



Comprehensive Annual Financial Report

FOR THE YEAR ENDED DECEMBER 31
2012

FRANKLIN COUNTY, OHIO





Dave Yost • Auditor of State

Board of Trustees
Worthington Libraries
820 High Street
Worthington, Ohio 43085

We have reviewed the *Independent Auditor's Report* of the Worthington Libraries, Franklin County, prepared by Kennedy Cottrell Richards LLC, for the audit period January 1, 2012 through December 31, 2012. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Worthington Libraries is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

July 3, 2013

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Worthington Libraries

WORTHINGTON, OHIO

Comprehensive Annual Financial Report

For the Year Ended December 31, 2012

**Issued by:
Worthington Libraries Finance Department**

**Chuck Gibson
Director/Deputy Fiscal Officer**

**Margaret Doone
Chief Fiscal Officer/Business Manager**

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Worthington, Ohio
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June 19, 2013

Citizens who reside in the Worthington City School District
Members of the Worthington Library Board of Trustees

We are very pleased to present the 2012 Comprehensive Annual Financial Report (CAFR) for Worthington Libraries. This report, for the calendar year ended December 31, 2012, has been prepared using generally accepted accounting principles for governments. It contains financial statements and other financial and statistical data that provide complete and full disclosure of all material financial aspects of Worthington Libraries (to be hereinafter referred to as "the Library," and also known as the Worthington Public Library and the Worthington City School District Public Library).

Ohio law requires that public offices reporting pursuant to Generally Accepted Accounting Principles shall file their reports with the Auditor of the State of Ohio 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, 2012.

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

The Library's financial statements have been audited under contract by Kennedy Cottrell Richards, LLC, a firm of licensed certified public accountants. The Independent Public Accountant has issued an unqualified ("clean") opinion on the Library's financial statements for the year ended December 31, 2012. The Independent Auditors' Report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the Independent Auditors' Report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

LIBRARY OVERVIEW

The Library known as Worthington Libraries is located in the City of Worthington, Ohio, which is in central Ohio. It serves residents of the Worthington City School District. The Old Worthington Library is

located downtown in the City of Worthington, the Northwest Library is located in northwest Columbus, Ohio, and the Worthington Park Library is located in northern Columbus, Ohio. All three locations are within the Worthington City School District.

Worthington Libraries is organized under Ohio State law as a school district public library. A seven-member board, one member appointed each year by the board of education for a seven-year term, governs the Library. Members belong to the community and typically have a history of avidly supporting the Library. Board members hold positions as educators, accountants, independent business owners, attorneys, realtors and a variety of other occupations. They come together to apply their knowledge and experience, and offer their insights to provide management guidance and oversight to the Library.

Under the provisions of Statement No. 14 of the Governmental Accounting Standards Board, “The Financial Reporting Entity,” the Library is considered to be a related organization of the Worthington City School District.

The Director is responsible for the administration of the Library, and the Fiscal Officer oversees the library’s financial affairs. The Board of Trustees has appointed Chuck Gibson to serve as Director/CEO and Margaret Doone to serve as Fiscal Officer/CFO.

The taxing authority for the Library is the Board of Education, but the Library operates under a separate budget with funds derived primarily from the Public Library Fund and two local property tax levies totaling 4.8 mills. The Library is fiscally independent of the Worthington City School District Board of Education, although the Board of Education serves in a ministerial capacity as the taxing authority for the Library. The Board of Trustees independently determines whether to request approval of a tax levy and the role and purpose(s) of the levy. If a request is approved, 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.

HISTORY OF THE LIBRARY

The roots of Worthington Libraries can be traced to the small New England town of Granby, Connecticut. It was from Granby in 1803 that a group of 100 men, women and children set out to begin a new life in Worthington, Ohio. Among the possessions they brought with them were the books for what they would call the Stanbery Library, a subscription library named for its principal benefactor. This library was the first in Franklin County and only the third in the State.

Throughout the next 100 years, library service in Worthington took on many forms—books were kept at the school, the local post office, etc.—but it was inevitably kept alive by groups of local citizens. They knew that if a community was to survive and grow, its residents must have a library to provide opportunities for enhanced education and continued learning.

In 1903, the Fortnightly Club, a women’s Shakespeare study club, took over management of the Worthington Reading Room. In 1908, the Fortnightly Club moved to establish the Worthington Public Library Association to take advantage of local tax funds.

In 1925, the Library was placed in control of the school board, establishing it as a school district public library. This assured the Library of much-needed financial support but did not provide an actual building to house the collection. This changed in 1927 when Mary Elizabeth Jones Deshler donated money for a library building on the northeast corner of the Village Green, the area set aside by Worthington’s founders for the public pursuit of learning and education. Mrs. Deshler dedicated the building to the memory of her grandfather, Worthington founder James Kilbourne. In 1931, Mrs. Deshler funded the addition of the north and south wings on the James Kilbourne Memorial Library Building.

By 1950, Library use had increased tremendously. Although the James Kilbourne Memorial Library Building was less than 25 years old, the growing collection and increasing circulation were already straining the facility, and it was finally expanded in 1956.

In 1973, the Library proposed moving less than a mile north on land it had purchased for this possibility. The community was outraged at the prospect of the Library being located anywhere but the Village Green and defeated levy issues to build a new facility in 1973 and 1974. The Library staff persevered in their cramped conditions until a final solution was found in 1976 when the school board agreed to a property swap with the Library. Groundbreaking for the new facility was held on July 4, 1978 and it was dedicated October 21, 1979. The new Library was within sight of the old Village Green location (put to use as a school administration office).

Although the community supported the Library through its patronage, it had thus far refused to pay for it with local tax support. This finally changed in 1992, when the community voted to support a 2.2 mill property tax levy to maintain service at Old Worthington Library and fund a new library to provide service to the growing northwest-area population.

The Northwest Library, which opened in 1996, was made possible through a unique partnership agreement with the Columbus Metropolitan Library. The Columbus Metropolitan Library Board of Trustees agreed to buy the land for a future library and hold it until the Worthington Libraries levy passed in 1992. Now 17 years old, the Northwest Library is jointly operated by Worthington Libraries and the Columbus Metropolitan Library and is managed by Worthington Libraries.

In the early 2000s, the Library was once again faced with an increase in use coupled with a decline in revenue. Thanks to a grassroots campaign led by members of the Friends of Worthington Libraries and the Board of Trustees, the Library was successful in passing a permanent 2.6 mill property tax levy in November 2005.

In 2007, Worthington Libraries received the national Library of the Year award from *Gale/Library Journal*. This award annually honors the library that most profoundly demonstrates outstanding community service. Members of *Library Journal*'s editorial board, representatives from Thomson Gale's executive committee and librarians from around the world judge applicants based on the following factors: service to the community; creativity and innovation in developing specific community programs; a dramatic increase in library use; and leadership in creating programs that can be emulated by other libraries. As the recipient of the 2007 Library of the Year award, Worthington Libraries received a check for \$10,000 at a special reception held in Washington, DC during the American Library Association's annual conference in June 2007.

In 2008, Worthington Libraries opened its third location, the Worthington Park Library, in the Worthington Park Shopping Centre. This storefront library serves patrons in the northeast part of our community and circulates more than 350,000 items annually.

In October 2012, *Library Journal* announced its latest Index of Public Library Service, and Worthington Libraries once again received a five-star rating, the best possible, in its category of libraries with total annual operating expenditures of between \$5-10 million. More than 7,500 libraries across the country were evaluated, but only 262 received a starred rating. Only 87 libraries received a five-star rating.

Worthington Libraries was highlighted by *Library Journal* because we have achieved a five-star rating in all five editions. Only 30 libraries nationwide have achieved this distinction. Worthington Libraries was ranked second in its peer group, behind only the Redwood City (CA) Public Library.

Worthington Libraries is now one of the busiest library systems in Ohio, ranking ninth in terms of use (behind only the eight metropolitan libraries). It provides a wide array of information and services, including technology training, online access, a dynamic collection and programs for residents of the

Worthington City School District, and maintains the pioneering spirit of the library's founders in looking for new and better ways to serve patrons.

COMMUNITY OUTLOOK

Worthington is located in the center of the state at Ohio's crossroads and affords easy access to all parts of Ohio and the nation. A suburb of Columbus, the state capital, Worthington offers all of the attractions and conveniences of a big city combined with the charm of small town living.

Worthington was one of the Midwest's first planned communities, blending commerce, residential life, education and faith. Founded in 1803, Worthington reflects its dignified New England heritage with authentic brick sidewalks leading to the central Village Green where many of the City's original commercial buildings and churches still stand proudly. Today, as in ages past, people come to meet and greet on the Village Green and stroll the streets of downtown Worthington. Worthington's strong community spirit and excellent quality of life serve as the solid foundation for people of all ages, businesses, their employees and families.

Education, a founding tenet of the City, remains a hallmark of Worthington. Its school district serves over 9,000 students and consistently earns the highest ratings on the State's school district report cards. Its student-focused educational programs are continually recognized as some of the best in the State. This provides a perfect environment for a progressive, forward-looking, service oriented library to identify and meet emerging needs and to thrive.

Collaboration is also an integral part of the Worthington community brand, and the Library often plays a key role in the development of major community projects and initiatives.

In 2012, the Library worked with the McConnell Arts Center to launch the Hear & Now author series. As part of the series, we welcomed baseball writer Zack Hample, advertising legend Jane Maas and 2012 Newbery Medal recipient Jack Gantos. The Library also coordinated a food drive to benefit the Healthy Worthington Resource Center and Food Pantry. For two weeks in September, patrons who brought in a donation of food for the pantry could reduce their fines by one dollar for each donated item. As a result, we collected more than 4,000 lbs. of food and other necessary items for families in and around Worthington.

ECONOMIC CONDITIONS AND OUTLOOK

Ohio's economy and tax collections are still unpredictable. New legislation meant to help stabilize funding for libraries by creating the Public Library Fund (PLF) was passed in June 2007. Starting in January 2008, the PLF began receiving a fixed 2.22 percent of all General Revenue Fund (GRF) tax collections. As a result of State budget difficulties, this percentage was reduced to 1.97 percent of GRF revenues in July 2009. This lower percentage was in place through June 2011. In Governor Kasich's budget for the 2012-2013 biennium, the PLF fund distributions were frozen at the 2011 levels less an additional five percent. In addition, no reimbursements to the PLF were to be made for funding OPLIN or the State Library for the Blind and Physically Handicapped. The State's budget for the 2014-2015 biennium is expected to bring additional changes to the amount distributed to the PLF from the GRF.

Although the City of Worthington is a fully developed, first-ring suburb (and therefore faces economic challenges inherent to like-situated communities), the City is experiencing substantial private sector interest in redevelopment of existing facilities and properties. Understanding that Worthington's economic sustainability hinges on the use and redevelopment of its commercial property inventory, the City's staff has been working aggressively to locate new investors and public funding mechanisms to encourage new commercial growth.

Such efforts are beginning to bear fruit, as there has been a recent uptick in redevelopment activities. First, in January 2011 the City entered into a tax increment financing (TIF) agreement with a local development team for the redevelopment of 140,000 square feet of retail space comprising the former Worthington Square Mall (now remodeled and rebranded as the Shops at Worthington Place). Second, in April 2011, the City attracted the headquarters operations of Insight Bank, a locally owned community bank, into long-vacant former restaurant space along the City's Wilson Bridge Corridor. Third, in August 2012, Worthington Industries, a Fortune 1000 company, purchased the building it had been leasing for its headquarters operations; plans are being readied to improve the building and move at least 100 additional corporate jobs to the site. Finally, the City is reviewing plans for the development of 200 apartments, 23,000 square feet of Class A office space, and a parking deck to the immediate west of the mall property, with construction scheduled to begin summer 2013. All of these initiatives continue to reinforce the City's commitment to maintaining Worthington as a vibrant community.

FINANCIAL TRENDS

During 2012, the Library experienced a \$120,085 (5.7%) decrease in funding from the PLF. PLF funding during the first seven months of 2013 is expected to remain approximately equal to the first seven months of 2012. The Governor of the State of Ohio and the Ohio Legislature are currently working on the next biennium budget for 2014-2015 and the proposal is to return the PLF to a percentage of the State's general revenues. However, it is still too soon to know what will be in the final legislation.

After two years of declining real estate tax receipts, there was an increase to approximately the 2007 level in 2010. Real estate tax receipts (which for this purpose include the Homestead and Rollback Reimbursements) have remained approximately the same in 2011 and 2012. Both the 1992 and 2005 levies will be collected through 2014 but the 1992 levy will expire and not be collected in 2015. The Board of Trustees of the Worthington Public Library are currently studying various options for placing a levy on the ballot

The State reimbursement for lost revenue due to the elimination of personal property tax and public utility personal property tax was scheduled to be phased out beginning July 2011 and continuing through 2014. However, the provisions adopted in the State of Ohio's 2012-2013 biennium budget accelerated this phase out so that revenue from those services in 2011 were reduced by \$103,322 or 26.8%. An additional reduction of \$171,707 or 57% occurred in 2012 and reimbursements for 2013 and 2014 as scheduled in the original phase out plan will not be received.

Due to a change in the Ohio Revised Code, the Library can now deposit interim and inactive funds with a public depository to be redeposited with one or more federally insured banks, savings banks, or savings and loan associations located in the United States with the redeposited money insured by the Federal Deposit Insurance Corporation. A portion of the funds previously invested in STAROhio were transferred to be invested in insured Certificates of Deposit which resulted in an increase in investment earnings of \$11,259 or 119.7%. This practice will be continued in 2013.

While the number of materials circulated increased 49 percent from 2003 through 2012 (2,222,182 in 2003 to 3,308,392 in 2012), operating cash disbursements have only increased 34.8 percent (\$6,269,347 in 2003 to \$8,447,695 in 2012) and employees only increased from 99.65 Full-Time Equivalent in 2003 to 110.78 Full-Time Equivalent in 2012. Salaries and Benefits represented 64.60 percent of operating cash disbursements in 2003 and 62.22 percent in 2011. Careful management of staffing and disbursements continues to ensure operating efficiency and maintains control of the budget.

FINANCIAL PLANNING AND POLICIES

All budgetary policies are established by Ohio law and/or the Board of Trustees. The budget process is as follows:

- A temporary appropriation is adopted and filed with the Franklin County Budget Commission by January 1.
- A permanent appropriation is adopted and filed with the Franklin County Budget Commission by March 31.
- For annual budgeting purposes, unused balances remain in the accounts where they were allocated.
- The level at which the Board of Trustees approves the budget becomes the legal level of control.
- Transfers of appropriations at this level require Board of Trustees' action.
- The permanent appropriations may be amended or supplemented, based on needs during the year.
- The Franklin County Budget Commission provides an annual certificate of estimated resources. The library's maximum annual appropriations are controlled by this document. The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the Fiscal Officer.
- Rates for fines, fees, and charges are established by the Board of Trustees.
- Library cash is pooled for investment.

The library's long-range financial plan, which provides projections through 2025, is reviewed in conjunction with every operating decision that is made. The levy campaign promise was to maintain a positive cash balance through 2018 if the levy passed. This promise was a major reason for the support the levy received and was one reason that it passed in November 2005. Every decision that has financial implications is evaluated to ensure this promise will not be compromised.

The Director/CEO and Fiscal Officer/Business Manager regularly meet with the Administrative Team to discuss problems, new initiatives and potential opportunities. New initiatives or reactions to emerging needs and/or problems are discussed by the group. If disbursements are required, plans are developed to establish reasonable cost estimates. If an action appears to be viable, a presentation is prepared to share with the Finance/Operations Committee of the Board of Trustees. Once the Committee understands the proposal and its financial implications on the long-range financial picture, it determines if it should support taking the recommendation to the full Board of Trustees for approval. If the action is supported, the Chair of the Committee proposes the resolution at the Board meeting. This Committee meets three or four times per year, or as needed in special situations.

In addition to special situations, normal operating disbursements are continuously monitored. Annual budgets are developed based on projections in the long-range plan. Managers review actual monthly disbursements against budget allocations and recommend adjustments as needed. Funds not required for operating disbursements are invested to obtain the best return available with the least amount of risk. STAROhio, administered by the Treasurer of the State of Ohio, was used exclusively in recent years through 2011. The passage of Sub. H.B. 209 by the 129th General Assembly with an effective date of March 22, 2012 expanded state and political subdivision investment authority. This bill permits the Library to authorize a public depository, upon the deposit of public money with the depository, to arrange for the redeposit of the money with one or more federally insured banks, savings banks, or savings and loan associations located in the United States and act as custodian of the money. The Library now has money deposited with Fifth Third Bank for the purpose of depositing the funds in Certificates of Deposit at federally insured financial institutions. STAROhio is still utilized for investment of interim funds due to its liquidity.

The Board of Trustees receives a monthly update from the Fiscal Officer/Business Manager and copies of financial statements so that they are aware of the financial condition of the Library in any given month.

MAJOR INITIATIVES FOR 2012

In 2012, Worthington Libraries worked with the community to develop a 2013-2015 Strategic Plan, which was approved by the library's Board of Trustees on January 23, 2013.

Led by a staff work group, this process included several opportunities for residents to provide their input. From focus groups to telephone surveys, Facebook posts and community conversations, we learned what the community values most about the Library and what they would like us to change.

Overall, the news for Worthington Libraries is very good, with 97 percent of people surveyed reporting they are satisfied with the performance of the Library, and 73 percent reporting they are highly satisfied. We also learned the overwhelming majority (83 percent) would vote favorably to support a library levy initiative in the future.

Our areas for improvement include increasing access to digital books and expanding library hours. As a result, we have increased the amount of money allocated to the purchase of digital items and will now remain open on Sundays in the summer when the Library has traditionally been closed.

As part of the strategic planning process, we also evaluated the library's mission and core values and determined they should be updated to reflect a new era of library service. The new mission of Worthington Libraries is: *We connect people to a world of ideas and each other.* Our core values are: Service, Innovation, Collaboration, Leadership and Fun.

Since 1994, Worthington Libraries has been part of a resource-sharing consortium with Columbus Metropolitan Library and Southwest Public Libraries. In 2012, Worthington Libraries, Columbus Metropolitan Library and Southwest Public Libraries made the strategic decision to join the Central Library Consortium. This results in 11 library systems serving 1.4 million residents across six counties with nearly 1.2 million unique items. This partnership, along with the launch of a new Integrated Library System (electronic catalog and patron database) will give us the ability to better manage resources, connect with our patrons and reduce costs.

In addition to our partnerships with the Healthy Worthington Resource Center and Food Pantry and the McConnell Arts Center, we also established a new partnership with the Shops at Worthington Place in 2012. We are providing storytimes in their space on the first Saturday of each month. Taking place during the Worthington Farmer's Market, which is also held at the Shops during fall/winter, these events are typically attended by more than 50 children and their families.

We continued to educate the community about the use of technology. We presented several Technology Petting Zoos to provide patrons with the opportunity to try tablets and eReaders, such as the Amazon Kindle and Barnes & Noble Nook, in a supportive environment.

Worthington Libraries helped Central Ohio job seekers by providing programs on using LinkedIn and other social media to support an effective job search and offered free printing of resumes and one-on-one resume review any time the Library is open.

In 2012, we once again partnered with the Columbus Clippers baseball team and the Friends Foundation of Worthington Libraries to present the Summer Reading League, a summer reading program for children and teens. Participation in the program increased nine percent in 2012! More than 8,000 children and teens received tickets to one of three Columbus Clippers baseball games upon completion of the program.

More than 60,000 people attended programs offered by Worthington Libraries in 2012. This is a ten percent increase over 2011 program attendance.

Worthington Libraries is fortunate to have a dedicated and sizable group of Volunteers and adult volunteers. Each summer, dozens of middle and high school students volunteer their time to staff the summer reading program registration table, and to assist with programs and other tasks. Over 100 adult volunteers support the staff at the libraries, in Technical Services and in Outreach. Volunteers donated more than 8,000 hours of time in 2012!

Stewardship of Resources

Worthington residents trust the Library to make responsible financial decisions on their behalf, which is why careful stewardship of public funds is a priority.

Prior to passage of the 2.6 mill permanent operating levy in November 2005, Library funding was in decline as use was steadily increasing. Circulation has remained fairly constant in the last five years, 2008 to 2012. However, the number of programs offered and the attendance at those programs have increased. Despite the increase in use, operating disbursements have only increased a total of 2 percent during the same time period, an average of 0.4 percent per year.

The Library staff has been reorganized three times since 2002. Each time, the work that needed to be accomplished was assessed and a determination was made about the best staffing structure needed to make it happen. In 2005, the traditional library hierarchy of department managers was abolished and replaced with lead librarians and staff work groups. This reorganization saved the Library a total of \$23,907 in salaries and benefits, compared to 2004 figures, and the first phase of its development only took five months to complete from inception to implementation. Insurance carriers were also changed several times and an employee Health Savings Account was approved in 2006 and began in 2007 as another insurance option for staff members. Additionally, every time a staff member retires or resigns, their position is evaluated to determine if it should be filled or restructured to better meet the needs of the Library.

Library Director Chuck Gibson and Fiscal Officer/Business Manager Margaret Doone are never far from a copy of the library's long-range financial plan. Through constant review and careful management, they are able to track and maximize the use of every dollar and to see how spending projections will impact the Library now and in the future. The results have direct benefits to the community.

In December 2006, the Northwest Library bonds were paid off early. The bonds were originally issued by the City of Columbus in 1994, with a maturation date of January 1, 2015. The Library used the proceeds from the bond sale to fund the construction of the Northwest Library, which opened in 1996. Based on the stated interest rate of the bonds for their remaining life and the projected estimated earnings the Library could generate on the funds if they were not used to redeem the bonds, a savings of approximately \$50,000 was realized by paying off the bonds prior to their maturity date. There was no Debt Service Fund beginning in 2007.

One of the action plan items for 2007-2008 was to develop a higher level of financial reporting through the preparation of a capital assets inventory for the first-ever Generally Accepted Accounting Principles report and completion of a first-ever Comprehensive Annual Financial Report for 2006. These reports were also completed each year from 2007-2011 and provide the Board of Trustees and the community with an accurate reflection of the library's financial position. The Library has received the Government Finance Officers Association Certificate of Achievement for Excellence in Financial Reporting each year 2006-2011 and the State Auditor's "Making Your Tax Dollars Count" award for the 2006, 2007, 2008 and 2009 reports. With the change in state auditor, a new award, "Auditor of State Award with Distinction," was created and Worthington Libraries was the recipient of that award for the 2010 and 2011 reports.

The November 2005 levy passed with 58 percent of the vote and has enabled the Library to maintain the quality services, materials and programs the community expects and deserves. The levy generates over \$4

million per year in revenue and is expected to provide adequate funding for the Library until at least 2018. The two local property tax levies (the Library also has a 2.2 mill levy passed in 1992) along with the associated tax exemptions, including homestead and rollbacks, now account for 67 percent of the revenue on a cash basis, while Public Library Fund dollars account for 19 percent. The Library is in an enviable funding situation compared to many other Ohio libraries—which is a direct result of the services provided and not something ever taken for granted.

Building and Maintaining the Collection

In “Hennen’s American Public Library Ratings 2006,” Thomas Hennen writes, “Back in the mid-70s, when I went to graduate school, numbers from *Wheeler and Goldhor’s Practical Administration of Public Libraries* represented the gold standard for library planning. They recommended that approximately 20 percent of a public library budget should go toward materials.” Although it has become harder to do, because of rising costs in healthcare and other expenses beyond our control, the Library still meets this “gold standard” in library planning. In 2012, approximately 20 percent of the library’s budget was spent on materials.

Being part of a resource-sharing consortium with Columbus Metropolitan Library and Southwest Public Libraries provides patrons with access to nearly three million items (that they can reserve and renew online) and provides the freedom to build a collection that is intentionally deep and varied. Although the Library purchases bestselling books, popular music and the latest DVDs, patrons also expect to have jazz recordings, independent film releases and poetry from small publishers. Often, patrons comment that this Library is the only library that owns the particular item they are looking for.

Although access to physical books is still the number-one service we provide, use of the Library, its resources and collection, is changing. Circulation of digital books increased more than 130 percent in 2012 and is expected to grow as more people have access to e-readers, Smartphones, tablets and other devices. Many people regard the Library as a gathering place and technology provider and visit without checking out any items. Still, physical books made up 66 percent of the library’s circulation in 2012, and continue to be the primary reason people use the Library.

In 2006, the Library began centralized selection by profile. This streamlines the ordering process and allows the Library to better track and build the collection as a whole, rather than in segments. In 2007, all materials selection was centralized and is now coordinated by two Materials Selectors, one for adult materials and one for youth materials. In 2013, we will introduce a new cataloging system and online catalog, making this process even more efficient.

The Library staff also takes collection management seriously and regularly removes items that are in poor condition or have not circulated to make room for new items. This keeps the collection fresh and interesting for patrons who are reserving items online or stopping by to browse.

Customer Service Model

In 2006, a New Customer Service Model workgroup was formed and charged with researching and developing a new service model for the Library. The workgroup explored the range of possible ways to meet the information needs of our patrons in the most efficient, effective and thorough manner possible, paying particular attention to proactive services, including roving reference and concierge services.

The workgroup found adding roving reference to our existing customer service model would allow us to help more people who ask questions at the reference desk as well as those who are afraid or not inclined to ask questions. We wanted to make sure people were not leaving the Library without the information they came for.

Based on the workgroup's recommendations, the library's reference desks adjusted their coverage by assigning one person as a "rover." Rovers are assigned to one-hour shifts and are expected to greet patrons and ask if they need assistance. Roving stations with computers are being used to access the library catalog and electronic resources to eliminate the need to run back and forth between the desk and the stacks. Phone calls are now received in the library's call center (located in Old Worthington Library) instead of individual departments. This makes it easier for staff to remain focused on serving the needs of patrons without interruption.

The library staff actively merchandises the collection. A merchandising work group visited several area libraries and bookstores to learn more about how to promote items to encourage patrons to borrow or buy. Advice was also solicited from a marketing consultant who has experience with working in public libraries and bookstores. The consultant walked through both libraries and pointed out several areas for improvement. Using the information gleaned from the library/bookstore visits and the consultant's report, several new initiatives were implemented. "Power walls" were designed to merchandise high-traffic areas of the collection (new fiction, picture books, mystery, cookbooks, travel, etc.). We have also replaced old and outdated signs with new, bold versions that are easy-to-read and attractive.

More self-checkout machines were added in 2008, making it easier, faster and more convenient to use the Library. Self-checkout machines make it possible for people to get their materials with little or no assistance, although patrons can still request help from a person. A staff member is always available to assist those that are new or unfamiliar with the process. The feedback received about the machines has been overwhelmingly positive and lines at circulation (which once could be quite long) are now almost non-existent.

Northwest Library also provides a drive-through pickup window for patrons who want to pick up reserved items without getting out of their cars. More than 22,000 visits through the drive thru window were completed in 2012. Both Northwest Library and Old Worthington Library have exterior lockers so patrons can pick up materials when the Library is closed.

In 2010, we made it possible for people to apply for a library card, manage their account and pay their overdue fines online and to use credit or debit cards when paying their fines in the Library.

All of this is designed to make the library's buildings, materials and staff more welcoming and easier to access.

Technology and Online Access

The library's website, worthingtonlibraries.org, was completely redesigned in 2008 using a comprehensive process that included input from the library staff and patrons.

In 2009, a mobile version of the site was made available, and a mobile app was released in 2012. Also in 2012, the Library launched a new, more attractive e-newsletter. We currently have more than 3,000 subscribers to this service. We also reach patrons through social media sites like Facebook, Twitter, Flickr, Google Plus and YouTube.

The website is maintained by the Digital Library Manager and Web Developer with additional contributions from the Community Relations Department and the Director of Technology Services. The website delivers the same quality service and resources that patrons are accustomed to when visiting our brick and mortar locations. At the end of 2012, the library's website provided access to 113 subscription electronic resources and more than 13,900 full-text periodicals.

Adults can ask a reference question until 1 am by accessing KnowItNow through the library's website. KnowItNow, a statewide service initiative funded by the State Library of Ohio, provides late-night reference help. During regular business hours, patrons can ask a question via text or Instant Messaging. Children can enjoy TumbleBooks. TumbleBooks is an online collection of animated, talking picture books, reading comprehension quizzes, educational games, and teacher resources. It includes story books, life learning books, language learning books and TumbleReadables (large print 'Read-On-Your-Own' stories, chapter and young adult books). It is accessible in the Library and at home to anyone with a library card.

The Library also provides e-books, digital audiobooks and video for download from the website in partnership with the Digital Downloads Consortium. Circulation of digital books increased more than 130 percent in 2012.

The Library has 336 computers available for public use and offers wireless Internet access at all locations.

Planning for the Future

In 2012, Worthington Libraries worked with the community to develop a new strategic plan for the Library. The process for developing this plan was led by a staff Strategic Planning Team and included input from hundreds of community members as well as the staff, board of trustees and Friends Foundation of Worthington Libraries.

We worked local research firm Communicā to conduct a series of focus groups and a Web survey to learn more about how people viewed the Library. Fifty-four people participated in the focus groups and more than 300 people completed the Web survey. All participants were voters living in the Worthington School District. Both frequent library users and non-library users were included in the sample.

We learned 97 percent of the community is satisfied with the performance of the Library and 79 percent are highly satisfied. The majority of the community is satisfied with the governance, programming and locations, with nearly two-thirds of participants stating they strongly agree with the following statements:

- Worthington Libraries uses its money wisely (67%)
- Worthington Libraries provides the programs and services I need (66%)
- Worthington Libraries has the right number of locations to serve the community (78%)

Printed materials continue to be the primary reason patrons visit the Library, followed by movies/DVDs and audiobooks. Usage of e-books is projected to increase by 51 percent among respondents with many citing that increased availability of popular titles would increase their use of this service. The library website, worthingtonlibraries.org, is used by 88 percent of respondents with 38 percent using it frequently to very frequently. When asked about future funding initiatives, a large majority (83 percent) said they would vote for a replacement levy.

In addition to the focus groups and Web survey, the Strategic Planning Team led several initiatives with staff and patrons, including trend tracking, a review of our current mission statement and core values and four whiteboard sessions, where we posed the following questions to patrons in the libraries and through social media over a four-week period:

- What did you do at the Library today? (187 responses)
- How can we improve your library experience? (71 responses)
- What's your vision for the future of Worthington Libraries? (58 responses)
- What time of day do you or would you like to visit the Library? (68 responses)

Most of what we learned in the whiteboard sessions affirmed what we learned in the survey: people use the Library to borrow books. We also learned many people would like us to be open on Sundays throughout the year.

With trend tracking, the Strategic Planning Team asked the staff to focus on the topics of: **adaptability**, **community** and **learning** when researching trends that could or will impact the Library in the future. A total of 93 trends were identified, and topics included everything from minor changes in services to those that would require much more resource allocation, staff time and training and library facilities renovation. The dominant themes were related to technology (its impact on the Library and society), changes in physical space, the role of the Library in the community and the ability to offer space for content creation, as in “maker spaces,” instead of being only a place for content consumption.

Finally, we surveyed the staff, library trustees and Friends Foundation board to ask them to evaluate our current services as well as the current mission statement and core values, which had been in place for many years. As a result of this feedback, the Strategic Planning Team worked to reframe the library’s mission and core values, making them more current and outwardly focused.

The new mission statement for Worthington Libraries is: *We connect people to a world of ideas and each other.*

The Library’s core values are:

- **Service**--*We help* people.
- **Innovation**--*We create* a dynamic environment for learning and discovery.
- **Collaboration**--*We share* our talents and build partnerships to strengthen our community.
- **Leadership**--*We inspire* our community and the library profession to excel.
- **Fun**--*We engage* people in experiences that surprise and delight.

The 2013-2015 Strategic Plan was approved by the library’s Board of Trustees in January 2013. It focuses less on items that can be easily checked off a list (such as “organize the storage areas”) and more on creating real organizational and community change. It will be a challenge to implement, but we’re confident our list of actionable items resulting from this plan will advance Worthington Libraries by leaps and bounds and make us a center of community life. The plan’s primary focus areas are:

ADAPTABILITY: People have been questioning the future relevancy of the public library for many years, but the public library they remember, the one they imagine they are mourning, is already dead. We are far more than a repository of books. We are an incubator of ideas. We are an access point for new technology. We are a warm space filled with friendly faces who want to help you. **We are an adaptive organization that recognizes and embraces change.**

COMMUNITY: Since 1803, when Worthington was founded by the 100 men, women and children of the Scioto Company, this community has worked to build and keep a library for its residents. We are proud of that history and the vital role we play as a center of community life. We work every day to make a difference. We help people when they are in need. We work with other community groups to strengthen this place we call home. **We bring people together to share ideas and build connections.**

LEARNING: Learning is not confined to a classroom or the workplace. The library’s doors are open to people of all ages and learning styles. We want children to grow up with a love for the written word. We want students to succeed. We want adults to find what interests them and share their ideas with others. **We want people to learn, connect and have fun in an open environment that encourages creativity, thoughtful reflection and relaxation.**

OTHER INFORMATION

Independent Audit

An audit team from the accounting firm of Kennedy Cottrell Richards, LLC is under contract with the Office of the Auditor of State Dave Yost as Independent Professional Auditors, and they performed the 2012 audit. The results of the audit are presented in the Independent Auditors' Report.

Awards

The Library was one of four or five finalists for the prestigious national Library of the Year award in 2001, 2002, 2003 and 2006. In 2007, the Library won this award and was recognized as the best library in the nation by award sponsors *Library Journal* and Thomson-Gale. Information about this prestigious award may be found at www.worthingtonlibraries.org/libraryoftheyear.

In 2002, the library's website, www.worthingtonlibraries.org, received the first ever *netConnect* award for a small public library Web site.

In 2008, Worthington Libraries was recognized in Hennen's American Public Library Ratings as the number two library system in the nation in its population category. The Hennen Report looks at 15 different factors when assessing a library's performance, including circulation, population and percent of budget spent on materials.

Also in 2011, Worthington Libraries received a John Cotton Dana Award for outstanding public relations. The John Cotton Dana honor has been awarded continuously since 1946 and is sponsored by the H.W. Wilson Co., the H.W. Wilson Foundation and the Library Leadership and Management Association, a division of the American Library Association. It is considered the most prestigious of all library awards in the field of public relations.

In 2012, Worthington Libraries was once again named a five-star library by *Library Journal* in its category of libraries with total annual operating expenditures of over \$5 million but less than \$10 million. Four service indicators were used in the index: library visits, circulation, program attendance and public Internet computer uses. Libraries were evaluated on each service indicator relative to the performance of other libraries in their peer group. More than 7,500 libraries across the country were evaluated, but only 262 received a starred rating. Only 87 libraries received a five-star rating.

Worthington Libraries was highlighted by *Library Journal* because we have achieved a five-star rating in all five editions. Only 30 libraries nationwide have achieved this distinction. Worthington Libraries was ranked second in its peer group, behind only the Redwood City (CA) Public Library.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Worthington Libraries for its Comprehensive Annual Financial Report (CAFR) for the year ended December 31, 2006. This was the first year that Worthington Libraries achieved this prestigious award, for its first-ever CAFR. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements. We were pleased to also receive the Certificate of Achievement for our CAFR for the years 2007 through 2011.

A Certificate of Achievement is valid for a period of one year only. The Library believes that the 2012 comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and it is being submitted to the GFOA to determine its eligibility for a sixth certificate.

In addition to the Certificate of Achievement, the Library also received the "Making Your Tax Dollars Count" Award from State Auditor Mary Taylor for fiscal years 2006 through 2009. It is presented for excellence in financial accounting and states, "You are a trustworthy guardian of taxpayer dollars and deserve the highest amount of recognition for your vigilance. You are truly a model for government entities throughout the state of Ohio." Under State Auditor Dave Yost, the Library received the "Ohio Auditor of State Award with Distinction" for 2010 and 2011 which was awarded for excellence in financial reporting as evidenced by the award winning CAFR and a clean audit. The award states, "Your exemplary reporting serves as the standard for clean, accountable government, representing the highest level of service to Ohioans."

Acknowledgements

Appreciation is extended to the Board of Trustees of Worthington Libraries and the employees responsible for contributing to the sound financial position of the Library, especially Senior Finance Specialist Sabra Lowe, Finance Specialist Barbara Burkholder, and Finance Assistant Karin Neumann. Contributions of information from Director of Community Engagement Lisa Fuller, Deputy Director Monica Baughman, Executive Assistant Pam Beretich, Director of Technical Services Susan Allen, and Human Resources Manager Phyllis Winfield were vital in preparing this transmittal letter. Special acknowledgment is extended to the Local Government Services Section of the Office of the Auditor of State for their continued guidance in the preparation of this report.



Chuck Gibson
Director/Deputy Fiscal Officer



Margaret Doone
Chief Fiscal Officer/Business Manager

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Worthington Libraries
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Christopher P. Morinell

President

Jeffrey R. Emer

Executive Director

Worthington Libraries
List of Principal Officials
December 31, 2012

Board of Trustees

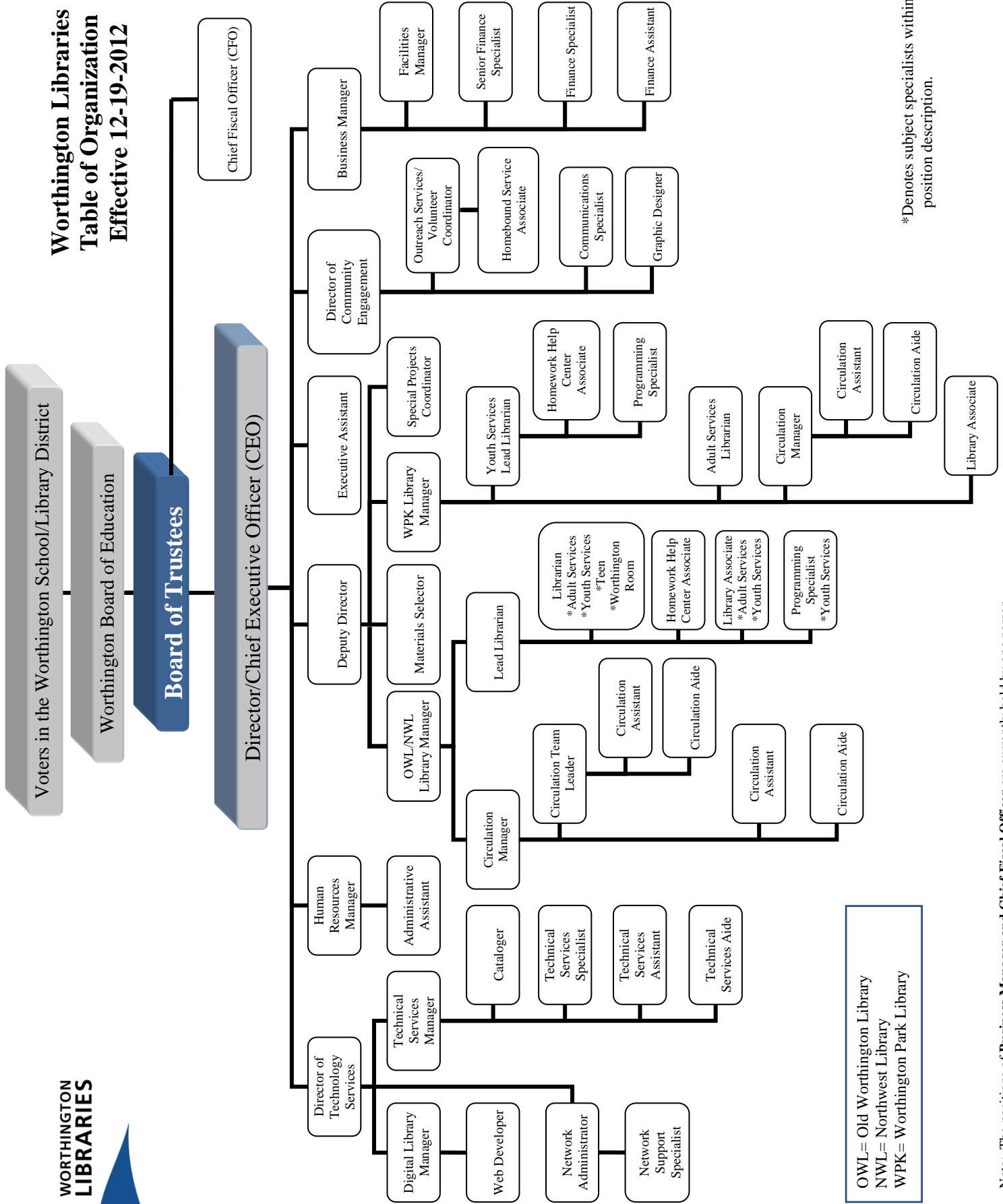
President	James Hill	2014
Vice President	David Goldberger	2015
Secretary	Dawn Valasco	2016
Member	Lynn Nadler	2012
Member	Daniel Lacey	2013
Member	John Butterfield	2017
Member	J. Craig Baker	2018
Worthington City School Board Liaison	Jennifer Best	2012

Administration

Director/CEO/Deputy Fiscal Officer	Chuck Gibson
Deputy Director	Monica Baughman
Community Relations and Development Director	Lisa Fuller
Human Resources Manager	Phyllis Winfield
Director of Technology Services	Susan Allen
Chief Fiscal Officer/Business Manager	Margaret Doone



Worthington Libraries Table of Organization Effective 12-19-2012



OWL= Old Worthington Library
 NWL= Northwest Library
 WPK= Worthington Park Library

*Denotes subject specialists within a position description.

Note: The positions of **Business Manager** and **Chief Fiscal Officer** are currently held by one person.

INDEPENDENT AUDITOR'S REPORT

Worthington Libraries
Franklin County
820 High Street
Worthington, Ohio 43085

To the Board of Trustees of Worthington Libraries:

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 Worthington Libraries, Franklin County, Ohio (the Library), as of and for the year December 31, 2012 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 Worthington Libraries, Franklin County, Ohio, as of December 31, 2012, and the respective changes in financial position and the budgetary comparison for the General Fund 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*, 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, combining statements, individual fund schedules, and the statistical section information present additional analysis and are not a required part of the basic financial statements.

The combining statements and individual fund schedules are management's responsibility, and were derived 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 this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

We did not subject the introductory section and statistical 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 19, 2013, 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.



Kennedy Cottrell Richards LLC
June 19, 2013

Worthington Libraries
Worthington, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2012
Unaudited

This discussion and analysis of the Worthington Libraries financial performance provides an overall review of the Library's financial activities for the year ended December 31, 2012. The intent of this discussion and analysis is to explain the Library's financial performance as a whole.

Financial Highlights

Key financial highlights for 2012 are as follows:

- Columbus Metropolitan Library increased their monthly reimbursement payments for the operation of Northwest Library.
- The Friends of Worthington Libraries Foundation increased their grant which covers such programs as the Summer Reading Program, the Summer Concert Series, the Fridays by the Fire Concert Series, and the Hear and Now Author Events.
- The construction projects to combine the staff workrooms at Old Worthington Library and to repurpose existing space into Homework Help Centers at both Old Worthington Library and Northwest Library were begun with expected completion in 2013.
- The Library kept expenditures below revenues for the seventh straight year.

Using the Basic Financial Statements

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the Worthington Libraries financial position.

The Statement of Net Position and the 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 remains 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. In the case of the Library, the only major fund is the General Fund.

Reporting the Library as a Whole

Statement of Net Position and the Statement of Activities

The Statement of Net Position and the Statement of Activities reflect how the Library did financially during 2012. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting considers all of the current fiscal year's revenues and expenses regardless of when cash is received or paid.

Worthington Libraries
Worthington, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2012
Unaudited

These two statements report the Library's net position and changes in net position. This change in net position is important because it tells the reader whether the financial position of the Library as a whole has increased or decreased from the prior year. Over time, these increases and/or decreases are one indicator of whether the financial position is improving or deteriorating. Causes for these changes may be the result of many factors, some financial, some not. Non-financial factors include the Library's property tax base, current property tax laws in Ohio restricting revenue growth, facility condition, and other factors.

In the Statement of Net Position and the Statement of Activities, the Library reports only governmental activities. Governmental activities are the activities where all of the Library's programs and services are reported. The Library does not have any business-type activities.

Reporting the Library's Most Significant Funds

Fund Financial Statements

Fund financial statements provide detailed information about the Library's major fund – not the Library as a whole. The Library establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Library are classified as governmental.

Governmental Funds

All of the Library's activities are reported in the governmental funds. The Library's governmental funds are used to account for essentially the same programs reported as governmental activities on the government-wide financial statements. Most of the Library's basic services are reported in these funds and focus on how money flows into and out of the funds, as well as the balances available for spending at year-end. These funds are reported on the modified accrual basis of accounting which measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the Library's general government operations and the basic services being provided.

Because the focus of the 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 on the government-wide financial statements. By doing so, readers may better understand the short-term impact of the Library's financing decisions. Both the governmental fund Balance Sheet and the Statement of Revenues, Expenditures, and Changes in Fund Balance provide a reconciliation to help make this comparison between governmental funds and governmental activities.

Worthington Libraries
Worthington, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2012
Unaudited

The Library as a Whole

Table 1 provides a summary of the Library's net position for 2012 compared to 2011:

Table 1 Net Position			
	2012	2011	Change
Assets:			
Current Assets	\$26,324,784	\$24,776,814	\$1,547,970
Capital Assets, Net	8,417,136	8,572,236	(155,100)
Total Assets	34,741,920	33,349,050	1,392,870
Liabilities:			
Other Liabilities	496,791	499,325	(2,534)
Long-Term Liabilities	129,854	125,471	4,383
Total Liabilities	626,645	624,796	1,849
Deferred Inflows of Resources:			
Property Taxes	6,476,380	6,450,402	25,978
Total Deferred Inflows of Resources	6,476,380	6,450,402	25,978
Net Position:			
Invested in Capital Assets	8,417,136	8,572,236	(155,100)
Restricted	9,775	9,380	395
Unrestricted	19,211,984	17,692,236	1,519,748
Total Net Position	\$27,638,895	\$26,273,852	\$1,365,043

Current assets of the Library consist mainly of cash and receivables. The majority of the increase in current assets was due to increases in cash which resulted from revenues exceeding expenses during 2012. See page seven for details as to why this happened.

Unrestricted net position represents the amount of resources the Library has to run the day-to-day operations. This increased 8.6 percent from 2011. The main reason for the increase was a result of revenues exceeding expenses during 2012.

Worthington Libraries
Worthington, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2012
Unaudited

Table 2 shows the changes in net position for the year ended December 31, 2012 compared to 2011.

Table 2
Changes in Net Position

	2012	2011	Change
Revenues:			
Program Revenues:			
Charges for Services	\$1,282,481	\$1,277,288	\$5,193
Operating Grants, Interest and Contributions	43,552	32,079	11,473
Total Program Revenues	<u>1,326,033</u>	<u>1,309,367</u>	<u>16,666</u>
General Revenues:			
Property Taxes	6,134,283	6,071,068	63,215
Grants and Entitlements			
Not Restricted to Specific Programs	2,817,570	2,916,271	(98,701)
Unrestricted Gifts and Contributions	30,588	8,062	22,526
Earnings on Investments	23,717	9,405	14,312
Miscellaneous	7,907	10,689	(2,782)
Total General Revenues	<u>9,014,065</u>	<u>9,015,495</u>	<u>(1,430)</u>
Total Revenues	<u>10,340,098</u>	<u>10,324,862</u>	<u>15,236</u>
Program Expenses			
Library Services:			
Public Services and Programs	3,750,218	3,703,955	46,263
Collection Development and Processing	1,943,464	1,925,179	18,285
Support Services:			
Facilities Operations and Maintenance	977,008	1,049,211	(72,203)
Information Services Support	931,896	802,472	129,424
Business Administration	1,372,469	1,307,710	64,759
Total Expenses	<u>8,975,055</u>	<u>8,788,527</u>	<u>\$186,528</u>
Increase in Net Position	1,365,043	1,536,335	
Net Position at Beginning of Year	<u>26,273,852</u>	<u>24,737,517</u>	
Net Position at End of Year	<u>\$27,638,895</u>	<u>\$26,273,852</u>	

Governmental Activities

The Library's general revenues are primarily property taxes and grants and entitlements not restricted to specific programs. These revenues represent 59 and 27 percent, respectively of the total revenue received for the Library's activities during the year.

Worthington Libraries
Worthington, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2012
Unaudited

Overall, revenues increased \$15,236, mostly in program revenues. Program revenues are revenues that are derived directly from the program itself or from sources outside the government's tax base directly related to the program. There was an increase in charges for services in 2012. Worthington Libraries receives a yearly reimbursement from CML for the operations of Northwest Library based on the average of the costs of operations of three CML branches during the preceding year. An increase in this reimbursement, included in charges for services, was the result of CML experiencing higher operating costs in 2012 compared to 2011. An increase in operating grants was due to an increase in the Friends of the Worthington Libraries Foundation grant for programs.

Total expenses increased \$186,528 or 2 percent, due primarily to increases in expenses related to information services support and business administration. The increases in information services were due to a greater number of replacement computers and purchase of additional computers and cabling for the homework help centers under construction as well as replacing two servers.

If you look at the Statement of Activities on page 11, you will see that the first column lists the major services provided by the Library. The next column identifies the costs of providing these services. The major program expenses for governmental activities are for public services and programs. The next column of the statement entitled Program Revenues identify amounts of revenues that are directly charged for the service provided by the Library. The Net (Expense) Revenue column compares the program revenues to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money primarily provided by local taxpayers. These net costs are paid from the general revenues which are presented at the bottom of the statement.

The Library's Funds

Information about the Library's major funds starts on page 12. These funds are accounted for using the modified accrual basis of accounting. The only major fund the Library has is the General Fund. Overall, fund balance in the General Fund increased \$1,544,102 or 9 percent from 2011. Revenues decreased because of the accelerated reduction in personal property and public utility property tax reimbursements. Expenditures increased \$300,000 from 2011. During 2005, the Library passed a 2.6 mill property tax levy which has stabilized the Library's budget as well as provided funding for the renovation and remodeling projects. As part of the levy passage, the Library promised that fund balance would remain positive through 2018. This promise is subject to change due to decreased funding, such as reduced income from the Public Library Fund.

General Fund Budgeting Highlights

The Library's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

Worthington Libraries
Worthington, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2012
Unaudited

For the General Fund, there was an increase in the final budget basis revenue from the original budgeted estimates. This was due to an increase to the revenue budget for an increase in the amount of the reimbursement from Columbus Metropolitan Library for the operation of Northwest Library and donations toward creating Homework Help Center from community members and organizations. Actual revenues were \$8,965 higher than final budgeted revenues. The primary reason for higher than expected revenues lies in increases to investment earnings due to a change in investment strategy.

There was an increase in expenditures from the original to the final budget. This increase was primarily due to an increase in telephone line and data line services. Actual expenditures were \$644,168 lower than final budgeted expenditures. The Library kept spending below budgeted amounts as demonstrated by the variances reported. The result is the increase in fund balance of \$1,328,214 for 2012.

Capital Assets

The Library's capital assets consist of land, construction in progress, buildings and improvements, machinery and equipment, and vehicles.

Table 3 shows 2012 balances compared to 2011.

Table 3
 Capital Assets
 (Net of Depreciation)
 Governmental Activities

	2012	2011	Change
Land	\$910,379	\$910,379	\$0
Construction in Progress	66,655	0	66,655
Buildings and Improvements	7,163,395	7,364,841	(201,446)
Machinery and Equipment	273,565	291,586	(18,021)
Vehicles	3,142	5,430	(2,288)
Totals	\$8,417,136	\$8,572,236	(\$155,100)

Overall, capital assets decreased during the year due to the current year depreciation exceeding current year additions. See Note 8 of the Notes to the Basic Financial Statements for more detailed information.

Worthington Libraries
Worthington, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2012
Unaudited

Contacting the Library's Financial Management

This financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the Library's finances and to reflect the Library's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Margaret Doone, Chief Fiscal Officer/Business Manager, Worthington Libraries, 820 High Street, Worthington, OH 43085.

Worthington Libraries
Worthington, Ohio
Statement of Net Position
December 31, 2012

	Governmental Activities
Assets:	
Equity in Pooled Cash and Cash Equivalents	\$18,088,290
Property Taxes Receivable	6,790,923
Intergovernmental Receivable	1,352,311
Prepaid Items	93,260
Nondepreciable Capital Assets	977,034
Depreciable Capital Assets, Net	7,440,102
<i>Total Assets</i>	34,741,920
Liabilities:	
Accounts Payable	52,856
Accrued Wages Payable	104,267
Contracts Payable	12,619
Intergovernmental Payable	84,983
Vacation Leave Payable	242,066
Long-Term Liabilities:	
Due Within One Year	12,418
Due in More Than One Year	117,436
<i>Total Liabilities</i>	626,645
Deferred Inflows of Resources:	
Deferred Inflows of Resources - Property Taxes	6,476,380
Net Position:	
Invested in Capital Assets	8,417,136
Restricted for Support Services	9,775
Unrestricted	19,211,984
<i>Total Net Position</i>	\$27,638,895

See accompanying notes to the basic financial statements

Worthington Libraries
Worthington, Ohio
Statement of Activities
For the Year Ended December 31, 2012

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
	Expenditures	Charges for Services	Operating Grants and Contributions	Total Governmental Activities
Governmental Activities:				
Library Services:				
Public Services and Programs	\$3,750,218	\$1,282,481	\$43,552	(\$2,424,185)
Collection Development and Processing	1,943,464	0	0	(1,943,464)
Support Services:				
Facilities Operations and Maintenance	977,008	0	0	(977,008)
Information Services Support	931,896	0	0	(931,896)
Business Administration	1,372,469	0	0	(1,372,469)
<i>Total Governmental Activities</i>	<u>\$8,975,055</u>	<u>\$1,282,481</u>	<u>\$43,552</u>	<u>(\$7,649,022)</u>
General Revenues:				
Property Taxes				6,134,283
Grants and Entitlements not Restricted to Specific Programs				2,817,570
Unrestricted Gifts and Contributions				30,588
Earnings on Investments				23,717
Miscellaneous				<u>7,907</u>
<i>Total General Revenues</i>				<u>9,014,065</u>
<i>Change in Net Position</i>				1,365,043
<i>Net Position at Beginning of Year</i>				<u>26,273,852</u>
<i>Net Position at End of Year</i>				<u>\$27,638,895</u>

See accompanying notes to the basic financial statements

Worthington Libraries
Worthington, Ohio
Balance Sheet
Governmental Funds
December 31, 2012

	General	Other Governmental Funds	Total Governmental Funds
Assets:			
Equity in Pooled Cash and Cash Equivalents	\$17,632,244	\$456,046	\$18,088,290
Receivables:			
Property Taxes	6,790,923	0	6,790,923
Intergovernmental	1,352,311	0	1,352,311
Prepaid Items	74,236	19,024	93,260
<i>Total Assets</i>	<u>\$25,849,714</u>	<u>\$475,070</u>	<u>\$26,324,784</u>
Liabilities:			
Accounts Payable	\$51,182	\$1,674	\$52,856
Accrued Wages Payable	104,267	0	104,267
Contracts Payable	0	12,619	12,619
Intergovernmental Payable	84,983	0	84,983
<i>Total Liabilities</i>	<u>240,432</u>	<u>14,293</u>	<u>254,725</u>
Deferred Inflows of Resources:			
Deferred Inflows of Resources - Property Taxes	6,476,380	0	6,476,380
Deferred Inflows of Resources - Unavailable Revenue	1,495,338	0	1,495,338
<i>Total Deferred Inflows of Resources</i>	<u>7,971,718</u>	<u>0</u>	<u>7,971,718</u>
Fund Balances:			
Nonspendable	74,236	19,024	93,260
Restricted	0	9,775	9,775
Committed	28,222	0	28,222
Assigned	207,060	431,978	639,038
Unassigned	17,328,046	0	17,328,046
<i>Total Fund Balances</i>	<u>17,637,564</u>	<u>460,777</u>	<u>18,098,341</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$25,849,714</u>	<u>\$475,070</u>	<u>\$26,324,784</u>

See accompanying notes to the basic financial statements

Worthington Libraries
Worthington, Ohio
Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
December 31, 2012

Total Governmental Fund Balances	\$18,098,341
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:

Capital Assets:

Land	910,379
Construction in Progress	66,655
Buildings and Improvements	10,184,689
Machinery and Equipment	915,691
Vehicles	18,300
Accumulated Depreciation	<u>(3,678,578)</u>

Total	8,417,136
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Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:

Property Taxes	314,543
Intergovernmental	<u>1,180,795</u>

Total	1,495,338
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Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:

Vacation Leave Payable	(242,066)
Compensated Absences Payable	<u>(129,854)</u>

Total	<u>(371,920)</u>
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<i>Net Position of Governmental Activities</i>	<u><u>\$27,638,895</u></u>
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See accompanying notes to the basic financial statements

Worthington Libraries
Worthington, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2012

	General Fund	Other Governmental Funds	Total Governmental Funds
Revenues:			
Property Taxes	\$6,114,780	\$0	\$6,114,780
Other Government Grants-in-Aid	2,782,995	0	2,782,995
Patron Fines and Fees	262,858	0	262,858
Services Provided to Other Entities	1,019,623	0	1,019,623
Contributions, Gifts, and Donations	30,588	43,552	74,140
Earnings on Investments	23,717	0	23,717
Miscellaneous	7,907	0	7,907
<i>Total Revenues</i>	<u>10,242,468</u>	<u>43,552</u>	<u>10,286,020</u>
Expenditures:			
Current:			
Library Services:			
Public Services and Programs	3,575,257	43,157	3,618,414
Collection Development and Processing	1,941,337	0	1,941,337
Support Services:			
Facilities Operations and Maintenance	722,816	0	722,816
Information Services Support	825,839	42,940	868,779
Business Administration	1,348,101	0	1,348,101
Capital Outlay	47,101	264,958	312,059
<i>Total Expenditures</i>	<u>8,460,451</u>	<u>351,055</u>	<u>8,811,506</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>1,782,017</u>	<u>(307,503)</u>	<u>1,474,514</u>
Other Financing Sources (Uses):			
Transfers - In	0	237,915	237,915
Transfers - Out	(237,915)	0	(237,915)
<i>Total Other Financing Sources (Uses)</i>	<u>(237,915)</u>	<u>237,915</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	1,544,102	(69,588)	1,474,514
<i>Fund Balances at Beginning of Year</i>	<u>16,093,462</u>	<u>530,365</u>	<u>16,623,827</u>
<i>Fund Balances at End of Year</i>	<u>\$17,637,564</u>	<u>\$460,777</u>	<u>\$18,098,341</u>

See accompanying notes to the basic financial statements

Worthington Libraries
Worthington, Ohio
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, 2012

Net Change in Fund Balances - Total Governmental Funds \$1,474,514

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. In the current period, these amounts are:

Capital Outlay	102,647	
Depreciation	<u>(257,747)</u>	
Excess of Depreciation Expense over Capital Outlay		(155,100)

Some revenues that will not be collected for several months after the Library's year-end are not considered "available" revenues and are deferred in the governmental funds. Deferred revenues changed by these amounts this year:

Property Taxes	19,503	
Intergovernmental	<u>34,575</u>	
		54,078

Some items reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. These activities consist of:

Increase in Vacation Leave Payable	(4,066)	
Increase in Compensated Absences Payable	<u>(4,383)</u>	
		<u>(8,449)</u>

Change in Net Assets of Governmental Activities \$1,365,043

See accompanying notes to the basic financial statements

Worthington Libraries
Worthington, Ohio
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Budget Basis)
General Fund
For the Year Ended December 31, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property Taxes	\$6,414,515	\$6,448,100	\$6,114,780	(\$333,320)
Other Government Grants-in-Aid	2,411,507	2,424,133	2,782,816	358,683
Patron Fines and Fees	308,385	310,000	262,858	(47,142)
Services Provided to Other Entities	1,014,312	1,019,623	1,019,623	0
Contributions, Gifts, and Donations	20,806	20,915	30,588	9,673
Earnings on Investments	7,461	7,500	20,664	13,164
Miscellaneous	0	0	7,907	7,907
<i>Total Revenues</i>	10,176,986	10,230,271	10,239,236	8,965
Expenditures:				
Library Services:				
Public Services and Programs	3,734,132	3,711,785	3,581,932	129,853
Collection Development and Processing	2,154,399	2,168,330	2,061,752	106,578
Support Services:				
Facilities Operations and Maintenance	846,009	851,480	774,336	77,144
Information Services Support	842,958	848,409	833,399	15,010
Business Administration	1,519,321	1,528,617	1,363,034	165,583
Capital Outlay	42,000	58,654	58,654	0
Contingency	150,000	150,000	0	150,000
<i>Total Expenditures</i>	9,288,819	9,317,275	8,673,107	644,168
<i>Excess of Revenues Over Expenditures</i>	888,167	912,996	1,566,129	653,133
Other Financing Uses:				
Transfers - Out	(235,000)	(237,915)	(237,915)	0
<i>Net Change in Fund Balance</i>	653,167	675,081	1,328,214	653,133
<i>Fund Balance at Beginning of Year</i>	15,816,053	15,816,053	15,816,053	0
<i>Prior Year Encumbrances Appropriated</i>	263,459	263,459	263,459	0
<i>Fund Balance at End of Year</i>	\$16,732,679	\$16,754,593	\$17,407,726	\$653,133

See accompanying notes to the basic financial statements

Worthington Libraries
Worthington, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

NOTE 1 – DESCRIPTION OF THE LIBRARY AND REPORTING ENTITY

Worthington Libraries, Franklin County, Ohio (the Library) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Library is directed by a seven member Board of Trustees appointed by the Worthington City School District Board of Education. The Library provides the community with various educational and literary resources. Currently Worthington Libraries consists of three branches, Old Worthington Library, Worthington Park Library, and the Northwest Library.

The Library is fiscally independent of the Worthington City School District 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 and the role and purpose(s) of the levy are discretionary decisions made solely by the Board of Library Trustees. Once those decisions are made, the Board of Education must put the levy on the ballot. There is no potential for the Library to provide a financial benefit to or impose a financial burden on the Board of Education.

Under the provisions of Statement No. 14 of the Governmental Accounting Standards Board, “The Financial Reporting Entity,” the Library is considered to be a related organization of the Worthington 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. The Library is also financially accountable for any organizations for which the Library approves the budget, the issuance of debt or the levying of taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Library, are accessible to the Library and are significant in amount to the Library. The Library has no component units.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Worthington Libraries have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Worthington Libraries
Worthington, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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. 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. 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 function 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 and deferred inflows of resources is reported as fund balance. The following is the Library's major fund:

Worthington Libraries
Worthington, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

The other governmental funds of the Library account for expenditures related to building projects funded by transfers from the general fund and support to children, teen, and adult programming funded by the Friends Foundation Fund.

Measurement Focus

Government-Wide Financial Statements

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and liabilities 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 current liabilities generally are included on the Balance Sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Basis of Accounting

The 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 the 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.

Worthington Libraries
Worthington, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenues - Exchange and Non-exchange 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. “Measurable” means that the amount of the transaction can be determined and “available” means that the resources are collectible 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 31 days of year-end.

Non-exchange transactions, in which the Library receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the year for which the taxes are levied (See Note 5). Revenue from 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 a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, entitlements and earnings on investments are considered to be both measurable and available at year-end.

Deferred inflows of resources

In addition to liabilities, the statement of financial position reports 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 as an inflow of resources (revenue) until that time. For the Library, deferred inflows of resources include property taxes and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2012, but which were levied to finance 2013 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.

Worthington Libraries
Worthington, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 costs, such as depreciation and amortization, are not recognized in governmental funds.

Cash and Cash Equivalents

To improve cash management, cash received by the Library is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the Library's records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the financial statements.

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

During 2012, the Library invested in negotiable certificates of deposits and the State Treasury Asset Reserve of Ohio (STAROhio). Investments are reported at fair value which is based on quoted market price.

STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's net position value per share which is the price the investment could be sold for on December 31, 2012.

Following Ohio statutes, the Board of Trustees specified the funds to receive an allocation of interest earnings. Interest receipts credited to the General Fund during 2012 were \$23,717, including \$590 assigned from other Library funds.

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

Worthington Libraries
Worthington, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2012, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

Capital Assets

The Library's only capital assets are general capital assets. General capital assets are those assets specifically related to governmental activities. General capital assets usually result from expenditures in the governmental funds. These 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, which is determined by indexing the current replacement costs back to the year of acquisition) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The Library maintains a capitalization threshold of \$5,000. 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 capitalized.

All reported capital assets, except land and construction in progress, are depreciated. 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:

<u>Description</u>	<u>Estimated Lives</u>
Buildings and Improvements	20-100 years
Machinery and Equipment	5-20 years
Vehicles	8 years

Library Books

Library books are reflected as expenses when purchased and are not capitalized as assets of the Library.

Worthington Libraries
Worthington, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the Library will compensate the employees for the benefits through paid time off or some other means. The Library records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the termination payment method. An accrual for earned sick leave is made to the extent it is probable that the benefits will result in termination payments. The liability is an estimate based on the Library's past experience of making termination payments.

The entire compensated absences liability is reported on the government-wide financial statements.

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 governmental funds. The classifications are as follows:

Nonspendable – The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The "not in spendable form" 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 or enabling legislation.

Enabling legislation authorizes the Library to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and include a legally enforceable requirement that those resources be used only for the specific purpose stipulated in the legislation. Legal enforceability means the Library can be compelled by an external party such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for purposes specified by the legislation.

Worthington Libraries
Worthington, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Committed – The committed classification includes amounts that can be used for the specific purposes imposed by a formal action (resolution) of the Board of Trustees. The 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 (resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of 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. In the General Fund, assigned amounts represent intended uses established by the Board of Trustees, which includes giving the Chief Fiscal Officer/Business Manager the authority to constrain monies for intended purposes.

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 resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

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.

Worthington Libraries
Worthington, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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. This amount is usually presented as net of related debt, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets; however the Library has no debt. Net position is reported as restricted when there are limitations imposed on their use through the enabling legislation adopted by the Library or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Library applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Internal Activity

Transfers within governmental activities are eliminated on the government-wide financial statements.

Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the Statement of Activities. Payments for interfund 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.

Accrued Liabilities and Long-term Obligations

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

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.

Worthington Libraries
Worthington, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Budgetary Process

All funds are legally required to be budgeted and appropriated. The budget documents prepared by the Library are the tax budget, the certificate of estimated resources, and the appropriations 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 at the fund, program, and object code level for all funds. Budgetary modifications at the legal level of control may only be made by resolution of the Board of Trustees.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the Chief Fiscal Officer/Business Manager. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts set forth in the budgetary statements and schedules as final budgeted amounts represent amounts from the amended certificate in force at the time final appropriations were passed by the Board of Trustees.

The appropriations 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 appropriations 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, including all supplemental appropriations.

NOTE 3 – BUDGETARY BASIS OF ACCOUNTING

While 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 Statements of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Basis) is presented for the General Fund to provide a meaningful comparison of actual results with the budget.

Worthington Libraries
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Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

NOTE 3 – BUDGETARY BASIS OF ACCOUNTING (continued)

The major differences between the budget basis and the GAAP basis are that:

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

The adjustments necessary to convert the results of operations for the year on the GAAP basis to the budget basis are as follows:

	General Fund
GAAP Basis	\$1,544,102
Revenue Accruals	(179)
Expenditure Accruals	8,809
Adjustment for Encumbrances	(221,465)
Change in Fair Value of	
Investments - 2012	(3,053)
Budget Basis	\$1,328,214

NOTE 4 – DEPOSITS AND INVESTMENTS

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

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

Inactive deposits are public deposits that the Board of 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.

Worthington Libraries
Worthington, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

NOTE 4 – DEPOSITS AND INVESTMENTS (continued)

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above;
4. Commercial paper and bankers acceptances if training requirements have been met;
5. Bonds and other obligations of the State of Ohio;
6. No-load money market mutual funds consisting exclusively of obligations describe in division (1) or (2);
7. The State Treasurer's investment pool (STAROhio).

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. Investments may only be made through specified dealers and institutions.

Worthington Libraries
Worthington, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

NOTE 4 – DEPOSITS AND INVESTMENTS (continued)

Investments

As of December 31, 2012, the Library’s had the following investments:

	<u>Fair Value</u>	<u>Maturity Less Than 1 Year</u>	<u>Maturity 2-5 Years</u>	<u>Moody's Rating s</u>	<u>Percent of Total Investments</u>
Negotiable Certificate of Deposits	\$4,729,053	\$2,993,627	\$1,735,426	Aaa	26.71%
STAROhio	12,978,094	12,978,094	0	N/A	
	<u>\$17,707,147</u>	<u>\$15,971,721</u>	<u>\$1,735,426</u>		

Interest Rate Risk

The Library’s investment policy does not address interest rate risk. State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Library and that an investment must be purchased with the expectation that it will be held to maturity. The Library’s policy also states that, to the extent possible and prudent, the Library will attempt to match its investment maturities with anticipated cash flow requirements.

Credit Risk

STAROhio carries a rating of AAAM by Standard and Poor’s. Ohio law requires that STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service. The negotiable certificates of deposit are in denominations of under \$250,000 each, in separate banks, and are insured by the Federal Deposit Insurance Corporation (FDIC). The negotiable certificates of deposit are, therefore, not subject to credit risk. The Library’s investment policy states that credit risk will be minimized by diversifying assets and ensuring that the minimum credit quality ratings required by Ohio Law exist.

Worthington Libraries
Worthington, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

NOTE 5 – PROPERTY TAXES

Property taxes include amounts levied against all real and, public utility property located in the Library district. Property tax revenues received during 2012 for real and public utility property taxes represents collections of the 2011 taxes.

2012 real property taxes are levied after October 1, 2012, on the assessed value as of January 1, 2012, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2012 real property taxes are collected in and intended to finance 2013 operations.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due January 20; if paid semi-annually, the first payment is due January 20, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate 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. 2012 public utility property taxes became a lien December 31, 2011, are levied after October 1, 2012, and are collected in 2013 with real property taxes.

The full tax rate for all Library operations for the year ended December 31, 2012, was \$4.80 per \$1,000 of assessed value. The assessed values of real property and public utility property, upon which 2012 property tax receipts were based are as follows:

<u>Category</u>	<u>Assessed Value</u>
Real Estate	\$1,741,111,530
Public Utility Personal	37,985,760
Totals	<u>\$1,779,097,290</u>

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the Library. The County Auditor periodically remits to the Library its portion of the taxes collected. Property taxes receivable represents real and public utility property taxes and outstanding delinquencies which were measurable as of December 31, 2012, and for which there was an enforceable legal claim. In governmental funds, the portion of the receivable not levied to finance 2012 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.

Worthington Libraries
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Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

NOTE 6 – GRANTS-IN-AID

A major source of revenue for Ohio public libraries is the Public Library Fund (PLF). The source of money for this fund comes from a percentage of the state taxes collected in Ohio including state income tax and sales tax. During 2012, the PLF was distributed at 95 percent of the amount received during the prior year with a further reduction for transfers to the OPLIN Technology Fund and to the Library for the Blind Fund. The Franklin County Budget Commission allocates these funds to the Library based on a formula that was negotiated and agreed to by the seven public libraries located in the county. The County Budget Commission cannot reduce its allocation of these funds to the Library based on any additional revenues the Library receives.

NOTE 7 – RECEIVABLES

Receivables at December 31, 2012, consisted of property taxes and intergovernmental receivables. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes and the stable condition of State programs. All receivables, except property taxes, are expected to be received within one year. Property taxes, although ultimately collectible, include some portion of delinquents that will not be collected within one year. A summary of the principal items of intergovernmental receivables follows:

Governmental Activities:	Amounts
Public Library Fund	\$1,028,030
Homestead and Rollback	324,281
Total	\$1,352,311

NOTE 8 – CAPITAL ASSETS

Capital assets activity for the fiscal year ended December 31, 2012, was as follows:

	Balance At 12/31/2011	Additions	Deletions	Balance At 12/31/2012
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$910,379	\$0	\$0	\$910,379
Construction in Progress	0	66,655	0	66,655
Total Capital Assets, Not Being Depreciated	\$910,379	\$66,655	\$0	\$977,034

(continued)

Worthington Libraries
Worthington, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

NOTE 8 – CAPITAL ASSETS (continued)

	Balance At 12/31/2011	Additions	Deletions	Balance At 12/31/2012
Governmental Activities:				
Capital Assets, Being Depreciated				
Buildings and Improvements	\$10,168,648	\$16,041	\$0	\$10,184,689
Machinery and Equipment	895,740	19,951	0	915,691
Vehicles	18,300	0	0	18,300
Total Capital Assets, Being Depreciated	<u>11,082,688</u>	<u>35,992</u>	<u>0</u>	<u>11,118,680</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(2,803,807)	(217,487)	0	(3,021,294)
Machinery and Equipment	(604,154)	(37,972)	0	(642,126)
Vehicles	(12,870)	(2,288)	0	(15,158)
Total Accumulated Depreciation	<u>(3,420,831)</u>	<u>(257,747) *</u>	<u>0</u>	<u>(3,678,578)</u>
Capital Assets, Being Depreciated, Net	<u>7,661,857</u>	<u>(221,755)</u>	<u>0</u>	<u>7,440,102</u>
Governmental Activities Capital Assets, Net	<u><u>\$8,572,236</u></u>	<u><u>(\$155,100)</u></u>	<u><u>\$0</u></u>	<u><u>\$8,417,136</u></u>

* Depreciation expense was charged to governmental programs as follows:

Library Services:	
Public Services and Programs	\$133,471
Collection Development and Processing	2,539
Support Services:	
Facilities Operations and Maintenance	45,094
Information Services Support	60,961
Business Administration	15,682
Total Depreciation Expense	<u><u>\$257,747</u></u>

NOTE 9 – RISK MANAGEMENT

Property and Liability

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 2012, the Library contracted with Lauterbach & Eilber Company. The commercial package policy includes coverage for commercial property, commercial inland marine, commercial general liability, commercial crime, commercial automobile, and a commercial umbrella through Ohio Casualty.

Worthington Libraries
Worthington, Ohio
Notes to the Basic Financial Statements
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NOTE 9 – RISK MANAGEMENT (continued)

Commercial property consists of a \$14,886,405 blanket policy that covers buildings, business personal property, property of others, and equipment breakdown. It includes earthquake damage with sublimits of \$4,000,000 at Old Worthington Library and \$5,000,000 at Northwest Library and is a replacement cost valuation. Water backup from sewers and drains is covered with a \$100,000 limit at Old Worthington Library and a \$25,000 limit at Northwest Library, with a \$1,000 deductible per occurrence.

A commercial inland marine policy covers valuable papers and records. It has a \$4,500,000 limit on books, \$1,750,000 limit on audio/visual equipment with a \$250 deductible, and \$250,000 limit on fine arts with a \$1,000 deductible. It covers all risk of direct physical loss at a cash value valuation.

Commercial general liability coverage provides \$2,000,000 general aggregate coverage for bodily injury and property damage, with a \$1,000,000 limit for each occurrence. Claims coverage for products and completed operations aggregate is in place for \$2,000,000, \$1,000,000 for personal and advertising injury, \$300,000 fire damage limit, and \$15,000 medical expense limit for any one person. A \$2,000,000 policy is in place for aggregate Employer Liability (Ohio Stop Gap) with Intentional Tort coverage, with a \$500,000 limit for each accident, each employee and aggregate limit. There is also a \$2,000,000 commercial umbrella policy.

The commercial automobile policy has a \$100 comprehensive deductible and a \$250 collision deductible. This insurance includes a bodily injury and property damage combined single limit of \$1,000,000 bodily injury and property damage limit, with a \$1,000,000 non-owned and hired auto liability, a \$50,000 hired car physical damage, \$1,000,000 uninsured/underinsured motorist, \$5,000 medical payments, and a \$1,000 rental reimbursement.

Settled claims have not exceeded this commercial coverage in any of the past three years. There have been no significant reductions in insurance coverage from the prior year.

Directors and Officers

A directors' and officers' insurance policy through the Philadelphia Insurance Company is in place providing a \$1,000,000 limit per loss, \$1,000,000 employment practices liability limit, \$1,000,000 aggregate for each policy period, and a \$5,000 deductible. Internet liability is limited to \$1,000,000 with a \$1,000 deductible. Claims are paid on a claims made basis, retroactive to May 1, 2005.

Worthington Libraries
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Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

NOTE 10 – DEFINED BENEFIT PENSION PLANS

Plan Description – The Library participates 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 in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to, but less than, the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost-of-living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/investments/cafr.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 statutory authority for member and employer contributions and currently limits the employer contribution to a rate not to exceed 14 percent of covered. Member contribution rates, as set forth in the Ohio Revised Code, are not to exceed 10 percent of covered payroll. For the year ended December 31, 2012, members in state and local divisions contributed 10 percent of covered payroll for state and local employer units. For 2012, member and employer contribution rates were consistent across all three plans.

The Library's 2012 contribution rate was 14.0 percent of covered payroll. The portion of employer contributions used to fund pension benefits is net of post-employment health care benefits. The portion of employer contribution allocated to health care for members in the Traditional Plan was 4.00 percent for 2012. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05 percent for 2012. Employer contribution rates are actuarially determined.

The Library's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2012, 2011, and 2010 were \$414,636, \$359,898, and \$361,463, respectively. For 2012, 90 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2011 and 2010. Contributions to the Member-Directed Plan for 2012 were \$40,837 made by the Library and \$29,169 made by plan members.

Worthington Libraries
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Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

NOTE 11 – POST-EMPLOYMENT BENEFITS

Plan Description – Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan—a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan—a defined contribution plan; and the Combined Plan—a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing multiple-employer defined benefit post-employment health care plan for qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage. The plan includes a medical plan, prescription drug program and Medicare Part B premium reimbursement.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised Code permits, but does not mandate, OPERS to provide health care benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report which may be obtained by visiting <https://www.opers.org/investments/cafr.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 post-employment health care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). The Ohio Revised Code provides the statutory authority requiring public employers to fund post-retirement health care through contributions to OPERS. A portion of each employer’s contribution to OPERS is set aside for the funding of post-retirement health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2012, state and local employers contributed at a rate of 14.0 percent of covered payroll. These are the maximum employer contribution rates permitted by the Ohio Revised Code.

Worthington Libraries
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Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

NOTE 11 – POST-EMPLOYMENT BENEFITS (continued)

Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 4.0 percent for 2012. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05 percent for 2012. Effective January 1, 2013, the portion of employer contributions allocated to healthcare was lowered to 1 percent for both plans, as recommended by the OPERS Actuary.

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the post-employment health care plan.

The Library's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2012, 2011, and 2010 were \$165,854, \$201,615, and \$195,246, respectively. For 2012, 90 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2011 and 2010.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4 percent of the employer contributions toward the health care fund after the end of the transition period.

NOTE 12 – OTHER EMPLOYEE BENEFITS

Insurance Benefits

The Library provides health, dental and vision coverage to all employees with designated position hours of at least 20 hours per week through Anthem, Guardian Dental Guard Preferred, and Vision Services, respectively. An Employee Assistance Program through MATRIX is also available.

Worthington Libraries
Worthington, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

NOTE 12 – OTHER EMPLOYEE BENEFITS (continued)

Compensated Absences

Accumulated Unpaid Vacation

Library employees earn vacation leave at varying rates based upon length of service and position hours. Vacation can accumulate to a maximum of one and one-half times the employee's current annual accrual calculated on the designated position hours. Vacation hours earned in excess of that amount are forfeited. If an employee with at least one year of service terminates employment, 100 percent of unused vacation leave is paid. Employees who leave with less than one year of service forfeit any accumulated unused vacation time. Any vacation time used in the first year must be repaid if an employee resigns with less than one year of service.

Accumulated Unpaid Sick Leave

Library employees earn sick leave at the rate of four and six tenths hours per 74 hours of service. Sick leave is cumulative up to 25.9 times the designated position's number of hours worked per week (i.e., 37 hours times 25.9 = 960). Hours earned in excess of the maximum are forfeited. Employees who voluntarily terminate employment after 10 years of service with the Library will be paid 25 percent of their accumulated sick leave balance, up to a maximum payment of 240 hours. In the case of death, an employee's estate is paid 50 percent of accumulated available sick leave hours if the employee had 10 years of service with the Library.

Accumulated Unpaid Floating Holidays

Library employees earn floating holiday pay based on position hours for Martin Luther King, Jr. Day, Presidents' Day and Veterans' Day, holidays in which the Library is open. These hours can be scheduled as time off with pay much like vacation and must be used before vacation time is used. An employee may accumulate no more than three floating holidays. If an employee terminates employment, 100 percent of unused floating holiday leave is paid.

Deferred Compensation

Library employees may participate in the Ohio Public Employees Deferred Compensation Plan. This plan was created in accordance with Internal Revenue Code Section 457. Participation is on a voluntary payroll deduction basis. The plan permits deferral of compensation until future years. According to the plan, the deferred compensation is not available until termination, retirement, death, or an unforeseeable emergency.

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Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

NOTE 13 – LONG-TERM OBLIGATIONS

The changes in the Library’s long-term obligations during 2012 were as follows:

	Amount Outstanding 12/31/2011	<u>Additions</u>	<u>Deletions</u>	Amount Outstanding 12/31/2012	Amounts Due in One Year
Compensated Absences	\$125,471	\$7,027	\$2,644	\$129,854	\$12,418

Compensated absences will be paid from General Fund.

NOTE 14 – INTERFUND TRANSFERS

Interfund transfers at December 31, 2012 were as follows:

	<u>Transfers-In</u>	<u>Transfers-Out</u>
General Fund	\$0	\$237,915
Other Governmental Funds	237,915	0
Total Transfers	<u>\$237,915</u>	<u>\$237,915</u>

The Library transferred cash to Other Governmental Funds from the General Fund to cover Homework Help Centers and maintenance and repairs.

NOTE 15 – CONTINGENCIES

Grants

The Library receives financial assistance from State agencies in the form of grants. Disbursing grant funds generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit. Any disallowed claims resulting from such audits could become a liability. However, in the opinion of management, any such disallowed claims through December 31, 2012 will not have a material adverse effect on the Library.

Litigation

The Library is not currently a defendant in any legal case.

Worthington Libraries
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Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

NOTE 16 – FUND BALANCE

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

Fund Balances	General	Governmental Funds	Total
<u>Nonspendable:</u>			
Prepaid Items	\$74,236	\$19,024	\$93,260
<u>Restricted for:</u>			
Support for Programs	0	9,775	9,775
<u>Committed to:</u>			
Compensated absences	28,222	0	28,222
<u>Assigned to:</u>			
Capital Asset Replacement	0	431,978	431,978
Unpaid Obligations	207,060	0	207,060
Total Assigned Fund Balance	<u>207,060</u>	<u>431,978</u>	<u>639,038</u>
<u>Unassigned:</u>			
Total Fund Balances	<u>\$17,328,046</u>	<u>0</u>	<u>\$17,328,046</u>
	<u>\$17,637,564</u>	<u>\$460,777</u>	<u>\$18,098,341</u>

NOTE 17 – CHANGES IN ACCOUNTING PRINCIPLES

For 2012, the Library has implemented Governmental Accounting Standard Board (GASB) *Statement No. 60, “Accounting and Financial Reporting for Service Concession Arrangements,” Statement No. 62, “Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989, FASB and AICPA Pronouncements,” Statement No. 63, “Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position,” Statement No. 64, “Derivative Instruments: Application of Hedge Accounting Termination Provisions – an amendment of GASB Statement No. 53” Statement No. 65, “Items Previously Reported as Assets and Liabilities,” and Statement No. 66, “Technical Corrections—2012—an amendment of GASB Statements No. 10 and No. 62”*

Worthington Libraries
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Notes to the Basic Financial Statements
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NOTE 17 – CHANGES IN ACCOUNTING PRINCIPLES (continued)

GASB Statement No. 60 improves financial reporting by addressing issues related to service concession arrangements, which are a type of public-private or public-public partnership. The implementation of this statement did not result in any change in the Library's financial statements.

GASB Statement No. 62 incorporates into GASB's authoritative literature certain FASB and AICPA pronouncements issued on or before November 30, 1989. The implementation of this statement did not result in any change in the Library's financial statements.

GASB Statement No. 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related note disclosures. These changes were incorporated in the Library's 2012 financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 64 clarifies whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty's credit support provider. This Statement sets forth criteria that establish when the effective hedging relationship continues and hedge accounting should continue to be applied. The implementation of this statement did not result in any change in the Library's financial statements.

GASB Statement No. 65 properly classifies certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources or recognizes certain items that were previously reported as assets and liabilities as outflows of resources (expenses or expenditures) or inflows of resources (revenues). These changes were incorporated in the Library's 2012 financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 66 resolves conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting and thereby enhance the usefulness of the financial reports. The implementation of this statement did not result in any change in the Library's financial statements.

COMBINING FINANCIAL STATEMENTS
AND
INDIVIDUAL FUND SCHEDULES

Worthington Libraries
Worthington, Ohio
Nonmajor Fund Descriptions

Special Revenue Funds

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

Nonmajor Special Revenue Fund

Friends Foundation Fund

This fund is used to account for monies that are restricted and received from the Friends Foundation of Worthington Libraries to support children, teen, and adult programming, along with staff support.

Capital Projects Funds

Capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays including the acquisition or construction of major capital facilities and other capital assets.

Nonmajor Capital Projects Funds

Building Fund

To account for expenditures related to building projects, including improvements to the Library and construction of new facilities which are financed by transfers from the General Fund.

Technology Fund

To account for expenditures related to purchases of computing and network technology as well as other office equipment which are financed by transfers from the General Fund.

Worthington Libraries
Worthington, Ohio
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2012

	Nonmajor Special Revenue Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets:			
Equity in Pooled Cash and Cash Equivalents	\$9,838	\$446,208	\$456,046
Prepaid Items	0	19,024	19,024
<i>Total Assets</i>	<u>\$9,838</u>	<u>\$465,232</u>	<u>\$475,070</u>
Liabilities:			
Accounts Payable	\$63	\$1,611	\$1,674
Contracts Payable	0	12,619	12,619
<i>Total Liabilities</i>	<u>63</u>	<u>14,230</u>	<u>14,293</u>
Fund Balances:			
Nonspendable	0	19,024	19,024
Restricted	9,775	0	9,775
Assigned	0	431,978	431,978
<i>Total Fund Balances</i>	<u>9,775</u>	<u>451,002</u>	<u>460,777</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$9,838</u>	<u>\$465,232</u>	<u>\$475,070</u>

Worthington Libraries
Worthington, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2012

	Nonmajor Special Revenue Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:			
Contributions and Donations	\$43,552	\$0	\$43,552
Expenditures:			
Current:			
Library Services:			
Public Services and Programs	43,157	0	43,157
Information Services Support	0	42,940	42,940
Capital Outlay	0	264,958	264,958
<i>Total Expenditures</i>	43,157	307,898	351,055
<i>Excess of Revenues Over (Under) Expenditures</i>	395	(307,898)	(307,503)
Other Financing Sources:			
Transfers - In	0	237,915	237,915
<i>Net Change in Fund Balances</i>	395	(69,983)	(69,588)
<i>Fund Balances at Beginning of Year</i>	9,380	520,985	530,365
<i>Fund Balances at End of Year</i>	\$9,775	\$451,002	\$460,777

Worthington Libraries
Worthington, Ohio
Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2012

	Building Fund	Technology Fund	Total Nonmajor Capital Projects Funds
Assets:			
Equity in Pooled Cash and Cash Equivalents	\$341,367	\$104,841	\$446,208
Prepaid Items	0	19,024	19,024
<i>Total Assets</i>	<u>\$341,367</u>	<u>\$123,865</u>	<u>\$465,232</u>
Liabilities:			
Accounts Payable	\$0	\$1,611	\$1,611
Contracts Payable	12,619	0	12,619
<i>Total Liabilities</i>	<u>12,619</u>	<u>1,611</u>	<u>14,230</u>
Fund Balances:			
Nonspendable	0	19,024	19,024
Assigned	328,748	103,230	431,978
<i>Total Fund Balances</i>	<u>328,748</u>	<u>122,254</u>	<u>451,002</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$341,367</u>	<u>\$123,865</u>	<u>\$465,232</u>

Worthington Libraries
Worthington, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2012

	Building Fund	Technology Fund	Total Nonmajor Capital Projects Funds
Revenues:	\$0	\$0	\$0
Expenditures:			
Current:			
Support Services:			
Information Services Support	0	42,940	42,940
Capital Outlay	143,857	121,101	264,958
<i>Total Expenditures</i>	143,857	164,041	307,898
<i>Excess of Revenues Under Expenditures</i>	(143,857)	(164,041)	(307,898)
Other Financing Sources:			
Transfers - In	128,915	109,000	237,915
<i>Net Change in Fund Balances</i>	(14,942)	(55,041)	(69,983)
<i>Fund Balances at Beginning of Year</i>	343,690	177,295	520,985
<i>Fund Balances at End of Year</i>	\$328,748	\$122,254	\$451,002

Worthington Libraries
Worthington, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Budget Basis)
General Fund
For the Year Ended December 31, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property Taxes	\$6,414,515	\$6,448,100	\$6,114,780	(\$333,320)
Other Government Grants-in-Aid	2,411,507	2,424,133	2,782,816	358,683
Patron Fines and Fees	308,385	310,000	262,858	(47,142)
Services Provided to Other Entities	1,014,312	1,019,623	1,019,623	0
Contributions, Gifts, and Donations	20,806	20,915	30,588	9,673
Earnings on Investments	7,461	7,500	20,664	13,164
Miscellaneous	0	0	7,907	7,907
<i>Total Revenues</i>	10,176,986	10,230,271	10,239,236	8,965
Expenditures:				
Library Services:				
Public Services and Programs				
Personal Services	3,675,267	3,652,540	3,543,080	109,460
Purchased Library Services	13,445	13,532	11,246	2,286
Contractual Services	44,901	45,191	27,555	17,636
Materials and Supplies	519	522	51	471
<i>Total Public Services and Programs</i>	3,734,132	3,711,785	3,581,932	129,853
Collection Development and Processing				
Personal Services	274,749	276,526	275,711	815
Purchased Library Services	1,703,390	1,714,405	1,625,921	88,484
Contractual Services	144,171	145,103	127,824	17,279
Materials and Supplies	32,089	32,296	32,296	0
<i>Total Collection Development and Processing</i>	2,154,399	2,168,330	2,061,752	106,578
Support Services:				
Facilities Operations and Maintenance				
Personal Services	67,470	67,906	67,848	58
Contractual Services	722,443	727,115	661,063	66,052
Materials and Supplies	56,096	56,459	45,425	11,034
<i>Total Facilities Operations and Maintenance</i>	846,009	851,480	774,336	77,144
Information Services Support				
Personal Services	379,796	382,252	381,928	324
Purchased Library Services	136,219	137,100	135,410	1,690
Contractual Services	318,171	320,228	307,313	12,915
Materials and Supplies	8,772	8,829	8,748	81
<i>Total Information Services Support</i>	\$842,958	\$848,409	\$833,399	\$15,010

(continued)

Worthington Libraries
Worthington, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Budget Basis)
General Fund
For the Year Ended December 31, 2012
(continued)

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Business Administration				
Personal Services	\$1,053,653	\$1,059,938	\$1,027,875	\$32,063
Contractual Services	410,653	413,308	302,190	111,118
Purchased Library Services	15,395	15,495	15,495	0
Materials and Supplies	24,120	24,276	17,474	6,802
Other	15,500	15,600	0	15,600
Total Business Administration	1,519,321	1,528,617	1,363,034	165,583
Capital Outlay	42,000	58,654	58,654	0
Contingency	150,000	150,000	0	150,000
<i>Total Expenditures</i>	<i>9,288,819</i>	<i>9,317,275</i>	<i>8,673,107</i>	<i>644,168</i>
<i>Excess of Revenues Over Expenditures</i>	888,167	912,996	1,566,129	653,133
Other Financing Uses:				
Transfers - Out	(235,000)	(237,915)	(237,915)	0
<i>Net Change in Fund Balance</i>	<i>653,167</i>	<i>675,081</i>	<i>1,328,214</i>	<i>653,133</i>
<i>Fund Balance at Beginning of Year</i>	15,816,053	15,816,053	15,816,053	0
<i>Prior Year Encumbrances Appropriated</i>	263,459	263,459	263,459	0
<i>Fund Balance at End of Year</i>	<i>\$16,732,679</i>	<i>\$16,754,593</i>	<i>\$17,407,726</i>	<i>\$653,133</i>

Worthington Libraries
 Worthington, Ohio
*Schedule of Revenues, Expenditures and Changes
 In Fund Balance - Budget and Actual (Budget Basis)*
 Friend's Foundation Fund
 For the Year Ended December 31, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Contributions, Gifts, and Donations	\$44,000	\$43,552	\$43,552	\$0
Expenditures:				
Library Services:				
Public Services and Programs				
Contractual Services	19,160	19,160	17,303	1,857
Materials and Supplies	32,620	32,740	27,077	5,663
Other	1,000	1,095	853	242
<i>Total Expenditures</i>	<u>52,780</u>	<u>52,995</u>	<u>45,233</u>	<u>7,762</u>
<i>Net Change in Fund Balance</i>	(8,780)	(9,443)	(1,681)	7,762
<i>Fund Balance at Beginning of Year</i>	9,228	9,228	9,228	0
<i>Prior Year Encumbrances Appropriated</i>	215	215	215	0
<i>Fund Balance at End of Year</i>	<u>\$663</u>	<u>\$0</u>	<u>\$7,762</u>	<u>\$7,762</u>

Worthington Libraries
 Worthington, Ohio
 Schedule of Revenues, Expenditures and Changes
 In Fund Balance - Budget and Actual (Budget Basis)
 Building Fund
 For the Year Ended December 31, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:	\$0	\$0	\$0	\$0
Expenditures:				
Capital Outlay	406,000	514,860	204,765	310,095
<i>Excess of Revenues Under Expenditures</i>	(406,000)	(514,860)	(204,765)	310,095
Other Financing Sources:				
Transfers - In	126,000	128,915	128,915	0
<i>Net Change in Fund Balance</i>	(280,000)	(385,945)	(75,850)	310,095
<i>Fund Balance at Beginning of Year</i>	298,482	298,482	298,482	0
<i>Prior Year Encumbrances Appropriated</i>	87,946	87,946	87,946	0
<i>Fund Balance at End of Year</i>	<u>\$106,428</u>	<u>\$483</u>	<u>\$310,578</u>	<u>\$310,095</u>

Worthington Libraries
Worthington, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Budget Basis)
Technology Fund
For the Year Ended December 31, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:	\$0	\$0	\$0	\$0
Expenditures:				
Support Services:				
Information Services Support				
Contractual Services	121,308	121,308	59,741	61,567
Capital Outlay	142,313	146,464	125,333	21,131
<i>Total Expenditures</i>	263,621	267,772	185,074	82,698
<i>Excess of Revenues Under Expenditures</i>	(263,621)	(267,772)	(185,074)	82,698
Other Financing Sources				
Transfers - In	153,200	109,000	109,000	0
<i>Total Other Financing Sources Uses</i>	153,200	109,000	109,000	0
<i>Net Change in Fund Balance</i>	(110,421)	(158,772)	(76,074)	82,698
<i>Fund Balance at Beginning of Year</i>	155,083	155,083	155,083	0
<i>Prior Year Encumbrances Appropriated</i>	4,151	4,151	4,151	0
<i>Fund Balance at End of Year</i>	\$48,813	\$462	\$83,160	\$82,698

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STATISTICAL TABLES

This part of Worthington Libraries' 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.

<u>CONTENTS</u>	<u>PAGES</u>
Financial Trends	54-61
These schedules contain trend information to help the reader understand how the Library's financial performance and well-being have changed over time.	
Revenue Capacity	62-67
These schedules contain information to help the reader assess the Library's most significant local revenue source, property taxes.	
Debt Capacity	68-69
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.	
Demographic and Economic Information	70-73
These schedules offer demographic and economic indicators to help the reader understand the environment within which the Library's financial activities take place.	
Operating information	74-77
These schedules contain service and infrastructure data to help the reader understand how the information in the Library's financial report relates to the services the Library provides and the activities it performs.	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The Library implemented *GASB Statement No. 34* in 2006. Schedules presenting government-wide information include information beginning in that year.

Worthington Libraries
Worthington, Ohio
Net Position by Component
Last Eight Years
(accrual basis of accounting)

	2005	2006	2007	2008
<i>Governmental Activities:</i>				
Investment in Capital Assets	\$5,318,075	\$6,251,668	\$7,657,472	\$8,984,473
Restricted	0	0	0	0
Unrestricted	5,251,015	8,501,531	11,506,214	11,421,601
<i>Total Governmental Activities Net Position</i>	<u>\$10,569,090</u>	<u>\$14,753,199</u>	<u>\$19,163,686</u>	<u>\$20,406,074</u>

<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$8,970,855	\$8,774,284	\$8,572,236	\$8,417,136
0	6,882	9,380	9,775
<u>12,923,458</u>	<u>15,956,351</u>	<u>17,692,236</u>	<u>19,211,984</u>
<u>\$21,894,313</u>	<u>\$24,737,517</u>	<u>\$26,273,852</u>	<u>\$27,638,895</u>

Worthington Libraries
Worthington, Ohio
Changes in Net Position
Last Seven Years
(accrual basis of accounting)

	<u>2006</u>	<u>2007</u>	<u>2008</u>
Expenses:			
Library Services:			
Public Services and Programs	\$3,206,853	\$3,038,715	\$4,781,710
Collection Development and Processing	1,772,553	1,689,935	2,157,159
Support Services:			
Facilities Operations and Maintenance	586,224	574,752	737,269
Information Services Support	284,985	659,351	806,923
Business Administration	1,293,803	1,392,180	1,366,640
Debt Service:			
Interest and Fiscal Charges	27,115	0	0
<i>Total Expenses</i>	<u>7,171,533</u>	<u>7,354,933</u>	<u>9,849,701</u>
Program Revenues:			
Charges for Services:			
Library Services:			
Public Services and Programs	1,036,985	1,031,340	1,101,263
Operating Grants, Contributions, and Interest	0	0	0
	<u>1,036,985</u>	<u>1,031,340</u>	<u>1,101,263</u>
<i>Net Expenses</i>	<u>(6,134,548)</u>	<u>(6,323,593)</u>	<u>(8,748,438)</u>
General Revenues:			
Governmental Activities:			
Property Taxes	7,136,074	6,670,931	6,286,953
Grants and Entitlements not			
Restricted to Specific Programs	2,831,055	3,543,453	3,405,030
Unrestricted Gifts and Donations	825	18,828	3,661
Earnings on Investments	342,779	496,133	276,844
Miscellaneous	7,924	4,735	18,338
<i>Total General Revenues</i>	<u>10,318,657</u>	<u>10,734,080</u>	<u>9,990,826</u>
<i>Change in Net Position</i>	<u>\$4,184,109</u>	<u>\$4,410,487</u>	<u>\$1,242,388</u>

2009	2010	2011	2012
\$3,736,517	\$3,564,762	\$3,703,955	\$3,750,218
1,894,589	2,033,738	1,925,179	1,943,464
723,911	762,761	1,049,211	977,008
874,146	970,701	802,472	931,896
1,380,683	1,385,264	1,307,710	1,372,469
0	0	0	0
8,609,846	8,717,226	8,788,527	8,975,055
1,074,701	1,011,213	1,277,288	1,282,481
0	26,965	32,079	43,552
1,074,701	\$1,038,178	\$1,309,367	1,326,033
(7,535,145)	(7,679,048)	(7,479,160)	(7,649,022)
6,005,216	6,149,886	6,071,068	6,134,283
2,961,045	4,276,501	2,916,271	2,817,570
5,222	2,582	8,062	30,588
33,384	15,674	9,405	23,717
18,517	77,609	10,689	7,907
9,023,384	10,522,252	9,015,495	9,014,065
\$1,488,239	\$2,843,204	\$1,536,335	\$1,365,043

Worthington Libraries
Worthington, Ohio
Fund Balances - Governmental Funds
Last Eight Years
(modified accrual basis of accounting)

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
General Fund				
Nonspendable	\$0	\$0	\$0	\$0
Committed	0	0	0	0
Assigned	0	0	0	0
Unassigned	0	0	0	0
Reserved	253,808	273,045	277,022	259,972
Unreserved	<u>2,598,003</u>	<u>5,933,367</u>	<u>6,591,556</u>	<u>8,819,085</u>
<i>Total General Fund</i>	<u>2,851,811</u>	<u>6,206,412</u>	<u>6,868,578</u>	<u>9,079,057</u>
All Other Governmental Funds				
Nonspendable	0	0	0	0
Restricted	0	0	0	0
Committed	0	0	0	0
Assigned	0	0	0	0
Reserved	600	209,511	1,576,682	120,405
Unreserved, Undesignated				
Reported in:				
Special Revenue Fund	51,620	82,851	112,933	103,610
Debt Service Fund	36,785	0	0	0
Capital Projects Funds	<u>1,004,482</u>	<u>792,609</u>	<u>1,583,686</u>	<u>843,998</u>
<i>Total All Other Governmental Funds</i>	<u>1,093,487</u>	<u>1,084,971</u>	<u>3,273,301</u>	<u>1,068,013</u>
<i>Total Governmental Funds</i>	<u><u>\$3,945,298</u></u>	<u><u>\$7,291,383</u></u>	<u><u>\$10,141,879</u></u>	<u><u>\$10,147,070</u></u>

(1) Fund Balances were classified in accordance with GASB Statement No. 54

2009 (1)	2010	2011	2012
\$76,541	\$75,903	\$60,723	\$74,236
84,394	36,047	30,422	28,222
202,535	151,805	211,559	207,060
10,710,135	13,884,037	15,790,758	17,328,046
0	0	0	0
0	0	0	0
11,073,605	14,147,792	16,093,462	17,637,564
0	0	18,475	19,024
56,053	6,882	9,380	9,775
0	0	0	0
687,004	565,043	502,510	431,978
0	0	0	0
0	0	0	0
0	0	0	0
0	0	0	0
743,057	571,925	530,365	460,777
\$11,816,662	\$14,719,717	\$16,623,827	\$18,098,341

Worthington Libraries
Worthington, Ohio
Changes in Fund Balances - Governmental Funds
Last Seven Years
(modified accrual basis of accounting)

	2006	2007	2008
Revenues:			
Property Taxes	\$6,885,758	\$6,613,736	\$6,278,922
Other Government Grants-in-Aid	3,193,006	3,429,348	3,515,269
Patron Fines and Fees	280,352	282,729	297,960
Services Provided to Other Entities	756,633	748,611	803,303
Contributions, Gifts, and Donations	825	18,828	3,661
Earnings on Investments	342,779	496,133	276,844
Miscellaneous	7,924	4,735	18,338
<i>Total Revenues</i>	<u>11,467,277</u>	<u>11,594,120</u>	<u>11,194,297</u>
Expenditures:			
Current:			
Library Services:			
Public Services and Programs	2,917,050	2,919,557	4,645,550
Collection Development and Processing	1,769,799	1,686,625	2,159,378
Support Services:			
Facilities Operations and Maintenance	556,499	543,840	711,032
Information Services Support	280,498	632,951	778,463
Business Administration	1,249,607	1,359,094	1,351,301
Capital Outlay	297,294	1,601,557	1,543,382
Debt Service:			
Principal Retirement	990,000	0	0
Interest and Fiscal Charges	60,445	0	0
<i>Total Expenditures</i>	<u>8,121,192</u>	<u>8,743,624</u>	<u>11,189,106</u>
<i>Excess of Revenues Over Expenditures</i>	<u>3,346,085</u>	<u>2,850,496</u>	<u>5,191</u>
Other Financing Sources (Uses):			
Transfers - In	1,156,910	3,856,220	601,800
Transfers - Out	(1,156,910)	(3,856,220)	(601,800)
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	<u>\$3,346,085</u>	<u>\$2,850,496</u>	<u>\$5,191</u>
<i>Debt Service as a Percentage of Noncapital Expenditures</i>	13.1%	0.0%	0.0%

2009	2010	2011	2012
\$5,949,645	\$6,183,063	\$6,113,964	\$6,114,780
3,142,356	4,110,971	3,025,083	2,782,995
292,687	311,105	295,878	262,858
782,014	700,108	981,410	1,019,623
5,222	29,547	40,141	74,140
33,384	15,674	9,405	23,717
18,517	77,609	10,689	7,907
<u>10,223,825</u>	<u>11,428,077</u>	<u>10,476,570</u>	<u>10,286,020</u>
3,568,028	3,428,167	3,578,784	3,618,414
1,891,188	2,030,005	1,920,779	1,941,337
686,709	718,718	709,612	722,816
858,650	902,607	740,572	868,779
1,343,441	1,381,822	1,271,048	1,348,101
206,217	63,703	351,665	312,059
0	0	0	0
0	0	0	0
<u>8,554,233</u>	<u>8,525,022</u>	<u>8,572,460</u>	<u>8,811,506</u>
<u>1,669,592</u>	<u>2,903,055</u>	<u>1,904,110</u>	<u>1,474,514</u>
358,770	31,483	330,912	237,915
(358,770)	(31,483)	(330,912)	(237,915)
0	0	0	0
<u>\$1,669,592</u>	<u>\$2,903,055</u>	<u>\$1,904,110</u>	<u>\$1,474,514</u>
0.0%	0.0%	0.0%	0.0%

Worthington Libraries
Worthington, Ohio
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Years

Year	Real Property			Tangible Personal Property			
	Assessed Value			Public Utility		General Business	
	Residential/ Agricultural	Commercial/ Industrial/PU	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value
2003	\$1,072,551,470	\$377,767,160	\$4,143,767,514	\$51,560,220	\$58,591,159	\$202,028,171	\$808,112,684
2004	1,078,744,680	447,549,100	4,360,839,371	55,641,930	63,229,466	185,037,094	740,148,376
2005	1,087,563,880	444,066,090	4,376,085,629	54,413,770	61,833,830	179,018,550	716,074,200
2006	1,302,759,720	449,491,770	5,006,432,829	53,865,420	61,210,705	132,307,380	705,639,360
2007	1,324,905,840	454,215,230	5,083,203,057	50,757,700	57,679,205	86,444,451	345,777,804
2008	1,341,080,840	442,283,210	5,095,325,857	29,157,310	33,133,307	49,073,694	196,294,776
2009	1,356,112,130	444,618,780	5,144,945,457	29,914,350	33,993,580	8,593,327	34,373,308
2010	1,365,780,710	439,688,670	5,158,483,943	30,224,580	34,346,114	4,296,663	17,186,652
2011	1,372,120,560	433,783,410	5,159,725,629	34,228,570	38,896,102	0	0
2012	1,325,524,970	415,586,560	4,974,604,371	37,985,760	43,165,636	0	0

The assessed value of real property (including public utility real property) is 35 percent of estimated true value. Personal property tax is assessed on all tangible personal property used in business in Ohio. The assessed value of public utility personal property ranges from 25 percent of true value for railroad property to 88 percent for electric transmission and distribution property. General business tangible personal property was assessed in previous years at 25 percent for machinery and equipment and 23 percent for inventories. General business tangible personal property tax is being phased out beginning in 2006. The listing percentage is 18.75 percent for 2006, 12.5 percent for 2007, 6.25 percent for 2008 and zero for 2009.

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

Source: Ohio Department of Taxation, Franklin County Auditor

Totals			Weighted Average Total Direct Tax Rate
Assessed Value	Estimated Actual Value	Ratio	
\$1,703,907,021	\$5,010,471,357	34.01%	1.63
1,766,972,804	5,164,217,213	34.22%	1.63
1,765,062,290	5,153,993,658	34.25%	1.64
1,938,424,290	5,773,282,893	33.58%	3.76
1,916,323,221	5,486,660,066	34.93%	3.76
1,861,595,054	5,324,753,940	34.96%	3.70
1,839,238,587	5,213,312,345	35.28%	3.68
1,839,990,623	5,210,016,708	35.32%	3.67
1,840,132,540	5,198,621,731	35.40%	3.67
1,779,097,290	5,017,770,008	35.46%	3.67

Worthington Libraries
Worthington, Ohio
Property Tax Levies and Collections (1)
Last Ten Years

Collection Year	Current Tax Levy	Current Tax Collections (1)	Percent of Current Tax Collections to Current Tax Levy	Delinquent Tax Collections (2)	Total Tax Collections	Percent of Total Tax Collections to Current Tax Levy
2003	\$2,912,557	\$2,840,571	97.53%	\$75,395	\$2,915,966	100.12%
2004	2,888,263	2,818,222	97.57%	79,010	2,897,232	100.31%
2005	2,903,568	2,817,409	97.03%	57,704	2,875,113	99.02%
2006	7,310,027	7,095,784	97.07%	221,696	7,317,480	100.10%
2007	7,231,825	6,959,989	96.24%	186,182	7,146,171	98.82%
2008	7,048,734	6,278,922	89.08%	144,930	6,423,852	91.13%
2009	6,757,747	6,255,053	92.56%	149,765	6,404,818	94.78%
2010	6,803,660	6,596,945	96.96%	202,942	6,799,887	99.94%
2011	6,799,383	6,581,360	96.79%	171,390	6,752,750	99.31%
2012	6,841,073	6,621,483	96.79%	148,906	6,770,389	98.97%

(1) Includes Homestead/Rollback exemptions assessed locally, but distributed through the State and reported as intergovernmental revenue.

(2) The Franklin County Auditor's Office confirmed the Percent of Total Collections to Tax Levy column includes percentages in excess of 100% due to timing issues with the collection of property taxes. The Auditor's Office is unable to track delinquent taxes collected by year levied. Therefore, Worthington Libraries has elected to show delinquent taxes by collection year.

Worthington Libraries
Worthington, Ohio
Principal Property Taxpayers
2003 and 2012

2003			2012		
Name of Taxpayer	Assessed Value	Percent of Total Assessed Value	Name of Taxpayer	Assessed Value	Percent of Total Assessed Value
Public Utilities			Public Utilities		
1 Columbus Southern Power Company	\$22,884,640	1.33%	1 Columbus Southern Power Company	\$29,544,710	1.66%
2 Ohio Bell Telephone Company	11,917,370	0.72%			
3 Sprintcom Inc	9,001,150	0.32%			
Real Estate			Real Estate		
1 Anheuser-Busch Inc	17,729,950	1.10%	1 Anheuser-Busch Inc	19,202,160	1.08%
2 ASP Boma LLC	11,511,520	0.75%	2 Eastrich No 167 Corp	8,548,770	0.48%
3 Eastrich No 167 Corp	11,450,970	0.65%	3 EOP-Community Corporate	8,050,010	0.45%
4 Worthington Meadows	10,024,400	0.59%	4 Worthington Meadows	7,533,770	0.42%
5 Worthington Industries	8,490,470	0.57%	5 Fieldstone Trace Partnership	7,367,500	0.41%
6 Columbus Retail Inc	8,184,160	0.52%	6 Worthington Industries Inc	6,104,860	0.34%
7 EOP-Community Corporate	8,050,000	0.49%	7 Stratford Chase	5,250,000	0.30%
8 Fieldstone Trace	7,334,260	0.46%	8 Columbus Park Club	5,180,000	0.29%
9 Regency Centers LP	7,039,510	0.42%	9 Corporate Hill LLC	5,145,050	0.29%
10 Donald R Kenney TR	6,874,010	0.40%	10 Alexander Square LLC	4,865,000	0.27%
All Others	<u>1,563,414,611</u>	<u>92.10%</u>	All Others	<u>1,672,305,460</u>	<u>93.99%</u>
Total Assessed Valuation	<u><u>1,703,907,021</u></u>	<u><u>100.00%</u></u>	Total Assessed Valuation	<u><u>1,779,097,290</u></u>	<u><u>100.00%</u></u>

Source: Office of the Auditor, Franklin County, Ohio

Worthington Libraries
Worthington, Ohio
Direct and Overlapping Property Tax Rates
 (Per \$1,000 of Assessed Value)
Last Ten Years

	2003	2004	2005	2006
Voted Millage - By Levy				
1992 Current Expense				
Residential/Agricultural Real	\$1.43	\$1.43	\$1.43	\$1.21
Commercial/Industrial and Public Utility Real	1.81	1.82	1.87	1.81
General Business and Public Utility Personal	2.20	2.20	2.20	2.20
2005 Current Expense				
Residential/Agricultural Real	0.00	0.00	0.00	2.20
Commercial/Industrial and Public Utility Real	0.00	0.00	0.00	2.52
General Business and Public Utility Personal	0.00	0.00	0.00	2.60
Total Voted Millage By Type of Property				
Residential/Agricultural Real	1.43	1.43	1.43	3.41
Commercial/Industrial and Public Utility Real	1.81	1.82	1.87	4.33
General Business and Public Utility Personal	2.20	2.20	2.20	4.80
Overlapping Rates By Taxing District				
Franklin County				
General Fund	1.47	1.47	1.47	1.47
Children Services	4.25	5.05	5.05	5.05
ADAMH Board	2.20	2.20	2.20	2.20
MRDD	7.47	7.47	7.47	7.47
Metro Park	0.65	0.65	0.65	0.65
Zoological Park	0.75	0.75	0.75	0.75
Office on Aging	0.85	0.85	0.85	0.85
Total Franklin County	17.64	18.44	18.44	18.44
School District				
Worthington City School District	77.88	77.71	84.56	83.23
Townships				
Sharon Township	23.50	23.50	23.50	23.50
Perry Township	23.80	20.40	18.40	18.40
Cities				
City of Worthington	3.00	3.00	3.00	3.00
City of Columbus	3.14	3.14	3.14	3.14

Source: Ohio Department of Taxation, County Auditor, Franklin County

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 for that year.

Rates may only be raised by obtaining the approval of a majority of the voters at a public election.

Real property tax rates are reduced so that inflationary increases in value do not generate additional taxes. Real property is reappraised every six years and property values are updated in the third year following each reappraisal.

2007	2008	2009	2010	2011	2012
\$1.20	\$1.20	\$1.20	\$1.20	\$1.25	\$1.25
1.84	1.87	1.86	1.88	2.00	2.00
2.20	2.20	2.20	2.20	0.00	0.00
2.19	2.19	2.19	2.19	2.28	2.28
2.57	2.60	2.59	2.60	2.60	2.60
2.60	2.60	2.60	2.60	0.00	0.00
3.39	3.39	3.39	3.39	3.53	3.53
4.40	4.47	4.45	4.48	4.60	4.60
4.80	4.80	4.80	4.80	4.80	4.80
1.47	1.47	1.47	1.47	1.47	1.47
5.05	5.05	5.05	5.00	5.00	5.00
2.20	2.20	2.20	2.20	2.20	2.20
7.47	7.47	7.00	7.00	7.00	7.00
0.65	0.65	0.65	0.75	0.75	0.75
0.75	0.75	0.75	0.75	0.75	0.75
0.85	0.90	0.90	0.90	0.90	1.30
18.44	18.49	18.02	18.07	18.07	18.47
83.23	83.23	83.14	87.04	88.54	94.94
23.50	23.50	23.50	23.50	23.50	23.50
21.20	21.20	18.10	17.60	18.10	21.60
5.00	5.00	5.00	5.00	5.00	5.00
3.14	3.14	3.14	1.57	3.14	3.14

Worthington Libraries
Worthington, Ohio
Computation of Direct and Overlapping Governmental Debt
December 31, 2012

	Net Long-term Debt Outstanding	Percentage Applicable to Library (1)	Amount Applicable to Library
Direct:			
Worthington Libraries	\$0	100.00%	\$0
Overlapping:			
Worthington City School District (2)			
Revenue Bonds	5,846,000	100.00%	5,846,000
General Obligation Bonds and Notes	48,693,956	100.00%	48,693,956
Energy Conservation Bonds	245,000	100.00%	245,000
City of Worthington			
General Obligation Bonds and Notes	7,945,000	100.00%	7,945,000
Franklin County			
General Obligation Bonds	254,660,000	6.38%	16,249,867
Special Obligation Bonds & Notes	35,495,000	6.38%	2,264,938
OPWC Loans	10,428,000	6.38%	665,411
Bond Anticipation Notes			
City of Columbus			
Revenue Obligations	441,855,000	6.89%	30,459,254
General Obligation Bonds	2,307,463,000	6.89%	159,064,854
Total Overlapping Debt	<u>3,112,630,956</u>		<u>271,434,280</u>
Total Direct and Overlapping Debt	<u>\$3,112,630,956</u>		<u>\$271,434,280</u>

Source: Office of the Auditor, Franklin County, Ohio, and Financial Statements for the respective subdivision

- (1) Percentages were determined by dividing the assessed valuation of the political subdivision located within the boundaries of the District by the total assessed valuation of the subdivision. The valuations used were for the 2012 collection year.
- (2) The debt outstanding for Worthington School District is at June 30, 2012.

Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the Library. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the Library. This process recognizes that, when considering the Library's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account.

Worthington Libraries
Worthington, Ohio
Ratio of Outstanding Debt by Type
Governmental Activities
Last Ten Years

Year	Capital Lease Payable	Percentage of Personal Income (1)	Per Capita (1)
2003	\$1,210,000	0.06%	\$20.62
2004	1,100,000	0.05%	18.62
2005	990,000	0.05%	16.43
2006	0	0.00%	0.00
2007	0	0.00%	0.00
2008	0	0.00%	0.00
2009	0	0.00%	0.00
2010	0	0.00%	0.00
2011	0	0.00%	0.00
2012	0	0.00%	0.00

Details regarding the Library's outstanding debt can be found in the notes to the financial statements

(1) See Demographic and Economic Statistics table for personal income and population data.

Worthington Libraries
Worthington, Ohio
Demographic and Economic Statistics
Last Ten Years

Year	Population (1)	Personal Income (2)	Per Capita Personal Income (4)	Unemployment Rate (3)
2003	58,687	\$2,024,408,065	\$34,495	6.1%
2004	59,063	2,037,378,185	34,495	5.9%
2005	60,248	2,078,254,760	34,495	5.6%
2006	59,983	2,069,113,585	34,495	4.8%
2007	57,550	2,011,084,750	34,945	5.3%
2008	61,153	2,120,786,040	34,680	5.7%
2009	61,492	2,246,610,220	36,535	9.0%
2010	59,374	2,169,229,090	36,535	9.2%
2011	59,501	2,197,193,427	36,927	7.6%
2012	60,161	2,360,356,674	39,234	6.1%

Sources: (1) Mid Ohio Regional Planning Commission
(2) Calculated based on per capita income and population
(3) Ohio Bureau of Employment Services, not available for Worthington
Public Libraries. Figures presented are for Franklin County.
(4) U.S. Bureau of Economic Analysis

Worthington Libraries

*Worthington, Ohio
Principal Employers
2006 and 2012*

Employer	Nature of Business	2006		2012	
		Number of Employees	Rank	Number of Employees	Rank
Worthington Industries Inc	Steel Industry	1,100	2	1,352	1
Worthington School District	Education	1,176	1	1,119	2
Liebert Corporation	Energy/Power	1,000	3	1,000	3
Anthem Blue Cross	Insurance	840	5	893	4
Anheuser-Busch Inc	Production Plant	892	4	776	5
Huntington Bank	Mortgage/Banking	540	6	525	6
Diamond Innovations Inc	Diamond Products	375	7	369	7
Medvet Medical Center	Animal Care	250	9	328	8
American Automobile Association	Automotive	0	N/A	246	9
The Laurels Healthcare	Healthcare	290	8	240	10
American Health Holding	Healthcare	231	10	0	N/A

Source: Chamber of Commerce and Individual employer records

Note: Above figures are estimates based on Chamber of Commerce information and employer data provided to the Library. Actual information, as well as information prior to 2006, was not available. Percentage of total employment is not available.

Worthington Libraries
Worthington, Ohio
Library Employees by Function/Program
Last Ten Years

Function/Program	2003	2004	2005	2006	2007
Governmental Activities:					
Library Services:					
Public Services and Programs	100	97	105	104	120
Collection Development and Processing	10	9	8	7	7
Support Services:					
Facilities Operations and Maintenance	1	1	1	1	1
Information Services Support	4	3	4	4	5
Business Administration	11	11	11	14	15
<i>Total Number of Employees</i>	126	121	129	130	148

Note: Figures include both full and part time employees.

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
118	116	117	117	119
9	9	9	9	9
1	1	1	1	1
5	5	5	5	5
14	14	14	13	14
<u>147</u>	<u>145</u>	<u>146</u>	<u>145</u>	<u>148</u>

Worthington Libraries
Worthington, Ohio
Operating Indicators By Function/Program
Last Ten Years

Function/Program	2003	2004	2005	2006	2007
Library Services:					
Public Services and Programs					
Number of Materials Circulated	2,222,182	2,406,948	2,520,594	2,632,136	2,957,725
Number of Registered Borrowers	59,031	59,481	61,436	63,583	62,605
Collection Development and Processing					
Number of Materials Owned	429,198	425,808	436,349	405,070	377,847
Support Services:					
Facilities Operations and Maintenance					
Square footage of Facility Maintained:					
Old Worthington Library	41,668	41,668	41,668	41,668	41,668
Northwest Library	23,635	23,635	23,635	23,635	23,635
Worthington Park Library	0	0	0	0	0
Information Services Support					
Number of Computers	100	100	129	130	225
Number of Web Site Visits	827,170	921,832	738,686	761,586	1,268,262

Source: Worthington Public Libraries Information and Public Library Data Service (PLDS)

2008	2009	2010	2011	2012
3,237,654	3,561,742	3,554,451	3,417,074	3,308,392
62,571	70,202	83,784	89,368	89,247
409,060	498,773	502,685	491,733	468,667
42,446	42,446	42,446	42,446	42,446
25,481	25,481	25,481	25,481	25,481
5,280	5,280	5,280	5,280	5,280
347	348	356	359	368
1,858,073	1,348,505	1,451,305	1,071,611	1,049,421

Worthington Libraries
Worthington, Ohio
Capital Assets Statistics by Function/Class
Last Eight Years

Function/Class	2005	2006	2007	2008
Library Services:				
Public Services and Programs				
Land	\$697,350	\$697,350	\$697,350	\$697,350
Construction in Progress	0	63,255	1,261,891	2,233,909
Buildings and Improvements	5,150,819	5,150,819	5,150,819	5,150,819
Machinery and Equipment	393,319	393,319	266,794	471,025
Collection Development and Processing				
Land	17,206	17,206	17,206	17,206
Construction in Progress	0	1,561	31,135	55,119
Buildings and Improvements	126,966	126,966	126,966	126,966
Support Services:				
Facilities Operations and Maintenance				
Land	120,443	120,443	120,443	120,443
Construction in Progress	0	10,925	217,948	385,830
Buildings and Improvements	1,166,919	1,166,919	1,166,919	1,184,115
Machinery and Equipment	0	0	0	12,800
Information Services Support				
Land	8,558	8,558	8,558	8,558
Construction in Progress	0	776	15,485	27,414
Buildings and Improvements	63,147	63,147	63,147	63,147
Machinery and Equipment	158,402	178,804	149,804	143,834
Business Administration				
Land	66,822	66,822	66,822	66,822
Construction in Progress	0	6,061	120,917	214,058
Buildings and Improvements	493,085	493,085	493,085	493,085
Machinery and Equipment	175,994	175,994	187,792	197,965
Vehicles	23,933	18,300	18,300	18,300
<i>Total Governmental Activities</i>	\$8,662,963	\$8,760,310	\$10,181,381	\$11,688,765

Source: Library capital assets records. The Library began to utilize the system in 2005; therefore, records are only available since then. Amounts presented are actual costs of assets.

2009	2010	2011	2012
\$697,350	\$697,350	\$697,350	\$697,350
0	0	0	66,655
7,533,449	7,533,449	7,564,905	7,564,905
471,025	471,025	492,346	492,346
17,206	17,206	17,206	17,206
0	0	0	0
185,754	185,754	185,754	185,754
120,443	120,443	120,443	120,443
0	21,674	0	0
1,595,632	1,604,209	1,604,209	1,620,250
18,367	24,847	24,847	31,609
8,558	8,558	8,558	8,558
0	0	0	0
92,386	92,386	92,386	92,386
143,834	149,088	174,085	187,274
66,822	66,822	66,822	66,822
0	0	0	0
721,394	721,394	721,394	721,394
204,462	204,462	204,462	204,462
18,300	18,300	18,300	18,300
<u>\$11,894,982</u>	<u>\$11,936,967</u>	<u>\$11,993,067</u>	<u>\$12,095,714</u>

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Worthington Libraries
Franklin County
820 High Street
Worthington, Ohio 43085

To the Board of Trustees of Worthington Libraries:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Worthington Libraries, Franklin County, (the Library) as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements and have issued our report thereon dated June 19, 2013.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in black ink that reads "Kennedy Cottrell Richards LLC". The signature is written in a cursive, flowing style.

Kennedy Cottrell Richards LLC
June 19, 2013



Dave Yost • Auditor of State

WORTHINGTON LIBRARIES

FRANKLIN COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JULY 16, 2013**