

# Worthington Libraries

FRANKLIN COUNTY

## Comprehensive Annual Financial Report

For the Year Ended December 31, 2006







Mary Taylor, CPA  
Auditor of State

Board of Directors  
Worthington Libraries  
820 High Street  
Worthington, Ohio 43085-4108

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, 2006 through December 31, 2006. 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.

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

June 28, 2007

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June 18, 2007

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

We are very pleased to present the 2006 Comprehensive Annual Financial Report (CAFR) for Worthington Libraries. This report, for the calendar year ended December 31, 2006, 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 School District Public Library).

Ohio law requires that every general-purpose local government file with the Auditor of State of Ohio and publish the availability of financial statements within five months of the close of each year. The basic financial statements from this report were filed to fulfill that requirement for the year ended December 31, 2006.

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, 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, 2006. 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 School District. The Old Worthington Library is located downtown in the City of Worthington and the Northwest Library is located in northwest Columbus, Ohio, within the Worthington 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 local 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, bankers, accountants, independent business owners, attorneys, realtors, investment advisors 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 School District.

The Director is responsible for the administration of the Library, and the Clerk-Treasurer oversees the Library's financial affairs. The Board of Library Trustees has appointed Meribah Mansfield to both positions.

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 state's Library and Local Government Support Fund and two local property tax levies totaling 4.8 mills. The Library is fiscally independent of the Worthington School District Board of Education, although the Board of Education serves in a ministerial capacity as the taxing authority for the Library. The Library Board of Trustees independently determines 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 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 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 funded 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 more than 11 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 2000's, 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 library board, the Library was successful in passing a permanent 2.6 mill property tax levy in November 2005.

Today, Worthington Libraries is one of the busiest in the state, ranked only behind the eight metropolitan libraries in terms of use, and has received national recognition as one of the best library systems in the country. It provides a wide array of information services, including online access, materials and programs for residents of the Worthington 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. Today, 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 continuously 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 thrive.

## **ECONOMIC CONDITIONS AND OUTLOOK**

Ohio's economy and tax collections seem to be improving. New legislation that should help stabilize funding for libraries has been proposed and appears to have the necessary support to be implemented. If this change is implemented, it should provide some modest growth to the funding received from the State and allow an increased degree of certainty to longer range revenue projections.

In 2006, The City of Worthington implemented a new Comprehensive Plan and Strategic Plan to further benefit the business community and guide growth and development in the City. With most of the City built-out, the attention is placed on redevelopment of existing facilities and properties; finding ways to create new opportunities through re-use and redevelopment. A number of large office, retail and residential development projects are underway in the City of Worthington, reflecting this focus on redevelopment.

## **FINANCIAL TRENDS**

During fiscal year 2006, the Library experienced flat funding from the Local Library Government Support Fund (cash basis). An increase in the general property tax collections was projected due to the passage of a tax levy in November 2005, and a \$3,883,582 increase was realized in 2006 on a cash basis. An increase of \$395,107 in personal property tax and \$274,590 in the Homestead Exemption reimbursement were also realized on a cash basis.

There is stability in the real estate collections and a continued increase is expected. However, the amount of personal property taxes previously collected will diminish over the next few years as a result of House Bill 66. These dollars will be replaced with money from the Commercial Activities Tax through 2010, but a new replacement mechanism for these revenues will need to be created at the end of this period.

While the number of materials circulated increased almost 83 percent from 1997 through 2006 (1,439,853 in 1997, 2,632,136 in 2006), operating cash expenses have only increased 67.5 percent (\$4,014,971 in 1997 to \$6,725,053 in 2006) and employees only increased from 118 in 1997 to 130 in 2006. Salaries and Benefits represented 59.46 percent of operating cash expenses in 1997 and 62.91 percent in 2006. Careful management of staffing and expenditures continues to insure operating efficiency and that the budget remains under control.

## **FINANCIAL PLANNING AND POLICIES**

All budgetary policies are established by Ohio law and/or the Library Board. 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 they were allocated to.
- The level at which the Board approves the budget becomes the legal level of control. Transfers of appropriations at this level require Board 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 Clerk-Treasurer.

- Rates for fines, fees, and charges are established by the Board.
- 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 balance cash flow with receipts and expenditures through 2018 if the levy passed. This promise was a major reason for the support the levy received and why it did pass in November 2005. Every decision that has financial implications is evaluated against this promise that will not be compromised.

The Director/Clerk-Treasurer regularly meets 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 expenditures 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 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 expenses are continuously monitored. Annual budgets are developed based on projections in the long-range plan. Managers review actual monthly expenses against budget allocations and recommend adjustments as needed. Funds not required for operating expenses are invested to obtain the best return available with the least amount of risk. STAROhio, administered by the Office of the State of Ohio, was used in 2006 because it offered better rates than could be obtained from local banks. The Board receives a monthly Clerk-Treasurer update and copies of financial statements so that they are aware of the financial condition of the Library in any given month.

### **MAJOR INITIATIVES FOR 2006**

2006 was a great year for the Library. Passage of a permanent 2.6 mill operating levy in November 2005 meant, for the first time in five years, the Library could fully focus on providing excellent service and moving forward with the implementation of the 2005-2008 Strategic Plan (the plan is available online at [www.worthingtonlibraries.org](http://www.worthingtonlibraries.org)).

Not having to constantly worry about money is an enviable position, but the health of the Library's finances is not the result of good luck or its location in a well-educated and relatively affluent community. If anything, Worthington residents hold their public institutions to a higher degree of accountability. The fact that the Library is held in such high regard by a majority of residents is the result of careful planning and hard work, listening and responding.

What's more important than the community a library serves? Everything the Library does—from program planning to collection development to buying supplies and replacing the carpet—is done with the public in mind. After all, this is their library and they are the whole reason for its existence.

## **Stewardship of Resources**

Worthington residents trust the Library to make responsible financial decisions on their behalf, which is why stewardship is one of three priorities outlined in the 2005-2008 Strategic Plan. Specifically, the plan states the Library will “evaluate and improve the organization and its operation in a continuing effort to provide service to a diverse population, stimulate use of the library and encourage familiarity with changing technology.”

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 increased 23.2 percent in the last five years. Despite the increase in use, cash operating expenses have only increased a total of 8.2 percent during the same time period, an average of 1.6 percent per year. This was not the result of staff layoffs or reduced hours. The Library simply looked for creative ways to become leaner and more efficient.

The library staff has been reorganized three times in the last five years. 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 Accounts was introduced in 2006 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 Meribah Mansfield is never far from a copy of the library’s long-range financial plan. Through constant review and careful management, she is 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.

One of the action plan items for 2007-2008 is to develop a higher level of financial reporting through the preparation of a capital asset inventory for the first-ever Generally Accepted Accounting Principles report and completion of a first-ever Comprehensive Annual Financial Report for 2006. These detailed reports will provide the library board and the community with an accurate reflection of the library’s financial position.

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) now account for 62.8 percent of the revenue, while state funds account for 24.9 percent. Considering that almost 75 percent of Ohio's libraries are completely dependent on state funds, the Library is in an enviable funding situation—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 20 percent of a public library budget should go toward materials. More recently, the common wisdom has pointed to 15 percent. The latest data shows another in a continuing decline from 13.9 percent to 13.2 percent." (*American Libraries*, November 2006, p. 41)

Although it has become harder to do, because of rising costs in healthcare and other expenses beyond our control, the Library still meets the "gold standard" in library planning. In 2006, 20.2 percent of the library's budget was spent on materials and the library director, Meribah Mansfield, works with the staff to maintain what she considers a healthy budget balance of 20 percent materials spending versus 60 percent on salaries and benefits. As a matter of fact, Worthington Libraries has spent an average of 22.6 percent of its total budget on materials since 1979.

Being part of the Discovery Place Library consortium with Columbus Metropolitan Library and Southwest Public Libraries provides patrons with access to over 3.6 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 one in the Discovery Place system that owns the particular item they are looking for.

And, what the library patrons are looking for, more often than not, is a book to read. They want books more than any other information format, and that's what is given them. As of December 31, 2006, the Library's collection consisted of 405,070 of materials owned.

In 2006, the Library began centralized selection by profile and have both adult and youth materials selectors. This streamlines the ordering process and allows the Library to better track and build the collection as a whole, rather than in segments.

The Library staff also takes weeding seriously, with a staff workgroup devoted to getting items that are in poor condition or have not circulated off the shelves. This keeps the collection fresh and interesting for patrons who are reserving items online or stopping by to browse.

## **New Customer Service Model**

In 2006, a New Customer Service Model workgroup was formed and charged with researching and developing a new proactive customer 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, paying particular attention to services that are proactive, including roving reference and concierge services.

The workgroup found that 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 in looking 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 see if they need assistance. Handheld 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. Staff have been trained to assess patron body language and to look for clues relating to who should be approached and who would prefer to be left alone, and to meet patrons at their "point of puzzlement."

In 2006, an effort began to aggressively merchandise the collection. Last summer, 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.) and have started to replace old and outdated signs with new, bold versions that are easy to read and attractive.

The background work was done in 2006, so that in February 2007, new and more self-checkout machines were added in both libraries. Although patrons can still request help from a person when checking out their materials, they are encouraged to use the machines. A staff member is always available to assist those that are new or unfamiliar with the process. The feedback received about the new machines, which are easier to use and faster, has been overwhelmingly positive.

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 web site, Worthington Libraries Online ([www.worthingtonlibraries.org](http://www.worthingtonlibraries.org)), functions as a third location—the location that's available to patrons 24 hours a day, 7 days a week, 365 days a year. Worthington Libraries Online was the first web site to win the netConnect Award for a small public library web site, and it is maintained by a webmaster and two staff work teams: the Digital Library Team and the Electronic Resources Team.

The purpose of the Digital Library Team is to plan and implement the creation, integration and delivery of digital information and resources for use by patrons and staff, including continued development of Worthington Libraries Online, the staff Intranet and *Worthington Memory*. The purpose of the Electronic Resources Team is to identify, evaluate, select and promote new electronic resources, and to analyze the use of existing electronic resources offered by the Library to its patrons within the parameters of the Library's Collection Development Statement and budget. Both teams meet regularly to make sure that Worthington Libraries Online delivers the same quality service and resources that patrons are accustomed to when visiting our brick and mortar locations. At the end of 2006, the Library's web site provided access to 164 premium electronic resources and more than 8,000 full-text periodicals.

Adults can ask a reference question any time of the day or night by logging on to the Library's web site and accessing KnowItNow24x7. A statewide service initiative funded by the State Library of Ohio, KnowItNow24x7 provides online reference help 24 hours a day, seven days per week. In only two years, from 2003-2005, questions posed to KnowItNow24x7 from patrons in the Library's service district increased 53 percent, with a total of 10,618 sessions in 2005.

Students also have access to free online tutoring and HomeworkNow, the companion site to KnowItNow24x7.

Younger children can enjoy TumbleBooks. Introduced in 2006, 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 and digital audiobooks for download from the web site in partnership with the Mid-Ohio Library Digital Initiative. Downloadable video was added to this service in October 2006.

The Library has 130 computers available for public use (up from 76 in 1997) and, in 2006, both Old Worthington Library and Northwest Library began providing wireless Internet access in partnership with the City of Worthington.

The Library also worked with city officials on the redesign of the community web site, [www.worthington.org](http://www.worthington.org). This site is hosted by the Library and links to the Worthington Schools, Worthington Area Chamber of Commerce and provides information on community events and other organizations.



To help patrons learn more about and become comfortable with technology, the Library provides free computer classes in both libraries and at the Lazelle Woods Recreation Center, a City of Columbus Recreation and Parks facility in the northeast section of our service district. The Library is the “technology supplier” for many community events and meetings, supplying a computer, projector and screen for events such as the Worthington Area Chamber of Commerce Annual Groundhog Day Forecast Breakfast.

A teen blog and MySpace for teens were introduced in 2006 and have a Flickr page to showcase pictures from library events. In 2007, the hiring of a web applications supervisor is anticipated, whose job it will be to develop new and interesting web content for the Library and to help introduce “Programs: To Go!”—an online place to experience library events through webcasts, podcasts and more.

### **Planning for the Future**

The Library board adopted the Library’s 2005-2008 Strategic Plan on May 16, 2005. The plan was developed with input from over 100 community members. Meetings with civic organizations were held and community forums were hosted to get as much feedback as possible before writing the final version of the plan. The result has become so much more than a document or traditional outline of strategies and goals. The strategic plan serves as the Library's touchstone, guide and reminder of the direction the community wants to see taken. The community's commitment to the Library, as well as their expectations, is embedded in each and every word. The exciting changes detailed below are a fulfillment of the strategic plan and the community’s vision for the Library.

### **Old Worthington Library and Northwest Library**

Both libraries in the Worthington Libraries system (Old Worthington Library and Northwest Library) will be renovated in 2007. Construction at both facilities is scheduled to begin in July and, if everything goes according to current plans, will be finished in September 2008. The budget for both projects is \$3,590,390.

Use of Worthington Libraries continues to grow and space at both buildings is not being used as efficiently as possible to meet the increasing demand for library service. Since Northwest Library opened in 1996, system-wide circulation has more than doubled. The Library now has the 9<sup>th</sup> highest circulation in the state, behind only the eight metropolitan library systems. Space in both circulation departments is no longer adequate to process the growing number of books and other library materials being reserved, checked out and returned by patrons.

To remedy this situation, and to position the Library for future growth, the renovation includes two small additions to the circulation departments at both libraries. The additional space will be used to process materials more efficiently and is necessary to accommodate an automated materials handling system which may be added in the future.

Because the methods for delivering library service and patron expectations regarding customer service continue to evolve, the buildings will also be rearranged to create the spaces people want within the Library and to implement the goals of the 2005-2008 Strategic Plan. This will make visiting the Library a more positive and rewarding experience for patrons and will economize and streamline library operations.

Highlights of the rearrangement include the following:

- the addition of more computers
- creation of a remote reference center at Old Worthington Library for digital and phone reference service
- the size of the collection will be maintained, and bookshelves will be rearranged to make materials more accessible and attractive to browsers
- adding child-friendly furnishings in the children's departments and more defined areas for babies, younger children and tweens
- the addition of a family restroom at Old Worthington Library and a drive-up window at Northwest Library
- creating a single entrance/exit point for the Northwest Library children's department, making it easier to monitor and for parents to keep track of their children
- providing teens with their own room in both libraries, where they can work together on school projects or just hang out without disturbing other library patrons
- providing tweens with their own space, that's separate from both the children's and teen areas
- the addition of seating and a self-serve coffee/beverage station in both library lobbies
- replacing the large reference and circulation desks with smaller workstations, thereby making the staff more accessible to patrons

Both libraries will undergo construction concurrently. At the present time, it is not anticipated that either location will be closed during any phase of the renovation. When renovations are complete in September, the Library will reemerge as an inviting location where people can hang out, enjoy a cup of coffee, attend a favorite program or catch up with a favorite author. Detailed plans of the building renovations were presented to residents at the annual community breakfast on Tuesday, April 17, 2007.

### **Expansion to Serve the Northeast**

Patrons in the northeast part of our service district have been eagerly anticipating a library branch for 12 years, since land was purchased in the area and set aside as a site for a possible future library. At two points in the last six years, the Library has come close to making their dreams a reality, but each time plans had to be scrapped because of state funding cuts. Although several outreach programs have been developed to serve northeast-area patrons, attending a storytime at the local recreation center is not the same as attending a storytime at the Library, and residents want a facility to call their own.

Funding still prohibits construction and operation of a stand-alone library, but we are planning to expand service to the northeast by opening a storefront branch. Architects are currently in the process of designing the space, which will be 5,280 square feet located in a retail center near a grocery store and within walking distance of an elementary school.

The storefront library, tentatively called Worthington Park, although smaller in scale than some have hoped for, will provide northeast area residents with the services they've been asking for. It will include a popular reading library of bestselling fiction and nonfiction. It will have a large children's collection and several computers for public use.

Programming at Worthington Park will be focused on meeting the needs of the many children and families in the area. To that end, we're planning to establish a Homework Help Center in this location. This would be a unique feature of the Worthington Park Library—not found in our other libraries—and would be a source of pride for residents as well as tremendously useful for students.

We would like to open this facility in early 2008, but it is dependent on state funding. New Ohio Governor Ted Strickland (D) released his first budget proposal on March 15. In the new proposal, public libraries will receive 2.2 percent of the state's General Revenue Fund tax revenues. This represents a modest annual increase (after funding was frozen for several years) that will ebb and flow with the economy. If the governor's funding proposal is passed by both the House of Representatives and Ohio Senate, it will generate enough additional revenue for the Library to open and operate the storefront library without significantly impacting the life of the current levy (and still have a positive fund balance at the end of 2018).

Throughout the renovation and expansion projects, our goal will be to maintain communication with the community and to guide patrons through this process so they are prepared for upcoming changes and can look forward to seeing the finished product.

## **OTHER INFORMATION**

### **Independent Audit**

An audit team from the accounting firm of Kennedy, Cottrell and Richards is under contract with the Office of the Auditor of State Mary Taylor as Independent Professional Auditors, and they performed the 2005 and 2006 audits. This is the first time that the Library has been audited by an I.P.A. 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, 2001, 2003 and 2006. This award is sponsored by the *Library Journal* and Thomson-Gale.

The 2006 Comprehensive Annual Financial Report (CAFR) for the calendar year ended December 31, 2006 will be submitted for review to the Government Finance Officers Association of the United States and Canada (GFOA). The Library is hopeful that this CAFR will be awarded a Certificate of Achievement for Excellence in Financial Reporting. The 2006 CAFR is the first that Worthington Libraries has submitted to request consideration for this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

## **Acknowledgements**

Appreciation is extended to the Board 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 Kathy Guinn and Finance Assistant Karin Neumann. 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.

Meribah Mansfield  
Director/Clerk-Treasurer

John Mills  
Business Manager

**Worthington Libraries**  
*List of Principal Officials*  
*December 31, 2006*

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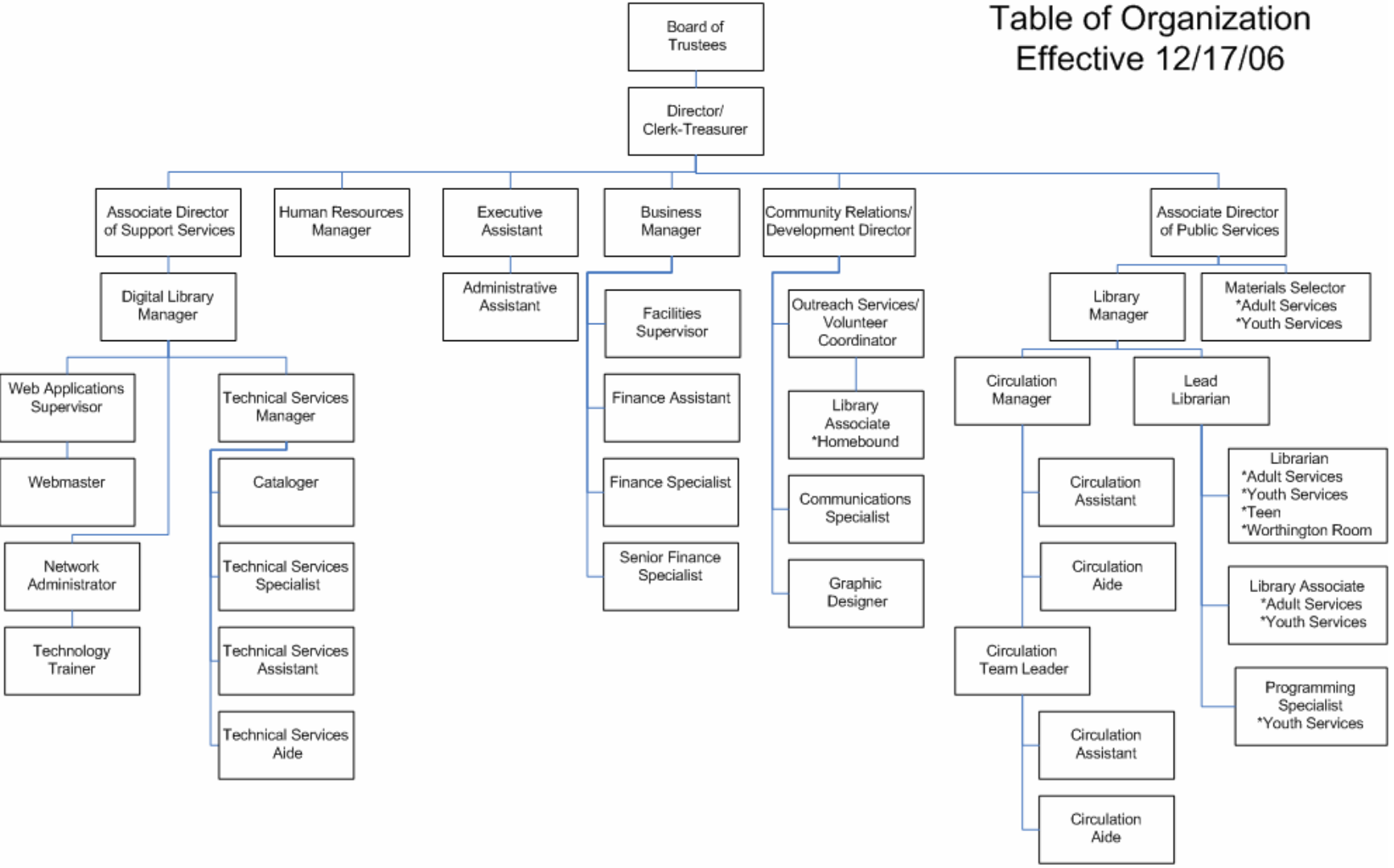
**Board of Trustees**

President	Cham Bell	2007
Vice President	Jeff Lyttle	2008
Secretary	Martin Jenkins	2009
Member	Elizabeth Sommer	2006
Member	Michelle Shinew	2010 (Resigned 2006)
Member	Janet Brown	2011
Member	Lynn Nadler	2012
Worthington City School Board Liaison	Marc Schare	2006

**Administration**

Director/Clerk Treasurer	Meribah Mansfield
Associate Director of Support Services	Bonnie Holland
Associate Director of Public Services	Chuck Gibson
Community Relations/Development Director	Lisa Fuller
Human Resources Manager	Phyllis Winfield
Business Manager	John Mills

# Worthington Libraries Table of Organization Effective 12/17/06



XVIII

\* Denotes subject specialists within a position description.

## INDEPENDENT AUDITOR'S REPORT

Worthington Libraries

To the Board of Trustees of Worthington Libraries:

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Library as of December 31, 2006, and the respective changes in financial position and budgetary comparison for the General Fund, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 3 to the basic financial statements, the Library has presented for the first time its financial statements in accordance with accounting principles generally accepted in the United States of America and has implemented GASB Statement No. 34 "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments."

In accordance with *Government Auditing Standards*, we have also issued our report dated June 18, 2007 on our consideration of the Library's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying management's discussion and analysis and budgetary comparison information are not a required part of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Library's basic financial statements. The introductory section, combining and individual non-major fund financial statements and budgetary comparison schedules, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual non-major fund financial statements and budgetary comparison schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

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 18, 2007



**Worthington Libraries**  
*Franklin County*  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2006*

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This discussion and analysis of the Worthington School District Public Library's financial performance provides an overall review of the Library's financial activities for the year ended December 31, 2006. The intent of this discussion and analysis is to explain the Library's financial performance as a whole; readers should also review the basic financial statements and the notes to enhance their understanding of the Library's financial performance.

### **Financial Highlights**

Key financial highlights for 2006 are as follows:

- The Library's net assets increased by \$4,184,109 or 39.6 percent.
- General revenues represent \$10,318,657 or 90.9 percent of the Library's total revenues, and of this amount, over 87.8 percent are property taxes and grants and contributions not restricted to specific programs. Other revenues are very insignificant and somewhat unpredictable revenue sources.
- Program specific revenues in the form of charges for services represent \$1,036,985 or 9.1 percent of total revenues and are primarily comprised of the Columbus Metropolitan Library's contribution for services provided to Columbus residents and patron fines and fees.
- The Library has three major funds: the General Fund, the Debt Service Fund and the Building Fund. The General Fund had \$11,310,527 in revenues and \$6,799,016 in expenditures. An additional \$1,156,910 in transfers-out resulted in an increase in fund balance of \$3,354,601. The Building Fund received no fund transfers from the General Fund and had \$113,213 in disbursements, which were for renovation and remodeling costs. The Debt Service Fund decreased from paying off the entire debt outstanding.

### **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 School District Public Library as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The Statement of Net Assets and Statement of Activities provide information about the activities of the whole Library, presenting both an aggregate view of the Library's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what 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 major funds are the General Fund, Debt Service Fund, and the Building Fund.

**Worthington Libraries**  
*Franklin County*  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2006*

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**Reporting the Library as a Whole**

*Statement of Net assets and the Statement of Activities*

The view of the Library as a whole looks at all financial transactions and asks the question, "How did we do financially during year 2006?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current fiscal year's revenues and expenses regardless of when cash is received or paid.

These two statements report the Library's net assets and changes in those assets. This change in net assets is important because it tells the reader that, for the Library as a whole, the financial position of the Library has improved or diminished. The causes of this change may be the result of many factors, some financial, and 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 Assets 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 funds – 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*

Governmental Funds - All of the Library's activities are reported in the governmental funds. The governmental fund financial statements provide a detailed view of the Library's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Library's programs. The Library's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Library's three major governmental funds are the General Fund, the Debt Service Fund and the Building Fund.

**Worthington Libraries**  
*Franklin County*  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2006*

**The Library as a Whole**

Table 1 provides a summary of the Library's net assets for 2006 compared to 2005:

	Table 1 Net Assets		
	2006	2005	Change
<b>Assets:</b>			
Current Assets	\$18,227,329	\$10,918,283	\$7,309,046
Capital Assets	6,251,668	6,308,075	(56,407)
Total Assets	24,478,997	17,226,358	7,252,639
<b>Liabilities:</b>			
Long-Term Liabilities	307,115	1,279,851	(972,736)
Other Liabilities	9,418,683	5,377,417	4,041,266
Total Liabilities	9,725,798	6,657,268	3,068,530
<b>Net Assets:</b>			
Invested in Capital Assets	6,251,668	5,318,075	933,593
Unrestricted	8,501,531	5,251,015	3,250,516
Total Net Assets	\$14,753,199	\$10,569,090	\$4,184,109

As mentioned previously, net assets of governmental activities increased \$4,184,109 or 39.6 percent during 2006, due primarily to the increase in property tax revenue. The Library passed an additional 2.6 mill continuing levy in November 2005 and began collecting revenue in 2006. Unrestricted net assets, the part of net assets that can be used to finance day-to-day activities without constraints established by grants or legal requirements, of the Library increased by \$3,250,516, due to the increase in property tax collections. The decrease in long-term liabilities was due to the Library retiring the entire outstanding balance of the capital lease during 2006.

Table 2 reflects the changes in net assets in 2006. Since the Library did not prepare financial statements in this format for 2005, a comparative analysis of the government-wide data has not been presented. In future years, when prior year information is available, a comparative analysis will be presented.

**Worthington Libraries**  
*Franklin County*  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2006*

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Table 2  
Changes in Net Assets

	2006
<b>Revenues:</b>	
Program Revenues:	
Charges for Services	\$1,036,985
General Revenues:	
Property Taxes	7,136,074
Grants and Entitlements	
Not Restricted to Specific Programs	2,831,055
Unrestricted Gifts and Contributions	825
Earnings and Investments	342,779
Miscellaneous	7,924
Total General Revenues	10,318,657
Total Revenues	11,355,642
 <b>Program Expenses</b>	
Library Services:	
Public Service and Programs	3,206,853
Collection Development and Processing	1,772,553
Support Services:	
Facilities Operations and Maintenance	586,224
Information Services Support	284,985
Business Administration	1,293,803
Debt Service:	
Interest and Fiscal Charges	27,115
Total Expenses	7,171,533
Increase in Net Assets	4,184,109
Net Assets Beginning of Year - Restated	10,569,090
Net Assets End of Year	\$14,753,199

The Library's general revenues are primarily property taxes and grants and contributions not restricted to specific programs. These receipts represent respectively 62.8 and 24.9 percent of the total revenue received for the Library's activities during the year.

In 2005, the Library received two LSTA Training and Continuing Education grants totaling \$26,953; however, no grants were received during 2006.

**Worthington Libraries**  
*Franklin County*  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2006*

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**Governmental Activities**

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, which account for 44.7 percent of all governmental expenses. 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 Revenue (Expenditures) 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. A comparison between the total cost of services and the net cost is presented in Table 3.

Table 3  
 Changes in Net Assets

	Total Cost of Services 2006	Net Cost of Services 2006
	2006	2006
Library Services:		
Public Service and Programs	\$3,206,853	(\$2,169,868)
Collection Development and Processing	1,772,553	(1,772,553)
Support Services:		
Facilities Operations and Maintenance	586,224	(586,224)
Information Services Support	284,985	(284,985)
Business Administration	1,293,803	(1,293,803)
Capital Outlay	27,115	(27,115)
Total	\$7,171,533	(\$6,134,548)

The dependence upon property taxes and grants and contributions not restricted to specific programs is apparent.

**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. All governmental funds had total revenues of \$11,467,277 and expenditures of \$8,121,192. The greatest change within governmental funds occurred within the General Fund. The fund balance of the General Fund increased \$3,354,601 as the result of collections from the new tax levy passed in November 2005.

It was the recommendation of the Library Board and the administration that a reduction in expenditures was preferable to requesting additional funds from the taxpayers, until necessary. Despite cuts in State funding and reduced property tax, the Library has worked to maintain a balanced operating budget and operate within anticipated revenue. The Library Board made the conscious decision to deal with State funding cuts internally, without reducing hours, cutting services or eliminating programs. This was done by reducing staff and scrutinizing all other expenditures. Even with such careful stewardship, the Library was using cash reserves to make up the difference between annual revenues and expenditures.

**Worthington Libraries**  
*Franklin County*  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2006*

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Because the Library needed additional operating revenue to simply maintain the existing level and quality of service, the Library Board placed an operating levy on the November 2005 ballot. The levy passed and the Library began receiving funds from it in 2006.

The Debt Service Fund decreased \$36,785 during 2006, due to a payment of current year principal and interest for the capital lease along with a payoff of the entire outstanding balance.

The Building Fund received no fund transfers from the General Fund or other revenues, and had \$113,213 in expenditures, which was for the design of plans for the renovation project for the Northwest Library and Old Worthington Library. The Building Fund had an unexpended balance of \$629,337 at the end of 2006.

### **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.

For the General Fund, the budget basis revenue increased slightly from the original budgeted estimates. The increase was less than one percent, and was mainly from higher than expected homestead and rollback and Library and Local Government Support Fund (LLGSF) revenue. Actual revenues were also slightly higher than final budgeted revenues. The difference between final budgeted revenues and actual revenues was \$178,770. The significant increase in earnings on investments was one of the reasons for this change. Along with a higher interest rate from STAROhio in 2006, higher cash balances allowed more interest to be earned.

During the course of 2006, the Library amended its General Fund budget three times, which resulted in final appropriations and other financing uses increasing \$962,961 to \$8,853,661 from original appropriations and other financing uses of \$7,890,700. The most significant increase in appropriations was to transfer additional monies to the Debt Service Fund to retire the debt early. Final disbursements and other financing uses were budgeted at \$8,853,661 while actual disbursements and other financing uses were \$8,259,665. The Library kept spending below budgeted amounts as demonstrated by the variances reported. The result is the increase in fund balance of \$2,988,577 for 2006.

### **Capital Assets and Debt Administration**

#### **Capital Assets**

At the end of 2006, the Library had \$6,251,668 invested in land, construction in progress, buildings and improvements, machinery and equipment, and vehicles.

**Worthington Libraries**  
*Franklin County*  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2006*

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Table 4 shows 2006 balances compared to 2005.

Table 4  
 Capital Assets  
 (Net of Depreciation)  
 Governmental Activities

	2006	2005
Land	\$910,379	\$910,379
Construction in Progress	82,578	0
Buildings and Improvements	5,066,926	5,206,000
Machinery and Equipment	174,915	191,696
Vehicles	16,870	0
Totals	\$6,251,668	\$6,308,075

Additions to construction in progress during the year were for renovation and remodeling projects. The addition to vehicles was to replace a fully depreciated delivery van. Overall, capital assets decreased during the year, because capital asset additions were less than deletions and depreciation expense for the year. See Note 9 of the Notes to the Basic Financial Statements for more detailed information.

**Debt**

At December 31, 2006, the Library had no outstanding debt. The previous outstanding debt included \$990,000 in a lease purchase agreement and was paid off during the year. For further information regarding the Library's debt, refer to Notes 14 and 15 in the basic financial statements.

**Current Issues**

The challenge for all Ohio libraries is to provide quality services and to be responsive to emerging needs, while staying within the restrictions of State funding. A proposal to change the way libraries are funded is being considered for the 2007-2008 budget. The proposal will offer stability and the potential for some increased funding in the future. The Library relies heavily on property taxes, as well as other government grants-in-aid. Even though the Library has stable funds for the foreseeable future, it is dependent on funding from the State to remain in this position. The Library also tracks potential grants and solicits donations that enable it to offer programs and services that otherwise would not be delivered without that source of funding.

**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 Meribah Mansfield, Clerk-Treasurer, Worthington Libraries, 820 High Street, Worthington, OH 43085.

**Worthington Libraries**  
*Franklin County*  
*Statement of Net Assets*  
*December 31, 2006*

	Governmental Activities
<b>Assets:</b>	
Equity in Pooled Cash and Cash Equivalents	\$7,286,525
Property Taxes Receivable	9,386,965
Intergovernmental Receivable	1,528,358
Prepaid Items	25,481
Nondepreciable Capital Assets	992,957
Depreciable Capital Assets	7,767,353
Accumulated Depreciation	(2,508,642)
<i>Total Assets</i>	24,478,997
<b>Liabilities:</b>	
Accounts Payable	46,598
Accrued Wages	138,161
Contracts Payable	12,978
Intergovernmental Payable	84,297
Deferred Revenue	9,136,649
Long-Term Liabilities:	
Due Within One Year	210,499
Due in More Than One Year	96,616
<i>Total Liabilities</i>	9,725,798
<b>Net Assets:</b>	
Invested in Capital Assets	6,251,668
Unrestricted	8,501,531
<i>Total Net Assets</i>	\$14,753,199

See accompanying notes to the basic financial statements



**Worthington Libraries**  
*Franklin County*  
*Statement of Activities*  
*For the Year Ended December 31, 2006*

	Program Revenues	Net (Expense) Revenue and Changes in Net Assets
Expenditures	Charges for Services	Total Governmental Activities
<b>Governmental Activities:</b>		
Library Services:		
Public Service and Programs	\$3,206,853	\$1,036,985
Collection Development and Processing	1,772,553	0
Support Services:		
Facilities Operations and Maintenance	586,224	0
Information Services Support	284,985	0
Business Administration	1,293,803	0
Debt Service:		
Interest and Fiscal Charges	27,115	0
<i>Total Governmental Activities</i>	<u>\$7,171,533</u>	<u>\$1,036,985</u>
 <b>General Revenues:</b>		
Property Taxes		7,136,074
Grants and Contributions not Restricted to Specific Programs		2,831,055
Unrestricted Gifts and Contributions		825
Earnings on Investments		342,779
Miscellaneous		7,924
<i>Total General Revenues</i>		<u>10,318,657</u>
<i>Change in Net Assets</i>		4,184,109
<i>Net Assets Beginning of Year - Note 3</i>		<u>10,569,090</u>
<i>Net Assets End of Year</i>		<u>\$14,753,199</u>

See accompanying notes to the basic financial statements

**Worthington Libraries**

*Franklin County*

*Balance Sheet*

*Governmental Funds*

*December 31, 2006*

	<u>General Fund</u>	<u>Building Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>				
Equity in Pooled Cash and Cash Equivalents	\$6,179,296	\$642,315	\$464,914	\$7,286,525
Receivables:				
Property Taxes	9,386,965	0	0	9,386,965
Intergovernmental	1,528,358	0	0	1,528,358
Prepaid Items	25,481	0	0	25,481
<i>Total Assets</i>	<u>\$17,120,100</u>	<u>\$642,315</u>	<u>\$464,914</u>	<u>\$18,227,329</u>
<b>Liabilities and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts Payable	\$37,318	\$0	\$9,280	\$46,598
Accrued Wages	138,161	0	0	138,161
Contracts Payable	0	12,978	0	12,978
Intergovernmental Payable	84,297	0	0	84,297
Deferred Revenue	10,653,912	0	0	10,653,912
<i>Total Liabilities</i>	<u>10,913,688</u>	<u>12,978</u>	<u>9,280</u>	<u>10,935,946</u>
<b>Fund Balances:</b>				
Reserved:				
Reserved for Encumbrances	273,045	205,306	4,205	482,556
Unreserved:				
General Fund	5,933,367	0	0	5,933,367
Special Revenue Funds	0	0	82,851	82,851
Capital Projects Funds	0	424,031	368,578	792,609
<i>Total Fund Balances</i>	<u>6,206,412</u>	<u>629,337</u>	<u>455,634</u>	<u>7,291,383</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$17,120,100</u>	<u>\$642,315</u>	<u>\$464,914</u>	<u>\$18,227,329</u>

See accompanying notes to the basic financial statements

**Worthington Libraries**  
*Franklin County*  
*Reconciliation of Total Governmental Fund Balances to*  
*Net Assets of Governmental Activities*  
*December 31, 2006*

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<b>Total Governmental Fund Balances</b>	<b>\$7,291,383</b>
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*Amounts reported for governmental activities in the Statement of Net Assets are different because:*

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

Land	910,379	
Construction in Progress	82,578	
Buildings and Improvements	7,000,936	
Machinery and Equipment	748,117	
Vehicles	18,300	
Accumulated Depreciation	<u>(2,508,642)</u>	
 Total		 6,251,668

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

Property and Other Local Taxes	250,316	
Intergovernmental	<u>1,266,947</u>	
		1,517,263

Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:

Compensated Absences	<u>(307,115)</u>	
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<i>Net Assets of Governmental Activities</i>	<u><u>\$14,753,199</u></u>
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See accompanying notes to the basic financial statements

**Worthington Libraries**  
*Franklin County*  
*Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Governmental Funds*  
*For the Year Ended December 31, 2006*

	General Fund	Debt Service Fund	Building Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>					
Property Taxes	\$6,885,758	\$0	\$0	\$0	\$6,885,758
Other Government Grants-in-Aid	3,036,256	156,750	0	0	3,193,006
Patron Fines and Fees	280,352	0	0	0	280,352
Services Provided to Other Entities	756,633	0	0	0	756,633
Contributions, Gifts, and Donations	825	0	0	0	825
Earnings on Investments	342,779	0	0	0	342,779
Miscellaneous	7,924	0	0	0	7,924
<i>Total Revenues</i>	<u>11,310,527</u>	<u>156,750</u>	<u>0</u>	<u>0</u>	<u>11,467,277</u>
<b>Expenditures:</b>					
Current:					
Library Services:					
Public Service and Programs	2,917,050	0	0	0	2,917,050
Collection Development and Processing	1,769,799	0	0	0	1,769,799
Support Services:					
Facilities Operations and Maintenance	528,980	0	27,519	0	556,499
Information Services Support	271,218	0	0	9,280	280,498
Business Administration	1,225,861	0	0	23,746	1,249,607
Capital Outlay	86,108	0	85,694	125,492	297,294
Debt Service:					
Principal Retirement	0	990,000	0	0	990,000
Interest and Fiscal Charges	0	60,445	0	0	60,445
<i>Total Expenditures</i>	<u>6,799,016</u>	<u>1,050,445</u>	<u>113,213</u>	<u>158,518</u>	<u>8,121,192</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>4,511,511</u>	<u>(893,695)</u>	<u>(113,213)</u>	<u>(158,518)</u>	<u>3,346,085</u>
<b>Other Financing Sources (Uses)</b>					
Transfers - In	0	856,910	0	300,000	1,156,910
Transfers - Out	(1,156,910)	0	0	0	(1,156,910)
<i>Total Other Financing Sources (Uses)</i>	<u>(1,156,910)</u>	<u>856,910</u>	<u>0</u>	<u>300,000</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	3,354,601	(36,785)	(113,213)	141,482	3,346,085
<i>Fund Balances at Beginning of Year - Restated (Note 3)</i>	2,851,811	36,785	742,550	314,152	3,945,298
<i>Fund Balances at End of Year</i>	<u>\$6,206,412</u>	<u>\$0</u>	<u>\$629,337</u>	<u>\$455,634</u>	<u>\$7,291,383</u>

See accompanying notes to the basic financial statements

**Worthington Libraries**  
*Franklin County*  
*Reconciliation of the Statement of Revenues, Expenditures and Changes*  
*in Fund Balances of Governmental Funds to the Statement of Activities*  
*For the Year Ended December 31, 2006*

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<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>\$3,346,085</b>
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*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	121,280	
Depreciation	<u>(177,687)</u>	
Excess of Depreciation Expense over Capital Outlay		(56,407)

Repayment of long-term obligations is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. In the current year, these amounts consist of:

Capital Lease Principal Payments	990,000
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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	250,316	
Intergovernmental	<u>(361,951)</u>	
		(111,635)

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 Compensated Absences	(17,264)	
Decrease in Accrued Interest Payable	<u>33,330</u>	
		<u>16,066</u>

<i>Change in Net Assets of Governmental Activities</i>	<u><u>\$4,184,109</u></u>
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See accompanying notes to the basic financial statements

**Worthington Libraries**  
*Franklin County*  
*Statement of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget and Actual (Budget Basis)*  
*General Fund*  
*For the Year Ended December 31, 2006*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Property Taxes	\$6,992,846	\$6,992,846	\$6,885,758	(\$107,088)
Other Government Grants-in-Aid	2,801,150	2,854,993	3,037,024	182,031
Patron Fines and Fees	290,000	290,000	280,352	(9,648)
Services Provided to Other Entities	756,633	756,633	693,580	(63,053)
Contributions, Gifts, and Donations	0	0	825	825
Earnings on Investments	175,000	175,000	342,779	167,779
Miscellaneous	0	0	7,924	7,924
<i>Total Revenues</i>	11,015,629	11,069,472	11,248,242	178,770
<b>Expenditures:</b>				
Library Services:				
Public Service and Programs	3,103,319	3,077,348	2,947,795	129,553
Collection Development and Processing	1,985,905	1,986,926	1,926,250	60,676
Support Services:				
Facilities Operations and Maintenance	644,127	644,127	598,234	45,893
Information Services Support	262,503	299,827	275,560	24,267
Business Administration	1,241,846	1,343,809	1,267,980	75,829
Capital Outlay	203,000	194,714	86,936	107,778
Contingency	150,000	150,000	0	150,000
<i>Total Expenditures</i>	7,590,700	7,696,751	7,102,755	593,996
<i>Excess of Revenues Over Expenditures</i>	3,424,929	3,372,721	4,145,487	(772,766)
<b>OTHER FINANCING USES</b>				
Transfers - Out	(300,000)	(1,156,910)	(1,156,910)	0
<i>Net Change in Fund Balances</i>	3,124,929	2,215,811	2,988,577	(772,766)
<i>Prior Year Encumbrances Appropriated</i>	285,228	285,228	285,228	0
<i>Fund Balance at Beginning of Year</i>	2,595,128	2,595,128	2,595,128	0
<i>Fund Balance at End of Year</i>	\$6,005,285	\$5,096,167	\$5,868,933	(\$772,766)

See accompanying notes to the basic financial statements

**Worthington Libraries**  
*Franklin County*  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2006*

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**NOTE 1 – DESCRIPTION OF THE LIBRARY AND REPORTING ENTITY**

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.

The Library is fiscally independent of the Worthington 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.

**Worthington Libraries**  
*Franklin County*  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2006*

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**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. The Library also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental activities provided they do not conflict with or contradict GASB pronouncements. The more significant of the Library's accounting policies are described below.

**Basis Of Presentation**

The Library's basic financial statements consist of government-wide statements, including a Statement of Net Assets and a Statement of Activities, and fund financial statements which provide a more detailed level of financial information.

*Government-wide Financial Statements*

The Statement of Net Assets and the Statement of Activities display information about the Library as a whole. These statements include the financial activities of the primary government. The statements usually distinguish between those activities of the Library that are governmental and those that are considered business-type. The Library, however, has no activities which are reported as business-type.

The Statement of Net Assets presents the financial condition of the governmental activities of the Library at year-end. The Statement of Activities presents a comparison between direct expenses and program revenues for each program or function of the Library's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and 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.



**Worthington Libraries**  
*Franklin County*  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2006*

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**Fund Accounting**

The Library uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain Library functions or activities. 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:** Governmental funds are financed primarily from taxes, intergovernmental receipts (e.g., grants), and other non-exchange transactions. Monies are assigned to the various governmental funds according to the purposes for which they may or must be used. The following are the Library's major governmental funds:

**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.

**Debt Service Fund:** This fund was used to make semi-annual interest and annual principal payments on the lease-purchase agreement to construct and operate the Northwest Library. The lease was paid off in December, 2006, so the fund will be closed in 2007.

**Building Fund:** This fund is used to record expenditures related to building projects, including the improvements to the Library and construction of new and future facilities.

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

**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 Assets. The Statement of Activities presents increases (e.g., revenues) and decreases (e.g., expenses) in total net assets.

**Worthington Libraries**  
*Franklin County*  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2006*

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

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 revenue, and in the presentation of expenses versus expenditures.

*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 fiscal year in which the resources are measurable and become available. “Measurable” means 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 thirty-one days of year-end.

Non-exchange transactions, in which the Library receives value without directly giving equal value in return, include property taxes, 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 6). 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.

**Worthington Libraries**  
*Franklin County*  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2006*

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

Under the modified accrual basis, other government grants-in-aid revenues and property tax delinquents are considered to be both measurable and available at year-end.

*Deferred Revenue:*

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

Property taxes for which there is an enforceable legal claim as of December 31, 2006, but which were levied to finance 2007 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

*Expenses/Expenditures:*

On the accrual basis of accounting, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocation 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.

**Worthington Libraries**  
*Franklin County*  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2006*

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

During 2006, the Library's investments were limited to the State Treasury Asset Reserve of Ohio (STAROhio). STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on December 31, 2006.

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 2006 was \$342,779, including \$52,504 assigned from other Library funds.

**Prepaid Items**

Payments made to vendors for services that will benefit periods beyond December 31, 2006, are recorded as prepaid items using the consumption method. 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 Assets 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 five thousand dollars. 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.

**Worthington Libraries**  
*Franklin County*  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2006*

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

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, Equipment, and Fixtures	5-20 years
Vehicles	8 years

**Compensated Absences**

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered 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.

**Net Assets**

Net assets represent the difference between assets and liabilities. Net assets invested 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 assets are 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 assets are available.

**Worthington Libraries**  
*Franklin County*  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2006*

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**Fund Balance Reserves**

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

**Internal Activity**

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

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

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

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**Budgetary Process**

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 Trustees may appropriate. The appropriations resolution is Trustees's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by 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 Library Trustees.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the Clerk-Treasurer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts set forth in the budgetary statements and schedules as final budgeted amounts represent estimates from the amended certificate in force at the time final appropriations were passed by the 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 Trustees during the year, including all supplemental appropriations.

**Library Books**

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

**NOTE 3 – CHANGES IN BASIS OF ACCOUNTING AND RESTATEMENT OF PRIOR YEAR FUND BALANCES**

For 2006, the Library ceased to report on the modified cash basis of accounting and began reporting using generally accepted accounting principles.

The beginning net asset amount for governmental activities reflects the change in fund balance for governmental funds at December 31, 2005, caused by the conversion to the accrual basis of accounting.

**Worthington Libraries**  
*Franklin County*  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2006*

**NOTE 3 – CHANGES IN BASIS OF ACCOUNTING AND RESTATEMENT OF PRIOR YEAR FUND BALANCES (continued)**

The implementation of these changes had the following effect on fund balance of the major and nonmajor funds of the Library as they were previously reported. The transition from governmental fund balance to net assets of the governmental activities is also presented.

	<u>General</u>	<u>Debt Service</u>	<u>Building</u>	<u>Other Governmental</u>	<u>Total Governmental</u>
Fund Balance December 31, 2005	\$2,880,356	\$22,535	\$742,550	\$314,724	\$3,960,165
Asset Accruals	6,774,175	171,000	0	0	6,945,175
Prepaid Items	12,943	0	0	0	12,943
Liability Accruals	(6,815,663)	(156,750)	0	(572)	(6,972,985)
Adjusted Fund Balance December 31, 2005	<u>\$2,851,811</u>	<u>\$36,785</u>	<u>\$742,550</u>	<u>\$314,152</u>	<u>3,945,298</u>
GASB 34 Adjustments:					
Capital Assets					6,308,075
Long-Term (Deferred) Asset:					
Intergovernmental Receivable					1,628,898
Accrued Interest Payable					(33,330)
Capital Lease Payable					(990,000)
Compensated Absences Payable					(289,851)
Governmental Activities, Net Assets December 31, 2005					<u>\$10,569,090</u>

**NOTE 4 - BUDGETARY BASIS OF ACCOUNTING**

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

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. Encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balance (GAAP basis).



**Worthington Libraries**  
*Franklin County*  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2006*

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**NOTE 4 - BUDGETARY BASIS OF ACCOUNTING (continued)**

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

	<u>General Fund</u>
GAAP Basis	\$3,354,601
Revenue Accruals	(62,285)
Expenditure Accruals	6,624
Adjustment for Encumbrances	<u>(310,363)</u>
Budget Basis	<u><u>\$2,988,577</u></u>

**NOTE 5 – DEPOSITS AND INVESTMENTS**

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

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

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

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim monies 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.

**Worthington Libraries**  
*Franklin County*  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2006*

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**NOTE 5 – DEPOSITS AND INVESTMENTS (continued)**

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 payment of principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or local governments;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAROhio); and
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed 25 percent of the interim monies available for investment at any one time.

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.

**Deposits**

Custodial credit risk for deposits is the risk that in the event of bank failure, the Library will not be able to recover deposits or collateral securities that are in the possession of an outside party. At fiscal year-end, \$113,448 of the Library's bank balance of \$213,448 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution.

**Worthington Libraries**  
*Franklin County*  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2006*

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**NOTE 5 – DEPOSITS AND INVESTMENTS (continued)**

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

Investments

As of December 31, 2006, the Library's only investment was in STAROhio.

	<u>Fair Value</u>	<u>Maturity</u>
STAROhio	<u>\$7,267,230</u>	Average 35 Days

Interest Rate Risk

The Library's investment policy follows State statute, which requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation of debt of the Library. 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 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.

**NOTE 6 – PROPERTY TAXES**

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the Library district. Property tax revenues received during 2006 for real and public utility property taxes represents collections of the 2005 taxes. Property tax payments received during 2006 for tangible personal property (other than public utility property) are for 2006 taxes.

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

**Worthington Libraries**  
*Franklin County*  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2006*

**NOTE 6 – PROPERTY TAXES (continued)**

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2006 public utility property taxes became a lien December 31, 2005, are levied after October 1, 2006, and are collected in 2007 with real property taxes.

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

Real property taxes are payable annually or semi-annually. If paid annually, the payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established. Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30; with the remainder payable by September 20.

The County Treasurer collects property taxes on behalf of all taxing districts within the County, including the Library. The County Auditor periodically remits to the Library its portion of the taxes. Property taxes receivable represents real and tangible personal property taxes, public utility, taxes, and outstanding delinquencies which are measurable as of December 31, 2006, and for which there is an enforceable legal claim. In the governmental funds, the entire receivable has been offset by deferred revenue since the current taxes were not levied to finance 2006 operations, and the collections of delinquent taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as revenue while the remainder of the receivable is deferred.

The full tax rate for all Library operations for the year ended December 31, 2006, was \$4.80 per \$1,000 of assessed value. The assessed values of real property, tangible personal property, and public utility property, and upon which 2006 property tax receipts were based are as follows:

Category	Assessed Value
Real Property	
Residential/Agricultural	\$1,302,759,720
Commercial/Industrial/Public Utility	449,491,770
Public Utility Personal	53,865,420
General Business Personal	132,307,380
Totals	\$1,938,424,290

**Worthington Libraries**  
*Franklin County*  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2006*

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**NOTE 7 – GRANTS-IN-AID**

A major source of revenue for Ohio public libraries is the State Library and Local Government Support Fund (LLGSF). The State allocates a guaranteed share of LLGSF to each county based on each county's share of the previous year's fund total plus an inflation factor. Any excess of the guaranteed share is distributed among counties based on their equalization ratio, which is determined by population and the previous year's distribution. The County Budget Commission allocates these funds to the Library based on its needs for the construction of new library buildings, improvements, operation, maintenance, or other expenses. The Budget Commission cannot reduce its allocation of these funds to the Library based on any additional revenues the Library receives.

**NOTE 8 – INTERGOVERNMENTAL RECEIVABLES**

Receivables at December 31, 2006, 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:

	<u>Amounts</u>
<u>Governmental Activities:</u>	
Columbus Metropolitan Library Contribution	\$63,053
LLGSF	1,238,857
Homestead and Rollback	226,448
Total	<u><u>\$1,528,358</u></u>

**Worthington Libraries**  
*Franklin County*  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2006*

**NOTE 9 - CAPITAL ASSETS**

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

	Balance 12/31/2005	Additions	Deletions	Balance 12/31/2006
Governmental Activities				
Capital Assets, not Being Depreciated:				
Land	\$910,379	\$0	\$0	\$910,379
Construction in Progress	0	82,578	0	82,578
Total Capital Assets, not Being Depreciated	<u>910,379</u>	<u>82,578</u>	<u>0</u>	<u>992,957</u>
Capital Assets, Being Depreciated:				
Buildings and Improvements	7,000,936	0	0	7,000,936
Machinery and Equipment	727,715	20,402	0	748,117
Vehicles	23,933	18,300	(23,933)	18,300
Total Capital Assets, Being Depreciated	<u>7,752,584</u>	<u>38,702</u>	<u>(23,933)</u>	<u>7,767,353</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(1,794,936)	(139,074)	0	(1,934,010)
Machinery and Equipment	(536,019)	(37,183)	0	(573,202)
Vehicles	(23,933)	(1,430)	23,933	(1,430)
Total Accumulated Depreciation	<u>(2,354,888)</u>	<u>(177,687) *</u>	<u>23,933</u>	<u>(2,508,642)</u>
Capital Assets, Being Depreciated, Net	<u>5,397,696</u>	<u>(138,985)</u>	<u>0</u>	<u>5,258,711</u>
Governmental Activities Capital Assets, Net	<u>\$6,308,075</u>	<u>(\$56,407)</u>	<u>\$0</u>	<u>\$6,251,668</u>

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

Library Services:	
Public Service and Programs	\$110,723
Collection Development and Processing	2,387
Support Services	
Facilities Operation and Maintenance	29,225
Information Services Support	9,729
Business Administration	25,623
Total Depreciation Expense	<u>\$177,687</u>

**Worthington Libraries**  
*Franklin County*  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2006*

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**NOTE 10 – RISK MANAGEMENT**

**Commercial Insurance**

The Library has obtained commercial insurance for the following risks: Comprehensive property and general liability, valuable papers and records, vehicles, and errors and omissions.

**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 2006, 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 Indiana Insurance Company.

Commercial property consists of an \$11,087,352 blanket policy that covers buildings and business personal property. It includes property of others and equipment breakdown, but excludes earthquake damage. Water backup from sewers and drains is covered with a \$25,000 limit.

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.

General liability coverage provides \$1,000,000 general aggregate coverage for bodily injury and property damage. Claims coverage for products and completed operations aggregate is in place for \$1,000,000. A \$1,000,000 policy is in place for aggregate Employer Liability (Ohio Stop Gap) coverage, and there is a \$2,000,000 commercial umbrella policy.

The Commercial automobile policy has a \$100 deductible for comprehensive and a \$250 deductible for collision. 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, and \$5,000 medical payments.

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

**Directors and Officers**

An errors and omissions insurance policy through the Philadelphia Insurance Company is in place providing \$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. Claims are paid on a claims made basis, retroactive to May 1, 1996.

**Worthington Libraries**  
*Franklin County*  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2006*

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**NOTE 11 – DEFINED BENEFIT PENSION PLANS**

**Ohio Public Employees Retirement System**

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

Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

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

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

The Library's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2006, 2005, and 2004, were \$469,172, \$457,383, and \$432,182, respectively; 73.58 percent has been contributed for 2006 and 100 percent has been contributed for 2005 and 2004. No contributions were made to the member directed plan.



**Worthington Libraries**  
*Franklin County*  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2006*

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**NOTE 12 – POSTEMPLOYMENT BENEFITS**

**Ohio Public Employees Retirement System**

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and qualified survivor benefit recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2006 local government employer contribution rate was 13.7 percent of covered payroll (16.93 percent for public safety and law enforcement); 4.50 percent of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the individual entry age actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2005, include a rate of return on investments of 6.50 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.3 percent based on additional annual pay increases. Health care costs were assumed to increase between .50 and 6.00 percent annually for the next nine years and 4.00 percent annually after nine years.

All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually, not to exceed a 12 percent corridor.

The number of active contributing participants in the traditional and combined plans was 369,214. The number of active contributing participants for both plans used in the December 31, 2005, actuarial valuation was 358,804. Actual employer contributions for 2006 which were used to fund postemployment benefits were \$229,486. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2005, (the latest information available) were \$11.1 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$31.3 billion and \$20.2 billion, respectively.

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

**Worthington Libraries**  
*Franklin County*  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2006*

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**NOTE 13 – OTHER EMPLOYEE BENEFITS**

**Insurance Benefits**

The Library also provides health, dental and vision coverage to full-time employees through Anthem, Vision Services, Guardian Dental Guard Preferred, respectively.

**Compensated Absences**

Accumulated Unpaid Vacation

Library employees earn vacation leave at varying rates based upon length of service and position classification. Vacation can accumulate to a maximum of one and a 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 eighty hours of service. Sick leave is cumulative up to 25.9 times the designated position (i.e. 37 hours times 25.9 = 960). Hours earned in excess of the maximum are forfeited. Employees who voluntarily terminate employment after ten 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 ten years of service with the Library.

**Deferred Compensation**

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

**Worthington Libraries**  
*Franklin County*  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2006*

**NOTE 14 - CAPITALIZED LEASE - LESSEE DISCLOSURE**

In 1994, the Library entered into a lease-purchase agreement in the amount of \$2,225,000 to construct and operate a library facility (Northwest Library – NWL), containing approximately 23,000 square feet of public service space, at a location which serves both the Worthington Libraries and the Columbus Metropolitan Library (CML) districts. The Library was leasing the building from the City of Columbus. The City of Columbus retained title to the building during the lease term. Principal payments made during 2006 totaled \$990,000 in the Debt Service Fund, which was the entire outstanding balance. At year-end, the Library was in the process of obtaining title from the City of Columbus.

The building has been capitalized in the governmental activities general capital assets in the amount of \$2,225,000. This amount is equal to the present value of the future minimum lease payments at the time of acquisition. Accumulated depreciation at year-end was \$582,043, leaving a book value of \$1,642,957.

**NOTE 15 - LONG-TERM OBLIGATIONS**

The changes in the Library’s long-term obligations during 2006 were as follows:

	Amount Outstanding 12/31/2005	Additions	Deductions	Amount Outstanding 12/31/2006	Amounts Due in One Year
Capital Lease	\$990,000	\$0	\$990,000	\$0	\$0
Compensated Absences	289,851	256,609	239,345	307,115	210,499
Total Governmental Activities Long-Term Liabilities	<u>\$1,279,851</u>	<u>\$256,609</u>	<u>\$1,229,345</u>	<u>\$307,115</u>	<u>\$210,499</u>

The capital lease was paid from the Debt Service Fund. Compensated absences will be paid from the General Fund.

**NOTE 16 – INTERFUND TRANSFERS**

Interfund transfers at December 31, 2006 were as follows:

	<u>Transfer-In</u>	<u>Transfer-Out</u>
General Fund	\$0	\$1,156,910
Debt Service Fund	856,910	0
Other Governmental Funds	300,000	0
Total Transfers	<u>\$1,156,910</u>	<u>\$1,156,910</u>

**Worthington Libraries**  
*Franklin County*  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2006*

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**NOTE 16 – INTERFUND TRANSFERS** (continued)

The library transferred cash to the Termination Benefits Special Revenue Fund to cover salary and benefit payments for employees who resigned or retired. Employees with ten or more years of library service receive a lump sum payment for accumulated sick leave. Those leaving with at least one year of service get a payout for accrued vacation time. The fund is also used to accumulate funds to cover a twenty-seventh pay period, which will occur again in 2009. Additional transfers from the General Fund were made to the Debt Service Fund and the Technology Capital Projects Fund. The transfer to the Debt Service Fund, along with the Fund's carryover, was used to pay off the capital lease. The transfer to the Technology Capital Projects Fund was used to purchase hardware and software for a Print Management/PC Reservation System, hardware and start-up costs for a new Integrated Library System, and to purchase new Self-Check Out Machines and scanners.

**NOTE 17 – SIGNIFICANT CONTRACTUAL COMMITMENT**

At December 31, 2006, the Library had the following contractual commitment outstanding for Library renovations and remodeling:

	Original Contract	Amount Expended	Amount Outstanding
Design Group	<u>\$361,000</u>	<u>\$82,578</u>	<u>\$278,422</u>

**NOTE 18 – 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, 2006 will not have a material adverse effect on the Library.

**Litigation**

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

*Worthington Libraries  
Franklin County  
Nonmajor Fund Descriptions*

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**Special Revenue Funds**

Special revenue funds are used to account for the proceeds of specific revenue sources (other than trusts or for major capital projects) that are legally restricted to expenditures for specified purposes.

**Nonmajor Special Revenue Fund**

**27th Pay/Termination Benefits Fund**

This fund is used to pay accumulated vacation leave payouts to employees who have resigned, as well as accumulated vacation and sick leave payouts to employees who are eligible for them due to retirement. The fund is also used to cover the 27th pay that occurs approximately every ten years.

**Capital Projects Funds**

Capital projects funds are used to account for the financial resources to be used for the acquisition or construction of major capital facilities.

**Nonmajor Capital Projects Fund**

**Technology Fund**

This fund is used to record expenditures related to purchases of computing and network technology as well as other office equipment.

**Worthington Libraries**  
*Franklin County*  
*Combining Balance Sheet*  
*Nonmajor Governmental Funds*  
*December 31, 2006*

	Nonmajor Special Revenue Fund	Nonmajor Capital Projects Fund	Total Nonmajor Governmental Funds
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$82,851	\$382,063	\$464,914
<b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Accounts Payable	\$0	\$9,280	\$9,280
<b>Fund Balances</b>			
Reserved for Encumbrances	0	4,205	4,205
Unreserved, Undesignated, Reported in:			
Special Revenue Fund	82,851	0	82,851
Capital Projects Fund	0	368,578	368,578
<i>Total Fund Balances</i>	82,851	372,783	455,634
<i>Total Liabilities and Fund Balances</i>	\$82,851	\$382,063	\$464,914

**Worthington Libraries**  
*Franklin County*  
 Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
 Nonmajor Governmental Funds  
 For the Year Ended December 31, 2006

	Nonmajor Special Revenue Fund	Nonmajor Capital Projects Fund	Total Nonmajor Governmental Funds
<b>Revenues</b>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Expenditures</b>			
Support Services:			
Information Services Support	0	9,280	9,280
Business Administration	18,769	4,977	23,746
Capital Outlay	<u>0</u>	<u>125,492</u>	<u>125,492</u>
<i>Total Expenditures</i>	<u>18,769</u>	<u>139,749</u>	<u>158,518</u>
<i>Excess of Revenues Under Expenditures</i>	(18,769)	(139,749)	(158,518)
<b>Other Financing Sources</b>			
Transfers - In	<u>50,000</u>	<u>250,000</u>	<u>300,000</u>
<i>Net Change in Fund Balances</i>	31,231	110,251	141,482
<i>Fund Balances at Beginning of Year</i>	<u>51,620</u>	<u>262,532</u>	<u>314,152</u>
<i>Fund Balances at End of Year</i>	<u><u>\$82,851</u></u>	<u><u>\$372,783</u></u>	<u><u>\$455,634</u></u>

**Worthington Libraries**  
*Franklin County*  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget and Actual (Budget Basis)*  
*General Fund*  
*For the Year Ended December 31, 2006*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Property Taxes	\$6,992,846	\$6,992,846	\$6,885,758	(\$107,088)
Other Government Grants-in-Aid	2,801,150	2,854,993	3,037,024	182,031
Patron Fines and Fees	290,000	290,000	280,352	(9,648)
Services Provided to Other Entities	756,633	756,633	693,580	(63,053)
Contributions, Gifts, and Donations	0	0	825	825
Earnings on Investments	175,000	175,000	342,779	167,779
Miscellaneous	0	0	7,924	7,924
<i>Total Revenues</i>	11,015,629	11,069,472	11,248,242	178,770
<b>Expenditures:</b>				
Library Services:				
Public Service and Programs				
Personal Services	2,950,640	2,924,669	2,799,957	124,712
Contractual Services	152,084	152,084	147,838	4,246
Materials and Supplies	595	595	0	595
<i>Total Public Service and Programs</i>	3,103,319	3,077,348	2,947,795	129,553
Collection Development and Processing				
Personal Services	265,944	265,944	254,717	11,227
Purchased Library Services	136,918	136,918	128,644	8,274
Contractual Services	1,446,109	1,447,130	1,409,153	37,977
Materials and Supplies	136,115	136,115	132,925	3,190
Other	819	819	811	8
<i>Total Collection Development and Processing</i>	1,985,905	1,986,926	1,926,250	60,676
Support Services:				
Facilities Operations and Maintenance				
Personal Services	56,917	56,917	56,902	15
Contractual Services	560,289	560,289	516,633	43,656
Materials and Supplies	26,921	26,921	24,699	2,222
<i>Total Facilities Operations and Maintenance</i>	644,127	644,127	598,234	45,893
Information Services Support				
Personal Services	232,047	232,047	226,679	5,368
Contractual Services	30,456	67,780	48,881	18,899
<i>Total Information Services Support</i>	262,503	299,827	275,560	24,267

(continued)



**Worthington Libraries**  
*Franklin County*  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget and Actual (Budget Basis)*  
*General Fund*  
*For the Year Ended December 31, 2006*  
*(continued)*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Business Administration</b>				
Personal Services	\$915,530	\$945,568	\$910,615	\$34,953
Contractual Services	268,511	340,436	306,249	34,187
Materials and Supplies	45,185	45,185	40,263	4,922
Other	12,620	12,620	10,853	1,767
<b>Total Business Administration</b>	<u>1,241,846</u>	<u>1,343,809</u>	<u>1,267,980</u>	<u>75,829</u>
Capital Outlay	203,000	194,714	86,936	107,778
Contingency	150,000	150,000	0	150,000
<i>Total Expenditures</i>	<u>7,590,700</u>	<u>7,696,751</u>	<u>7,102,755</u>	<u>593,996</u>
<i>Excess of Revenues Over Expenditures</i>	3,424,929	3,372,721	4,145,487	(772,766)
<b>Other Financing Uses</b>				
Transfers - Out	(300,000)	(1,156,910)	(1,156,910)	0
<i>Net Change in Fund Balances</i>	3,124,929	2,215,811	2,988,577	(772,766)
<i>Prior Year Encumbrances Appropriated</i>	285,228	285,228	285,228	0
<i>Fund Balance at Beginning of Year</i>	<u>2,595,128</u>	<u>2,595,128</u>	<u>2,595,128</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>\$6,005,285</u>	<u>\$5,096,167</u>	<u>\$5,868,933</u>	<u>(\$772,766)</u>

**Worthington Libraries**  
*Franklin County*  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget and Actual (Budget Basis)*  
*Debt Service Fund*  
*For the Year Ended December 31, 2006*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Other Government Grants-in-Aid	\$171,000	\$171,000	\$171,000	\$0
<b>Expenditures:</b>				
Debt Service:				0
Principal Retirement	133,090	990,000	990,000	0
Interest and Fiscal Charges	60,445	60,445	60,445	0
<i>Total Expenditures</i>	193,535	1,050,445	1,050,445	0
<i>Excess of Revenues Under Expenditures</i>	(22,535)	(879,445)	(879,445)	0
<b>Other Financing Sources</b>				
Transfers - In	0	856,910	856,910	0
<i>Net Change in Fund Balances</i>	(22,535)	(22,535)	(22,535)	0
<i>Fund Balance at Beginning of Year</i>	22,535	22,535	22,535	0
<i>Fund Balance at End of Year</i>	\$0	\$0	\$0	\$0

**Worthington Libraries**  
*Franklin County*  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget and Actual (Budget Basis)*  
*Building Fund*  
*For the Year Ended December 31, 2006*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>	\$0	\$0	\$0	\$0
<b>Expenditures:</b>				
Support Services:				
Facilities Operations and Maintenance				
Contractual Services	259,000	259,000	27,519	231,481
Capital Outlay	291,000	291,000	291,000	0
<i>Total Expenditures</i>	550,000	550,000	318,519	231,481
<i>Net Change in Fund Balances</i>	(550,000)	(550,000)	(318,519)	(231,481)
<i>Fund Balance at Beginning of Year</i>	742,550	742,550	742,550	0
<i>Fund Balance at End of Year</i>	\$192,550	\$192,550	\$424,031	(\$231,481)

**Worthington Libraries**  
*Franklin County*  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget and Actual (Budget Basis)*  
*27th Pay/Termination Benefits Fund*  
*For the Year Ended December 31, 2006*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>	\$0	\$0	\$0	\$0
<b>Expenditures:</b>				
Support Services:				
Business Administration				
Personal Services	80,000	80,000	18,769	61,231
<i>Excess of Revenues Under Expenditures</i>	(80,000)	(80,000)	(18,769)	(61,231)
<b>Other Financing Sources</b>				
Transfers - In	50,000	50,000	50,000	0
<i>Net Change in Fund Balances</i>	(30,000)	(30,000)	31,231	(61,231)
<i>Fund Balance at Beginning of Year</i>	51,620	51,620	51,620	0
<i>Fund Balance at End of Year</i>	<u>\$21,620</u>	<u>\$21,620</u>	<u>\$82,851</u>	<u>(\$61,231)</u>

**Worthington Libraries**  
*Franklin County*  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget and Actual (Budget Basis)*  
*Technology Fund*  
*For the Year Ended December 31, 2006*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>	\$0	\$0	\$0	\$0
<b>Expenditures:</b>				
Support Services:				
Business Administration				
Contractual Services	5,100	8,500	7,174	1,326
Materials and Supplies	16,924	0	0	0
Total Business Administration	22,024	8,500	7,174	1,326
Capital Outlay	478,176	479,796	137,352	342,444
<i>Total Expenditures</i>	500,200	488,296	144,526	343,770
<i>Excess of Revenues Under Expenditures</i>	(500,200)	(488,296)	(144,526)	(343,770)
<b>Other Financing Sources</b>				
Transfers - In	250,000	250,000	250,000	0
<i>Net Change in Fund Balances</i>	(250,200)	(238,296)	105,474	(343,770)
<i>Prior Year Encumbrances Appropriated</i>	1,172	1,172	1,172	0
<i>Fund Balance at Beginning of Year</i>	261,932	261,932	261,932	0
<i>Fund Balance at End of Year</i>	\$12,904	\$24,808	\$368,578	(\$343,770)

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## *STATISTICAL TABLES*

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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	50-53
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	54-59
These schedules contain information to help the reader assess the Library's most significant local revenue source, property taxes.	
Debt Capacity	60-61
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	62-63
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	64-68
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 GAAP and *GASB Statement No. 34* in 2006. Schedules presenting government-wide information include information beginning in that year.

**Worthington Libraries**  
*Franklin County*  
*Net Assets by Component*  
*Last Two Years*  
*(accrual basis of accounting)*

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	<u>2005</u>	<u>2006</u>
Governmental Activities:		
Invested in Capital Assets, Net of Related Debt	\$5,318,075	\$6,251,668
Unrestricted	<u>5,251,015</u>	<u>8,501,531</u>
<i>Total Governmental Activities Net Assets</i>	<u><u>\$10,569,090</u></u>	<u><u>\$14,753,199</u></u>



**Worthington Libraries**  
*Franklin County*  
*Changes in Net Assets*  
*For the Year Ended December 31, 2006*  
*(accrual basis of accounting)*

	2006
<b>Expenses:</b>	
Library Services:	
Public Service and Programs	\$3,206,853
Collection Development and Processing	1,772,553
Support Services:	
Facilities Operations and Maintenance	586,224
Information Services Support	284,985
Business Administration	1,293,803
Debt Service:	
Interest and Fiscal Charges	27,115
<i>Total Expenses</i>	7,171,533
<b>Program Revenues:</b>	
Charges for Services:	
Library Services:	
Public Service and Programs	1,036,985
<i>Net Expenses</i>	(6,134,548)
<b>General Revenues:</b>	
Governmental Activities:	
Property Taxes	7,136,074
Grants and Contributions not Restricted to Specific Programs	2,831,055
Unrestricted Gifts and Contributions	825
Earnings on Investments	342,779
Miscellaneous	7,924
<i>Total General Revenues</i>	10,318,657
<i>Change in Net Assets</i>	\$4,184,109

**Worthington Libraries**  
*Franklin County*  
**Fund Balances - Governmental Funds**  
*Last Two Years*  
*(modified accrual basis of accounting)*

	<u>2005</u>	<u>2006</u>
General Fund		
Reserved	\$253,808	\$273,045
Unreserved	<u>2,598,003</u>	<u>5,933,367</u>
<i>Total General Fund</i>	<u>2,851,811</u>	<u>6,206,412</u>
All Other Governmental Funds		
Reserved	600	209,511
Unreserved, Undesignated (Deficit)		
Reported in:		
Special Revenue Funds	51,620	82,851
Debt Service Fund	36,785	0
Capital Projects Funds	<u>1,004,482</u>	<u>792,609</u>
<i>Total All Other Governmental Funds</i>	<u>1,093,487</u>	<u>1,084,971</u>
<i>Total Governmental Funds</i>	<u><u>\$3,945,298</u></u>	<u><u>\$7,291,383</u></u>

**Worthington Libraries**  
*Franklin County*  
*Changes in Fund Balances - Governmental Funds*  
*For the Year Ended December 31, 2006*  
*(modified accrual basis of accounting)*

	2006
<b>Revenues:</b>	
Property Taxes	\$6,885,758
Other Government Grants-in-Aid	3,193,006
Patron Fines and Fees	280,352
Services Provided to Other Entities	756,633
Contributions, Gifts, and Donations	825
Earnings on Investments	342,779
Miscellaneous	7,924
<i>Total Revenues</i>	11,467,277
<b>Expenditures:</b>	
Current:	
Library Services:	
Public Service and Programs	2,917,050
Collection Development and Processing	1,769,799
Support Services:	
Facilities Operations and Maintenance	556,499
Information Services Support	280,498
Business Administration	1,249,607
Capital Outlay	297,294
Debt Service:	
Principal Retirement	990,000
Interest and Fiscal Charges	60,445
<i>Total Expenditures</i>	8,121,192
<i>Excess of Revenues Over Expenditures</i>	3,346,085
<b>Other Financing Sources (Uses):</b>	
Transfers - In	1,156,910
Transfers - Out	(1,156,910)
<i>Total Other Financing Sources (Uses)</i>	0
<i>Net Change in Fund Balances</i>	\$3,346,085
<i>Debt Service as a Percentage of Noncapital Expenditures</i>	15.5%

**Worthington Libraries**  
*Franklin County*  
*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
1997	\$816,606,370	\$345,146,170	\$3,319,292,971	\$62,029,110	\$70,487,625	\$167,980,342	\$714,809,966
1998	824,278,870	345,980,840	3,343,599,171	62,811,200	71,376,364	171,823,335	731,163,128
1999	831,202,970	356,023,230	3,392,074,857	51,529,460	58,556,205	173,582,369	738,648,379
2000	929,521,770	405,365,520	3,813,963,686	58,148,940	66,078,341	182,194,507	775,295,774
2001	934,815,990	413,194,980	3,851,459,914	60,284,870	68,505,534	182,194,507	775,295,774
2002	937,915,140	423,862,100	3,890,792,114	50,099,860	56,931,659	222,032,266	888,129,064
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

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

The assessed value of real property (including public utility real property) is 35 percent of estimated true value. 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%, 2 1/2% and homestead exemptions before being billed. Beginning in the 2006 collection year, the 10% rollback for commercial/industrial property has been eliminated.

Source: Ohio Department of Taxation, Franklin County Auditor

Totals			
Assessed Value	Estimated Actual Value	Ratio	Weighted Average Property Tax Rate (per \$1,000 of assessed value)
\$1,391,761,992	\$4,104,590,562	33.91%	\$1.98
1,404,894,245	4,146,138,663	33.88%	1.97
1,412,338,029	4,189,279,440	33.71%	1.80
1,575,230,737	4,655,337,801	33.84%	1.80
1,590,490,347	4,695,261,223	33.87%	1.80
1,633,909,366	4,835,852,837	33.79%	1.66
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

**Worthington Libraries**  
*Franklin County*  
*Property Tax Levies and Collections (1)*  
*Last Ten Years*

Collection Year	Current Tax Levy	Current Tax Collections	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
1997	\$2,379,401	\$2,350,590	98.79%	\$30,026	\$2,380,616	100.05%
1998	2,777,407	2,752,744	99.11%	52,175	2,804,919	100.99%
1999	2,787,015	2,817,225	101.08%	40,646	2,857,871	102.54%
2000	2,881,786	2,819,697	97.85%	65,857	2,885,554	100.13%
2001	2,923,403	2,877,204	98.42%	66,560	2,943,764	100.70%
2002	2,947,922	2,878,456	97.64%	106,734	2,985,190	101.26%
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%

**Source:** Office of the Auditor, Franklin County, Ohio

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

(2) The Library does not identify delinquent tax collections by tax year.

**Worthington Libraries**

Franklin County

Principal Taxpayers

2006 and 1997

2006			1997		
Name of Taxpayer	Assessed Value	Percent of Total Assessed Value	Name of Taxpayer	Assessed Value	Percent of Total Assessed Value
<b>Public Utilities</b>			<b>Public Utilities</b>		
1 Columbus Southern Power Co	\$24,364,070	45.23%	1 Columbus Southern Power Company	\$21,856,650	35.24%
2 Sprintcom Inc	9,178,690	17.04%	2 Ohio Bell Telephone Company	18,897,670	30.47%
3 Ohio Bell Telephone Company	9,127,490	16.94%	3 Columbus Cellular Telephone Co	10,997,530	17.73%
All Others	11,195,170	20.78%	All Others	10,277,260	16.57%
<b>Total Public Utilities</b>	<b>53,865,420</b>	<b>100.00%</b>	<b>Total Public Utilities</b>	<b>62,029,110</b>	<b>100.00%</b>
<b>Real Estate</b>			<b>Real Estate</b>		
1 Anheuser-Busch Inc	18,922,050	1.08%	1 Anheuser-Busch Inc	15,427,290	1.33%
2 Eastrich No 167 Corp	12,005,030	0.69%	2 Allstate Insurance Company	11,655,070	1.00%
3 EOP-Community Corporate	8,610,000	0.49%	3 Aetna Life Insurance Company	8,334,040	0.72%
4 ASP Boma II LLC	8,050,020	0.46%	4 ZML Community Corporate Center	7,700,000	0.66%
5 Columbus Retail Inc	7,903,110	0.45%	5 OTR	7,647,710	0.66%
6 Worthington Industries	7,817,650	0.45%	6 Trinity Secureco Worthington Partners	6,468,000	0.56%
7 Fieldstone Trace Partnership	7,805,010	0.45%	7 Fieldstone Trace Partnership	6,394,180	0.55%
8 Worthington Meadows	7,665,040	0.44%	8 General Electric Company	5,370,040	0.46%
9 Regency Centers LP	6,729,070	0.38%	9 Sheraton Suites Investment LP	5,108,250	0.44%
10 Corporate Hill LLC	6,300,040	0.36%	10 Busch Properties Inc	4,989,480	0.43%
All Others	1,660,444,470	94.76%	All Others	1,082,658,480	93.19%
<b>Total Real Estate</b>	<b>1,752,251,490</b>	<b>100.00%</b>	<b>Total Real Estate</b>	<b>1,161,752,540</b>	<b>100.00%</b>
<b>Tangible Personal Property</b>			<b>Tangible Personal Property</b>		
1 Anheuser-Busch Inc	57,694,376	43.61%	1 Anheuser-Busch Inc	35,666,000	21.23%
2 Worthington Steel Inc	7,829,745	5.92%	2 General Electric Company	21,847,480	13.01%
3 Liebert North America Inc	3,729,405	2.82%	3 Worthington Industries Inc	16,021,370	9.54%
4 J P Morgan Chase & Co	2,385,840	1.80%	4 Mettler Toledo Inc	7,061,140	4.20%
5 Worthington Cylinder Corporation	2,030,993	1.54%	5 Liebert Corporation	7,010,670	4.17%
6 Mettler Toledo Inc	1,889,460	1.43%	6 Worthington Foods Inc	5,406,150	3.22%
7 Abbot Laboratories	1,847,843	1.40%	7 Worthington Cylinder Corporation	4,737,790	2.82%
8 Sanese Services Inc	1,522,658	1.15%	8 Abbott Laboratories	3,508,440	2.09%
9 Genuine Parts Company	1,309,575	0.99%	9 Jack Maxton Chevrolet Inc	3,397,820	2.02%
10 Lowes Home Centers	1,177,313	0.89%	10 Sanese Services Inc	2,541,750	1.51%
All Others	50,890,172	38.46%	All Others	60,781,732	36.18%
<b>Total Tangible Personal Property</b>	<b>132,307,380</b>	<b>100.00%</b>	<b>Total Tangible Personal Property</b>	<b>167,980,342</b>	<b>100.00%</b>
Total Assessed Valuation	<u>\$1,938,424,290</u>	<u>100.00%</u>	Total Assessed Valuation	<u>\$1,391,761,992</u>	<u>100.00%</u>

Source: Office of the Auditor, Franklin County, Ohio

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

	1997	1998	1999	2000
<b>Voted Millage - By Levy</b>				
1992 Current Expense				
Residential/Agricultural Real	\$1.83	\$1.83	\$1.83	\$1.64
Commercial/Industrial and Public Utility Real	2.16	2.17	2.14	1.94
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	0.00
Commercial/Industrial and Public Utility Real	0.00	0.00	0.00	0.00
General Business and Public Utility Personal	0.00	0.00	0.00	0.00
<b>Total Voted Millage By Type of Property</b>				
Residential/Agricultural Real	1.83	1.83	1.83	1.64
Commercial/Industrial and Public Utility Real	2.16	2.17	2.14	1.94
General Business and Public Utility Personal	2.20	2.20	2.20	2.20
<b>Overlapping Rates By Taxing District</b>				
<b>Franklin County</b>				
General Fund	1.47	1.47	1.47	1.47
Children Services	4.25	4.25	4.25	4.25
ADAMH Board	2.20	2.20	2.20	2.20
MRDD	5.15	7.47	7.47	7.47
Zoological Park	0.75	0.75	0.75	0.75
Office on Aging	0.85	0.85	0.85	0.85
<b>Total Franklin County</b>	<b>14.67</b>	<b>16.99</b>	<b>16.99</b>	<b>16.99</b>
<b>Townships</b>				
Sharon Township	13.10	13.10	13.10	19.10
Perry Township	23.80	23.80	23.80	23.80
<b>Cities</b>				
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.



2001	2002	2003	2004	2005	2006
\$1.64	\$1.64	\$1.43	\$1.43	\$1.43	\$1.21
1.93	1.91	1.81	1.82	1.87	1.81
2.20	2.20	2.20	2.20	2.20	2.20
0.00	0.00	0.00	0.00	0.00	2.20
0.00	0.00	0.00	0.00	0.00	2.52
0.00	0.00	0.00	0.00	0.00	2.60
1.64	1.64	1.43	1.43	1.43	3.41
1.93	1.91	1.81	1.82	1.87	4.33
2.20	2.20	2.20	2.20	2.20	4.80
1.47	1.47	1.47	1.47	1.47	1.47
4.25	4.25	4.25	5.05	5.05	5.05
2.20	2.20	2.20	2.20	2.20	2.20
7.47	7.47	7.47	7.47	7.47	7.47
0.75	0.75	0.75	0.75	0.75	0.75
0.85	0.85	0.85	0.85	0.85	0.85
16.99	16.99	16.99	17.79	17.79	17.79
19.10	19.10	23.50	23.50	23.50	23.50
23.80	23.80	23.80	20.40	18.40	18.40
3.00	3.00	3.00	3.00	3.00	3.00
3.14	3.14	3.14	3.14	3.14	3.14

**Worthington Libraries**  
*Franklin County*  
*Computation of Direct and Overlapping Governmental Debt*  
*December 31, 2006*

	Net Long-term Debt Outstanding	Percentage Applicable to Library (1)	Amount Applicable to Library
<b>Direct:</b>			
Worthington Libraries	\$0	100.00%	\$0
<b>Overlapping:</b>			
Worthington City School District (2)			
Notes Payable	4,371,000	100.00%	4,371,000
General Obligation Bonds	33,160,000	100.00%	33,160,000
Certificates of Participation	6,000,000	100.00%	6,000,000
City of Worthington			
Special Assessment Bonds	30,146	100.00%	30,146
General Obligation Bonds	8,819,567	100.00%	8,819,567
Franklin County			
Notes Payable	2,416,000	6.882%	166,260
General Obligation Bonds	119,830,000	6.882%	8,246,258
Lease Revenue Bonds	2,975,000	6.882%	204,729
City of Columbus			
Revenue Obligations	74,768,000	7.251%	5,421,141
General Obligation Bonds	891,684,000	7.251%	64,652,589
Total Overlapping	<u>1,144,053,713</u>		<u>131,071,690</u>
Total Direct and Overlapping Debt	<u>\$1,144,053,713</u>		<u>\$131,071,690</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 2006 collection year.
- (2) The debt outstanding for Worthington School District is at June 30, 2006.

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 be borne by the residents and businesses should be taken into account.

**Worthington Libraries**  
*Franklin County*  
*Ratio of Outstanding Debt By Type*  
*Governmental Activities*  
*Last Ten Years*

Year	Capital Lease Payable	Percentage of Personal Income (1)	Per Capita (1)
1997	\$1,880,000	0.15%	\$34.06
1998	1,765,000	0.14%	31.58
1999	1,650,000	0.13%	29.40
2000	1,540,000	0.08%	27.05
2001	1,430,000	0.07%	25.10
2002	1,320,000	0.07%	23.17
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

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

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

**Worthington Libraries**  
*Franklin County*  
*Demographic and Economic Statistics*  
*Last Ten Years*

Year	Population (1)	Personal Income (2)	Per Capita Personal Income (4)	Unemployment Rate (3)
1997	55,194	\$1,249,978,518	\$22,647	2.8%
1998	55,894	1,265,831,418	22,647	2.9%
1999	56,115	1,270,836,405	22,647	2.8%
2000	56,938	1,964,076,310	34,495	3.6%
2001	56,975	1,965,352,625	34,495	3.6%
2002	56,975	1,965,352,625	34,495	5.4%
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%

**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  
School District Public Library. Figures presented are for Franklin County  
(4) United States Census Bureau, 2000 and 1990 respectively

## Worthington Libraries

*Franklin County*

*Principal Employers*

*2006*

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<u>Employer</u>	<u>Nature of Business</u>	<u>Number of Employees</u>	<u>Rank</u>
Worthington School District	Education	1,176	1
Worthington Industries	Steel Industry	1,100	2
Liebert Corporation	Energy/Power	1,000	3
Anheuser Busch	Production Plant	892	4
Anthem Blue Cross	Insurance	840	5
Huntington Bank	Mortgage/Banking	540	6
Diamond Innovations	Diamond Products	375	7
The Laurels Healthcare	Healthcare	290	8
Medvet Medical Center	Animal Care	250	9
American Health Holding	Healthcare	231	10

**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 district. Actual information, as well as information prior to 2006, was not available.

**Worthington Libraries**  
*Franklin County*  
*Library Employees by Function/Program*  
*Last Ten Years*

Function/Program	1997	1998	1999	2000	2001
<b>Governmental Activities:</b>					
Library Services:					
Public Service and Programs	95	100	96	108	107
Collection Development and Processing	8	8	8	10	10
Support Services:					
Facilities Operations and Maintenance	2	3	1	1	1
Information Services Support	3	4	5	3	4
Business Administration	10	11	10	11	11
<i>Total Number of Employees</i>	<u>118</u>	<u>126</u>	<u>120</u>	<u>133</u>	<u>133</u>

2002	2003	2004	2005	2006
107	100	97	105	104
10	10	9	8	7
1	1	1	1	1
4	4	3	4	4
11	11	11	11	14
<u>133</u>	<u>126</u>	<u>121</u>	<u>129</u>	<u>130</u>

**Worthington Libraries**  
*Franklin County*  
*Operating Indicators By Function/Program*  
*Last Ten Years*

<b>Function/Program</b>	1997	1998	1999	2000	2001
<b>Library Services:</b>					
<b>Public Service and Programs</b>					
Number of Materials Circulated	1,439,853	1,557,115	1,663,835	1,727,834	1,940,829
Number of Registered Borrowers	43,810	50,420	53,500	54,261	54,987
<b>Collection Development and Processing</b>					
Number of Materials Owned	348,340	385,693	405,857	419,276	432,827
<b>Support Services:</b>					
<b>Facilities Operations and Maintenance</b>					
Square footage of Facility Maintained -					
Old Worthington Library	35,319	42,519	42,519	42,519	42,519
Square footage of Facility Maintained -					
Northwest Library	23,635	23,635	23,635	23,635	23,635
<b>Information Services Support</b>					
Number of Computers	76	76	76	78	120
Number of Website Hits	N/A	N/A	N/A	646,394	573,543

**Source:** Worthington School District Public Library Information and State Library of Ohio Report



2002	2003	2004	2005	2006
2,137,211	2,222,182	2,406,948	2,520,594	2,632,136
57,737	59,031	59,481	61,436	63,583
434,899	429,198	425,808	436,349	405,070
42,519	42,519	42,519	42,519	42,519
23,635	23,635	23,635	23,635	23,635
120	100	100	129	130
862,866	827,170	921,832	738,686	1,179,459

**Worthington Libraries**  
*Franklin County*  
*Capital Assets Statistics by Function/Class*  
*Last Two Years*

Function/Class	2005	2006
<b>Library Services:</b>		
Public Service and Programs		
Land	\$697,350	\$697,350
Construction in Progress	0	63,255
Building and Improvements	5,150,819	5,150,819
Machinery and Equipment	393,319	393,319
Collection Development and Processing		
Land	17,206	17,206
Construction in Progress	0	1,561
Building and Improvements	126,966	126,966
<b>Support Services:</b>		
Facilities Operations and Maintenance		
Land	120,443	120,443
Construction in Progress	0	10,925
Building and Improvements	1,166,919	1,166,919
Information Services Support		
Land	8,558	8,558
Construction in Progress	0	776
Building and Improvements	63,147	63,147
Machinery and Equipment	158,402	178,804
Business Administration		
Land	66,822	66,822
Construction in Progress	0	6,061
Building and Improvements	493,085	493,085
Machinery and Equipment	175,994	175,994
Vehicles	23,933	18,300
<i>Total Governmental Activities</i>	<u>\$8,662,963</u>	<u>\$8,760,310</u>

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

**WORTHINGTON LIBRARIES**

Reports Issued Pursuant to  
*Government Auditing Standards*

For the year ended December 31, 2006

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Worthington Libraries  
To the Board of Directors:

We have audited the 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 ended December 31, 2006, which collectively comprise the Library's basic financial statements, and have issued our report thereon dated June 18, 2007, wherein, the Library has presented for the first time its financial statements in accordance with accounting principles generally accepted in the United States of America and has implemented GASB Statement No. 34 "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments." We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control over Financial Reporting**

In planning and performing our audit, we considered the Library's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Library's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Library's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing standards*.

Worthington Libraries  
Independent Auditor's Report on Internal Control  
Over Financial Reporting and on Compliance and  
Other Matters Based on an Audit of Financial Statements  
Performed in Accordance With *Government Auditing Standards*  
Page 2

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

This report is intended for the information and use of management and the Board of Trustees, and is not intended to be and should not be used by anyone other than these specified parties.

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

Kennedy Cottrell Richards LLC  
June 18, 2007

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**Mary Taylor, CPA**  
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 12, 2007**