

Comprehensive Annual Financial Report

For the year ended December 31, 2016



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Introductory Section

CLEVELAND HEIGHTS-UNIVERSITY HEIGHTS PUBLIC LIBRARY

CLEVELAND HEIGHTS, OHIO

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2016

**Issued by:
Nancy S. Levin, Director
&
the Business Office**

Cleveland Heights-University Heights Public Library
Comprehensive Annual Financial Report
For the Year Ended December 31, 2016
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June 8, 2017

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, 2016. This is the 26th 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, 2016.

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, 2016. 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 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 ninth 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 librarian was appointed and the Cleveland Heights Public Library opened in the basement of the Coventry Elementary School, where the school library was merged with it. In 1926 the Library moved into its own permanent building at 1925 Coventry Road.

The Cleveland Heights–University Heights Public Library is presently comprised of 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 will be completed in 2017. A four million dollar renovation and additions project at the University Heights Branch also commenced in 2016. This project is 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 represents 22 percent of the Library's budget and it declined by \$43,108 in 2016. This decrease 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 from 1.66 percent to 1.7 for the 2016-2017 biennium budget.

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. Fifty eight 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 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, allows 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 \$56,664. (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, 2016 there were 45,778 library cardholders registered at Cleveland Heights-University Heights Public Library, who may also use their cards at any CLEVNET library.

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 each year and made up 12 percent of our circulation in 2016 increasing from 6 percent in 2015.

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 dipped 2 percent in 2016.

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 2016 improved from \$40,732 to \$111,228 over the previous year due to an improved return on investments.

STRATEGIC PLANNING

The conclusion of the 2014-2015 Strategic Plan outlined the many measurable successes of the plan, which were documented in monthly reports to the public and Board of Library Trustees. A summary is available on our website.

In 2016 we took a step back and spent the year preparing for the 2017-2018 plan in a unique way. The board of Library of trustees asked us to understand our community 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. These will be our road map for the next two years.

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

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.

2016 Annual Report

Numbers to know:

- Circulation: 1,481,886 items
- Visitors: 867,110
- Meeting Room Uses: 1,705
- Library Programs: 5,711 with an attendance of 67,662

Highlights of 2016

Centennial Celebrated

The biggest event of the year was the Centennial Celebration, which drew about 475 people to the Coventry Branch on May 1. This gathering in recognition of the Library’s first 100 years of service to the community featured a host of fine speakers (in particular local author Mary Doria Russell), a charming time capsule, photos and videos of highlights from the Library’s history, elegant music, and stirring poetry (from Coventry’s own Ben Gulyas and new Cleveland Heights Poet Laureate Chris Howie).

A time capsule ceremony, a presentation of prizes to centennial poster competition winners, a centennial cake, and high school choral music performance rounded out the celebration. Among the attendees were three generations of Heights Libraries directors, former board members, and retired custodial staff.

Our centennial was the theme for the annual summer reading program and also inspired the creation of a new local history collection. The library concluded its centennial celebration in October with an original Reader’s Theatre production, *Great Librarians I Have Known*, by Jonathan Wilhelm, Dobama Theatre’s associate managing director.

The Centennial Celebration was a collaboration of staff from every branch, particularly Communications Manager Sheryl Banks and her Communications staff.

University Heights Branch Renovation Begins

On Sunday, August 28, the Cleveland Heights-University Heights Public Library System broke ground to signal the start of the renovation of the University Heights Branch. Among the ceremony’s attendees were Heights Libraries board and staff members, University Heights Mayor Susan Infeld, and library customers. Employees from the architecture firm CBLH Design and contractor Regency Construction were also on hand to celebrate the beginning of the construction phase of the project. The renovated building will feature a full-functioning elevator (it previously had a lift), restrooms and meeting rooms on both floors, a door from the parking lot, and designated spaces for adults, teens, and young children. Construction is expected to finish in fall 2017. We purchased a used Bookmobile to augment our services in University Heights during the construction. Nicknamed “Nellie,” it began its travels in October and circulated 1,861 items during its 54 stops in six locations by year’s end.

National Honor for 8th Straight Year

For the eighth year in a row, the Cleveland Heights-University Heights Public Library System received five stars—the highest possible rating—in *Library Journal*’s annual Index of Public Library Service.

Heights Libraries has earned five stars in eight out of the nine years that *Library Journal* has published its ratings, beginning in 2008. *Library Journal*, a trade journal that reports news about the library world, emphasizing public libraries, and has a circulation of 100,000. The publication categorizes libraries by yearly expenditure and rates them on five criteria: circulation, visits, program attendance, Internet terminal use (public computers), and, new this year, eCirc (eMedia, such as eBooks).

Community Reads *Brown Girl Dreaming*

Once again the Library invited our residents to get “On the Same Page,” with its community-wide reading and program series. Jacqueline Woodson’s autobiography in verse, *Brown Girl Dreaming*, was 2016’s book. The series, which ran September through November, included book discussions, arts and crafts programs, and movie nights.

The Library first started On the Same Page programming in 2014, centered on the book *The Absolutely True Diary of a Part Time Indian*, by Sherman Alexie.

In 2016, the Library let the community choose the book. In November 2015, the Library shared a poll online, and *Brown Girl Dreaming*, winner of the 2014 National Book Award and 2015 Newbury Honor, was selected. Author Woodson was born in Ohio, and grew up in both the South and the North during the turbulent civil rights era.

Beth Hatch, special projects manager, coordinated efforts for the series. It kicked off in September with a free film screening of the documentary *Romeo is Bleeding*, about how poet Donte Clark transcended violence in his hometown of Richmond, California, by writing poetry about his experiences and inspiring an urban adaptation of Shakespeare’s *Romeo and Juliet*.

Among many of the programs in the series were the Cleveland Association of Black Storytellers’ “Look Back in Wonder,” a presentation of powerful personal narratives of African-American women from the past 100 years.

In addition to the many programs, the Lee Road Branch’s art gallery was home to an interactive display throughout October called “Dream Space: Poetry, Place and Person,” also inspired by *Brown Girl Dreaming*. Visitors were invited to enter the gallery and add their own personal narrative to the collage of poetry, read other’s contributions and, using an interactive touch screen, listen to quotes from the book read by the author.

We also shared screenings of the 1961 film adaptation of Lorraine Hansberry’s *A Raisin in the Sun* and the Tyler Perry film *For Colored Girls*, based on the play by Ntozake Shange. The eight adult On the Same Page events had a total attendance of 168.

New and Innovative Services at our branches

Local History Librarian Amia Wheatley created the Local History Section at the Lee Road Branch with both reference and circulating materials. She began digitizing and rehousing Library archives beginning with 23 boxes of newspaper clippings, articles, letters, and photographs that were uploaded to the Ohio Memory website. She added over 3,000 images to our Ohio Memory page, which is linked to the Digital Public Library of America. She also worked with the Cleveland Heights Historical Society on programs for National Preservation Month in May and other local history topics. She collaborated with Heights Community Congress on a program with Marian Morton as a kick off to their Heights Heritage Home and Garden Tour.

In partnership with Asian Services in Action (ASIA) and volunteers from the community, the Noble Neighborhood Branch stepped up services to the refugee community, adding citizenship classes, Nepali

Language classes, mental health training, and ABLE ESOL (English for Speakers of Other Languages) classes in addition to the ongoing Welcome Hub, a drop-in program for refugees and immigrants. Youth Services Associate Jessica Markowitz and Noble Branch Manager Constance Dickerson attended a health fair for refugee families sponsored by ASIA and the Cuyahoga County Board of Health. The Noble Branch also partnered with Garfield Memorial Church to screen the film “Refugees of Shangri-La,” which tells the story of the Nepalese who were deported from their homes in Bhutan and assigned to refugee camps in Nepal; many of our neighbors lived in these camps.

Youth Services at Lee Road was very excited to add another early literacy play space option for families who visit our library system. Both the new furniture and the “ABC Under Construction” mural (original art by children’s author Denise Fleming) were installed in the literacy play space in June. The space is designed to inspire children and their caregivers to engage in imaginative play together while building essential early literacy skills. Staff rotates games, manipulatives, puzzles, and other items to keep the space fresh and exciting for children. Staff members who helped design the space and continue to contribute were Youth Services Librarians Cheryl Taylor, Amanda Chang, and Sarah Biscuso.

The Library’s delivery program for home-bound adults, Library @ Home, continues to grow with the efforts of Adult Services Librarian John Piche. In 2016, 1,168 items were mailed to 51 individuals. In addition, our outreach program made monthly deliveries of materials to senior housing facilities this year. 952 items were delivered to Judson Park, Musicians Towers, Severance Tower, and Jewish Family Services.

Youth Services Librarian Jessica Robinson and former Special Projects Manager Beth Hatch won a Library Services and Technology (LSTA) to create a sound recording studio in the teen room at the Lee Road Branch. The LSTA funds, \$1,000, will be combined with a generous grant from the Friends for \$5,000 to purchase equipment for sound editing and recording. The program will partner with Lake Erie Ink to teach local teens the full spectrum of sound recording in a 12-week course. In 2017, equipment will be purchased, and programs and classes will be created to maximize the new equipment.

The Library’s new zine collection was unveiled in April. The zines, made by artists from all over the country, were donated by customers and the collection is being maintained by Adult Services Associate Kate Atherton.

In May, a new video game collection was launched at Lee Road, with the other branches scheduled to begin offering games in 2017.

Adult Computer Classes

The Training Department added the following new computer classes in 2016:

- Video Calling for PC’s
- Video Calling for Mobile Devices
- Internet Safety and Security
- WordPress
- Coding Made Easy
- Free Tech Educational Resources

They also added the following new services and programs in 2016:

- **Ask a Tech Trainer** – introduced this monthly drop-in service earlier in the year to reach out to customers not currently attending our computer classes or tutorials.
- **Certificate of Completion** program – introduced in the fall for Microsoft Office and Computer Basics classes (see below for details).

- **Lynda.com** – starting in June 2016, customers and staff now have access to lynda.com’s extensive online course catalog and videos.

Training Department statistics:

Computer Lab HKIC sessions: 46,819
 Computer Classes: 413
 Computer Class attendance: 2,259
 Ask a Tech Trainer service (# of sessions offered): 17
 Ask a Tech Trainer service (# of customers helped): 58
 Individual Tutorial attendance: 121
 Media Room reservations: 674
 Study room reservations: 1,673
 Test Proctoring: 46
 Mobile Classroom Sessions: 113

Programming

The Summer Reading program, which is our biggest program and encompasses all branches and all ages, recorded strong participation numbers in 2016. The Adult program had 1,427 entries, a 5 percent increase over 2015’s 1,354 and double the 709 we had in 2014.

The children’s and teen program also had strong numbers, with increased teen participation at every branch, as shown in the table below:

Final Youth Summer Reading stats	Coventry	Lee Road	Noble	UH	Total
Birth-PreK	28 (+13)	137 (+6)	24 (+5)	16 (-18)	205 (+16)
School Age	46 (-29)	444 (+4)	199 (+34)	80 (-52)	769 (-43)
Teen	20 (+11)	225 (+20)	66 (+59)	22 (+5)	333 (+95)
Total	94 (-5)	806 (+30)	289 (+98)	118 (-65)	1307 (+58)

At the end of the Summer Reading program, parents were encouraged to complete a survey about the impact of the program on their child’s reading skills. These surveys were done using the Public Library Association’s Project Outcome, which is a measurement tool that the Library will utilize for the 2017-2018 Strategic Plan.

Customers continue to love the Book Bike, which appeared at 17 events between April and October, visiting with 1,158 fans.

Lee Road Adult Services staff planned and presented 129 programs, with a combined attendance of 1,968 people. This is an increase of 7.6 percent over the 2015 attendance of 1,828. Adult book discussion attendance increased by 10 percent over 2015. A total of 382 people attended at least one of 49 book discussions led by Adult Services staff. Monthly discussions took place at the Library, at the Tavern Company on Lee, and at the Cleveland Heights Senior Center.

Youth Services Librarians Kornela Bogdanowicz, Maggie Kinney, Mary Looby, and Anne Tisch planned the launch of the 1,000 Books Before Kindergarten early literacy program in early 2017. The program emphasizes reading to newborns, infants, and toddlers while encouraging parent and child bonding through literacy.

Full programming numbers are below, by branch:

Coventry Programming:

	Programs/Events	Attendance/Participation
Children	294 programs	5,919
	40 outreach visits	1,581
	Summer Reading registration	74
Teen	94 programs	591
	Summer Reading registration	19
Adult	247 programs	3,374
	Summer Reading registration	48

Noble Programming:

	Programs/Events	Attendance/Participation
Children	326 programs	4,089
	82 outreach visits	2,480
	Summer Reading registration	289
Teen	280 programs	3,815
	Summer Reading registration	116
Adult	233 programs	1,766
	5 outreach visits	208
	Summer Reading registration	322

University Heights Programming:

	Programs/Events	Attendance/Participation
Children	167 programs	2,348
	38 outreach visits	1,812
	Summer Reading registration	116
Teen	181 programs	3,345
	Summer Reading registration	22
Adult	32 programs	562
	13 outreach visits	142
	Summer Reading registration	193

Facility Updates

Coventry repainted the interior of the public areas of the branch, installed new draperies in the public areas and new shades in the staff room, replanted the front garden with a beautiful array of perennial and annual flowers, installed a reference desk in the Shire children’s area, and purchased new computer chairs for the quiet use computer section. In the fall, Coventry began a complete tuck-pointing project that will be completed in the spring of 2017; the tuck pointing will both restore some of the original beauty of the building and make it more water and weather proof. With the Master Gardeners Grant, Coventry built a composter.

On Sunday, August 28, the official groundbreaking for the new University Heights building took place. Finance Manager Deborah Herrmann and Deputy Fiscal Officer Amy Gerson hosted a successful surplus sale of UH items just prior to the building officially closing to the public on Sunday, September 4.

Noble purchased a new reference desk and new teen desk, both of which provide staff with more working room.

The Lee Road Teen Room was rearranged to provide clearer zones for gaming, reading, and socializing. The new teen furniture will help to better define the space.

The Lee Road Circulation Department also received a new service desk, which now easily accommodates two staff members to work with customers.

Internal Operations

University Heights staff completed a major weeding project, which included weeding in all areas of the collection: adult, children, and teen in both fiction and nonfiction. Over 10,000 items were weeded in preparation of the building's closure. An "Opening Day Collection" will be ordered to replace many of these books.

In addition to rearranging the physical space in the Lee Road Teen Room, we also added a policy to limit teen computers to teens only Monday-Friday during the Spot, 3-6 p.m. This change has helped teens feel more at home in the room and many have let us know they appreciate the change.

Noble received a \$400 grant award from the Master Gardeners of Cuyahoga County, thanks to the grant writing done by Youth Services Associates Dana Hermelin and Jessica Markowitz.

The Library also received a substantial grant from Dollar General for the Summer Reading Program.

Borrowing Changes

To better serve teachers, we introduced Educator Cards in July. Educator Cards allow teachers of daycares, preschools, and K-12 schools to check out children's materials for twice as long as regular cards. Parents who home school are also eligible for the card. Thus far, 33 teachers have signed up for Educator Cards. We also unveiled an online form for teachers wanting to reserve materials to supplement their classroom units.

The Library forgave fines in the amount of \$12,441 as part of the national ConnectEd program during National Library Card Sign Up Month in September.

Staff Development and Training

Nearly every staff member participated in development opportunities, many at our annual Staff Development Day offered every September. Staff served on committees in professional organizations such as the Ohio Library Council (Technical Services Supervisor Jenny Greene, Continuing Education Manager Heather Howler and University Heights Branch Manager Sara Phillips) and the American Library Association (Deputy Director Kim DeNero-Ackroyd).

Noble Branch Manager Constance Dickerson continued to serve on the American Library Association's Gaver Jury, which awards a scholarship to a graduate student who will focus on youth services.

Coventry Branch Manager Pat Gray was invited to speak at the Management Class of the MLIS program at Kent. Pat also joined the board of Heights Writes, the poetry division of the Heights Arts. Ben Gulyas offered an ASL series for the public and another for library staff. Maggie Kinney submitted a successful application for a grant from the Master Gardeners of Cuyahoga County. Librarian and Page Supervisor Jennifer Greene co-presented (with Noble Librarian Raidene Hebert) a webinar on scheduling pages for NEO-RLS.

Partnerships

In providing relevant programs and outreach, the Noble branch benefitted from many partnerships this year. Partner agencies included the Cleveland Food Bank, Mandel Jewish Community Center, Oxford

and Noble Elementary Schools, Noble Preschool, Hannah's House Childcare Center, Discovery Preschool, Toddle Inn, Reaching Heights, Cuyahoga County Dept. of Senior and Adult Services, US Together, Global Cleveland, ASIA (Asian Services in Action), Inc., Garfield Memorial Church, Holden Arboretum, Lake Erie Ink, Adult Basic and Literacy Education (ABLE), the Cleveland Heights Historical Society, Heights Community Congress, and Noble Neighbors.

The University Heights branch continued its partnerships with Walter Stinson, Senior Services coordinator for the city, Cleveland Heights-University Heights School District, Cuyahoga County Dept of Senior & Adult Services and Dollar Bank.

The Coventry branch continued partnerships with Mac's Backs and Apple Tree Books, City Fresh, Cleveland Clayworks, Cleveland Hearing and Speech, the Cleveland Institute of Music, the Cleveland Seed Bank, Coventry Children's Center, Coventry SID, Fairmount Co-op Preschool, Family Promise of Greater Cleveland, Forest Hill Church, Heights Youth Committee, Lake Erie Ink, and Roxboro Elementary and Middle Schools. They developed new partnerships with the Cleveland Playhouse, Music Settlement, and Master Gardeners of Cuyahoga County.

Lee Road Adult Services staff partnered with a number of organizations to bring a wide variety of innovative programs to our customers in 2016. These partners included the Cleveland Heights Historical Society, Cleveland Heights Landmarks Commission, Cleveland Heights Senior Center, Home Repair Resource Center, the Ingalls Library at the Cleveland Museum of Art, the Harold T. Clark Library at the Cleveland Museum of Natural History, the Foundation Center, Cleveland Orchestra, Cleveland Playhouse, Dobama Theatre, University Hospitals Seidman Cancer Center, Heights Community Congress, Master Gardeners of Cuyahoga County, Legal Aid Society of Cleveland, Cleveland Association of Black Storytellers, Shaker Lakes Nature Center, Cedar-Lee Theater, Literary Cleveland and the FRIENDS of the Heights Libraries.

Lee Road Youth Services carried on partnerships with Cleveland Heights-University Heights Schools, Church of the Savior, Park Synagogue, Lake Erie Ink, Monarch School for Autism and created a new one with the Cleveland Orchestra.

Sheryl Banks, Julia Murphy and Kim DeNero Ackroyd contributed to this report.

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, 2016, 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, 2015.

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, 2016

BOARD OF LIBRARY TRUSTEES

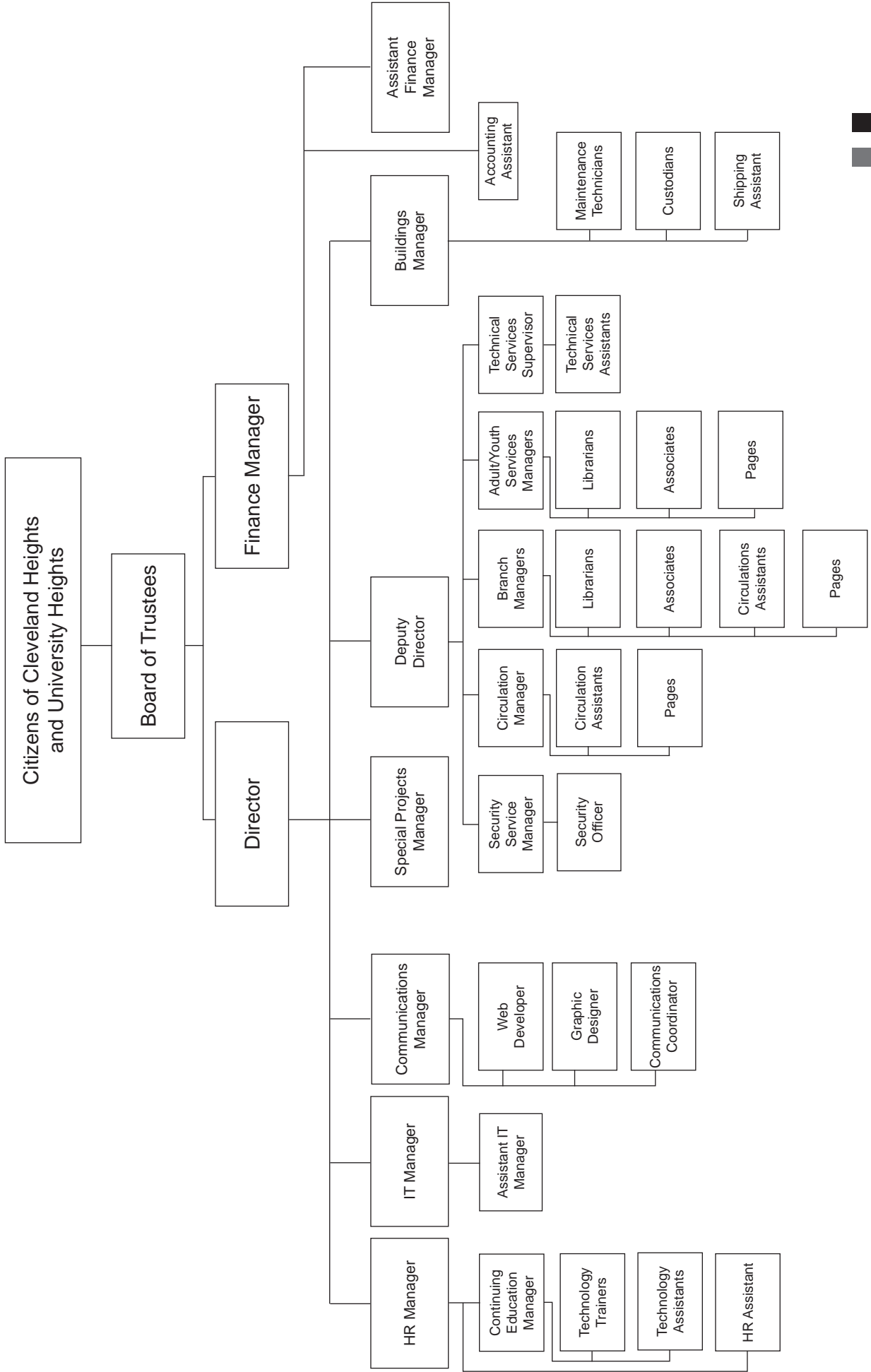
Rick Ortmeyer	President
Ron Holland	Vice President
Abby Botnick	Secretary
Chris Mentrek	Member
James Roosa	Member
Susan Beatty	Member
Suzann Moskowitz	Member

ADMINISTRATIVE STAFF

Nancy S. Levin	Director
Kimberlee DeNero-Ackroyd	Deputy Director
Deborah Herrmann	Finance Manager
Charles Collins	Adult Services Manager
Beth Hatch	Special Projects Coordinator
Sam Lapides	Youth Services Manager
Laurie Marotta	Human Resources Manager
Sheryl Banks	Marketing & Community Relations Manager
Timothy Pasbrig	Buildings Manager
Heather Howler	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

2016 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, 2015

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

- 1
- 2
- 3
- 4



Financial Section



Dave Yost • Auditor of State

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, 2016, 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 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.

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, 2016, and the respective changes in financial position thereof 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.

The statements and schedules are management's responsibility, and derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected these statements and schedules to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling statements and schedules directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, these statements and schedules are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

We did not subject the introductory section and statistical 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 8, 2017, 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 8, 2017

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Cleveland Heights-University Heights Public Library

Management's Discussion and Analysis

For the Year Ended December 31, 2016

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, 2016. 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 2016 are as follows:

- Total net position increased from 2015, primarily due to an increase in cash and cash equivalents, as revenues continued to exceed expenses. This is the direct result of the 2.2 mill levy that was passed in 2014 that generates approximately \$2,000,000 in additional property taxes annually which resulted in an increase in cash.
- Capital assets had additions to all categories but 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 2016?" 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, 2016

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, 2016

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 2016 compared to 2015.

Table 1
Net Position

	Governmental Activities		
	2016	2015	Change
Assets			
Current and Other Assets	\$24,312,653	\$22,210,616	\$2,102,037
Capital Assets, Net	17,449,825	16,972,946	476,879
Total Assets	41,762,478	39,183,562	2,578,916
Deferred Outflows of Resources			
Pension	1,895,177	597,706	1,297,471
Liabilities			
Current Liabilities	756,411	265,421	(490,990)
Long-Term Liabilities			
Due Within One Year	274,391	264,522	(9,869)
Due in More Than One Year			
Net Pension Liability	4,855,667	3,353,851	(1,501,816)
Other Amounts	210,815	276,127	65,312
<i>Total Liabilities</i>	6,097,284	4,159,921	(1,937,363)
Deferred Inflows of Resources			
Property Taxes	7,448,686	7,413,176	(35,510)
Pension	93,821	58,921	(34,900)
<i>Total Deferred Inflows of Resources</i>	7,542,507	7,472,097	(70,410)
Net Position			
Investment in Capital Assets	17,187,621	16,644,656	542,965
Restricted for:			
Staff Development			
Nonexpendable	418,502	418,502	0
Expendable	137,739	128,352	9,387
Other Purposes	2,940	2,108	832
Unrestricted	12,271,062	10,955,632	1,315,430
Total Net Position	\$30,017,864	\$28,149,250	\$1,868,614

The net pension liability (NPL) is the largest single liability reported by the Library at December 31, 2016 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, 2016

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 2016. The increase in assets over 2015 is attributable to the continued additional tax monies from the passage of the 2.2 mill operating levy that resulted in an increase in cash. 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 as well as an increase in contracts payable from the Library's ongoing construction projects.

Cleveland Heights-University Heights Public Library

Management's Discussion and Analysis

For the Year Ended December 31, 2016

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, 2016 and 2015.

Table 2
Change in Net Position

	Governmental Activities		
	2016	2015	Change
Revenues			
<i>Program Revenues</i>			
Charges for Services	\$167,636	\$152,870	\$14,766
<i>General Revenues</i>			
Property Taxes	7,908,118	8,191,307	(283,189)
Grants and Entitlements not Restricted to Specific Purposes	3,351,830	3,526,072	(174,242)
Investment Earnings	111,228	40,732	70,496
Unrestricted Contributions	105,530	33,567	71,963
Miscellaneous	32,726	51,458	(18,732)
<i>Total General Revenues</i>	11,509,432	11,843,136	(333,704)
<i>Total Revenues</i>	11,677,068	11,996,006	(318,938)
Program Expenses			
General Government:			
Public Service	7,544,227	6,991,889	(552,338)
Administration	2,250,759	1,620,757	(630,002)
Interest and Fiscal Charges	13,468	16,392	2,924
<i>Total Program Expenses</i>	9,808,454	8,629,038	(1,179,416)
<i>Change in Net Position</i>	1,868,614	3,366,968	(1,498,354)
Net Position Beginning of Year	28,149,250	24,782,282	3,366,968
Net Position End of Year	\$30,017,864	\$28,149,250	\$1,868,614

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, 2016

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 2016</u>	<u>Total Cost of Services 2015</u>	<u>Net Cost of Services 2016</u>	<u>Net Cost of Services 2015</u>
General Government:				
Public Service	\$7,544,227	\$6,991,889	\$7,410,783	\$6,868,576
Administration	2,250,759	1,620,757	2,216,567	1,590,200
Interest and Fiscal Charges	13,468	16,392	13,468	16,392
Total Expenses	<u>\$9,808,454</u>	<u>\$8,629,038</u>	<u>\$9,640,818</u>	<u>\$8,475,168</u>

The difference in the total cost and net cost of services represents restricted grants, fees and donations. 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 \$274,000 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, 2016

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 \$11,526,279 and expenditures of \$10,101,520. The most significant fund is our general fund with an unassigned fund balance at year-end of \$7,167,126 compared to annual expenditures of \$8,509,622. \$3,532,500 was transferred 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 a decrease from 2015 due to an increase in the transfer out to the building and repairs capital projects fund. The building and repairs capital projects fund increased from 2015 from 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 2016, the Library amended its general fund budget. For the general fund, original and final budgeted revenues were \$11,055,112 and \$11,507,498, respectively. Actual revenues were \$16,582 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 \$9,590,547 and \$9,591,799, respectively. Actual expenditures were \$897,385 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		
	2016	2015	Change
Land	\$934,657	\$934,657	\$0
Construction in Progress	831,504	142,868	688,636
Land Improvements	114,777	34,102	80,675
Buildings and Building Improvements	14,538,052	14,778,484	(240,432)
Equipment	733,613	814,133	(80,520)
Furniture	260,024	265,402	(5,378)
Vehicles	37,198	3,300	33,898
Total Capital Assets	<u>\$17,449,825</u>	<u>\$16,972,946</u>	<u>\$476,879</u>

The Library is committed to a long-term goal of rebuilding and renovating facilities. There were increases to all categories except land during 2016; 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, 2016

Unaudited

Long-term Obligations

As of December 31, 2016, 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		
	2016	2015	Change
Net Pension Liability	\$4,855,667	\$3,353,851	\$1,501,816
Compensated Absences	223,002	212,359	10,643
Capital Leases	262,204	328,290	(66,086)
Total	<u>\$5,340,873</u>	<u>\$3,894,500</u>	<u>\$1,446,373</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 2015, 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, 2016

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, 2016

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$13,627,936
Intergovernmental Receivable	1,714,640
Prepaid Items	36,331
Property Taxes Receivable	8,933,746
Nondepreciable Capital Assets	1,766,161
Depreciable Capital Assets, Net	<u>15,683,664</u>
<i>Total Assets</i>	<u>41,762,478</u>
Deferred Outflows of Resources	
Pension	<u>1,895,177</u>
Liabilities	
Accounts Payable	50,368
Contracts Payable	430,595
Accrued Wages	161,425
Intergovernmental Payable	111,206
Accrued Interest Payable	2,817
Long-Term Liabilities:	
Due Within One Year	274,391
Due In More Than One Year	
Net Pension Liability (See Note 11)	4,855,667
Other Amounts	<u>210,815</u>
<i>Total Liabilities</i>	<u>6,097,284</u>
Deferred Inflows of Resources	
Property Taxes	7,448,686
Pension	<u>93,821</u>
<i>Total Deferred Inflows of Resources</i>	<u>7,542,507</u>
Net Position	
Net Investment in Capital Assets	17,187,621
Restricted for:	
Staff Development	
Nonexpendable	418,502
Expendable	137,739
Other Purposes	2,940
Unrestricted	<u>12,271,062</u>
<i>Total Net Position</i>	<u><u>\$30,017,864</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, 2016

	<u>Program Revenues</u>	<u>Net (Expense) Revenue and Changes in Net Position</u>
<u>Expenses</u>	<u>Charges for Services</u>	<u>Governmental Activities</u>
Governmental Activities		
General Government:		
Public Service	\$7,544,227	\$133,444
Administration	2,250,759	34,192
Interest and Fiscal Charges	13,468	0
	<u> </u>	<u> </u>
<i>Total Governmental Activities</i>	<u><u>\$9,808,454</u></u>	<u><u>\$167,636</u></u>
General Revenues		
Property Taxes Levied for		
General Purposes		7,908,118
Grants and Entitlements not Restricted		
to Specific Programs		3,351,830
Investment Earnings		111,228
Unrestricted Contributions		105,530
Miscellaneous		32,726
		<u> </u>
<i>Total General Revenues</i>		<u>11,509,432</u>
Change in Net Position		1,868,614
<i>Net Position Beginning of Year</i>		<u>28,149,250</u>
<i>Net Position End of Year</i>		<u><u>\$30,017,864</u></u>

See accompanying notes to the basic financial statements

Cleveland Heights-University Heights Public Library

Balance Sheet

Governmental Funds

December 31, 2016

	General	Building and Repairs	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$7,921,827	\$5,146,928	\$557,588	\$13,626,343
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	1,593	0	0	1,593
Receivables:				
Property Taxes	8,933,746	0	0	8,933,746
Intergovernmental	1,714,640	0	0	1,714,640
Prepaid Items	36,331	0	0	36,331
<i>Total Assets</i>	<u>\$18,608,137</u>	<u>\$5,146,928</u>	<u>\$557,588</u>	<u>\$24,312,653</u>
Liabilities				
Accounts Payable	\$50,368	\$0	\$0	\$50,368
Contracts Payable	0	430,595	0	430,595
Accrued Wages	161,425	0	0	161,425
Intergovernmental Payable	111,206	0	0	111,206
<i>Total Liabilities</i>	<u>322,999</u>	<u>430,595</u>	<u>0</u>	<u>753,594</u>
Deferred Inflows of Resources				
Property Taxes	7,448,686	0	0	7,448,686
Unavailable Revenue	2,984,372	0	0	2,984,372
<i>Total Deferred Inflows of Resources</i>	<u>10,433,058</u>	<u>0</u>	<u>0</u>	<u>10,433,058</u>
Fund Balances				
Nonspendable	37,924	0	418,502	456,426
Restricted	0	0	139,086	139,086
Committed	60,112	3,657,138	0	3,717,250
Assigned	586,918	1,059,195	0	1,646,113
Unassigned	7,167,126	0	0	7,167,126
<i>Total Fund Balances</i>	<u>7,852,080</u>	<u>4,716,333</u>	<u>557,588</u>	<u>13,126,001</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$18,608,137</u>	<u>\$5,146,928</u>	<u>\$557,588</u>	<u>\$24,312,653</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, 2016*

Total Governmental Fund Balances	\$13,126,001
 <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.	17,449,825
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	1,485,060
Intergovernmental	<u>1,499,312</u>
Total	2,984,372
In the statement of activities, interest is accrued on outstanding capital leases, whereas in governmental funds, an interest expenditure is reported when due.	(2,817)
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	1,895,177
Deferred Inflows - Pension	(93,821)
Net Pension Liability	<u>(4,855,667)</u>
Total	(3,054,311)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Compensated Absences	(223,002)
Capital Leases	<u>(262,204)</u>
Total	<u>(485,206)</u>
<i>Net Position of Governmental Activities</i>	<u><u>\$30,017,864</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, 2016

	General	Building and Repairs	Other Governmental Funds	Total Governmental Funds
Revenues				
Property Taxes	\$7,764,622	\$0	\$0	\$7,764,622
Patron Fines and Fees	112,055	0	0	112,055
Intergovernmental	3,344,537	0	0	3,344,537
Interest	83,546	9,431	18,251	111,228
Donations	105,530	0	0	105,530
Rentals	55,581	0	0	55,581
Miscellaneous	31,941	0	785	32,726
<i>Total Revenues</i>	<u>11,497,812</u>	<u>9,431</u>	<u>19,036</u>	<u>11,526,279</u>
Expenditures				
Current:				
General Government:				
Public Service	6,592,494	0	0	6,592,494
Administration	1,677,382	361,047	9,649	2,048,078
Capital Outlay	160,203	1,221,202	0	1,381,405
Debt Service:				
Principal Retirement	66,086	0	0	66,086
Interest and Fiscal Charges	13,457	0	0	13,457
<i>Total Expenditures</i>	<u>8,509,622</u>	<u>1,582,249</u>	<u>9,649</u>	<u>10,101,520</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>2,988,190</u>	<u>(1,572,818)</u>	<u>9,387</u>	<u>1,424,759</u>
Other Financing Sources (Uses)				
Transfers In	0	3,532,500	0	3,532,500
Transfers Out	(3,532,500)	0	0	(3,532,500)
<i>Total Other Financing Sources (Uses)</i>	<u>(3,532,500)</u>	<u>3,532,500</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	(544,310)	1,959,682	9,387	1,424,759
<i>Fund Balances Beginning of Year</i>	<u>8,396,390</u>	<u>2,756,651</u>	<u>548,201</u>	<u>11,701,242</u>
<i>Fund Balances End of Year</i>	<u>\$7,852,080</u>	<u>\$4,716,333</u>	<u>\$557,588</u>	<u>\$13,126,001</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, 2016*

Net Change in Fund Balances - Total Governmental Funds \$1,424,759

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	1,328,304	
Depreciation	<u>(577,559)</u>	
 Total		 750,745

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. (273,866)

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

Property Taxes	143,496	
Intergovernmental	<u>7,293</u>	
 Total		 150,789

Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows. 449,942

Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities. (689,187)

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. 66,086

In the statement of activities, interest is accrued on capital leases, whereas in governmental funds, an interest expenditure is reported when due. (11)

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. (10,643)

Change in Net Position of Governmental Activities \$1,868,614

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, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$7,455,152	\$7,753,396	\$7,764,622	\$11,226
Patron Fines and Fees	107,589	111,893	112,055	162
Intergovernmental	3,214,583	3,343,183	3,348,023	4,840
Interest	102,090	106,174	106,328	154
Donations	92,083	105,247	105,530	283
Rentals	53,366	55,501	55,581	80
Miscellaneous	30,249	32,104	31,941	(163)
<i>Total Revenues</i>	<u>11,055,112</u>	<u>11,507,498</u>	<u>11,524,080</u>	<u>16,582</u>
Expenditures				
Current:				
General Government:				
Public Service	7,311,069	7,442,360	6,747,870	694,490
Administration	1,992,470	1,881,650	1,727,806	153,844
Capital Outlay	287,008	267,789	218,738	49,051
<i>Total Expenditures</i>	<u>9,590,547</u>	<u>9,591,799</u>	<u>8,694,414</u>	<u>897,385</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	1,464,565	1,915,699	2,829,666	913,967
Other Financing Sources (Uses)				
Transfers Out	(1,997,000)	(4,116,800)	(3,532,500)	584,300
<i>Net Change in Fund Balance</i>	(532,435)	(2,201,101)	(702,834)	1,498,267
<i>Fund Balance Beginning of Year</i>	8,224,414	8,224,414	8,224,414	0
Prior Year Encumbrances Appropriated	169,211	169,211	169,211	0
<i>Fund Balance End of Year</i>	<u>\$7,861,190</u>	<u>\$6,192,524</u>	<u>\$7,690,791</u>	<u>\$1,498,267</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, 2016

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, 2016

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, 2016

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 a reconciliation 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, 2016

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, 2016, but which were levied to finance fiscal year 2017 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 Balance 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."

During 2016, investments were limited to STAR Ohio, federal home loan mortgage corporation notes, federal national mortgage association notes, negotiable certificates of deposit, US Savings Bonds and US Treasury Note.

Cleveland Heights-University Heights Public Library

Notes to the Basic Financial Statements

For the Year Ended December 31, 2016

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 2016, 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 also implemented GASB Statement No. 79 for 2016. The implementation of this GASB pronouncement had no effect on beginning net position/fund balance. 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 2016, 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 2016 amounted to \$83,546 of which \$18,869 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, 2016, 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, 2016*

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

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

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:

Cleveland Heights-University Heights Public Library

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2016*

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. The Library Board assigned fund balance to cover a gap between estimated revenues and appropriations in 2017’s budget.

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.

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.

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Notes to the Basic Financial Statements

For the Year Ended December 31, 2016

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.

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.

Cleveland Heights-University Heights Public Library

Notes to the Basic Financial Statements

For the Year Ended December 31, 2016

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	\$36,331	\$0	\$0	\$36,331
Unclaimed Monies	1,593	0	0	1,593
Staff Development Endowment	0	0	418,502	418,502
<i>Total Nonspendable</i>	<u>37,924</u>	<u>0</u>	<u>418,502</u>	<u>456,426</u>
<u>Restricted for:</u>				
Staff Development	0	0	137,739	137,739
Library Services and Technology	0	0	1,000	1,000
Summer Teen Program	0	0	347	347
<i>Total Restricted</i>	<u>0</u>	<u>0</u>	<u>139,086</u>	<u>139,086</u>
<u>Committed to:</u>				
Building Improvements and Repair	0	3,657,138	0	3,657,138
Technology Improvements	27,500	0	0	27,500
Memorial Books and Society for Deaf	32,612	0	0	32,612
<i>Total Committed</i>	<u>60,112</u>	<u>3,657,138</u>	<u>0</u>	<u>3,717,250</u>
<u>Assigned to:</u>				
Building Improvements and Repair	0	1,059,195	0	1,059,195
2017 Operations	364,025	0	0	364,025
Purchases on Order:				
Library Materials	222,893	0	0	222,893
<i>Total Assigned</i>	<u>586,918</u>	<u>1,059,195</u>	<u>0</u>	<u>1,646,113</u>
Unassigned:	7,167,126	0	0	7,167,126
Total Fund Balances	<u><u>\$7,852,080</u></u>	<u><u>\$4,716,333</u></u>	<u><u>\$557,588</u></u>	<u><u>\$13,126,001</u></u>

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:

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*Notes to the Basic Financial Statements
For the Year Ended December 31, 2016*

- 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	(\$544,310)
Net Adjustment for Revenue Accruals	6,961
Net Adjustment for Expenditure Accruals	87,949
Beginning Fair Value Adjustment for Investments	(20,805)
Ending Fair Value Adjustment for Investments	40,112
Encumbrances	(272,741)
Budget Basis	<u><u>(\$702,834)</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.

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.

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

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

Cleveland Heights-University Heights Public Library

Notes to the Basic Financial Statements

For the Year Ended December 31, 2016

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;
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

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Notes to the Basic Financial Statements

For the Year Ended December 31, 2016

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 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, \$208,438 of the Library's bank balance of \$521,668 was uninsured and uncollateralized. Although the securities were held by the pledging financial institutions' trust department and 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 FDIC.

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

Investments

Investments are reported at fair value. As of December 31, 2016, 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	\$6,685,028	Average 51.6 Days	AAAm	N/A
Fair Value - Level One Inputs				
EE United States Savings Bonds	444,728	Less than nine years	N/A	3.35
HH United States Savings Bonds	64,000	Less than seven years	N/A	0.48
United States Treasury Note	<u>37,000</u>	Less than four years	N/A	0.28
Total Fair Value - Level One Inputs	<u>545,728</u>			
Fair Value - Level Two Inputs				
Federal Home Loan Mortgage Corporation Notes	3,162,929	Less than five years	AAAm	23.83%
Federal National Mortgage Association Notes	246,328	Less than five years	AAAm	1.86
Negotiable Certificates of Deposit	878,604	Less than one year	N/A	6.62
Negotiable Certificates of Deposit	<u>1,754,911</u>	Less than five years	N/A	13.22
Total Fair Value - Level Two Inputs	<u>6,042,772</u>			
Total Investments	<u><u>\$13,273,528</u></u>			

Cleveland Heights-University Heights Public Library

Notes to the Basic Financial Statements

For the Year Ended December 31, 2016

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, 2016. 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.

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 2016 for real and public utility property taxes represents collections of 2015 taxes.

2016 real property taxes were levied after October 1, 2016, on the assessed value as of January 1, 2016, the lien date. Assessed values are established by State law at 35 percent of appraised fair value. 2016 real property taxes are collected in and intended to finance 2017.

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. 2016 public utility property taxes which became a lien December 31, 2015, are levied after October 1, 2016, and are collected in 2017 with real property taxes.

The full tax rate for all Library operations for the year ended December 31, 2016 was \$10.00 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2016 property tax receipts were based are as follows:

Cleveland Heights-University Heights Public Library

Notes to the Basic Financial Statements

For the Year Ended December 31, 2016

<u>Category</u>	<u>Assessed Values</u>
Real Estate	
Residential/Agricultural	\$877,006,480
Other Real Estate	160,657,950
Tangible Personal Property	
Public Utility	18,981,440
Total	<u><u>\$1,056,645,870</u></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, 2016, and for which there is an enforceable legal claim. In governmental funds, the portion of the receivable not levied to finance 2016 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.

Note 7 - Receivables

Receivables at December 31, 2016 consisted of taxes and intergovernmental. The intergovernmental receivables at December 31, 2016 were \$1,290,807 of Library and Local Government Support Fund revenues received through the State of Ohio and \$423,833 for homestead and rollback. 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, 2016 follows:

Assets:	
Equipment	\$695,910
Less: Accumulated Depreciation	<u>(286,265)</u>
Net Book Values	<u><u>\$409,645</u></u>

Cleveland Heights-University Heights Public Library

Notes to the Basic Financial Statements

For the Year Ended December 31, 2016

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, 2016. All lease payments are made from the general fund.

<u>Year Ending December 31,</u>	<u>Amount</u>
2017	\$79,543
2018	79,543
2019	76,480
2020	49,986
Total Minimum Lease Payments	285,552
Less: Amount Representing Interest	(23,348)
Present Value of Minimum Lease	<u>\$262,204</u>

Note 9 - Capital Assets

Capital asset activity for the year ended December 31, 2016, was as follows:

	<u>Balance 12/31/15</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/16</u>
Governmental activities:				
Capital assets, not being depreciated				
Land	\$934,657	\$0	\$0	\$934,657
Construction in progress	142,868	839,652	(151,016)	831,504
Total capital assets not being depreciated	<u>1,077,525</u>	<u>839,652</u>	<u>(151,016)</u>	<u>1,766,161</u>
Capital assets, being depreciated				
Land Improvements	409,777	86,834	0	496,611
Buildings and Improvements	18,599,519	400,436	(276,600)	18,723,355
Equipment	1,906,341	85,045	(1,400)	1,989,986
Furniture	363,521	29,853	0	393,374
Vehicles	9,900	37,500	0	47,400
Total capital assets being depreciated	<u>21,289,058</u>	<u>639,668</u>	<u>(278,000)</u>	<u>21,650,726</u>
Accumulated depreciation				
Land Improvements	(375,675)	(6,159)	0	(381,834)
Buildings and Improvements	(3,821,035)	(367,002)	2,734	(4,185,303)
Equipment	(1,092,208)	(165,565)	1,400	(1,256,373)
Furniture	(98,119)	(35,231)	0	(133,350)
Vehicles	(6,600)	(3,602)	0	(10,202)
Total accumulated depreciation	<u>(5,393,637)</u>	<u>(577,559) *</u>	<u>4,134</u>	<u>(5,967,062)</u>
Total Capital assets being depreciated, net	<u>15,895,421</u>	<u>62,109</u>	<u>(273,866)</u>	<u>15,683,664</u>
Governmental activities capital assets, net	<u>\$16,972,946</u>	<u>\$901,761</u>	<u>(\$424,882)</u>	<u>\$17,449,825</u>

Cleveland Heights-University Heights Public Library

Notes to the Basic Financial Statements

For the Year Ended December 31, 2016

* Depreciation expense was charged to governmental activities as follows:

General Government:	
Public Service	\$566,916
Administration	<u>10,643</u>
Total	<u><u>\$577,559</u></u>

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 2016, the Library contracted with Love Insurance for various types of insurance coverage as follows:

Type of Coverage	Coverage
Commercial Property	\$40,744,676
Library Materials	8,018,956
Inland Marine:	
Electronic Equipment	400,925
Electronic Media and Extra Expense (per)	30,450
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.

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For the Year Ended December 31, 2016

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.

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):

Cleveland Heights-University Heights Public Library

Notes to the Basic Financial Statements

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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

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>
2016 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee	10.0 %
2016 Actual Contribution Rates	
Employer:	
Pension	12.0 %
Post-employment Health Care Benefits	<u>2.0</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 \$449,942 for 2016. Of this amount, \$95,115 is reported as an intergovernmental payable.

Cleveland Heights-University Heights Public Library

Notes to the Basic Financial Statements

For the Year Ended December 31, 2016

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, 2015, 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:

	<u>OPERS</u>
Proportion of the Net Pension Liability:	
Current Measurement Date	0.028033%
Prior Measurement Date	<u>0.027807%</u>
Change in Proportionate Share	<u>0.000226%</u>
Proportionate Share of the Net Pension Liability	\$4,855,667
Pension Expense	\$689,187

At December 31, 2016, 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	
Net difference between projected and actual earnings on pension plan investments	\$1,427,263
Changes in proportion and differences between Library contributions and proportionate share of contributions	17,972
Library contributions subsequent to the measurement date	<u>449,942</u>
Total Deferred Outflows of Resources	<u>\$1,895,177</u>
Deferred Inflows of Resources	
Differences between expected and actual experience	<u>\$93,821</u>

\$449,942 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, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Cleveland Heights-University Heights Public Library

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2016*

	<u>OPERS</u>
Year Ending December 31:	
2017	\$320,449
2018	343,271
2019	364,704
2020	<u>322,990</u>
Total	<u><u>\$1,351,414</u></u>

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, 2015, using the following actuarial assumptions applied to all periods included in the measurement in accordance with the requirements of GASB 67. Key methods and assumptions used in the latest actuarial valuations are presented below.

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

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.

The most recent 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.

OPERS manages investments in four investment portfolios: the Defined Benefits portfolio, the Health Care portfolio, the 115 Health Care Trust portfolio and the Defined Contribution portfolio. The Defined Benefit portfolio includes the investment assets of the Traditional Pension Plan, the defined benefit component of the

Cleveland Heights-University Heights Public Library

Notes to the Basic Financial Statements

For the Year Ended December 31, 2016

Combined Plan, the annuitized accounts of the Member-Directed Plan and the VEBA Trust. 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 money weighted rate of return, net of investments expense, for the Defined Benefit portfolio is 0.4 percent for 2015.

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 2015 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	23.00 %	2.31 %
Domestic Equities	20.70	5.84
Real Estate	10.00	4.25
Private Equity	10.00	9.25
International Equities	18.30	7.40
Other investments	18.00	4.59
Total	100.00 %	5.27 %

Discount Rate The discount rate used to measure the total pension liability 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.

Sensitivity of the Library's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the Library's proportionate share of the net pension liability calculated using the current period discount rate assumption of 8 percent, as well as what the Library's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (7 percent) or one-percentage-point higher (9 percent) than the current rate:

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
Library's proportionate share of the net pension liability	\$7,736,267	\$4,855,667	\$2,425,976

Changes between Measurement Date and Report Date

In October 2016, the OPERS Board adopted certain assumption changes which will impact their annual actuarial valuation prepared as of December 31, 2016. The most significant change is a reduction in the discount rate from 8.0 percent to 7.5 percent. Although the exact amount of these changes is not known, the impact to the Library's net pension liability is expected to be significant.

Cleveland Heights-University Heights Public Library

Notes to the Basic Financial Statements

For the Year Ended December 31, 2016

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 maintained two cost-sharing, multiple-employer defined benefit postemployment health care trusts, which funded multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients of both the traditional pension and the combined plans. Members of the member-directed plan do not qualify for ancillary benefits, including OPERS sponsored health care coverage.

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 2016, 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.

At the beginning of 2016, OPERS maintained three health care trusts. The two cost-sharing, multiple employer trusts, the 401(h) Health Care Trust (401(h) Trust) and the 115 Health Care Trust (115 Trust), worked together to provide health care funding to eligible retirees of the Traditional Pension and Combined plans. Each year, the OPERS Board of Trustees determines the portion of the employer contributions rate that will be set aside to fund health care plans. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2016 remained at 2.0 percent for both the Traditional Pension and Combined plans. The 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 third trust is a Voluntary Employee's Beneficiary Association (VEBA) Trust that provides funding for a Retiree Medical Account (RMA) for Member-Directed Plan members. The employer contribution as a percentage of covered payroll deposited to the RMAs for 2016 was 4.0 percent.

Cleveland Heights-University Heights Public Library

Notes to the Basic Financial Statements

For the Year Ended December 31, 2016

In March 2016, OPERS received two favorable rulings from the IRS allowing OPERS to consolidate all health care assets into the 115 Trust. Transition to the new health care trust structure occurred during 2016. OPERS Combining Statements of Changes in Fiduciary Net Position for the year ended December 31, 2016, will reflect a partial year of activity in the 401(h) Trust and VEBA Trust prior to the termination of these trusts as of end of business day June 30, 2016, and the assets and liabilities, or net position, of these trusts being consolidated into the 115 Trust on July 1, 2016

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, 2016, 2015 and 2014 was \$74,990, \$69,792 and \$77,432, respectively. For 2016, 85.71 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2015 and 2014.

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 2016, 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.

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.

Cleveland Heights-University Heights Public Library

Notes to the Basic Financial Statements

For the Year Ended December 31, 2016

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 \$3,532,500 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 2016 follows:

	Principal Outstanding 12/31/2015	Additions	Deletions	Principal Outstanding 12/31/2016	Amounts Due In One Year
<i>Governmental Activities</i>					
Net Pension Liability - OPERS	\$3,353,851	\$1,501,816	\$0	\$4,855,667	\$0
Compensated Absences	212,359	332,203	321,560	223,002	205,382
Capital Lease Obligations	328,290	0	66,086	262,204	69,009
<i>Total Governmental Activities</i>	<u>\$3,894,500</u>	<u>\$1,834,019</u>	<u>\$387,646</u>	<u>\$5,340,873</u>	<u>\$274,391</u>

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

After the passage of a new operating levy in 2014 the Board of Library Trustees began the process of renovating and expanding the University Heights Branch of the library. In 2015 the library purchased 3 single family homes contiguous to the south of the library property and the houses were torn down in 2016 for a new parking lot.

An architect and construction manager at risk were hired in 2016 and work began on the project in the fall. The library closed to the public after Labor Day 2016. The renovated library will be ADA complaint in the building and restrooms, and will have a full-service elevator.

A 60 foot addition will be constructed on the south side of the building that will include four meeting rooms, 2 on the first floor and two in the basement; a dedicated children’s room and teen room will be in the basement and 4 private study rooms will be on the first floor with the adult and audio-visual collections. It is anticipated that the renovation will be complete in the fall of 2017.

Cleveland Heights-University Heights Public Library

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2016*

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	\$272,741
Building and Repairs Fund	4,187,581
Other Governmental Funds	<u>7,000</u>
Total	<u><u>\$4,467,322</u></u>

Note 18 – Change in Accounting Principles

For 2016, the Library implemented Governmental Accounting Standards Board (GASB) Statement No. 72, “Fair Value Measurement and Application,” GASB Statement No 73, “Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68,” GASB Statement No. 76, “The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments,” GASB Statement No. 79, “Certain External Investment Pools and Pool Participants,” GASB Statement No. 77, “Tax Abatement Disclosures.” and GASB Statement No. 82, “Pension Issues an Amendment of GASB Statements No. 67, No. 68 and No. 73.”

GASB Statement No. 72 addresses accounting and financial reporting issues related to fair value measurements. This Statement provides guidance for determining a fair value measurement for financial reporting purposes for applying fair value to certain investments and disclosures related to all fair value measurements. These changes were incorporated in the Library’s 2016 financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 73 establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, *Accounting and Financial Reporting for Pensions*, as well as for the assets accumulated for purposes of providing those pensions. It also amends certain provisions of Statement No. 67, *Financial Reporting for Pension Plans*, and Statement 68. The implementation of this GASB pronouncement did not result in any changes to the Library’s financial statements.

GASB Statement No. 76 identifies-in the context of the current governmental financial reporting environment-the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with generally accepted accounting principles (GAAP) and the framework for selecting those principles. The implementation of this GASB pronouncement did not result in any changes to the Library’s financial statements.

GASB Statement No. 77 requires disclosure of information about the nature and magnitude of tax abatements. These changes were incorporated in the Library’s 2016 financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 79 establishes accounting and financial reporting standards for qualifying external investment pools that elect to measure for financial reporting purposes all of their investments at amortized cost. This Statement provides accounting and financial reporting guidance also establishes additional note

Cleveland Heights-University Heights Public Library

Notes to the Basic Financial Statements

For the Year Ended December 31, 2016

disclosure requirements for governments that participate in those pools. The Library participates in STAR Ohio which implemented GASB Statement No. 79 for 2016. The Library incorporated the corresponding GASB 79 guidance into their 2016 financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 82 improves consistency in the application of pension accounting. These changes were incorporated in the Library's 2016 financial statements; however, there was no effect on beginning net position/fund balance.

Note 19 – Subsequent Event

Construction and renovation at the University Heights Branch is proceeding with some minor weather related delays and the reopening is still slated for September 2017.

In the last Ohio biennium budget the Ohio Public Library Fund was increased to receive 1.70 percent of State revenue, up from 1.66 percent in previous budget. The increase will expire as of July 1, 2017. Libraries in the State are contacting State legislators in hopes of getting the 1.70 percent reinstated in the 2017-2018 State budget. This decrease will not have a material impact upon the Library's finances.

Even with the overall increase, the Library's share of PLF money decreased from \$2,543,466 in 2015 to \$2,500,358 in 2016 due to decreased State revenue.

Required Supplementary Information

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 Three Years (1)**

	2016	2015	2014
Library's Proportion of the Net Pension Liability	0.028033%	0.027807%	0.027807%
Library's Proportionate Share of the Net Pension Liability	\$4,855,667	\$3,353,851	\$3,278,100
Library's Covered Payroll	\$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	139.15%	98.38%	93.31%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	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 Four Years (1)

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually Required Contribution	\$449,942	\$418,755	\$409,095	\$456,723
Contributions in Relation to the Contractually Required Contribution	<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>
Library's Covered Payroll	\$3,749,517	\$3,489,621	\$3,409,125	\$3,513,257
Contributions as a Percentage of Covered Payroll	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.

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, 2016

	<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>\$556,241</u>	<u>\$1,000</u>	<u>\$347</u>	<u>\$557,588</u>
Fund Balances				
Nonspendable	\$418,502	\$0	\$0	\$418,502
Restricted	<u>137,739</u>	<u>1,000</u>	<u>347</u>	<u>139,086</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$556,241</u>	<u>\$1,000</u>	<u>\$347</u>	<u>\$557,588</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, 2016

	Staff Development	LSTA Grant	Summer Teen Program	Total Nonmajor Special Revenue Funds
Revenues				
Interest	\$18,251	\$0	\$0	\$18,251
Miscellaneous	785	0	0	785
<i>Total Revenues</i>	19,036	0	0	19,036
Expenditures				
Current:				
General Government:				
Administration	9,649	0	0	9,649
<i>Net Change in Fund Balances</i>	9,387	0	0	9,387
<i>Fund Balances Beginning of Year</i>	546,854	1,000	347	548,201
<i>Fund Balances End of Year</i>	<u>\$556,241</u>	<u>\$1,000</u>	<u>\$347</u>	<u>\$557,588</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, 2016*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$7,455,152	\$7,753,396	\$7,764,622	\$11,226
Patron Fines and Fees	107,589	111,893	112,055	162
Intergovernmental	3,214,583	3,343,183	3,348,023	4,840
Interest	102,090	106,174	106,328	154
Donations	92,083	105,247	105,530	283
Rentals	53,366	55,501	55,581	80
Miscellaneous	30,249	32,104	31,941	(163)
<i>Total Revenues</i>	<u>11,055,112</u>	<u>11,507,498</u>	<u>11,524,080</u>	<u>16,582</u>
Expenditures				
Current:				
General Government:				
Public Service				
Salaries and Benefits	4,332,239	4,337,828	4,046,528	291,300
Purchased Services	1,252,282	1,375,564	1,186,708	188,856
Materials and Supplies	1,666,766	1,662,433	1,471,247	191,186
Other	59,782	66,535	43,387	23,148
Total Public Service	<u>7,311,069</u>	<u>7,442,360</u>	<u>6,747,870</u>	<u>694,490</u>
Administration				
Salaries and Benefits	1,444,080	1,445,942	1,348,843	97,099
Purchased Services	334,862	366,906	315,820	51,086
Materials and Supplies	63,583	68,644	63,143	5,501
Other	149,945	158	0	158
Total Administration	<u>1,992,470</u>	<u>1,881,650</u>	<u>1,727,806</u>	<u>153,844</u>
Capital Outlay				
Land Improvements	19,550	18,156	15,667	2,489
Building Improvements	116,335	98,700	96,538	2,162
Furniture and Equipment	151,123	150,933	106,533	44,400
Total Capital Outlay	<u>287,008</u>	<u>267,789</u>	<u>218,738</u>	<u>49,051</u>
<i>Total Expenditures</i>	<u>9,590,547</u>	<u>9,591,799</u>	<u>8,694,414</u>	<u>897,385</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	1,464,565	1,915,699	2,829,666	913,967
Other Financing Sources (Uses)				
Transfers Out	(1,997,000)	(4,116,800)	(3,532,500)	584,300
<i>Net Change in Fund Balance</i>	(532,435)	(2,201,101)	(702,834)	1,498,267
<i>Fund Balance Beginning of Year</i>	8,224,414	8,224,414	8,224,414	0
Prior Year Encumbrances Appropriated	169,211	169,211	169,211	0
<i>Fund Balance End of Year</i>	<u>\$7,861,190</u>	<u>\$6,192,524</u>	<u>\$7,690,791</u>	<u>\$1,498,267</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, 2016*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Interest	\$9,400	\$7,612	\$9,431	\$1,819
Expenditures				
Current:				
General Government:				
Administration				
Purchased Services	490,000	662,180	549,590	112,590
Capital Outlay				
Land Improvements	36,500	194,275	129,414	64,861
Buildings and Improvements	3,846,161	4,632,815	4,556,679	76,136
Furniture and Equipment	248,000	199,060	133,552	65,508
Total Capital Outlay	4,130,661	5,026,150	4,819,645	206,505
<i>Total Expenditures</i>	4,620,661	5,688,330	5,369,235	319,095
<i>Excess of Revenues Over (Under) Expenditures</i>	(4,611,261)	(5,680,718)	(5,359,804)	320,914
Other Financing Sources (Uses)				
Transfers In	4,490,700	3,532,500	3,532,500	0
<i>Net Change in Fund Balance</i>	(120,561)	(2,148,218)	(1,827,304)	320,914
<i>Fund Balance Beginning of Year</i>	2,651,590	2,651,590	2,651,590	0
Prior Year Encumbrances Appropriated	135,061	135,061	135,061	0
<i>Fund Balance End of Year</i>	\$2,666,090	\$638,433	\$959,347	\$320,914

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, 2016*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Interest	\$9,944	\$1,541	\$969	(\$572)
Miscellaneous	8,056	1,249	785	(464)
<i>Total Revenues</i>	<u>18,000</u>	<u>2,790</u>	<u>1,754</u>	<u>(1,036)</u>
Expenditures				
Current:				
Administration				
Purchased Services	18,000	18,000	15,954	2,046
Materials and Supplies	0	785	695	90
<i>Total Expenditures</i>	<u>18,000</u>	<u>18,785</u>	<u>16,649</u>	<u>2,136</u>
<i>Net Change in Fund Balance</i>	0	(15,995)	(14,895)	1,100
<i>Fund Balance Beginning of Year</i>	<u>530,256</u>	<u>530,256</u>	<u>530,256</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$530,256</u></u>	<u><u>\$514,261</u></u>	<u><u>\$515,361</u></u>	<u><u>\$1,100</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, 2016*

	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>	1,000	1,000	1,000	0
<i>Fund Balance End of Year</i>	<u>\$1,000</u>	<u>\$1,000</u>	<u>\$1,000</u>	<u>\$0</u>

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, 2016*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Donations	\$9,000	\$0	\$0	\$0
Expenditures				
Current:				
Capital Outlay				
Other	9,000	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>	\$347	\$347	\$347	\$0

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>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Governmental Activities				
Net Investment in				
Capital Assets	\$17,187,621	\$16,644,656	\$16,322,853	\$16,675,019
Restricted for:				
Capital Projects	0	0	0	0
Staff Development				
Nonexpendable	418,502	418,502	418,502	418,502
Expendable	137,739	128,352	143,936	107,581
Other Purposes	2,940	2,108	8,724	0
Unrestricted	<u>12,271,062</u>	<u>10,955,632</u>	<u>7,888,267</u>	<u>9,487,795</u>
<i>Total Governmental Activities</i>				
<i>Net Position</i>	<u>\$30,017,864</u>	<u>\$28,149,250</u>	<u>\$24,782,282</u>	<u>\$26,688,897</u>

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

2012	2011	2010	2009	2008	2007
\$16,419,092	\$16,340,379	\$15,825,402	\$16,014,552	\$16,066,388	\$16,231,023
0	0	1,040,906	672,782	702,020	555,910
418,502	418,502	418,502	418,502	418,502	418,502
89,643	73,448	55,174	32,612	32,612	45,334
0	0	15,610	6,883	0	0
8,891,875	7,692,761	5,905,026	4,427,955	2,392,699	3,188,303
<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>	<u>\$20,439,072</u>

Cleveland Heights-University Heights Public Library

Changes in Net Position

Last Ten Years

(Accrual Basis of Accounting)

	2016	2015	2014	2013
Program Revenues				
Governmental Activities:				
Charges for Services:				
General Government:				
Public Service	\$133,444	\$122,313	\$80,535	\$125,135
Administration	34,192	30,557	53,156	2,554
Subtotal - Charges for Services	<u>167,636</u>	<u>152,870</u>	<u>133,691</u>	<u>127,689</u>
Operating Grants and Contributions:				
General Government:				
Public Service	0	0	9,000	18,091
Administration	0	0	0	369
Subtotal - Operating Grants and Contributions	<u>0</u>	<u>0</u>	<u>9,000</u>	<u>18,460</u>
Capital Grants and Contributions:				
General Government				
Public Service	0	0	0	0
<i>Total Primary Government Program Revenues</i>	<u>167,636</u>	<u>152,870</u>	<u>142,691</u>	<u>146,149</u>
Expenses				
Governmental Activities:				
General Government:				
Public Service	7,544,227	6,991,889	6,471,499	6,603,614
Administration	2,250,759	1,620,757	2,028,001	1,609,684
Interest and Fiscal Charges	13,468	16,392	12,400	13,490
<i>Total Governmental Activities Expenses</i>	<u>9,808,454</u>	<u>8,629,038</u>	<u>8,511,900</u>	<u>8,226,788</u>
Net Expense				
Governmental Activities	<u>(9,640,818)</u>	<u>(8,476,168)</u>	<u>(8,369,209)</u>	<u>(8,080,639)</u>
General Revenues				
Governmental Activities				
Taxes:				
Property Taxes Levied For:				
General Purposes	7,908,118	8,191,307	5,570,878	5,698,149
Grants and Entitlements not Restricted to Specific Programs	3,351,830	3,526,072	3,144,750	3,131,633
Investment Earnings	111,228	40,732	61,291	32,243
Unrestricted Contributions	105,530	33,567	517,995	0
Miscellaneous	32,726	51,458	65,426	88,399
<i>Total Governmental Activities</i>	<u>11,509,432</u>	<u>11,843,136</u>	<u>9,360,340</u>	<u>8,950,424</u>
Change in Net Position				
Governmental Activities	<u>\$1,868,614</u>	<u>\$3,366,968</u>	<u>\$991,131</u>	<u>\$869,785</u>

2012	2011	2010	2009	2008	2007
\$106,441	\$119,666	\$115,270	\$105,416	\$103,739	\$116,109
29,911	34,030	31,073	27,571	22,918	28,589
136,352	153,696	146,343	132,987	126,657	144,698
26,908	86,813	42,670	38,494	5,914	2,573
0	5,425	3,473	5,946	644	633
26,908	92,238	46,143	44,440	6,558	3,206
0	0	0	3,000	0	0
163,260	245,934	192,486	180,427	133,215	147,904
6,032,580	6,334,670	6,209,429	6,368,432	7,047,915	9,026,175
1,571,627	1,553,407	1,512,688	1,577,866	1,478,715	2,038,947
14,589	18,729	21,507	21,251	29,122	28,289
7,618,796	7,906,806	7,743,624	7,967,549	8,555,752	11,093,411
(7,455,536)	(7,660,872)	(7,551,138)	(7,787,122)	(8,422,537)	(10,945,507)
5,528,009	5,658,014	5,619,186	6,242,776	4,019,850	4,000,385
3,149,291	3,177,827	3,575,503	3,437,579	3,506,609	3,688,533
24,330	26,913	21,094	30,077	67,337	162,444
0	0	0	0	0	0
47,928	62,588	22,689	37,755	1,890	90,942
8,749,558	8,925,342	9,238,472	9,748,187	7,595,686	7,942,304
\$1,294,022	\$1,264,470	\$1,687,334	\$1,961,065	(\$826,851)	(\$3,003,203)

Cleveland Heights-University Heights Public Library

Fund Balances, Governmental Funds

Last Ten Years

(Modified Accrual Basis of Accounting)

	2016	2015	2014	2013
General Fund				
Nonspendable	\$37,924	\$34,657	\$33,661	\$35,997
Committed	60,112	23,229	12,514	13,545
Assigned	586,918	499,202	88,352	332,612
Unassigned	7,167,126	7,839,302	7,571,065	6,385,108
Reserved	0	0	0	0
Unreserved	0	0	0	0
Total General Fund	7,852,080	8,396,390	7,705,592	6,767,262
All Other Governmental Funds				
Nonspendable	418,502	418,502	418,502	418,502
Restricted	139,086	129,699	123,158	103,544
Committed	3,657,138	105,061	228,913	35,000
Assigned	1,059,195	2,651,590	690,154	544,838
Reserved	0	0	0	0
Unreserved, Undesignated, Reported in:				
Special Revenue funds	0	0	0	0
Debt Service fund	0	0	0	0
Capital Projects fund	0	0	0	0
Total All Other Governmental Funds	5,273,921	3,304,852	1,460,727	1,101,884
Total Governmental Funds	\$13,126,001	\$11,701,242	\$9,166,319	\$7,869,146

Note: The Library implemented GASB 54 in 2010.

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

2012	2011	2010	2009	2008	2007
\$50,609	\$49,735	\$32,390	\$28,255	\$0	\$0
16,904	29,316	21,024	9,747	0	0
89,041	46,583	30,039	69,877	0	0
5,925,424	5,096,806	3,857,080	2,552,844	0	0
0	0	0	0	52,263	217,258
0	0	0	0	822,519	1,290,179
6,081,978	5,222,440	3,940,533	2,660,723	874,782	1,507,437
418,502	418,502	418,502	418,502	0	0
89,643	73,448	70,784	39,495	0	0
493,763	69,289	866,671	0	0	0
290,389	395,028	174,235	672,782	0	0
0	0	0	0	104,731	6,118
0	0	0	0	449,604	462,212
0	0	0	0	0	0
0	0	0	0	598,799	551,416
1,292,297	956,267	1,530,192	1,130,779	1,153,134	1,019,746
\$7,374,275	\$6,178,707	\$5,470,725	\$3,791,502	\$2,027,916	\$2,527,183

Cleveland Heights-University Heights Public Library

Changes in Fund Balances, Governmental Funds

Last Ten Years

(Modified Accrual Basis of Accounting)

	2016	2015	2014	2013
Revenues				
Property Taxes	\$7,764,622	\$7,835,201	\$5,590,586	\$5,535,659
Patron Fines and Fees	112,055	104,755	80,535	78,225
Intergovernmental	3,344,537	3,410,401	3,123,787	3,166,062
Interest	111,228	40,732	61,291	32,243
Donations	105,530	33,567	526,995	18,460
Rentals	55,581	48,115	53,156	49,464
Miscellaneous	32,726	51,458	65,426	88,399
<i>Total Revenues</i>	<u>11,526,279</u>	<u>11,524,229</u>	<u>9,501,776</u>	<u>8,968,512</u>
Expenditures				
Current:				
General Government:				
Public Service	6,592,494	6,324,940	5,707,937	5,837,385
Administration	2,048,078	1,612,857	2,020,620	1,592,004
Capital Outlay	1,381,405	976,117	507,946	958,362
Debt Service:				
Principal Retirement	66,086	61,806	60,238	72,400
Interest and Fiscal Charges	13,457	13,586	12,400	13,490
<i>Total Expenditures</i>	<u>10,101,520</u>	<u>8,989,306</u>	<u>8,309,141</u>	<u>8,473,641</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>1,424,759</u>	<u>2,534,923</u>	<u>1,192,635</u>	<u>494,871</u>
Other Financing Sources (Uses)				
Inception of Capital Lease	0	0	133,279	0
Transfers In	3,532,500	2,600,000	550,000	560,000
Transfers Out	(3,532,500)	(2,600,000)	(550,000)	(560,000)
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>0</u>	<u>133,279</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	<u>\$1,424,759</u>	<u>\$2,534,923</u>	<u>\$1,325,914</u>	<u>\$494,871</u>
Debt Service as a Percentage of Noncapital Expenditures	0.9%	0.9%	0.9%	1.1%

2012	2011	2010	2009	2008	2007
\$5,550,237	\$5,510,252	\$5,553,935	\$5,962,946	\$4,006,125	\$3,995,415
98,859	111,050	107,142	112,203	108,402	123,751
3,125,516	3,372,113	3,487,887	3,530,889	3,607,370	3,693,850
24,330	26,913	21,094	30,077	67,337	162,444
20,293	31,852	17,506	32,680	6,558	3,206
37,493	42,646	39,201	20,784	18,255	20,947
47,928	62,588	22,689	37,755	1,890	90,942
<u>8,904,656</u>	<u>9,157,414</u>	<u>9,249,454</u>	<u>9,727,334</u>	<u>7,815,937</u>	<u>8,090,555</u>
5,630,208	5,580,315	5,633,984	6,026,405	6,426,265	6,202,089
1,565,815	1,534,769	1,518,458	1,558,492	1,466,785	1,577,507
421,536	1,233,446	314,798	406,361	321,679	1,574,996
76,940	82,173	81,484	69,450	71,353	79,224
14,589	18,729	21,507	21,251	29,122	34,084
<u>7,709,088</u>	<u>8,449,432</u>	<u>7,570,231</u>	<u>8,081,959</u>	<u>8,315,204</u>	<u>9,467,900</u>
<u>1,195,568</u>	<u>707,982</u>	<u>1,679,223</u>	<u>1,645,375</u>	<u>(499,267)</u>	<u>(1,377,345)</u>
0	0	0	118,211	0	127,819
658,500	563,015	614,500	300,000	400,000	612,489
<u>(658,500)</u>	<u>(563,015)</u>	<u>(614,500)</u>	<u>(300,000)</u>	<u>(400,000)</u>	<u>(612,489)</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>118,211</u>	<u>0</u>	<u>127,819</u>
<u>\$1,195,568</u>	<u>\$707,982</u>	<u>\$1,679,223</u>	<u>\$1,763,586</u>	<u>(\$499,267)</u>	<u>(\$1,249,526)</u>
1.2%	1.4%	1.4%	1.2%	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		Estimated Actual Value	Public Utility	
	Residential/ Agricultural	Commercial Industrial/PU		Assessed Value	Estimated Actual Value
2016	\$877,006,480	\$160,657,950	\$2,964,755,514	\$18,981,440	\$21,569,818
2015	879,068,060	157,675,130	2,962,123,400	17,942,510	20,389,216
2014	886,426,760	171,565,400	3,022,834,743	17,518,250	19,907,102
2013	896,858,400	171,379,150	3,052,107,286	16,523,940	18,777,205
2012	900,875,670	167,529,470	3,052,586,114	15,110,130	17,170,602
2011	948,255,120	172,363,120	3,201,766,400	13,770,650	15,648,466
2010	958,818,960	174,565,760	3,238,242,057	13,289,430	15,101,625
2009	959,766,770	172,123,380	3,233,971,857	12,905,470	14,665,307
2008	1,035,088,170	182,208,130	3,477,989,429	12,095,890	13,745,330
2007	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 %	\$8.3386
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

	2016	2015	2014	2013
Voted Millage - by levy				
1992 Current Expense				
Residential/Agricultural Real	\$2.5904	\$2.5904	\$2.5700	\$2.5401
Commercial/Industrial and Public Utility Real	3.1179	3.1179	2.9100	2.8819
General Business and Public Utility Personal	4.0000	4.0000	4.0000	4.0000
2000 Current Expense				
Residential/Agricultural Real	1.5125	1.5125	1.5000	1.4831
Commercial/Industrial and Public Utility Real	1.6646	1.6646	1.5600	1.5386
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	1.8964
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	0.0000
Commercial/Industrial and Public Utility Real	2.2000	2.2000	2.2000	0.0000
General Business and Public Utility Personal	2.2000	2.2000	2.2000	0.0000
Total Millage				
Residential/Agricultural Real	\$8.2030	\$8.2030	\$8.1700	\$5.9232
Commercial/Industrial and Public Utility Real	8.8825	8.8825	8.5700	6.3169
General Business and Public Utility Personal	10.0000	10.0000	10.0000	7.8000
 Total Weighted Average Rate	 \$8.3386	 \$8.3351	 \$8.2636	 \$6.0140

Overlapping Rates by Taxing District

Cleveland Heights City

Residential/Agricultural Real	\$13.9200	\$13.9200	\$13.9200	\$12.9000
Commercial/Industrial and Public Utility Real	13.9200	13.9200	13.9200	12.9000
General Business and Public Utility Personal	13.9200	13.9200	13.9200	12.9000

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

2012	2011	2010	2009	2008	2007
\$2.5299	\$2.4060	\$2.3828	\$2.3771	\$2.2031	\$2.1967
2.8874	2.7867	2.7398	2.7856	2.7275	2.7105
4.0000	4.0000	4.0000	4.0000	4.0000	4.0000
1.4772	1.4048	1.3913	1.3880	1.2864	1.2826
1.5415	1.4878	1.4628	1.4872	1.4562	1.4471
1.9000	1.9000	1.9000	1.9000	1.9000	1.9000
1.9000	1.9000	1.9000	1.9000	1.9000	0.0000
1.9000	1.9000	1.8688	1.9000	1.9000	0.0000
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	0.0000
\$5.9071	\$5.7108	\$5.6741	\$5.6651	\$5.3895	\$3.4793
6.3289	6.1745	6.0714	6.1728	6.0837	4.1576
7.8000	7.8000	7.8000	7.8000	7.8000	5.9000
\$5.9130	\$5.2635	\$5.2772	\$5.2743	\$5.4490	\$3.6256

\$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	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

	2016	2015	2014	2013
South Euclid City				
Residential/Agricultural Real	\$16.3500	\$16.3500	\$16.0500	\$16.1215
Commercial/Industrial and Public Utility Real	16.2817	16.2817	15.9600	16.3500
General Business and Public Utility Personal	16.3500	16.3500	16.0500	16.3500
Cleveland Heights/University Heights City School District				
Residential/Agricultural Real	81.3081	81.3081	80.9500	92.7788
Commercial/Industrial and Public Utility Real	98.1577	98.1577	93.5400	80.3810
General Business and Public Utility Personal	149.5900	149.5900	149.5900	149.5900
Cuyahoga County				
Residential/Agricultural Real	13.8698	13.8698	14.0500	13.9495
Commercial/Industrial and Public Utility Real	14.0500	14.0500	14.0200	14.0500
General Business and Public Utility Personal	14.0500	14.0500	14.0500	14.0500
Special Taxing Districts (1)				
Residential/Agricultural Real	9.2368	9.2368	9.3600	5.9639
Commercial/Industrial and Public Utility Real	9.3676	9.3676	9.3400	5.8843
General Business and Public Utility Personal	9.3800	9.3800	9.3800	5.9800

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

2012	2011	2010	2009	2008	2007
\$13.1000	\$13.1000	\$13.1000	\$13.2670	\$13.1066	\$12.9048
13.1000	13.1000	13.1000	13.2621	13.2611	13.0691
13.1000	13.1000	13.1000	14.9000	14.9000	14.7000
74.3049	71.7220	64.3156	64.1927	60.2980	60.1573
87.0446	84.6791	76.5609	77.7531	76.2906	75.8676
143.7000	143.7000	136.8000	136.8000	136.7000	136.7000
13.2200	13.1182	13.1866	13.1789	12.6607	11.8688
12.9968	12.7846	12.8412	12.8457	12.8153	12.4535
13.2200	13.2200	13.3200	13.3200	13.3200	13.4200
5.0635	5.0041	4.9900	4.5068	4.1597	4.1590
4.9621	4.8649	4.8450	4.4119	4.3911	4.3800
5.0800	5.0800	5.0800	4.7800	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)
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
2007	4,464,818	4,112,555	92.11	221,087	4,333,642

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
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
97.06	358,336	8.03

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>
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
2007	110,798	107,935	97.42	8,944	116,879

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
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
105.49	49,536	44.71

Cleveland Heights-University Heights Public Library

Principal Real Property Taxpayers

2016 and 2007

<u>2016</u>		
Taxpayer	Real Property Assessed Valuation	Percentage of Total Assessed Valuation
Cleveland Electric Illuminating Co.	\$12,434,180	1.20 %
Kaiser Foundation Health	10,667,260	1.03
Inland Cedar Center South LLC	8,261,320	0.80
Severance Realty LLC	7,244,740	0.70
University Square Real Estate Holdings	6,325,600	0.61
FISE Inc.	5,278,390	0.51
East Ohio Gas Co.	3,526,090	0.34
Murphy Hall LLC	3,360,000	0.32
Inland Cedar Center North LLC	3,274,120	0.31
The May Department Stores Co.	2,685,730	0.26
Total	\$63,057,430	6.08 %
Total Assessed Valuation	\$1,037,664,430	

<u>2007</u>		
Taxpayer	Real Property Assessed Valuation	Percentage of Total Assessed Valuation
Severance Realty LLC	\$19,141,860	1.56 %
Inland Western	15,755,720	1.28
Kaiser Foundation Health	11,616,780	0.94
Macy's Department Store	8,552,780	0.69
Cleveland Electric Illuminating Co.	8,432,570	0.69
University Square	7,827,610	0.64
Target Corporation	6,279,500	0.51
Coral Cedar Center, LLC	4,973,060	0.40
Huntington House	3,559,060	0.29
ARC Cleveland Heights LLC	3,415,590	0.28
Total	\$89,554,530	7.28 %
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>
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
2007	652,644	2,078,917,974	0.03	61,614	11

(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, 2016*

Jurisdiction	Governmental Activities Debt	Percentage Applicable to Library(1)	Amount Applicable to the Library
Direct			
Capital Leases	\$262,204	100.00 %	\$262,204
Overlapping			
Cuyahoga County			
General Obligation Bonds	242,795,758	4.19	10,173,142
Revenue Bonds	597,515,568	4.19	25,035,902
Certificates of Participation	256,864,058	4.19	10,762,604
Loans Payable	2,404,204	4.19	100,736
Capital Leases	378,556,966	4.19	15,861,537
Greater Cleveland Regional Transit Authority			
General Obligation Bonds	139,107,969	4.19	5,828,624
City of Cleveland Heights			
General Obligation Bonds	12,342,682	95.00	11,725,548
Special Assessment Bonds	2,260,000	95.00	2,147,000
OPWC Loans	1,345,630	95.00	1,278,349
Notes	1,526,211	95.00	1,449,900
City of University Heights			
General Obligation Bonds	3,145,000	100.00	3,145,000
OPWC Loans	541,891	100.00	541,891
Loans	239,954	100.00	239,954
City of South Euclid			
General Obligation Bonds	16,373,188	6.51	1,065,895
Special Obligation Bonds	1,665,000	6.51	108,392
OPWC Loans	2,579,367	6.51	167,917
OWDA Loans	1,190,182	6.51	77,481
OAQDA Loans	566,294	6.51	36,866
Capital Leases	130,169	6.51	8,474
Cleveland Heights-University Heights City School District			
General Obligation Bonds	142,490,127	100.00	142,490,127
Certificates of Participation	19,890,000	100.00	19,890,000
QZAB Bonds	5,500,000	100.00	5,500,000
Capital Lease	428,477	100.00	428,477
<i>Total Overlapping Debt</i>	<u>1,829,458,695</u>		<u>258,063,815</u>
<i>Total Direct and Overlapping Debt</i>	<u>\$1,829,720,899</u>		<u>\$258,326,019</u>

Source: Cuyahoga County Fiscal Office, 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 2015 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

2016 and 2007

2016

Employer	Nature of Activity	Employees
John Carroll University	Higher Education	2,332
Cleveland Heights-University Heights City School District	Public Education	890
City of Cleveland Heights	Local Government	793
Bellefaire Jewish Children's Center	Social Services	697
Macy's Department Store	Retail Store	336
Cuyahoga County Fiscal Office	Local Government	306
Target Corporation	Retail Store	282
Whole Foods	Grocery/Retail	220
Heinen's Grocery	Grocery/Retail	219
Gesu Church & School	Private Education	159
Total		6,234
Total Employment within the Library District		N/A

2007

Employer	Nature of Activity	Employees	Percentage of Total Library Employment
Cleveland Heights-University Heights City School District	Public Education	1,087	3.46 %
John Carroll University	Higher Education	585	1.86
City of Cleveland Heights	Local Government	496	1.58
Kaiser Foundation Health	Medical Facility	375	1.19
Wal-Mart, Inc.	Retail Store	250	0.79
Heinen's Grocery	Grocery/Retail	200	0.64
Macy's Department Store	Retail Store	200	0.64
Target Corporation	Retail Store	200	0.64
Motorcars Honda Inc.	Auto Dealership	200	0.64
Hebrew Academy	Private Education	150	0.47
Total		3,743	11.91 %
Total Employment within the Library District		31,440	

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
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
2007	61,614	2,078,917,974	61,401	33,741	6.3	5.6

Sources:

- (1) Estimates 2007-2016, 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	948	\$43,874,916
10.11	2,982,512,616	6,092	40,840,680
10.11	3,042,741,845	3,550	33,086,052
10.11	3,070,884,490	2,373	14,847,219
10.11	3,069,756,717	1,433	21,208,864
10.11	3,217,414,866	1,397	29,625,288
10.11	3,253,343,682	1,530	22,853,095
10.11	3,248,637,164	1,511	18,627,975
10.11	3,568,405,879	4,278	30,508,251
10.11	3,602,573,942	4,563	40,280,589

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

Function/Program	2016	2015	2014	2013
Public Service				
Adult Services	12.700	12.200	11.950	12.000
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	10.500
Circulation Services	11.200	12.200	12.400	13.200
Technical Services	3.000	2.500	4.500	4.750
Information Technology	2.000	2.000	2.000	2.000
Training	6.800	6.300	5.800	5.300
Building Services	11.500	11.500	9.500	9.500
Coventry Village Library	7.200	6.900	6.900	5.900
Noble Neighborhood Library	9.050	9.050	9.050	7.980
University Heights Library	8.000	8.000	8.000	6.650
Marketing and Communications	4.000	4.000	4.000	4.000
Administrative Support	1.500	1.500	1.000	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	10.500	10.100	10.100	11.400
Administration				
Main Library	6.000	5.000	5.000	5.000
Branch Library	3.000	3.000	3.000	3.000
Totals:	<u>109.000</u>	<u>106.800</u>	<u>105.750</u>	<u>103.730</u>

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

2012	2011	2010	2009	2008	2007
11.950	13.875	13.925	13.920	16.625	16.700
0.000	3.600	3.600	3.600	6.600	4.975
0.000	7.200	7.000	6.600	9.325	8.200
10.500	0.000	0.000	0.000	0.000	0.000
12.200	10.750	11.550	11.500	21.550	20.825
4.750	5.250	5.250	4.250	8.700	6.925
2.000	2.000	2.000	3.000	2.000	2.000
4.800	0.000	0.000	0.000	0.000	0.000
9.000	9.800	9.600	9.000	6.000	5.725
6.150	5.100	5.100	5.700	6.750	5.675
7.975	6.775	6.775	7.770	8.150	7.400
6.650	5.900	5.300	6.300	7.650	6.375
4.000	4.000	4.000	3.000	4.000	2.225
1.000	1.500	1.500	3.500	2.500	5.925
1.550	1.550	1.350	1.350	N/A	N/A
N/A	N/A	N/A	0.500	N/A	N/A
11.100	8.750	8.750	8.750	N/A	N/A
5.000	6.000	6.000	5.000	5.000	10.000
3.000	3.000	3.000	3.000	3.000	3.000
101.625	95.050	94.700	96.740	107.850	105.950

Cleveland Heights-University Heights Public Library

Capital Assets Statistics by Function/Program

Last Ten Years

Function/Program	2016	2015	2014	2013
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	0	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	11,160	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	7
Public Use Fax Machines	6	6	6	5
Public Use PCs	160	160	160	137
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	96	96	95

2012	2011	2010	2009	2008	2007
4	4	4	4	4	4
13	13	13	13	12	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
0	0	0	0	0	0
7	7	7	8	8	8
4	4	4	4	4	4
133	133	123	120	120	127
1	1	1	1	1	1
1	1	1	1	1	1
1	1	1	1	1	1
1	1	1	1	2	N/A
2,144	2,144	2,144	2,144	2,144	2,144
1	1	1	1	1	1
94	94	96	96	92	92

Cleveland Heights-University Heights Public Library

Operating Indicators by Function/Program

Last Ten Years

Function/Program	2016	2015	2014	2013
Public Service				
Circulation By Building				
Coventry Village Library	119,742	116,683	117,100	123,945
Lee Road Library	1,081,500	1,223,439	1,270,117	1,283,982
Noble Neighborhood Library	154,646	164,954	179,990	182,587
University Heights Library	125,998	193,089	212,365	204,906
Total Circulation, All Buildings	1,481,886	1,698,165	1,779,572	1,795,420
Circulation By Age Level				
Total Adult Circulation	1,023,477	1,264,591	1,237,050	1,293,901
Total Juvenile Circulation	458,319	433,574	542,522	448,082
Circulation By Type of Materials				
Books and Magazines	728,584	844,290	915,445	916,864
Videocassettes and DVDs	490,824	532,565	592,621	613,227
Recordings (Discs, Tapes, CDs)	153,159	178,269	194,638	206,841
Computer Software	244	522	622	485
E-media	106,205	98,690	71,478	53,345
Other Items	2,870	3,829	4,768	4,658
Library Collections Systemwide				
Books	232,113	263,418	266,906	266,791
E-books	373,194	215,490	124,395	115,779
Videocassettes and DVDs	34,467	36,502	39,537	42,453
Recordings (Discs, Tapes, CDs)	31,270	31,568	68,825	60,769
Computer Software	12	16	17	19
Magazine Subscriptions	327	577	362	362
Databases Provided	70	88	92	413
Electronic Resources				
Number of PCs Available for Public	125	144	137	137
Number of Weekly Users of Electronic Resources	4,882	5,345	5,593	5,542
Annual Number of Users of Electronic Resources	253,860	277,940	290,836	288,184
Public Service Transactions Systemwide				
Average Weekly Building Attendance	16,675	19,138	20,134	20,585
Annual Building Attendance	867,110	995,176	1,046,968	1,070,404
Average Weekly Reference Transactions	9,530	10,552	11,271	10,626
Annual Reference Transactions	495,560	548,704	586,092	552,552
Total Annual Library Programs	5,711	5,104	3,378	3,149
Total Annual Library Programs Attendance	67,662	70,776	70,025	33,773
Administration				
Purchase orders Issued	1,180	1,081	1,303	1,307
Accounts Payable Checks/Vouchers Issued	1,753	1,710	1,765	1,899
Payroll Checks/Direct Deposits				
Processed/Issued	4,254	6,622	3,987	3,939
W-2s and 1099s Issued	196	204	184	208
Board Resolutions	75	86	72	64

2012	2011	2010	2009	2008	2007
125,497	120,281	133,160	156,376	142,632	123,230
1,307,227	1,158,207	1,209,339	1,371,795	1,325,253	1,248,260
187,101	106,594	133,998	224,310	218,722	239,337
200,115	193,243	193,425	220,054	213,859	200,039
1,819,940	1,578,325	1,669,922	1,972,535	1,900,466	1,810,866
1,306,911	1,332,370	1,438,758	1,499,759	1,449,501	1,379,985
473,437	465,583	476,085	472,776	450,896	436,781
928,942	920,247	753,957	1,041,514	1,032,297	1,021,905
638,680	665,329	684,773	691,858	627,489	553,931
207,286	206,446	223,349	231,111	232,494	234,135
319	528	678	1,147	1,225	1,202
39,532	N/A	N/A	N/A	N/A	N/A
5,181	5,574	7,165	6,905	6,892	5,693
269,434	270,610	240,750	283,101	288,070	284,276
79,089	34,073	34,073	22,807	18,801	15,944
38,432	35,219	32,022	29,475	28,977	25,736
55,613	50,423	44,057	26,475	37,932	31,771
13	96	98	108	119	145
729	795	728	666	847	1,033
413	312	278	324	325	78
133	133	123	120	120	127
5,517	5,802	2,351	2,277	2,103	2,103
286,884	301,744	122,252	118,404	109,356	109,356
21,714	20,898	22,325	21,884	19,553	18,862
1,129,152	1,086,696	1,160,900	1,137,968	1,016,783	980,864
7,505	5,985	6,367	4,411	6,482	5,936
390,260	311,220	331,084	229,372	337,064	308,672
5,904	3,929	2,718	2,358	1,886	2,955
66,342	32,728	53,219	46,343	28,651	43,251
1,324	1,625	2,352	2,278	2,569	1,056
188	2,343	2,039	2,385	2,628	3,682
3,699	3,931	4,406	4,156	4,520	4,582
195	187	178	209	202	221
61	74	67	44	60	50

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