<u>11,032,662</u>	<u>11,399,957</u>	<u>367,295</u>
Expenditures				
Current:				
General Government:				
Public Service	7,217,707	7,287,185	6,648,044	639,141
Administration	2,361,661	2,381,340	2,154,477	226,863
Capital Outlay	577,625	581,973	410,574	171,399
<i>Total Expenditures</i>	<u>10,156,993</u>	<u>10,250,498</u>	<u>9,213,095</u>	<u>1,037,403</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	951,722	782,164	2,186,862	1,404,698
Other Financing Sources (Uses)				
Transfers Out	(612,500)	(612,500)	(600,000)	12,500
<i>Net Change in Fund Balance</i>	339,222	169,664	1,586,862	1,417,198
<i>Fund Balance Beginning of Year</i>	7,690,791	7,690,791	7,690,791	0
Prior Year Encumbrances Appropriated	272,741	272,741	272,741	0
<i>Fund Balance End of Year</i>	<u>\$8,302,754</u>	<u>\$8,133,196</u>	<u>\$9,550,394</u>	<u>\$1,417,198</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, 2017

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 consisting 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 Finance Manager.

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 (GASB), “The Financial Reporting Entity,” as amended by GASB Statement No. 39, “Determining Whether Certain Organizations Are Component Units” and GASB Statement No. 61, The Financial Reporting Entity: Omnibus,” 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 and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. 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. The Library is not financially accountable for the organization, nor does the Library approve the budget or the issuance of debt of the organization. Further, this organization is not accumulating large resources for the benefit of the Library. 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 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, 2017

Basis of Presentation

The Library's basic financial statements consist of government-wide statements, including a statement of net position 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 position and the statement of activities display information about the Library as a whole. 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.

The statement of net position 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 are 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.

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 and reports all financial resources except those required to be accounted for and reported 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 This fund accounts for and reports assigned monies set aside by the Board of Library Trustees specifically for major capital and technology improvements that include the renovation and construction of the Library's branches.

Cleveland Heights-University Heights Public Library

Notes to the Basic Financial Statements

For the Year Ended December 31, 2017

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

Measurement Focus

Government-wide Financial Statements The government-wide financial statements are prepared using a flow of economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of the Library are included on the statement of net position. The statement of activities presents increases (e.g. revenues) and decreases (e.g. expenses) in total net position.

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 deferred outflows of resources and current liabilities and deferred inflows of resources 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 reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

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 inflows of resources 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: federal and state grants and subsidies and state-levied locally shared taxes.

Cleveland Heights-University Heights Public Library

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2017*

Deferred Outflows/Inflows of Resources In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the Library, deferred outflows of resources are reported on the government-wide statement of net position for pension. The deferred outflows of resources related to pension are explained in Note 11.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the Library, deferred inflows of resources include property taxes, pension and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2017, but which were levied to finance fiscal year 2018 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the Library unavailable revenue includes delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities found on page 17. Deferred inflows of resources related to pension are reported on the government-wide statement of net position. (See Note 11)

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.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources, and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension systems report investments at fair value.

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."

The City utilizes a financial institution to service bonded construction payments as they come due. The balances in these accounts are presented in the statements as "cash and cash equivalents with fiscal agents."

During 2017, investments were limited to STAR Ohio, US Savings Bonds, US Treasury Note, federal home loan mortgage corporation notes, federal national mortgage association notes, federal farm credit bank bonds and negotiable certificates of deposit.

Cleveland Heights-University Heights Public Library

Notes to the Basic Financial Statements

For the Year Ended December 31, 2017

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

During 2017, the Library invested in STAR Ohio. STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The Library measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For 2017, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$50 million, requiring the excess amount to be transacted the following business day(s), but only to the \$50 million limit. All accounts of the participant will be combined for these purposes.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue credited to the general fund during 2017 amounted to \$128,107, none of which is assigned from other 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.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2017, 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.

Restricted Assets

Assets are reported as restricted when limitations on their use change in nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments or imposed by law through constitutional provisions. Restricted assets in the general fund represent money set aside for unclaimed monies.

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 position 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 assets by backtrending (i.e., estimating the current replacement cost of the asset to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year).

Cleveland Heights-University Heights Public Library

Notes to the Basic Financial Statements

For the Year Ended December 31, 2017

Donated capital assets are recorded at their acquisition 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. The Library does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All capital assets are depreciated except for land. 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	10 years

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. 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. The Library records a liability for accumulated unused sick leave for all employees payable at 25 percent of their ending accumulated sick leave balance.

Accrued Liabilities and Long-Term Obligations

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

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 net pension liability 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.

Cleveland Heights-University Heights Public Library

Notes to the Basic Financial Statements

For the Year Ended December 31, 2017

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Library is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable: The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash.

Restricted: Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions.

Committed: The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (ordinance or resolution, as both are equally binding) of the Library Board of Trustees. Those committed amounts cannot be used for any other purpose unless the Board of Trustees removes or changes the specified use by taking the same type of action (ordinance or resolution, as both are equally binding) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, the committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by the Board of Trustees, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned: Amounts in the assigned fund balance classification are intended to be used by the Library for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. These amounts are assigned by the Board of Trustees. In the general fund, assigned amounts represent intended uses established by Library Board or a Library official delegated that authority by Library resolution or by State statute. State statute authorizes the Director to assign fund balance for purchases on order provided such amounts have been lawfully appropriated.

Unassigned: Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Library applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Cleveland Heights-University Heights Public Library

Notes to the Basic Financial Statements

For the Year Ended December 31, 2017

Net Position

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

Internal Activity

Transfers between governmental activities are eliminated on the government wide financial statements. 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. Interfund payments for services provided and used are not eliminated.

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.

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.

Budgetary Process

All funds are legally required to be budgeted and appropriated. The budgetary process is prescribed by provisions of the Ohio Administrative Code and entails the preparation of budgetary documents within an established timetable. The Ohio Administrative Code section 117-8 does not require public libraries to budget receipts. However, sound budget practice suggests a government cannot appropriate responsibly unless they have an estimate of resources to support the appropriations. The Board must annually approve appropriation measures and subsequent amendments. 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 and function level for all funds. Any budgetary modifications at this level may only be made by resolution of the Board of Trustees. The Finance Manager has been given authority to allocate Board appropriations to the object level within each fund.

Cleveland Heights-University Heights Public Library

Notes to the Basic Financial Statements

For the Year Ended December 31, 2017

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

The appropriation resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. 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 – Fund Balances

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Library is bound to observe constraints imposed upon the use of the resources in the governmental funds.

The constraints placed on fund balance for the major governmental fund and all other governmental funds are presented below:

Fund Balances	General	Building and Repairs	Other Governmental Funds	Total
<u>Nonspendable:</u>				
Prepays	\$67,876	\$0	\$0	\$67,876
Unclaimed Monies	2,061	0	0	2,061
Staff Development Endowment	0	0	418,502	418,502
<i>Total Nonspendable</i>	<u>69,937</u>	<u>0</u>	<u>418,502</u>	<u>488,439</u>
<u>Restricted for:</u>				
Staff Development	0	0	143,016	143,016
Library Services and Technology	0	0	507	507
Summer Teen Program	0	0	347	347
<i>Total Restricted</i>	<u>0</u>	<u>0</u>	<u>143,870</u>	<u>143,870</u>
<u>Committed to:</u>				
Building Improvements and Repair	0	337,721	0	337,721
Memorial Books and Society for Deaf	37,497	0	0	37,497
<i>Total Committed</i>	<u>37,497</u>	<u>337,721</u>	<u>0</u>	<u>375,218</u>
<u>Assigned to:</u>				
Building Improvements and Repair	0	636,776	0	636,776
Purchases on Order:				
Library Materials	203,612	0	0	203,612
<i>Total Assigned</i>	<u>203,612</u>	<u>636,776</u>	<u>0</u>	<u>840,388</u>
Unassigned:	9,364,549	0	0	9,364,549
Total Fund Balances	<u><u>\$9,675,595</u></u>	<u><u>\$974,497</u></u>	<u><u>\$562,372</u></u>	<u><u>\$11,212,464</u></u>

Cleveland Heights-University Heights Public Library

Notes to the Basic Financial Statements

For the Year Ended December 31, 2017

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:

- 1) Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
- 2) Expenditures are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
- 3) Encumbrances are treated as expenditures (budget) rather than restricted, committed or assigned fund balance (GAAP).
- 4) Investments are reported at cost (budget) rather than fair value (GAAP).

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	\$1,823,515
Net Adjustment for Revenue Accruals	(1,397)
Net Adjustment for Expenditure Accruals	(6,082)
Beginning Fair Value Adjustment for Investments	(40,112)
Ending Fair Value Adjustment for Investments	57,154
Encumbrances	(246,216)
Budget Basis	<u><u>\$1,586,862</u></u>

Note 5 - Deposits and Investments

State statutes classify public deposits held by the Library into three categories.

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

Inactive deposits are public deposits that the Board of Library Trustees has identified as not required for use within the current five-year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Cleveland Heights-University Heights Public Library

Notes to the Basic Financial Statements

For the Year Ended December 31, 2017

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. A list of permissible investments for interim deposits follows.

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
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, and Government National Mortgage 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 exceeds the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Interim deposits in the eligible institutions applying for interim monies to be evidenced by time certificates of deposit of by savings or deposit accounts, including but not limited to, passbook accounts;
5. Bonds and other obligations of the State of Ohio, or political subdivisions of Ohio, provided that, with respect to bonds or other obligations of political subdivisions, (a) the bonds or other obligations are payable from general revenues of the political subdivision and backed by the full faith and credit of the political subdivision, (b) the bonds or other obligations are rated at the time of the purchase in the three highest classifications established by at least one nationally recognized standard rating service and purchased through a registered securities broker or dealer, (c) the aggregate value of the bonds or other obligations does not exceed twenty percent of interim monies available for investment at the time of purchase, and (d) the Library is not the sole purchaser of the bonds or other obligations at original issuance;
6. No-load money market mutual funds consisting exclusively of obligations described in divisions (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;
7. The State Treasurer's investment pool (STAR Ohio) and any other investment alternative offered to political subdivisions by the Treasurer of State;

Cleveland Heights-University Heights Public Library

Notes to the Basic Financial Statements

For the Year Ended December 31, 2017

8. Up to forty percent of interim monies available for investment in either commercial paper notes or bankers acceptances. Investments in commercial paper notes is limited to notes issued by an entity that is defined in section 1705.01(D) of the Ohio Revised Code and that has assets exceeding five hundred million dollars, and (a) the notes are rated at the time of purchase in the highest classification established by at least two nationally recognized rating services, (b) the aggregate value of the notes does not exceed ten percent of the aggregate value of the outstanding commercial paper of the issuing corporation, (c) the notes mature no later than two hundred seventy days after purchase, and (d) the investment in commercial paper notes of a single issuer shall not exceed in the aggregate five percent of interim monies available for investment at the time of purchase. Investment in bankers acceptances is limited to acceptances of banks that are insured by the FDIC and that mature not later than one hundred eighty days after purchase; and
9. Under limited circumstances, debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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 Finance Manager or, if the securities are not represented by certificate, upon receipt of confirmation of transfer from the custodian.

Deposits

Custodial Credit Risk Custodial credit risk for deposits is the risk that in the event of a 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, \$282,310 of the Library's bank balance of \$592,432 was exposed to custodial credit risk because those deposits were uninsured and uncollateralized. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the Library to a successful claim by the Federal Deposit Insurance Corporation.

The Library has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or be protected by:

Eligible securities pledged to the Library and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured; or

Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

Cleveland Heights-University Heights Public Library

Notes to the Basic Financial Statements

For the Year Ended December 31, 2017

The Library's one financial institution was in the process of joining OPCS; however, at December 31, 2017, the financial institution still maintained their own 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 105 percent of the deposits being secured.

Investments

Investments are reported at fair value. As of December 31, 2017, the Library had the following investments:

Measurement/Investment	Measurement Amount	Maturity	Standard & Poor's Rating	Percent of Total Investments
Net Asset Value Per Share				
STAR Ohio	\$4,794,749	Average 52.1 Days	AAAm	N/A
Fair Value - Level One Inputs				
EE United States Savings Bonds	318,710	Less than nine years	N/A	2.81%
HH United States Savings Bonds	64,000	Less than seven years	N/A	0.57
United States Treasury Note	<u>37,000</u>	Less than four years	N/A	0.33
Total Fair Value - Level One Inputs	<u>419,710</u>			
Fair Value - Level Two Inputs				
Federal Home Loan Mortgage Corporation Notes	3,153,477	Less than five years	AAAm	27.85
Federal National Mortgage Association Notes	360,137	Less than five years	AAAm	3.18
Federal Farm Credit Bank Bonds	53,889	Less than three years	AAAm	0.48
Negotiable Certificates of Deposit	1,311,612	Less than one year	N/A	11.58
Negotiable Certificates of Deposit	<u>1,229,117</u>	Less than five years	N/A	10.86
Total Fair Value - Level Two Inputs	<u>6,108,232</u>			
Total Investments	<u><u>\$11,322,691</u></u>			

The Library categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The above chart identifies the Library's recurring fair value measurements as of December 31, 2017. STAR Ohio is measured at net asset value per share. The United States Savings Bonds and United States Treasury Note are measured at fair value and are valued using quoted market prices (Level 1 inputs). The Library's remaining investments measured at fair value are valued using methodologies that incorporate market inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers and reference data including market research publications. Market indicators and industry and economic events are also monitored, which could require the need to acquire further market data. (Level 2 inputs).

Interest Rate Risk arises because potential purchases of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The Library does not have an investment policy beyond the requirements of State statute. Ohio Law addresses interest rate risk by requiring that the Library's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments, thereby avoiding the need to sell securities on the open market prior to maturity.

Cleveland Heights-University Heights Public Library

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2017*

Credit Risk Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The Library has no investment policy that addresses credit risk.

Concentration of Credit Risk The Library places no limit on the amount it may invest in any one issuer.

Note 6 - Property Taxes

Property taxes include amounts levied against all real and public utility property located in the Cleveland Heights-University Heights City School District. Property tax revenue received during 2017 for real and public utility property taxes represents collections of 2016 taxes.

2017 real property taxes were levied after October 1, 2017, on the assessed value as of January 1, 2017, the lien date. Assessed values are established by State law at 35 percent of appraised fair value. 2017 real property taxes are collected in and intended to finance 2018.

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

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. 2017 public utility property taxes which became a lien December 31, 2016, are levied after October 1, 2017, and are collected in 2018 with real property taxes.

The full tax rate for all Library operations for the year ended December 31, 2017 was \$10.00 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2017 property tax receipts were based are as follows:

Category	Assessed Values
Real Estate	
Residential/Agricultural	\$877,006,480
Other Real Estate	160,657,950
Tangible Personal Property	
Public Utility	18,981,440
Total	<u>\$1,056,645,870</u>

The County Treasurer collects property tax on behalf of all taxing districts within the county, including the Library. The County Fiscal Officer periodically remits to the Library its portion of the taxes collected. Property taxes receivable represents real and public utility taxes which are measurable as of December 31, 2017, and for which there is an enforceable legal claim. In governmental funds, the portion of the receivable not levied to finance 2017 operations is offset to deferred inflows of resources – property taxes. On the accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on the modified accrual basis the revenue has been reported as deferred inflows of resources – unavailable revenue.

Cleveland Heights-University Heights Public Library

Notes to the Basic Financial Statements

For the Year Ended December 31, 2017

Note 7 - Receivables

Receivables at December 31, 2017 consisted of taxes, accounts and intergovernmental. The intergovernmental receivables at December 31, 2017 were \$1,256,503 of Library and Local Government Support Fund revenues received through the State of Ohio, \$418,256 for homestead and rollback, \$8,157 for an E-rate reimbursement and \$738 for a premium refund from the Ohio Bureau of Workers' 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. All receivables except property taxes are expected to be received within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

Note 8 – Capital Leases

In prior years, the Library entered into lease agreements for the acquisition of copiers, communication equipment, an office phone system and an energy management system. The Library's lease obligations meet the criteria of a capital lease and have been recorded on the government-wide statements. The original amounts capitalized for the capital leases and the book value as of December 31, 2017 follows:

Assets:	
Equipment	\$695,910
Less: Accumulated Depreciation	<u>(331,676)</u>
Net Book Values	<u>\$364,234</u>

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, 2017. All lease payments are made from the general fund.

<u>Year Ending December 31, 2017</u>	<u>Amount</u>
2018	\$79,543
2019	76,480
2020	<u>49,987</u>
Total Minimum Lease Payments	206,010
Less: Amount Representing Interest	<u>(12,815)</u>
Present Value of Minimum Lease	<u>\$193,195</u>

Cleveland Heights-University Heights Public Library

Notes to the Basic Financial Statements

For the Year Ended December 31, 2017

Note 9 - Capital Assets

Capital asset activity for the year ended December 31, 2017, was as follows:

	Restated Balance 12/31/16	Additions	Reductions	Balance 12/31/17
	<u>12/31/16</u>	<u>Additions</u>	<u>Reductions</u>	<u>12/31/17</u>
Governmental activities:				
Capital assets, not being depreciated				
Land	\$934,657	\$0	\$0	\$934,657
Construction in progress	831,504	4,108,070	(4,939,574)	0
Total capital assets not being depreciated	<u>1,766,161</u>	<u>4,108,070</u>	<u>(4,939,574)</u>	<u>934,657</u>
Capital assets, being depreciated				
Land Improvements	387,913	48,343	0	436,256
Buildings and Improvements	18,780,208	4,939,574	0	23,719,782
Equipment	1,753,698	66,947	0	1,820,645
Furniture	845,770	283,304	0	1,129,074
Vehicles	47,400	0	(37,500)	9,900
Total capital assets being depreciated	<u>21,814,989</u>	<u>5,338,168</u>	<u>(37,500)</u>	<u>27,115,657</u>
Accumulated depreciation				
Land Improvements	(231,724)	(19,642)	0	(251,366)
Buildings and Improvements	(4,333,748)	(505,664)	0	(4,839,412)
Equipment	(1,157,413)	(128,870)	0	(1,286,283)
Furniture	(659,744)	(30,514)	0	(690,258)
Vehicles	(8,235)	(1,113)	2,109	(7,239)
Total accumulated depreciation	<u>(6,390,864)</u>	<u>(685,803) *</u>	<u>2,109</u>	<u>(7,074,558)</u>
Total Capital assets being depreciated, net	<u>15,424,125</u>	<u>4,652,365</u>	<u>(35,391)</u>	<u>20,041,099</u>
Governmental activities capital assets, net	<u>\$17,190,286</u>	<u>\$8,760,435</u>	<u>(\$4,974,965)</u>	<u>\$20,975,756</u>

* Depreciation expense was charged to governmental activities as follows:

General Government:	
Public Service	\$672,995
Administration	12,808
Total	<u>\$685,803</u>

Cleveland Heights-University Heights Public Library

Notes to the Basic Financial Statements

For the Year Ended December 31, 2017

Note 10 - 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 2017, the Library contracted with Love Insurance for various types of insurance coverage as follows:

Type of Coverage	Coverage
Commercial Property	\$36,548,115
Library Materials	7,882,238
Inland Marine:	
Electronic Equipment	413,043
Electronic Media and Extra Expense (per)	31,371
General Liability (per)	2,000,000
Commercial Crime and Computer Fraud (per)	100,000
Public Employee Dishonesty, Forgery and Funds Transfer Fraud (per)	100,000
Vehicle	2,000,000
Errors and Omissions	2,000,000
Library Officials	2,000,000

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.

Note 11 – Defined Benefit Pension Plans

Net Pension Liability

The net pension liability reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension liability represents the Library's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

Ohio Revised Code limits the Library's obligation for this liability to annually required payments. The Library cannot control benefit terms or the manner in which pensions are financed; however, the Library does receive the benefit of employees' services in exchange for compensation including pension.

Cleveland Heights-University Heights Public Library

Notes to the Basic Financial Statements

For the Year Ended December 31, 2017

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees).

State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan’s board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The proportionate share of each plan’s unfunded benefits is presented as a long-term *net pension liability* on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting.

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description - Library employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. Library employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS’ traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS’ fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information):

Group A	Group B	Group C
Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35

Cleveland Heights-University Heights Public Library

Notes to the Basic Financial Statements

For the Year Ended December 31, 2017

Final average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	<u>State and Local</u>
2017 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee	10.0 %
2017 Actual Contribution Rates	
Employer:	
Pension	13.0 %
Post-employment Health Care Benefits	<u>1.0</u>
Total Employer	<u>14.0 %</u>
Employee	<u>10.0 %</u>

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Library's contractually required contribution was \$484,806 for 2017. Of this amount, \$93,525 is reported as an intergovernmental payable.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension liability for OPERS was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Library's proportion of the net pension liability was based on the Library's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

Cleveland Heights-University Heights Public Library

Notes to the Basic Financial Statements

For the Year Ended December 31, 2017

	<u>OPERS</u>
Proportion of the Net Pension Liability:	
Current Measurement Date	0.029003%
Prior Measurement Date	<u>0.028033%</u>
Change in Proportionate Share	<u>0.000970%</u>
Proportionate Share of the Net Pension Liability	\$6,586,088
Pension Expense	\$1,444,534

At December 31, 2017, the Library reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>OPERS</u>
Deferred Outflows of Resources	
Differences between expected and actual experience	\$8,927
Changes of assumptions	1,044,634
Net difference between projected and actual earnings on pension plan investments	980,821
Changes in proportion and differences between Library contributions and proportionate share of contributions	92,058
Library contributions subsequent to the measurement date	<u>484,806</u>
Total Deferred Outflows of Resources	<u>\$2,611,246</u>
Deferred Inflows of Resources	
Differences between expected and actual experience	<u>\$39,197</u>

\$484,806 reported as deferred outflows of resources related to pension resulting from Library contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ending December 31:	<u>OPERS</u>
2018	\$870,768
2019	893,181
2020	352,044
2021	<u>(28,750)</u>
Total	<u>\$2,087,243</u>

Cleveland Heights-University Heights Public Library

Notes to the Basic Financial Statements

For the Year Ended December 31, 2017

Actuarial Assumptions - OPERS

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2016, using the following actuarial assumptions applied to all periods included in the measurement in accordance with the requirements of GASB 67. In 2016, the OPERS' actuarial consultants conducted an experience study for the period 2011 through 2015, comparing assumptions to actual results. The experience study incorporates both a historical review and forward-looking projections to determine the appropriate set of assumptions to keep the plan on a path toward full funding. Information from this study led to changes in both demographic and economic assumptions, with the most notable being a reduction in the actuarially assumed rate of return from 8.0 percent down to 7.5 percent, for the defined benefit investments. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of December 31, 2016, compared with December 31, 2015, are presented below.

	December 31, 2016	December 31, 2015
Wage Inflation	3.25 percent	3.75 percent
Future Salary Increases, including inflation	3.25 to 10.05 percent including wage inflation	4.25 to 10.05 percent including wage inflation
COLA or Ad Hoc COLA:		
Pre-January 7, 2013 Retirees	3 percent, simple	3 percent, simple
Post-January 7, 2013 Retirees	3 percent, simple through 2018, then 2.15 percent, simple	3 percent, simple through 2018, then 2.8 percent, simple
Investment Rate of Return	7.5 percent	8 percent
Actuarial Cost Method	Individual Entry Age	Individual Entry Age

For 2016, mortality rates are based on the RP-2014 Healthy Annuitant mortality table. For males, Healthy Annuitant Mortality tables were used, adjusted for mortality improvement back to the observation period base of 2006 and then established the base year as 2015. For females, Healthy Annuitant Mortality tables were used, adjusted for mortality improvements back to the observation period base year of 2006 and then established the base year as 2010. The mortality rates used in evaluating disability allowances were based on the RP-2014 Disabled mortality tables, adjusted for mortality improvement back to the observation base year of 2006 and then established the base year as 2015 for males and 2010 for females. Mortality rates for a particular calendar year for both healthy and disabled retiree mortality tables are determined by applying the MP-2015 mortality improvement scale to the above described tables.

For 2015, mortality rates were based on the RP-2000 Mortality Table projected 20 years using Projection Scale AA. For males, 105 percent of the combined healthy male mortality rates were used. For females, 100 percent of the combined healthy female mortality rates were used. The mortality rates used in evaluating disability allowances were based on the RP-2000 mortality table with no projections. For males 120 percent of the disabled female mortality rates were used set forward two years. For females, 100 percent of the disabled female mortality rates were used.

Cleveland Heights-University Heights Public Library

Notes to the Basic Financial Statements

For the Year Ended December 31, 2017

The most recent experience study was completed for the five year period ended December 31, 2015. The prior experience study was completed for the five year period ended December 31, 2010.

The long-term rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

During 2016, OPERS managed investments in four investment portfolios: the Defined Benefit portfolio, the 401(h) Health Care Trust portfolio, the 115 Health Care Trust portfolio and the Defined Contribution portfolio. The 401(h) Health Care Trust portfolio was closed as of June 30, 2016 and the net position transferred to the 115 Health Care Trust portfolio on July 1, 2016. The Defined Benefit portfolio contains the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. The Defined Benefit portfolio historically included the assets of the Member-Directed retiree medical accounts funded through the VEBA Trust. However, the VEBA Trust was closed as of June 30, 2016 and the net position transferred to the 115 Health Care Trust portfolio on July 1, 2016. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio is 8.3 percent for 2016.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2016 and the long-term expected real rates of return:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)</u>
Fixed Income	23.00 %	2.75 %
Domestic Equities	20.70	6.34
Real Estate	10.00	4.75
Private Equity	10.00	8.97
International Equities	18.30	7.95
Other investments	18.00	4.92
Total	<u>100.00 %</u>	<u>5.66 %</u>

Discount Rate The discount rate used to measure the total pension liability for 2016 was 7.5 percent. The discount rate for 2015 was 8 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Cleveland Heights-University Heights Public Library

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2017*

Sensitivity of the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the County's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.5 percent, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.5 percent) or one-percentage-point higher (8.5 percent) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
County's proportionate share of the net pension liability	\$10,061,721	\$6,586,088	\$3,689,762

Note 12 – Postemployment Benefits

Plan Description - The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the traditional pension and the combined plans. This trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45. See OPERS' CAFR referenced below for additional information.

The Ohio Revised Code permits, but does not require OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2017, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Cleveland Heights-University Heights Public Library

Notes to the Basic Financial Statements

For the Year Ended December 31, 2017

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 1.0 percent during calendar year 2017.

As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2018 decreased to 0 percent for both plans. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2017 was 4.0 percent.

Substantially all of the Library's contribution allocated to fund postemployment health care benefits relates to the cost-sharing, multiple employer trusts. The corresponding contribution for the years ended December 31, 2017, 2016 and 2015 was \$37,277, \$74,990, and \$69,792, respectively. For 2017, 63.88 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2016 and 2015.

Note 13 – Other Employee Benefits

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. As of 2017, vacation allowance is now capped at the following:

<u>Exempt</u>	<u>Years of Service</u>	<u>Maximum Balance</u>	<u>Maximum Carryover</u>
Full Time:	0-3	152 hours	120 hours
	4-9	168 hours	140 hours
	10+	200 hours	160 hours
<u>Non-Exempt</u>			
Full Time:	0-3	80 hours	80 hours
	4-9	120 hours	120 hours
	10+	160 hours	160 hours
Prorated-30+ Hours	0-3	60 hours	60 hours
	4-9	90 hours	60 hours
	10+	120 hours	90 hours
Part Time	0-3	40 hours*	40 hours
	4-9	60 hours*	60 hours
	10+	80 hours*	80 hours

*Part-time staff, working 16-20 hours per week earn ETO.

Cleveland Heights-University Heights Public Library

Notes to the Basic Financial Statements

For the Year Ended December 31, 2017

Upon retirement or death, employees are paid 25 percent of their accumulated hours of sick leave. 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.

Insurance

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

Note 14 – Interfund Transfers

The general fund transferred \$600,000 to the building and repairs capital projects fund for the purchase and maintenance of various items throughout the Library.

Note 15 - Long-Term Obligations

A schedule of changes in long-term obligations of the Library during 2017 follows:

	Principal Outstanding 12/31/2016	Additions	Deletions	Principal Outstanding 12/31/2017	Amounts Due In One Year
Governmental Activities					
Net Pension Liability - OPERS	\$4,855,667	\$1,730,421	\$0	\$6,586,088	\$0
Compensated Absences	223,002	303,599	281,276	245,325	214,173
Capital Lease Obligations	262,204	0	69,009	193,195	72,061
Total Governmental Activities	\$5,340,873	\$2,034,020	\$350,285	\$7,024,608	\$286,234

Compensated absences and capital leases will be paid from the general fund. The Library pays obligations related to employee compensation from the fund benefitting from their service. There is no repayment schedule for the net pension liability. However, employer pension contributions are made from the general fund. See Note 11 for additional information related to the net pension liability.

Note 16 – Construction and Improvement of Facilities

The library has completed the renovations to the University Heights branch and the building was reopened to the public in September 2017. The building’s expansion now includes: a dedicated children’s room, a teen room, 4 meeting rooms and 4 small study rooms.

There are no major renovation projects scheduled in the next few years.

Cleveland Heights-University Heights Public Library

Notes to the Basic Financial Statements

For the Year Ended December 31, 2017

Note 17 – Encumbrances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the amount of encumbrances expected to be honored upon performance by the vendor in the next fiscal year were as follows:

General fund	\$246,216
Building and Repairs Fund	346,500
Other Governmental Funds	<u>106</u>
Total	<u><u>\$592,822</u></u>

Note 18 – Change in Accounting Principle and Restatement of Net Position

Change in Accounting Principle

For 2017, the Library implemented the Governmental Accounting Standards Board’s (GASB) *Implementation Guide No. 2016-1*. These changes were incorporated in the Library’s 2017 financial statements; however, there was no effect on beginning net position/fund balance.

Restatement of Net Position

During 2017, the Library performed an entity-wide re-evaluation of all capital assets. This re-evaluation had the following effect on net position as reported on December 31, 2016:

	<u>Governmental Activities</u>
Net Position at December 31, 2016	\$30,017,864
Capital Assets	<u>(259,539)</u>
Restated Net Position at December 31, 2016	<u><u>\$29,758,325</u></u>

Note 19 - Contingencies

Grants

The Library receives financial assistance from federal and state agencies in the form of grants. The disbursements of funds received under these programs generally require compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on the overall financial position of the Library at December 31, 2017.

Cleveland Heights-University Heights Public Library

Notes to the Basic Financial Statements

For the Year Ended December 31, 2017

Note 20 – Subsequent Event

In March 2018 the Cleveland Heights-University Heights School District sold a property to the Library for \$1 that is contiguous to the Coventry branch. The parcel contains the P.E.A.C.E. (People Enhancing A Child's Environment) Park and the former Coventry Elementary School, which currently houses 7 non-profit tenants and has a playground. The only off street parking available for the Library is part of this parcel.

The Library will act as a landlord for the building for approximately 2 years, giving the tenants time to form their own organization to manage the building and then the Library anticipates leasing the building to that group, while the Library maintains the property.

Cleveland Heights-University Heights Public Library
Required Supplementary Information
Schedule of the Library's Proportionate Share of the
Net Pension Liability
Ohio Public Employees Retirement System - Traditional Plan
*Last Four Years (1)**

	2017	2016	2015	2014
Library's Proportion of the Net Pension Liability	0.029003%	0.028033%	0.027807%	0.027807%
Library's Proportionate Share of the Net Pension Liability	\$6,586,088	\$4,855,667	\$3,353,851	\$3,278,100
Library's Covered Payroll	\$3,749,517	\$3,489,621	\$3,409,125	\$3,513,257
Library's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	175.65%	139.15%	98.38%	93.31%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.25%	81.08%	86.45%	86.36%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2014 is not available. An additional column will be added each year.

* Amounts presented for each year were determined as of the Library's measurement date which is the prior year end.

Cleveland Heights-University Heights Public Library
Required Supplementary Information
Schedule of the Library's Contributions
Ohio Public Employees Retirement System - Traditional Plan
Last Five Years (1)

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually Required Contribution	\$484,806	\$449,942	\$418,755	\$409,095	\$456,723
Contributions in Relation to the Contractually Required Contribution	<u>(484,806)</u>	<u>(449,942)</u>	<u>(418,755)</u>	<u>(409,095)</u>	<u>(456,723)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Library's Covered Payroll	\$3,729,277	\$3,749,517	\$3,489,621	\$3,409,125	\$3,513,257
Contributions as a Percentage of Covered Payroll	13.00%	12.00%	12.00%	12.00%	13.00%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2013 is not available. An additional column will be added each year.

Cleveland Heights-University Heights Public Library

Notes to the Required Supplementary Information

For the Year Ended December 31, 2017

Changes in Assumptions - OPERS

Amounts reported for 2017 incorporate changes in assumptions used by OPERS in calculating the total pension liability in the latest actuarial valuation. These new assumptions compared with those used in 2016 and prior are presented below:

	December 31, 2017	December 31, 2016 and Prior
Wage Inflation	3.25 percent	3.75 percent
Future Salary Increases, including inflation	3.25 to 10.05 percent including wage inflation	4.25 to 10.05 percent including wage inflation
COLA or Ad Hoc COLA:		
Pre-January 7, 2013 Retirees	3 percent, simple	3 percent, simple
Post-January 7, 2013 Retirees	3 percent, simple through 2018, then 2.15 percent, simple	3 percent, simple through 2018, then 2.8 percent, simple
Investment Rate of Return	7.5 percent	8 percent
Actuarial Cost Method	Individual Entry Age	Individual Entry Age

Amounts reported for 2017 use mortality rates based on the RP-2014 Healthy Annuitant mortality table. For males, Healthy Annuitant Mortality tables were used, adjusted for mortality improvement back to the observation period base of 2006 and then established the base year as 2015. For females, Healthy Annuitant Mortality tables were used, adjusted for mortality improvements back to the observation period base year of 2006 and then established the base year as 2010. The mortality rates used in evaluating disability allowances were based on the RP-2014 Disabled mortality tables, adjusted for mortality improvement back to the observation base year of 2006 and then established the base year as 2015 for males and 2010 for females. Mortality rates for a particular calendar year for both healthy and disabled retiree mortality tables are determined by applying the MP-2015 mortality improvement scale to the above described tables.

Amounts reported for 2016 and prior use mortality rates based on the RP-2000 Mortality Table projected 20 years using Projection Scale AA. For males, 105 percent of the combined healthy male mortality rates were used. For females, 100 percent of the combined healthy female mortality rates were used. The mortality rates used in evaluating disability allowances were based on the RP-2000 mortality table with no projections. For males 120 percent of the disabled female mortality rates were used set forward two years. For females, 100 percent of the disabled female mortality rates were used.

Combining and Individual Fund Statements and Schedules

Fund Descriptions - Nonmajor Governmental Funds

Nonmajor Special Revenue Funds

To account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Staff Development Fund – The staff development nonmajor governmental fund accounts for and reports revenue received as interest from principal left to the Library as part of the estate of Larry Bauer. An ordinance passed by the Library Trustees maintains the principal balance and is included as nonspendable, while the interest is restricted specifically for staff development programs.

LSTA Grant Fund – To account for and report revenue received from the State that is restricted for improving Library services and technology.

Summer Teen Program Fund – To account for and report donations that are restricted for the summer teen program.

Cleveland Heights-University Heights Public Library

*Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2017*

	<u>Staff Development</u>	<u>LSTA Grant</u>	<u>Summer Teen Program</u>	<u>Total Nonmajor Special Revenue Funds</u>
Assets				
Equity in Pooled Cash and Cash Equivalents	<u>\$561,518</u>	<u>\$507</u>	<u>\$347</u>	<u>\$562,372</u>
Fund Balances				
Nonspendable	\$418,502	\$0	\$0	\$418,502
Restricted	<u>143,016</u>	<u>507</u>	<u>347</u>	<u>143,870</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$561,518</u>	<u>\$507</u>	<u>\$347</u>	<u>\$562,372</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, 2017

	Staff Development	LSTA Grant	Summer Teen Program	Total Nonmajor Special Revenue Funds
Revenues				
Interest	\$14,442	\$0	\$0	\$14,442
Miscellaneous	0	16,013	0	16,013
<i>Total Revenues</i>	<u>14,442</u>	<u>16,013</u>	<u>0</u>	<u>30,455</u>
Expenditures				
Current:				
General Government:				
Public Service	0	16,506	0	16,506
Administration	9,165	0	0	9,165
<i>Total Expenditures</i>	<u>9,165</u>	<u>16,506</u>	<u>0</u>	<u>25,671</u>
<i>Net Change in Fund Balances</i>	5,277	(493)	0	4,784
<i>Fund Balances Beginning of Year</i>	<u>556,241</u>	<u>1,000</u>	<u>347</u>	<u>557,588</u>
<i>Fund Balances End of Year</i>	<u><u>\$561,518</u></u>	<u><u>\$507</u></u>	<u><u>\$347</u></u>	<u><u>\$562,372</u></u>

**Individual Fund Schedules of Revenues, Expenditures
and Changes in Fund Balances –
Budget (Non-GAAP Basis) and Actual**

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, 2017

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Property Taxes	\$7,445,179	\$7,394,207	\$7,632,973	\$238,766
Patron Fines and Fees	99,666	98,984	102,180	3,196
Intergovernmental	3,264,610	3,242,259	3,346,955	104,696
Interest	141,578	140,609	145,149	4,540
Donations	38,674	38,410	50,222	11,812
Rentals	55,048	54,672	56,437	1,765
Miscellaneous	63,960	63,521	66,041	2,520
<i>Total Revenues</i>	<u>11,108,715</u>	<u>11,032,662</u>	<u>11,399,957</u>	<u>367,295</u>
Expenditures				
Current:				
General Government:				
Public Service				
Salaries and Benefits	4,044,554	4,078,604	3,847,335	231,269
Purchased Services	1,409,385	1,430,744	1,270,798	159,946
Materials and Supplies	1,711,061	1,724,695	1,483,615	241,080
Other	52,707	53,142	46,296	6,846
Total Public Service	<u>7,217,707</u>	<u>7,287,185</u>	<u>6,648,044</u>	<u>639,141</u>
Administration				
Salaries and Benefits	1,903,320	1,919,343	1,810,511	108,832
Purchased Services	331,395	334,059	280,548	53,511
Materials and Supplies	76,065	76,628	63,418	13,210
Other	50,881	51,310	0	51,310
Total Administration	<u>2,361,661</u>	<u>2,381,340</u>	<u>2,154,477</u>	<u>226,863</u>
Capital Outlay				
Land Improvements	60,093	60,599	60,599	0
Building Improvements	244,980	246,736	195,777	50,959
Furniture and Equipment	272,552	274,638	154,198	120,440
Total Capital Outlay	<u>577,625</u>	<u>581,973</u>	<u>410,574</u>	<u>171,399</u>
<i>Total Expenditures</i>	<u>10,156,993</u>	<u>10,250,498</u>	<u>9,213,095</u>	<u>1,037,403</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	951,722	782,164	2,186,862	1,404,698
Other Financing Sources (Uses)				
Transfers Out	(612,500)	(612,500)	(600,000)	12,500
<i>Net Change in Fund Balance</i>	339,222	169,664	1,586,862	1,417,198
<i>Fund Balance Beginning of Year</i>	7,690,791	7,690,791	7,690,791	0
Prior Year Encumbrances Appropriated	272,741	272,741	272,741	0
<i>Fund Balance End of Year</i>	<u>\$8,302,754</u>	<u>\$8,133,196</u>	<u>\$9,550,394</u>	<u>\$1,417,198</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, 2017*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Interest	\$3,300	\$3,300	\$14,814	\$11,514
Expenditures				
Current:				
General Government:				
Administration				
Purchased Services	247,810	258,624	218,637	39,987
Capital Outlay				
Land Improvements	26,646	31,507	25,506	6,001
Buildings and Improvements	4,262,282	4,310,683	4,290,874	19,809
Furniture and Equipment	363,343	429,267	269,664	159,603
Total Capital Outlay	4,652,271	4,771,457	4,586,044	185,413
<i>Total Expenditures</i>	<u>4,900,081</u>	<u>5,030,081</u>	<u>4,804,681</u>	<u>225,400</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(4,896,781)	(5,026,781)	(4,789,867)	236,914
Other Financing Sources (Uses)				
Transfers In	0	0	600,000	600,000
<i>Net Change in Fund Balance</i>	(4,896,781)	(5,026,781)	(4,189,867)	836,914
<i>Fund Balance Beginning of Year</i>	959,347	959,347	959,347	0
Prior Year Encumbrances Appropriated	4,187,581	4,187,581	4,187,581	0
<i>Fund Balance End of Year</i>	<u>\$250,147</u>	<u>\$120,147</u>	<u>\$957,061</u>	<u>\$836,914</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, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Interest	\$1,650	\$1,650	\$12,612	\$10,962
Expenditures				
Current:				
Administration				
Purchased Services	25,962	26,910	8,115	18,795
Materials and Supplies	952	1,000	972	28
Other	86	90	78	12
<i>Total Expenditures</i>	<u>27,000</u>	<u>28,000</u>	<u>9,165</u>	<u>18,835</u>
<i>Net Change in Fund Balance</i>	(25,350)	(26,350)	3,447	29,797
<i>Fund Balance Beginning of Year</i>	515,361	515,361	515,361	0
Prior Year Encumbrances Appropriated	<u>7,000</u>	<u>7,000</u>	<u>7,000</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$497,011</u></u>	<u><u>\$496,011</u></u>	<u><u>\$525,808</u></u>	<u><u>\$29,797</u></u>

Cleveland Heights-University Heights Public Library

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

For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Miscellaneous	\$31,645	\$31,645	\$16,013	(\$15,632)
Expenditures				
Current:				
General Government:				
Public Service				
Purchased Services	1,813	1,670	1,670	0
Materials and Supplies	15,572	14,342	14,342	0
Other	14,260	13,133	600	12,533
<i>Total Expenditures</i>	31,645	29,145	16,612	12,533
<i>Net Change in Fund Balance</i>	0	2,500	(599)	(3,099)
<i>Fund Balance Beginning of Year</i>	1,000	1,000	1,000	0
<i>Fund Balance End of Year</i>	\$1,000	\$3,500	\$401	(\$3,099)

Cleveland Heights-University Heights Public Library

*Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Summer Teen Program Fund
For the Year Ended December 31, 2017*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues	\$0	\$0	\$0	\$0
Expenditures	0	0	0	0
<i>Net Change in Fund Balance</i>	0	0	0	0
<i>Fund Balance Beginning of Year</i>	347	347	347	0
<i>Fund Balance End of Year</i>	<u>\$347</u>	<u>\$347</u>	<u>\$347</u>	<u>\$0</u>

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Statistical Section

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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.

Contents	Pages(s)
<i>Financial Trends</i>	S2 – S9
These schedules contain trend information to help the reader understand how the Library's financial performance and well-being have changed over time.	
<i>Revenue Capacity</i>	S10 – S20
These schedules contain information to help the reader assess the Library's most significant local revenue, the property tax.	
<i>Debt Capacity</i>	S21 – S22
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.	
<i>Economic and Demographic Information</i>	S23 – S25
These schedules offer economic and demographic indicators to help the reader understand the environment within which the Library's financial activities take place.	
<i>Operating Information</i>	S26 – S31
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.

Cleveland Heights-University Heights Public Library

Net Position By Component

Last Ten Years

(Accrual Basis of Accounting)

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Governmental Activities				
Net Investment in				
Capital Assets	\$20,462,276	\$16,928,082	\$16,644,656	\$16,322,853
Restricted for:				
Capital Projects	0	0	0	0
Staff Development				
Nonexpendable	418,502	418,502	418,502	418,502
Expendable	143,016	137,739	128,352	143,936
Other Purposes	2,915	2,940	2,108	8,724
Unrestricted	<u>9,707,675</u>	<u>12,271,062</u>	<u>10,955,632</u>	<u>7,888,267</u>
<i>Total Governmental Activities</i>				
<i>Net Position</i>	<u>\$30,734,384</u>	<u>\$29,758,325</u>	<u>\$28,149,250</u>	<u>\$24,782,282</u>

Note - In 2015, the Library implemented GASB 68 which affected Unrestricted Net Position for 2014.

2013	2012	2011	2010	2009	2008
\$16,675,019	\$16,419,092	\$16,340,379	\$15,825,402	\$16,014,552	\$16,066,388
0	0	0	1,040,906	672,782	702,020
418,502	418,502	418,502	418,502	418,502	418,502
107,581	89,643	73,448	55,174	32,612	32,612
0	0	0	15,610	6,883	0
9,487,795	8,891,875	7,692,761	5,905,026	4,427,955	2,392,699
<u>\$26,688,897</u>	<u>\$25,819,112</u>	<u>\$24,525,090</u>	<u>\$23,260,620</u>	<u>\$21,573,286</u>	<u>\$19,612,221</u>

Cleveland Heights-University Heights Public Library

Changes in Net Position

Last Ten Years

(Accrual Basis of Accounting)

	2017	2016	2015	2014
Program Revenues				
Governmental Activities:				
Charges for Services:				
General Government:				
Public Service	\$119,225	\$133,444	\$122,313	\$80,535
Administration	40,275	34,192	30,557	53,156
Subtotal - Charges for Services	<u>159,500</u>	<u>167,636</u>	<u>152,870</u>	<u>133,691</u>
Operating Grants and Contributions:				
General Government:				
Public Service	0	0	0	9,000
Administration	0	0	0	0
Subtotal - Operating Grants and Contributions	<u>0</u>	<u>0</u>	<u>0</u>	<u>9,000</u>
Capital Grants and Contributions:				
General Government				
Public Service	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Total Primary Government Program Revenues</i>	<u>159,500</u>	<u>167,636</u>	<u>152,870</u>	<u>142,691</u>
Expenses				
Governmental Activities:				
General Government:				
Public Service	8,069,559	7,544,227	6,991,889	6,471,499
Administration	2,390,597	2,250,759	1,620,757	2,028,001
Interest and Fiscal Charges	9,475	13,468	16,392	12,400
<i>Total Governmental Activities Expenses</i>	<u>10,469,631</u>	<u>9,808,454</u>	<u>8,629,038</u>	<u>8,511,900</u>
Net Expense				
Governmental Activities	<u>(10,310,131)</u>	<u>(9,640,818)</u>	<u>(8,476,168)</u>	<u>(8,369,209)</u>
General Revenues				
Governmental Activities				
Taxes:				
Property Taxes Levied For:				
General Purposes	7,680,582	7,908,118	8,191,307	5,570,878
Grants and Entitlements not Restricted to Specific Programs	3,307,074	3,351,830	3,526,072	3,144,750
Investment Earnings	157,363	111,228	40,732	61,291
Unrestricted Contributions	50,222	105,530	33,567	517,995
Miscellaneous	90,949	32,726	51,458	65,426
<i>Total Governmental Activities</i>	<u>11,286,190</u>	<u>11,509,432</u>	<u>11,843,136</u>	<u>9,360,340</u>
Change in Net Position				
Governmental Activities	<u>\$976,059</u>	<u>\$1,868,614</u>	<u>\$3,366,968</u>	<u>\$991,131</u>

2013	2012	2011	2010	2009	2008
\$125,135	\$106,441	\$119,666	\$115,270	\$105,416	\$103,739
2,554	29,911	34,030	31,073	27,571	22,918
127,689	136,352	153,696	146,343	132,987	126,657
18,091	26,908	86,813	42,670	38,494	5,914
369	0	5,425	3,473	5,946	644
18,460	26,908	92,238	46,143	44,440	6,558
0	0	0	0	3,000	0
146,149	163,260	245,934	192,486	180,427	133,215
6,603,614	6,032,580	6,334,670	6,209,429	6,368,432	7,047,915
1,609,684	1,571,627	1,553,407	1,512,688	1,577,866	1,478,715
13,490	14,589	18,729	21,507	21,251	29,122
8,226,788	7,618,796	7,906,806	7,743,624	7,967,549	8,555,752
(8,080,639)	(7,455,536)	(7,660,872)	(7,551,138)	(7,787,122)	(8,422,537)
5,698,149	5,528,009	5,658,014	5,619,186	6,242,776	4,019,850
3,131,633	3,149,291	3,177,827	3,575,503	3,437,579	3,506,609
32,243	24,330	26,913	21,094	30,077	67,337
0	0	0	0	0	0
88,399	47,928	62,588	22,689	37,755	1,890
8,950,424	8,749,558	8,925,342	9,238,472	9,748,187	7,595,686
\$869,785	\$1,294,022	\$1,264,470	\$1,687,334	\$1,961,065	(\$826,851)

Cleveland Heights-University Heights Public Library

Fund Balances, Governmental Funds

Last Ten Years

(Modified Accrual Basis of Accounting)

	2017	2016	2015	2014
General Fund				
Nonspendable	\$69,937	\$37,924	\$34,657	\$33,661
Committed	37,497	60,112	23,229	12,514
Assigned	203,612	586,918	499,202	88,352
Unassigned	9,364,549	7,167,126	7,839,302	7,571,065
Reserved	0	0	0	0
Unreserved	0	0	0	0
Total General Fund	9,675,595	7,852,080	8,396,390	7,705,592
All Other Governmental Funds				
Nonspendable	418,502	418,502	418,502	418,502
Restricted	143,870	139,086	129,699	123,158
Committed	337,721	3,657,138	105,061	228,913
Assigned	636,776	1,059,195	2,651,590	690,154
Reserved	0	0	0	0
Unreserved, Undesignated, Reported in:				
Special Revenue funds	0	0	0	0
Capital Projects fund	0	0	0	0
Total All Other Governmental Funds	1,536,869	5,273,921	3,304,852	1,460,727
Total Governmental Funds	\$11,212,464	\$13,126,001	\$11,701,242	\$9,166,319

Note: The Library implemented GASB 54 in 2010.

Note: The effects of the restatement for interest revenue are reflected in the 2014 amounts.

2013	2012	2011	2010	2009	2008
\$35,997	\$50,609	\$49,735	\$32,390	\$28,255	\$0
13,545	16,904	29,316	21,024	9,747	0
332,612	89,041	46,583	30,039	69,877	0
6,385,108	5,925,424	5,096,806	3,857,080	2,552,844	0
0	0	0	0	0	52,263
0	0	0	0	0	822,519
6,767,262	6,081,978	5,222,440	3,940,533	2,660,723	874,782
418,502	418,502	418,502	418,502	418,502	0
103,544	89,643	73,448	70,784	39,495	0
35,000	493,763	69,289	866,671	0	0
544,838	290,389	395,028	174,235	672,782	0
0	0	0	0	0	104,731
0	0	0	0	0	449,604
0	0	0	0	0	598,799
1,101,884	1,292,297	956,267	1,530,192	1,130,779	1,153,134
\$7,869,146	\$7,374,275	\$6,178,707	\$5,470,725	\$3,791,502	\$2,027,916

Cleveland Heights-University Heights Public Library

Changes in Fund Balances, Governmental Funds

Last Ten Years

(Modified Accrual Basis of Accounting)

	2017	2016	2015	2014
Revenues				
Property Taxes	\$7,632,973	\$7,764,622	\$7,835,201	\$5,590,586
Patron Fines and Fees	103,063	112,055	104,755	80,535
Intergovernmental	3,338,574	3,344,537	3,410,401	3,123,787
Interest	157,363	111,228	40,732	61,291
Donations	50,222	105,530	33,567	526,995
Rentals	56,437	55,581	48,115	53,156
Miscellaneous	90,949	32,726	51,458	65,426
<i>Total Revenues</i>	<u>11,429,581</u>	<u>11,526,279</u>	<u>11,524,229</u>	<u>9,501,776</u>
Expenditures				
Current:				
General Government:				
Public Service	6,411,745	6,592,494	6,324,940	5,707,937
Administration	2,366,945	2,048,078	1,612,857	2,020,620
Capital Outlay	4,484,885	1,381,405	976,117	507,946
Debt Service:				
Principal Retirement	69,009	66,086	61,806	60,238
Interest and Fiscal Charges	10,534	13,457	13,586	12,400
<i>Total Expenditures</i>	<u>13,343,118</u>	<u>10,101,520</u>	<u>8,989,306</u>	<u>8,309,141</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(1,913,537)</u>	<u>1,424,759</u>	<u>2,534,923</u>	<u>1,192,635</u>
Other Financing Sources (Uses)				
Inception of Capital Lease	0	0	0	133,279
Transfers In	600,000	3,532,500	2,600,000	550,000
Transfers Out	(600,000)	(3,532,500)	(2,600,000)	(550,000)
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>133,279</u>
<i>Net Change in Fund Balances</i>	<u><u>(\$1,913,537)</u></u>	<u><u>\$1,424,759</u></u>	<u><u>\$2,534,923</u></u>	<u><u>\$1,325,914</u></u>
Debt Service as a Percentage of Noncapital Expenditures	0.9%	0.9%	0.9%	0.9%

2013	2012	2011	2010	2009	2008
\$5,535,659	\$5,550,237	\$5,510,252	\$5,553,935	\$5,962,946	\$4,006,125
78,225	98,859	111,050	107,142	112,203	108,402
3,166,062	3,125,516	3,372,113	3,487,887	3,530,889	3,607,370
32,243	24,330	26,913	21,094	30,077	67,337
18,460	20,293	31,852	17,506	32,680	6,558
49,464	37,493	42,646	39,201	20,784	18,255
88,399	47,928	62,588	22,689	37,755	1,890
8,968,512	8,904,656	9,157,414	9,249,454	9,727,334	7,815,937
5,837,385	5,630,208	5,580,315	5,633,984	6,026,405	6,426,265
1,592,004	1,565,815	1,534,769	1,518,458	1,558,492	1,466,785
958,362	421,536	1,233,446	314,798	406,361	321,679
72,400	76,940	82,173	81,484	69,450	71,353
13,490	14,589	18,729	21,507	21,251	29,122
8,473,641	7,709,088	8,449,432	7,570,231	8,081,959	8,315,204
494,871	1,195,568	707,982	1,679,223	1,645,375	(499,267)
0	0	0	0	118,211	0
560,000	658,500	563,015	614,500	300,000	400,000
(560,000)	(658,500)	(563,015)	(614,500)	(300,000)	(400,000)
0	0	0	0	118,211	0
\$494,871	\$1,195,568	\$707,982	\$1,679,223	\$1,763,586	(\$499,267)
1.1%	1.2%	1.4%	1.4%	1.2%	1.2%

Cleveland Heights-University Heights Public Library
Assessed and Estimated Actual Value of Taxable Property
Last Ten Years

Collection Year	Real Property			Tangible Personal Property	
	Assessed Value			Public Utility	
	Residential/ Agricultural	Commercial Industrial/PU	Estimated Actual Value	Assessed Value	Estimated Actual Value
2017	\$877,006,480	\$160,657,950	\$2,964,755,514	\$18,981,440	\$21,569,818
2016	879,068,060	157,675,130	2,962,123,400	17,942,510	20,389,216
2015	886,426,760	171,565,400	3,022,834,743	17,518,250	19,907,102
2014	896,858,400	171,379,150	3,052,107,286	16,523,940	18,777,205
2013	900,875,670	167,529,470	3,052,586,114	15,110,130	17,170,602
2012	948,255,120	172,363,120	3,201,766,400	13,770,650	15,648,466
2011	958,818,960	174,565,760	3,238,242,057	13,289,430	15,101,625
2010	959,766,770	172,123,380	3,233,971,857	12,905,470	14,665,307
2009	1,035,088,170	182,208,130	3,477,989,429	12,095,890	13,745,330
2008	1,034,579,860	196,135,280	3,516,328,971	11,548,270	13,123,034

Source: Cuyahoga County, Ohio; Fiscal Officer

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 tax has been phased out, and during the phase out period, all general business tangible personal property was assessed at 12.5 percent for 2007, 6.25 percent for 2008 and zero for 2009. Beginning in 2007, House Bill 66 switched telephone companies from being public utilities to general business taxpayers and began a four year phase out of the tangible personal property tax on local and inter-exchange telephone companies, at 5 percent for 2010. No tangible personal property taxes were levied or collected in 2009 from general business taxpayers, (except telephone companies whose last year to pay tangible personal property tax was 2010).

The tangible personal property values associated with each year were 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 a 10 percent and a 2 1/2 percent rollback, and homestead exemptions before being billed.

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	
\$0	\$0	\$1,056,645,870	\$2,986,325,332	35.38 %	\$8.3500
0	0	1,054,685,700	2,982,512,616	35.36	8.3351
0	0	1,075,510,410	3,042,741,845	35.35	8.2636
0	0	1,084,761,490	3,070,884,490	35.32	6.0140
0	0	1,083,515,270	3,069,756,717	35.30	5.9130
0	0	1,134,388,890	3,217,414,866	35.26	5.2635
0	0	1,146,674,150	3,253,343,682	35.25	5.2772
0	0	1,144,795,620	3,248,637,164	35.24	5.2743
4,791,945	76,671,120	1,234,184,135	3,568,405,879	34.59	5.4490
9,140,242	73,121,936	1,251,403,652	3,602,573,942	34.74	3.6256

Cleveland Heights-University Heights Public Library

Property Tax Rates - Direct and Overlapping Governments

(Per \$1,000 of Assessed Valuation)

Last Ten Years

	2017	2016	2015	2014
Voted Millage - by levy				
1992 Current Expense				
Residential/Agricultural Real	\$2.5984	\$2.5904	\$2.5904	\$2.5700
Commercial/Industrial and Public Utility Real	3.1219	3.1179	3.1179	2.9100
General Business and Public Utility Personal	4.0000	4.0000	4.0000	4.0000
2000 Current Expense				
Residential/Agricultural Real	1.5172	1.5125	1.5125	1.5000
Commercial/Industrial and Public Utility Real	1.6667	1.6646	1.6646	1.5600
General Business and Public Utility Personal	1.9000	1.9000	1.9000	1.9000
2008 Current Expense				
Residential/Agricultural Real	1.9000	1.9000	1.9000	1.9000
Commercial/Industrial and Public Utility Real	1.9000	1.9000	1.9000	1.9000
General Business and Public Utility Personal	1.9000	1.9000	1.9000	1.9000
2014 Current Expense				
Residential/Agricultural Real	2.2000	2.2000	2.2000	2.2000
Commercial/Industrial and Public Utility Real	2.2000	2.2000	2.2000	2.2000
General Business and Public Utility Personal	2.2000	2.2000	2.2000	2.2000
Total Millage				
Residential/Agricultural Real	\$8.2156	\$8.2030	\$8.2030	\$8.1700
Commercial/Industrial and Public Utility Real	8.8887	8.8825	8.8825	8.5700
General Business and Public Utility Personal	10.0000	10.0000	10.0000	10.0000
Total Weighted Average Rate	\$8.3500	\$8.3351	\$8.2636	\$6.0140

Overlapping Rates by Taxing District

Cleveland Heights City				
Residential/Agricultural Real	\$13.9200	\$13.9200	\$13.9200	\$13.9200
Commercial/Industrial and Public Utility Real	13.9200	13.9200	13.9200	13.9200
General Business and Public Utility Personal	13.9200	13.9200	13.9200	13.9200
University Heights City				
Residential/Agricultural Real	13.2000	13.2000	13.2000	13.2000
Commercial/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

2013	2012	2011	2010	2009	2008
\$2.5401	\$2.5299	\$2.4060	\$2.3828	\$2.3771	\$2.2031
2.8819	2.8874	2.7867	2.7398	2.7856	2.7275
4.0000	4.0000	4.0000	4.0000	4.0000	4.0000
1.4831	1.4772	1.4048	1.3913	1.3880	1.2864
1.5386	1.5415	1.4878	1.4628	1.4872	1.4562
1.9000	1.9000	1.9000	1.9000	1.9000	1.9000
1.9000	1.9000	1.9000	1.9000	1.9000	1.9000
1.8964	1.9000	1.9000	1.8688	1.9000	1.9000
1.9000	1.9000	1.9000	1.9000	1.9000	1.9000
0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
\$5.9232	\$5.9071	\$5.7108	\$5.6741	\$5.6651	\$5.3895
6.3169	6.3289	6.1745	6.0714	6.1728	6.0837
7.8000	7.8000	7.8000	7.8000	7.8000	7.8000
\$5.9130	\$5.2635	\$5.2772	\$5.2743	\$5.4490	\$3.6256

\$12.9000	\$13.0000	\$12.9000	\$12.9000	\$12.9000	\$12.9000
12.9000	13.0000	12.9000	12.9000	12.9000	12.9000
12.9000	13.0000	12.9000	12.9000	12.9000	12.9000

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	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 Ten Years

	2017	2016	2015	2014
South Euclid City				
Residential/Agricultural Real	\$18.8500	\$16.3500	\$16.3500	\$16.0500
Commercial/Industrial and Public Utility Real	18.7921	16.2817	16.2817	15.9600
General Business and Public Utility Personal	18.8500	16.3500	16.3500	16.0500
Cleveland Heights/University Heights City School District				
Residential/Agricultural Real	87.4552	81.3081	81.3081	80.9500
Commercial/Industrial and Public Utility Real	104.2416	98.1577	98.1577	93.5400
General Business and Public Utility Personal	155.5900	149.5900	149.5900	149.5900
Cuyahoga County				
Residential/Agricultural Real	13.8802	13.8698	13.8698	14.0500
Commercial/Industrial and Public Utility Real	14.0124	14.0500	14.0500	14.0200
General Business and Public Utility Personal	14.0500	14.0500	14.0500	14.0500
Special Taxing Districts (1)				
Residential/Agricultural Real	9.2408	9.2368	9.2368	9.3600
Commercial/Industrial and Public Utility Real	9.3438	9.3676	9.3676	9.3400
General Business and Public Utility Personal	9.3800	9.3800	9.3800	9.3800

Source: Cuyahoga County Fiscal Officer

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.

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

Real property tax rates are reduced so that inflationary increases in value do not generate additional taxes.

(1) Metro Parks, Port Authority, County Library, Community College

2013	2012	2011	2010	2009	2008
\$16.1215	\$13.1000	\$13.1000	\$13.1000	\$13.2670	\$13.1066
16.3500	13.1000	13.1000	13.1000	13.2621	13.2611
16.3500	13.1000	13.1000	13.1000	14.9000	14.9000
92.7788	74.3049	71.7220	64.3156	64.1927	60.2980
80.3810	87.0446	84.6791	76.5609	77.7531	76.2906
149.5900	143.7000	143.7000	136.8000	136.8000	136.7000
13.9495	13.2200	13.1182	13.1866	13.1789	12.6607
14.0500	12.9968	12.7846	12.8412	12.8457	12.8153
14.0500	13.2200	13.2200	13.3200	13.3200	13.3200
5.9639	5.0635	5.0041	4.9900	4.5068	4.1597
5.8843	4.9621	4.8649	4.8450	4.4119	4.3911
5.9800	5.0800	5.0800	5.0800	4.7800	4.7800

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 (3)	Total Tax Collections(2)(4)
2017	\$8,770,186	\$8,076,484	92.09%	\$392,739	\$8,469,223
2016	8,823,676	8,262,552	93.64	349,735	8,612,287
2015	8,831,597	8,258,723	93.51	429,656	8,688,379
2014	6,530,159	6,016,335	92.13	336,860	6,353,195
2013	7,383,904	6,025,104	81.60	296,178	6,321,282
2012	7,370,086	6,095,982	82.71	314,701	6,410,683
2011	6,658,267	6,030,499	90.57	301,253	6,331,752
2010	6,654,296	6,082,138	91.40	337,096	6,419,234
2009	6,781,043	6,310,205	93.06	308,608	6,618,813
2008	4,437,530	4,120,788	92.86	220,649	4,341,437

Source: Cuyahoga County, Ohio; Fiscal Officer

(1) Information for Real and Public Utility Property Only

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

(3) The County does not identify delinquent collections by the year for which the tax was levied.

(4) Penalties and interest are included, since by Ohio Law, they become part of the tax obligation as assessment occurs.

Percent of Total Tax Collections To Tax Levy	Accumulated Outstanding Delinquent Taxes	Percent of Delinquent Taxes to Total Tax Levy
96.57%	\$1,532,669	17.48 %
97.60	1,485,060	16.83
98.38	1,341,564	15.19
97.29	985,458	15.09
85.61	971,103	13.15
86.98	808,031	10.96
95.10	829,594	12.46
96.47	678,890	10.20
97.61	624,212	9.21
97.83	355,942	8.02

Cleveland Heights-University Heights Public Library

Personal Property Tax Levies And Collections

Last Ten Years

<u>Year</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections (4)</u>	<u>Percent of Current Tax Collections To Tax Levy</u>	<u>Delinquent Tax Collections (2)(3)</u>	<u>Total Tax Collections</u>
2017	\$0	\$0	0.00 %	\$0	\$0
2016	0	0	0.00	0	0
2015	0	0	0.00	0	0
2014	0	0	0.00	0	0
2013	34,234	0	0.00	182	182
2012	35,122	0	0.00	512	512
2011	0	0	0.00	344	344
2010	6,969	6,969	100.00	(3,305)	3,664
2009	15,149	15,149	100.00	1,701	16,850
2008	58,520	58,167	99.40	14,940	73,107

Source: Cuyahoga County, Ohio; County Fiscal Officer

- (1) Includes penalties and interest, since by Ohio Law, they become part of tax obligation as assessment occurs.
- (2) The County does not identify delinquent collections by the year for which the tax was levied.
- (3) The negative delinquent tax collections are the result of refunds on delinquencies exceeding the collections in a given year.
- (4) Penalties and interest are included, since by Ohio law, they become part of the tax obligation as the assessment occurs.

Percent of Total Tax Collections To Tax Levy	Accumulated Outstanding Delinquent Taxes (1)	Percentage of Delinquent Taxes to Total Tax Levy
N/A %	\$34,063	N/A %
N/A	34,063	N/A
N/A	34,063	N/A
N/A	34,063	N/A
0.53	34,063	99.50
1.46	34,645	98.64
N/A	35,310	N/A
52.58	38,252	548.89
111.23	27,679	182.71
124.93	16,119	27.54

Cleveland Heights-University Heights Public Library

Principal Real Property Taxpayers

2017 and 2008

<u>2017</u>		
Taxpayer	Real Property Assessed Valuation	Percentage of Total Assessed Valuation
Cleveland Electric Illuminating Co.	\$12,376,140	1.19 %
HQ Acquisition	11,686,290	1.13
Inland Cedar Center South LLC	6,475,040	0.62
Wal-Mart Real Estate Business Trust	5,278,390	0.51
Severance Realty LLC	3,675,020	0.35
East Ohio Gas Co.	3,610,610	0.35
Murphy Hall LLC	3,360,000	0.32
American Transmission System	2,993,970	0.29
Kensington Ltd Partnership	2,601,310	0.25
FISE Inc.	2,471,500	0.24
Total	\$54,528,270	5.25 %
Total Assessed Valuation	\$1,037,664,430	

<u>2008</u>		
Taxpayer	Real Property Assessed Valuation	Percentage of Total Assessed Valuation
Severance SPE Lease Co., LLC	\$15,923,180	1.29 %
Inland Western	14,671,900	1.19
Kaiser Foundation Health	11,616,780	0.94
Macy Department Store	8,552,780	0.69
University Square, Incorporated	7,827,610	0.64
Target	6,279,500	0.51
Coral Cedar Center, LLC	4,575,910	0.37
ARC American Retirement Community	3,415,590	0.28
Severance SPE FEECO, LLC	3,218,680	0.26
Concord Park I, II, & III	2,591,190	0.22
Total	\$78,673,120	6.39 %
Total Assessed Valuation	\$1,230,715,140	

Source: Cuyahoga County Fiscal Officer

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>Capital Leases</u>	<u>Total Personal Income (1)</u>	<u>Percentage Of Personal Income</u>	<u>Population (1)</u>	<u>Per Capita</u>
2017	\$193,195	\$1,902,378,420	0.01 %	59,660	\$3
2016	262,204	1,823,865,860	0.01	59,660	4
2015	328,290	1,822,702,490	0.02	59,660	6
2014	390,096	1,810,919,640	0.02	59,660	7
2013	317,055	1,769,694,580	0.02	59,660	5
2012	389,455	1,395,626,380	0.03	59,660	7
2011	466,395	1,745,532,280	0.03	59,660	8
2010	548,568	2,012,988,060	0.03	59,660	9
2009	630,052	2,078,917,974	0.03	61,614	10
2008	581,291	2,078,917,974	0.03	61,614	9

(1) Personal Income and Population amounts derived from S24.

Cleveland Heights-University Heights Public Library

*Computation of Direct and Overlapping
Debt Attributable to Governmental Activities
December 31, 2017*

Jurisdiction	Governmental Activities Debt	Percentage Applicable to Library(1)	Amount Applicable to the Library
Direct			
Capital Leases	\$193,195	100.00 %	\$193,195
Overlapping			
Cuyahoga County			
General Obligation Bonds	222,259,855	4.19	9,312,688
Revenue Bonds	712,717,846	4.19	29,862,878
Certificates of Participation	246,517,627	4.19	10,329,089
Loans Payable	1,677,337	4.19	70,280
Capital Leases	361,144,312	4.19	15,131,947
Greater Cleveland Regional Transit Authority			
General Obligation Bonds	140,323,087	4.19	5,879,537
City of Cleveland Heights			
General Obligation Bonds	15,907,458	95.00	15,112,085
Special Assessment Bonds	2,140,000	95.00	2,033,000
OPWC Loans	1,230,189	95.00	1,168,680
Notes	1,325,000	95.00	1,258,750
City of University Heights			
General Obligation Bonds	2,795,000	100.00	2,795,000
OPWC Loans	491,320	100.00	491,320
Loans	162,339	100.00	162,339
City of South Euclid			
General Obligation Bonds	15,246,307	6.51	992,535
Special Obligation Bonds	1,560,000	6.51	101,556
OPWC Loans	2,378,151	6.51	154,818
OWDA Loans	1,087,677	6.51	70,808
OAQDA Loans	516,901	6.51	33,650
Capital Leases	91,466	6.51	5,954
Cleveland Heights-University Heights City School District			
General Obligation Bonds	134,654,915	100.00	134,654,915
Certificates of Participation	19,440,000	100.00	19,440,000
QZAB Bonds	5,500,000	100.00	5,500,000
Capital Lease	337,129	100.00	337,129
<i>Total Overlapping Debt</i>	<u>1,889,503,916</u>		<u>254,898,957</u>
<i>Total Direct and Overlapping Debt</i>	<u>\$1,889,697,111</u>		<u>\$255,092,152</u>

Source: Fiscal Office, 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 2016 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 City 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

2017 and 2008

2017		
Employer	Nature of Activity	Employees
John Carroll University	Higher Education	2,332
Cleveland Heights-University Heights City School District	Public Education	888
City of Cleveland Heights	Local Government	727
Bellefaire Jewish Children's Center	Social Services	697
Macy's Department Store	Retail Store	336
Cuyahoga County Fiscal Office	Local Government	318
Dave's Supermarket, Inc.	Grocery/Retail	311
Target	Retail Store	282
Home Depot USA, Inc.	Retail Store	268
Whole Foods	Grocery/Retail	220
Total		<u>6,379</u>
Total Employment within the Library District		<u>N/A</u>

2008			
Employer	Nature of Activity	Employees	Percentage of Total Library Employment
Cleveland Heights-University Heights City School District	Public Education	1,011	3.05 %
Cleveland Heights City Hall	Local Government	921	2.78
John Carroll University	Higher Education	684	2.06
Bellefaire Jewish Children's Center	Social Services	506	1.53
Kaiser Foundation	Healthcare	349	1.05
Wal Mart, Inc.	Retail Store	300	0.91
AI Healthcare	Healthcare	245	0.74
Target's	Retail Store	220	0.66
Hebrew Academy	Private Education	214	0.65
Motorcars, Inc.	New and Used Cars	209	0.63
Total		<u>4,659</u>	<u>14.06 %</u>
Total Employment within the Library District		<u>33,140</u>	

Source: Survey conducted by the two Cities. (1)

(1) The Cleveland Heights-University Heights Public Library is a school district library and its boundaries follow those of the Cleveland Heights-University Heights City School District. These boundaries cover all of the community of University Heights; all but a small portion of Cleveland Heights (that which is within the boundaries of the East Cleveland City 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.

NA Information not available.

Cleveland Heights-University Heights Public Library

Demographic and Economic Statistics

Last Ten Years

Year	Population (1)	Total Personal Income (1)	Median Family Income (1)	Per Capita Income (1)	Unemployment Rate (2)	
					Cuyahoga County	State of Ohio
2017	59,660	\$1,902,378,420	\$53,901	\$31,887	4.8%	4.7%
2016	59,660	1,823,865,860	56,664	30,571	5.3	4.9
2015	59,660	1,822,702,490	53,000	30,552	4.0	4.6
2014	59,660	1,810,919,640	58,968	30,354	6.5	4.8
2013	59,660	1,769,694,580	53,194	29,663	7.2	7.1
2012	59,660	1,395,626,380	62,240	23,393	6.6	6.7
2011	59,660	1,745,532,280	60,618	29,258	7.1	7.6
2010	59,660	2,012,988,060	66,726	33,741	9.4	9.5
2009	61,614	2,078,917,974	61,401	33,741	9	10.7
2008	61,614	2,078,917,974	61,401	33,741	6.8	6.5

Sources:

(1) Estimates 2008-2017, U.S. Census Bureau. 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 City 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.

(2) County and State Records

(3) Records of Cities of Cleveland Heights and University Heights.

(4) Cuyahoga County, Ohio; County Auditor

Represents total real property assessed value for the Cities of Cleveland Heights and University Heights.

<u>City Square Miles (3)</u>	<u>Estimated Actual Property Value (4)</u>	<u>Number of Building Permits (3)</u>	<u>Dollar Value of Building Permits (3)</u>
10.11	\$2,986,325,332	1,221	\$35,290,927
10.11	2,982,512,616	948	43,874,916
10.11	3,042,741,845	6,092	40,840,680
10.11	3,070,884,490	3,550	33,086,052
10.11	3,069,756,717	2,373	14,847,219
10.11	3,217,414,866	1,433	21,208,864
10.11	3,253,343,682	1,397	29,625,288
10.11	3,248,637,164	1,530	22,853,095
10.11	3,568,405,879	1,511	18,627,975
10.11	3,602,573,942	4,278	30,508,251

Cleveland Heights-University Heights Public Library
Full-Time Equivalent Library Employees by Function/Program
Last Ten Years

Function/Program	2017	2016	2015	2014
Public Service				
Adult Services	13.200	12.700	12.200	11.950
Young Adult Services	0.000	0.000	0.000	0.000
Children's Services	0.000	0.000	0.000	0.000
Youth Services	11.000	11.000	11.000	11.000
Circulation Services	10.900	11.200	12.200	12.400
Technical Services	3.000	3.000	2.500	4.500
Information Technology	2.000	2.000	2.000	2.000
Training	7.000	6.800	6.300	5.800
Building Services	11.500	11.500	11.500	9.500
Coventry Village Library	7.500	7.200	6.900	6.900
Noble Neighborhood Library	9.250	9.050	9.050	9.050
University Heights Library	9.300	8.000	8.000	8.000
Marketing and Communications	3.500	4.000	4.000	4.000
Administrative Support	1.625	1.500	1.500	1.000
Sub Reference Hours	1.550	1.550	1.550	1.550
Circulation Reference	N/A	N/A	N/A	N/A
Main Library Pages	10.000	10.500	10.100	10.100
Administration				
Main Library	6.000	6.000	5.000	5.000
Branch Library	3.000	3.000	3.000	3.000
Totals:	<u>110.325</u>	<u>109.000</u>	<u>106.800</u>	<u>105.750</u>

Method: Using all positions (open or filled) divided by
a 40-hour work week at December 31.

2013	2012	2011	2010	2009	2008
12.000	11.950	13.875	13.925	13.920	16.625
0.000	0.000	3.600	3.600	3.600	6.600
0.000	0.000	7.200	7.000	6.600	9.325
10.500	10.500	0.000	0.000	0.000	0.000
13.200	12.200	10.750	11.550	11.500	21.550
4.750	4.750	5.250	5.250	4.250	8.700
2.000	2.000	2.000	2.000	3.000	2.000
5.300	4.800	0.000	0.000	0.000	0.000
9.500	9.000	9.800	9.600	9.000	6.000
5.900	6.150	5.100	5.100	5.700	6.750
7.980	7.975	6.775	6.775	7.770	8.150
6.650	6.650	5.900	5.300	6.300	7.650
4.000	4.000	4.000	4.000	3.000	4.000
1.000	1.000	1.500	1.500	3.500	2.500
1.550	1.550	1.550	1.350	1.350	N/A
N/A	N/A	N/A	N/A	0.500	N/A
11.400	11.100	8.750	8.750	8.750	N/A
5.000	5.000	6.000	6.000	5.000	5.000
3.000	3.000	3.000	3.000	3.000	3.000
103.730	101.625	95.050	94.700	96.740	107.850

Cleveland Heights-University Heights Public Library

Capital Assets Statistics by Function/Program

Last Ten Years

Function/Program	2017	2016	2015	2014
Public Service				
Number of Buildings	5	5	5	5
Public Meeting Rooms	10	10	10	10
Vehicles for Delivery	1	1	1	1
Bookmobile	1	1	0	0
Square Footage				
1920 Coventry Village Library	5,105	5,105	5,105	5,105
1937 Noble Neighborhood Library	11,160	11,160	11,160	11,160
1952 University Heights Library	17,593	11,160	11,160	11,160
1932 Lee Road (Main) Library	107,856	107,856	107,856	107,856
2013 Lee Road (HKIC) Library	4,000	4,000	4,000	4,000
Public Use Copy Machines	8	8	8	8
Public Use Fax Machines	6	6	6	6
Public Use PCs	160	160	160	160
ATMs	0	0	0	0
Cafes	0	0	0	0
Art Galleries	1	1	1	1
Technology Classrooms	1	1	1	1
Administration				
Square Footage (at Lee Road)	2,144	2,144	2,144	2,144
Administrative Copy Machine	1	1	1	1
Staff Use PCs	100	100	96	96

2013	2012	2011	2010	2009	2008
5	4	4	4	4	4
10	13	13	13	13	12
1	1	1	1	1	1
0	0	0	0	0	0
5,105	5,105	5,105	5,105	5,105	5,105
11,160	11,160	11,160	11,160	11,160	11,160
11,160	11,160	11,160	11,160	11,160	11,160
107,856	107,856	107,856	107,856	107,856	107,856
4,000	0	0	0	0	0
7	7	7	7	8	8
5	4	4	4	4	4
137	133	133	123	120	120
0	1	1	1	1	1
0	1	1	1	1	1
1	1	1	1	1	1
1	1	1	1	1	2
2,144	2,144	2,144	2,144	2,144	2,144
1	1	1	1	1	1
95	94	94	96	96	92

Cleveland Heights-University Heights Public Library

Operating Indicators by Function/Program

Last Ten Years

Function/Program	2017	2016	2015	2014
Public Service				
Circulation By Building				
Coventry Village Library	125,739	119,742	116,683	117,100
Lee Road Library	1,177,780	1,081,500	1,223,439	1,270,117
Noble Neighborhood Library	153,165	154,646	164,954	179,990
University Heights Library	74,774	125,998	193,089	212,365
Total Circulation, All Buildings	1,531,458	1,481,886	1,698,165	1,779,572
Circulation By Age Level				
Total Adult Circulation	1,146,237	1,023,477	1,264,591	1,237,050
Total Juvenile Circulation	385,221	458,319	433,574	542,522
Circulation By Type of Materials				
Books and Magazines	801,824	728,584	844,290	915,445
Videocassettes and DVDs	471,013	490,824	532,565	592,621
Recordings (Discs, Tapes, CDs)	145,306	153,159	178,269	194,638
Computer Software	173	244	522	622
E-media	109,721	106,205	98,690	71,478
Other Items	3,421	2,870	3,829	4,768
Library Collections Systemwide				
Books	251,876	232,113	263,418	266,906
E-books	191,805	373,194	215,490	124,395
Videocassettes and DVDs	35,810	34,467	36,502	39,537
Recordings (Discs, Tapes, CDs)	31,378	31,270	31,568	68,825
Computer Software	8	12	16	17
Magazine Subscriptions	709	327	577	362
Databases Provided	81	70	88	92
Electronic Resources				
Number of PCs Available for Public	169	125	144	137
Number of Weekly Users of Electronic Resources	3,823	4,882	5,345	5,593
Annual Number of Users of Electronic Resources	198,796	253,860	277,940	290,836
Public Service Transactions Systemwide				
Average Weekly Building Attendance	13,457	16,675	19,138	20,134
Annual Building Attendance	699,764	867,110	995,176	1,046,968
Average Weekly Reference Transactions	11,489	9,530	10,552	11,271
Annual Reference Transactions	597,428	495,560	548,704	586,092
Total Annual Library Programs	1,716	5,711	5,104	3,378
Total Annual Library Programs Attendance	43,659	67,662	70,776	70,025
Administration				
Purchase orders Issued	1,126	1,180	1,081	1,303
Accounts Payable Checks/Vouchers Issued	1,797	1,753	1,710	1,765
Payroll Checks/Direct Deposits				
Processed/Issued	3,828	4,254	6,622	3,987
W-2s and 1099s Issued	203	196	204	184
Board Resolutions	71	75	86	72

2013	2012	2011	2010	2009	2008
123,945	125,497	120,281	133,160	156,376	142,632
1,283,982	1,307,227	1,158,207	1,209,339	1,371,795	1,325,253
182,587	187,101	106,594	133,998	224,310	218,722
204,906	200,115	193,243	193,425	220,054	213,859
1,795,420	1,819,940	1,578,325	1,669,922	1,972,535	1,900,466
1,293,901	1,306,911	1,332,370	1,438,758	1,499,759	1,449,501
448,082	473,437	465,583	476,085	472,776	450,896
916,864	928,942	920,247	753,957	1,041,514	1,032,297
613,227	638,680	665,329	684,773	691,858	627,489
206,841	207,286	206,446	223,349	231,111	232,494
485	319	528	678	1,147	1,225
53,345	39,532	N/A	N/A	N/A	N/A
4,658	5,181	5,574	7,165	6,905	6,892
266,791	269,434	270,610	240,750	283,101	288,070
115,779	79,089	34,073	34,073	22,807	18,801
42,453	38,432	35,219	32,022	29,475	28,977
60,769	55,613	50,423	44,057	26,475	37,932
19	13	96	98	108	119
362	729	795	728	666	847
413	413	312	278	324	325
137	133	133	123	120	120
5,542	5,517	5,802	2,351	2,277	2,103
288,184	286,884	301,744	122,252	118,404	109,356
20,585	21,714	20,898	22,325	21,884	19,553
1,070,404	1,129,152	1,086,696	1,160,900	1,137,968	1,016,783
10,626	7,505	5,985	6,367	4,411	6,482
552,552	390,260	311,220	331,084	229,372	337,064
3,149	5,904	3,929	2,718	2,358	1,886
33,773	66,342	32,728	53,219	46,343	28,651
1,307	1,324	1,625	2,352	2,278	2,569
1,899	188	2,343	2,039	2,385	2,628
3,939	3,699	3,931	4,406	4,156	4,520
208	195	187	178	209	202
64	61	74	67	44	60

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Dave Yost • 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 3, 2018**