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Comprehensive Annual Financial Report
FOR THE YEAR ENDED DECEMBER 31
2013

FRANKLIN COUNTY, OHIO





Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the Worthington Libraries, Franklin County, prepared by Kennedy Cottrell Richards LLC, for the audit period January 1, 2013 through December 31, 2013. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Dave Yost
Auditor of State

July 21, 2014

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Worthington Libraries

WORTHINGTON, OHIO

Comprehensive Annual Financial Report

For the Year Ended December 31, 2013

**Issued by:
Worthington Libraries Finance Department**

**Chuck Gibson
Director/Deputy Fiscal Officer**

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

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Worthington, Ohio
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June 6, 2014

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

We are very pleased to present the 2013 Comprehensive Annual Financial Report (CAFR) for Worthington Libraries. This report, for the calendar year ended December 31, 2013, has been prepared using generally accepted accounting principles for governments. It contains financial statements and other financial and statistical data that provide complete and full disclosure of all material financial aspects of Worthington Libraries (to be hereinafter referred to as "the Library," and also known as the Worthington Public Library and the Worthington City School District Public Library).

Ohio law requires that public offices reporting pursuant to Generally Accepted Accounting Principles shall file their reports with the Auditor of the State of Ohio and publish notice of the availability of the financial statements within 150 days of the close of each year. The General Purpose External Financial Statements from this report were filed to fulfill that requirement for the year ended December 31, 2013.

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

The Library's financial statements have been audited under contract by Kennedy Cottrell Richards, LLC, a firm of licensed certified public accountants. The Independent Public Accountant has issued an unmodified ("clean") opinion on the Library's financial statements for the year ended December 31, 2013. The Independent Auditors' Report is located at the front of the financial section of this report.

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

LIBRARY OVERVIEW

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

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

Worthington Libraries is organized under Ohio State law as a school district public library. A seven-member board, one member appointed each year by the board of education for a seven-year term, governs the Library. Members belong to the community and typically have a history of avidly supporting the Library. Board members hold positions as educators, accountants, independent business owners, attorneys 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 Government Accounting Standards Board (“GASB”) Statement No. 14, The Financial Reporting Entity, GASB Statement No. 39, Determining Whether Certain Organizations are Component Units, an amendment of GASB Statement No. 14, and Statement No. 61, Omnibus—an amendment of GASB Statements No. 14 and No. 34, the Library is considered to be a related organization of the Worthington City School District.

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

The taxing authority for the Library is the Board of Education, but the Library operates under a separate budget with funds derived primarily from the Public Library Fund and two local property tax levies totaling 4.8 mills. The Library is fiscally independent of the Worthington City School District Board of Education, although the Board of Education serves in a ministerial capacity as the taxing authority for the Library. The Board of Trustees independently determines whether to request approval of a tax levy and the role and purpose(s) of the levy. If a request is approved, the Board of Education must put the levy on the ballot. There is no potential for the Library to provide a financial benefit to or impose a financial burden on the Board of Education.

HISTORY OF THE LIBRARY

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

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

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

In 1925, the Library was placed in control of the school board, establishing it as a school district public library. This assured the Library of much-needed financial support but did not provide an actual building to house the collection. This changed in 1927 when Mary Elizabeth Jones Deshler donated money for a library building on the northeast corner of the Village Green, the area set aside by Worthington’s founders

for the public pursuit of learning and education. Mrs. Deshler dedicated the building to the memory of her grandfather, Worthington founder James Kilbourne. In 1931, Mrs. Deshler funded the addition of the north and south wings on the James Kilbourne Memorial Library Building.

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

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

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

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

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

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

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

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

In 2012, Worthington Libraries was highlighted by *Library Journal* because we have achieved a five-star rating in all five editions. At the time, only 30 libraries nationwide have achieved this distinction. We also received a five-star rating in 2013 and are now one of only 26 library systems in the country to have received this honor.

In 2013, Worthington Libraries placed a 2.2 mill permanent replacement levy on the ballot in the Worthington School District. The issue passed with more than 70 percent of the vote, securing the library's financial future for many years.

Worthington Libraries is now one of the busiest library systems in Ohio, ranking ninth in terms of use (behind only the eight metropolitan libraries). It provides a wide array of information and services, including technology training, online access, a dynamic collection and programs for residents of the Worthington City School District, and maintains the pioneering spirit of the Library's founders in looking for new and better ways to serve patrons.

COMMUNITY OUTLOOK

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

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

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

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

In 2013, the Library partnered with the McConnell Arts Center to present the Hear & Now author series featuring Daniel Smith, Mary Kay Andrews and Sam Kean. The Library also coordinated food drives to benefit the Healthy Worthington Resource Center and Food Pantry. For two weeks in April and September, patrons who brought in a donation of food for the pantry could reduce their fines by one dollar for each donated item. The Library partnered with the Columbus Clippers and the Friends Foundation of Worthington Libraries to present the Summer Reading League, a summer reading program for children and teens, which had over 8,000 participants.

ECONOMIC CONDITIONS AND OUTLOOK

Ohio's economy and tax collections, although improving, are still unpredictable. Starting in January 2008, the Public Library Fund (PLF) began receiving a fixed 2.22 percent of all General Revenue Fund (GRF) tax collections. As a result of State budget difficulties, this percentage was reduced to 1.97 percent of GRF revenues in July 2009. This lower percentage was in place through June 2011. In Governor Kasich's budget for the 2012-2013 biennium, the PLF fund distributions were frozen at the 2011 levels less an

additional five percent. In addition, no reimbursements to the PLF were to be made for funding the State Library for the Blind and Physically Handicapped (OPLIN). As per the State's budget for the 2014-2015 biennium, the PLF distribution is now set at 1.66 percent of the GRF tax revenue. However, with the reduction of the individual income tax and increase in sales tax, the impact on the GRF revenue remains to be seen.

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

Efforts are beginning to bear fruit, as there has been a steady uptick in redevelopment activities:

- The City put in place a tax increment financing (TIF) mechanism with a local development team for the redevelopment of 140,000 square feet of retail space comprising the former Worthington Square Mall (now remodeled and rebranded as the Shops at Worthington Place).
- Worthington Industries, a Fortune 1000 company, purchased in late 2012 the building it had been leasing for its headquarters operations. The company is now undergoing a large-scale redevelopment and renovation of its HQ building.
- The City approved – and work is substantially underway – to construct 200 apartments, 23,000 square feet of Class A office space, and a parking deck to the immediate west of the mall property.
- Diamond Innovations, one of the largest manufacturers in Worthington and a world-leader in making synthetic diamonds for the drilling industry, bought its building from its long-term landlord and will undergo renovations of its world HQ building on Huntley Road.
- Dewey's Pizza opened its second Central Ohio location in downtown Worthington, tearing down a older gas station and auto repair shop to substantially improve its key corner location in downtown Worthington.
- DLZ, a premiere engineering and design firm based in Worthington, made significant upgrades to its interior space as a way to best draw in top engineering talent and make a better workplace for its staff.
- The United Methodist Children's Home site represents a 42-acre, once-in-a-generation redevelopment opportunity on High Street to address residential, office and retail needs of the City. The City is updating its Comprehensive Plan to help inform how this site might redevelop in the future.
- \$7 million in federal transportation funds have been programmed to improve an intersection in the City's prime industrial corridor.
- A former auto dealership has annexed property to create a 4.59 retail shopping complex at the key western gateway to the City.
- The Ohio Department of Transportation is completely reconstructing the I-270/23 interchange at Worthington's northern border to address both congestion and safety problems. This will significantly improve access to our key office buildings.

FINANCIAL TRENDS

During 2013, the Library experienced a \$45,705(2.5 percent) increase in funding from the PLF. PLF funding during the first six months of 2013 was approximately equal to the first six months of 2012. The second half of 2013 showed a 4.8 percent increase over the same period in 2012. During the state's biennium budget for 2014-2015, PLF will be distributed in an amount equal to 1.66 percent of the state's general revenues. However, the state's general revenues will be impacted by a decrease in individual income tax and an increase in sales tax.

After two years of declining real estate tax receipts, there was an increase to approximately the 2007 level in 2010. Real estate tax receipts (which for this purpose include the Homestead and Rollback Reimbursements) have remained approximately the same in 2011, 2012 and 2013. Both the 1992 and 2005 levies will be collected through 2014 but the 1992 levy expires and will not be collected in 2015. In November 2013, the Board of Trustees of the Worthington Public Library placed a 2.2 replacement levy on the ballot which was passed by the voters of the Worthington School District to be collected starting in 2015.

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

Due to a change in the Ohio Revised Code, the Library can now deposit interim and inactive funds with a public depository to be redeposited with one or more federally insured banks, savings banks, or savings and loan associations located in the United States with the redeposited money insured by the Federal Deposit Insurance Corporation. A portion of the funds previously invested in STAROhio were transferred to be invested in insured Negotiable Certificates of Deposit. This practice continued in 2013 with an increase in funds invested in this manner which resulted in a cash basis increase in investment earnings of \$22,144 or 107.2 percent for 2013.

While the number of materials circulated increased 41.1 percent from 2004 through 2013 (2,406,948 in 2004 to 3,397,947 in 2013), operating cash disbursements have only increased 35.7 percent (\$6,227,092 in 2004 to \$8,452,664 in 2013) and employees only increased from 92.59 Full-Time Equivalent in 2004 to 112.78 Full-Time Equivalent in 2013. Salaries and Benefits represented 63.9 percent of operating cash disbursements in 2004 and 64.2 percent in 2013. Careful management of staffing and disbursements continues to ensure operating efficiency and maintains control of the budget.

FINANCIAL PLANNING AND POLICIES

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

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

The Library's long-range financial plan, which provides projections through 2029, is reviewed in conjunction with every operating decision that is made.

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

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

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

MAJOR INITIATIVES FOR 2013

After the Worthington Libraries Board of Trustees adopted our 2013-2015 Strategic Plan in January, the staff went to work on its implementation.

With financial assistance from the Friends Foundation of Worthington Libraries, Worthington Industries, Worthington AM Rotary Club and Worthington Lions Club, among others, we opened Homework Help Centers in Old Worthington Library and Northwest Library.

Together with our partners at Columbus Metropolitan Library and Southwest Public Libraries, we voted to join the Central Library Consortium (CLC), a resource-sharing consortium of eight libraries, now bolstered to 11 with access to over one million unique items. This also involved the purchase and implementation of a new integrated library system (ILS), or electronic catalog, called Polaris. Together with our partners in the CLC, we went live on Polaris on May 22, 2013. This provides patrons with seamless access to millions of items throughout Central Ohio.

The library's digital collection grew by 42 percent in 2013 and we added three new content providers, giving patrons digital access to magazines (Zinnio), movies (Hoopla), and music (Freegal).

In April, at our annual community breakfast, we announced the renovation and expansion of Worthington Park Library into adjacent space at the Worthington Park Shopping Centre. This expansion, which increased the library's size by more than 5,000 square feet, included a new Homework Help Center, a meeting room and expanded children's and teen areas. It was complete in December 2013 and celebrated at an open house in January 2014.

In 2013, we once again partnered with the Columbus Clippers baseball team and the Friends Foundation of Worthington Libraries to present the Summer Reading League, a summer reading program for children and teens. More than 8,000 children and teens received tickets to one of three Columbus Clippers baseball games upon completion of the program. More than 60,000 people attended library programs in 2013.

Worthington Libraries is fortunate to have a dedicated and sizable group of Volunteers and adult volunteers. Each summer, dozens of middle and high school students volunteer their time to staff the summer reading program registration table, and to assist with programs and other tasks. Over 100 adult volunteers support the staff at the libraries, in Technical Services and in Outreach. Volunteers donated more than 5,000 hours of time in 2013!

Together with the McConnell Arts Center, we applied to serve as a host community for the 2014 presentation of the Ohio Humanities Chautauqua program. Our application was successful, and Worthington will host this week-long series of events July 8-12, 2014.

Perhaps most importantly, the library director and the board of trustees worked with a community committee, including two former trustees, to provide the community with information and facts surrounding the library's 2.2 mill permanent replacement levy request. This issue appeared on the November 5, 2013, ballot and was passed with over 70 percent of the vote helping to secure the financial future of the Library for many years to come.

Stewardship of Resources

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

Prior to passage of the 2.6 mill permanent operating levy in November 2005, Library funding was in decline as use was steadily increasing. Circulation has remained fairly constant in the last five years, 2009 to 2013. However, the number of programs offered and the attendance at those programs have increased. Despite the increase in use, cash operating disbursements have only increased a total of 1.2 percent during the same time period, an average of 0.24 percent per year.

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

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

In December 2006, the Northwest Library bonds were paid off early. The bonds were originally issued by the City of Columbus in 1994, with a maturation date of January 1, 2015. The Library used the proceeds from the bond sale to fund the construction of the Northwest Library, which opened in 1996. Based on the stated interest rate of the bonds for their remaining life and the projected estimated earnings the Library could generate on the funds if they were not used to redeem the bonds, a savings of approximately

\$50,000 was realized by paying off the bonds prior to their maturity date. There was no Debt Service Fund beginning in 2007.

One of the action plan items for 2007-2008 was to develop a higher level of financial reporting through the preparation of a capital assets inventory for the first-ever Generally Accepted Accounting Principles report and completion of a first-ever Comprehensive Annual Financial Report for 2006. These reports were also completed each year from 2007-2012 and provide the Board of Trustees and the community with an accurate reflection of the Library's financial position. The Library has received the Government Finance Officers Association Certificate of Achievement for Excellence in Financial Reporting each year 2006-2012 and the State Auditor's "Making Your Tax Dollars Count" award for the 2006, 2007, 2008 and 2009 reports. With the change in State Auditor, a new award, "Auditor of State Award with Distinction," was created and Worthington Libraries was the recipient of that award for the 2010, 2011 and 2012 reports.

The November 2013 levy, which permanently replaced a 22-year levy passed in 1992, passed with more than 70 percent of the vote and will enable the Library to maintain the quality services, materials and programs the community expects and deserves. The Library also has a 2.6 mill permanent levy passed in 2005.

The two local property tax levies along with the associated tax exemptions, including homestead and rollbacks, now account for 66 percent of the revenue on a cash basis, while Public Library Fund dollars account for 20 percent. The Library is in an enviable funding situation compared to many other Ohio libraries - which is a direct result of the services provided and not something ever taken for granted.

Building and Maintaining the Collection

In "Hennen's American Public Library Ratings 2006," Thomas Hennen writes, "Back in the mid-70s, when I went to graduate school, numbers from *Wheeler and Goldhor's Practical Administration of Public Libraries* represented the gold standard for library planning. They recommended that approximately 20 percent of a public library budget should go toward materials." Although it has become harder to do, because of rising costs in healthcare and other expenses beyond our control, the Library still strives to meet this "gold standard" in library planning. In 2013, approximately 19 percent of the Library's budget was spent on materials.

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

Although access to physical books is still the number-one service we provide, use of the Library, its resources and collection, is changing. Circulation of digital books increased more than 52 percent in 2013 and is expected to grow as more people have access to e-readers, Smartphones, tablets and other devices. Many people regard the Library as a gathering place and technology provider and visit without checking out any items. Still, physical books made up 97 percent of the Library's circulation in 2013, and continue to be the primary reason people use the Library.

In 2006, the Library began centralized selection by profile. This streamlines the ordering process and allows the Library to better track and build the collection as a whole, rather than in segments. In 2007, all materials selection was centralized and is now coordinated by two Materials Selectors, one for adult materials and one for youth materials. In 2013, we joined the Central Library Consortium and introduced a new catalog system. We now provide patrons with seamless access to the collections of 11 different library systems and over 1 million more unique items.

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

Customer Service Model

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

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

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

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

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

Northwest Library also provides a drive-through pickup window for patrons who want to pick up reserved items without getting out of their cars. Both Northwest Library and Old Worthington Library have exterior lockers so patrons can pick up materials when the Library is closed.

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

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

Technology and Online Access

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

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

The website is maintained by the Digital Library Manager and Web Developer with additional contributions from the Community Relations Department and the Director of Technology Services. The website delivers the same quality service and resources that patrons are accustomed to when visiting our brick and mortar locations.

Adults can ask a reference question until 1:00 am by accessing KnowItNow through the Library's website. KnowItNow, a statewide service initiative funded by the State Library of Ohio, provides late-night reference help. During regular business hours, patrons can ask a question via text or Instant Messaging.

Children can enjoy TumbleBooks. TumbleBooks is an online collection of animated, talking picture books, reading comprehension quizzes, educational games, and teacher resources. It includes story books, life learning books, language learning books and TumbleReadables (large print 'Read-On-Your-Own' stories, chapter and young adult books). It is accessible in the Library and at home to anyone with a library card.

The Library also provides e-books, digital audiobooks and video for download from the website in partnership with the Digital Downloads Consortium. Circulation of digital books increased more than 50 percent in 2013.

The Library has 246 computers available for public use and offers wireless Internet access at all locations.

Planning for the Future

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

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

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

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

OTHER INFORMATION

Independent Audit

An audit team from the accounting firm of Kennedy Cottrell Richards, LLC is under contract with the Office of the Auditor of State Dave Yost as Independent Professional Auditors, and they performed the 2013 audit. The results of the audit are presented in the Independent Auditors' Report.

Awards

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

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

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

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

Worthington Libraries was highlighted by *Library Journal* because we have achieved a five-star rating in all five editions. Only 26 libraries nationwide have achieved this distinction.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Worthington Libraries for its Comprehensive Annual Financial Report (CAFR) for the year ended December 31, 2006. This was the first year that Worthington Libraries achieved this prestigious award, for its first-ever CAFR. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements. We were pleased to also receive the Certificate of Achievement for our CAFR for the years 2007 through 2012.

A Certificate of Achievement is valid for a period of one year only. The Library believes that the 2013 comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and it is being submitted to the GFOA to determine its eligibility for an eighth certificate.

In addition to the Certificate of Achievement, the Library also received the "Making Your Tax Dollars Count" Award from State Auditor Mary Taylor for fiscal years 2006 through 2009. It is presented for excellence in financial accounting and states, "You are a trustworthy guardian of taxpayer dollars and deserve the highest amount of recognition for your vigilance. You are truly a model for government entities throughout the state of Ohio." Under State Auditor Dave Yost, the Library received the "Ohio Auditor of State Award with Distinction" for 2010 through 2012 which was awarded for excellence in financial reporting as evidenced by the award winning CAFR and a clean audit. The award states, "Your

exemplary reporting serves as the standard for clean, accountable government, representing the highest level of service to Ohioans.”

Acknowledgements

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



Chuck Gibson
Director/Deputy Fiscal Officer



Margaret Doone
Chief Fiscal Officer/Business Manager



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Worthington Libraries
Ohio**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2012

Executive Director/CEO

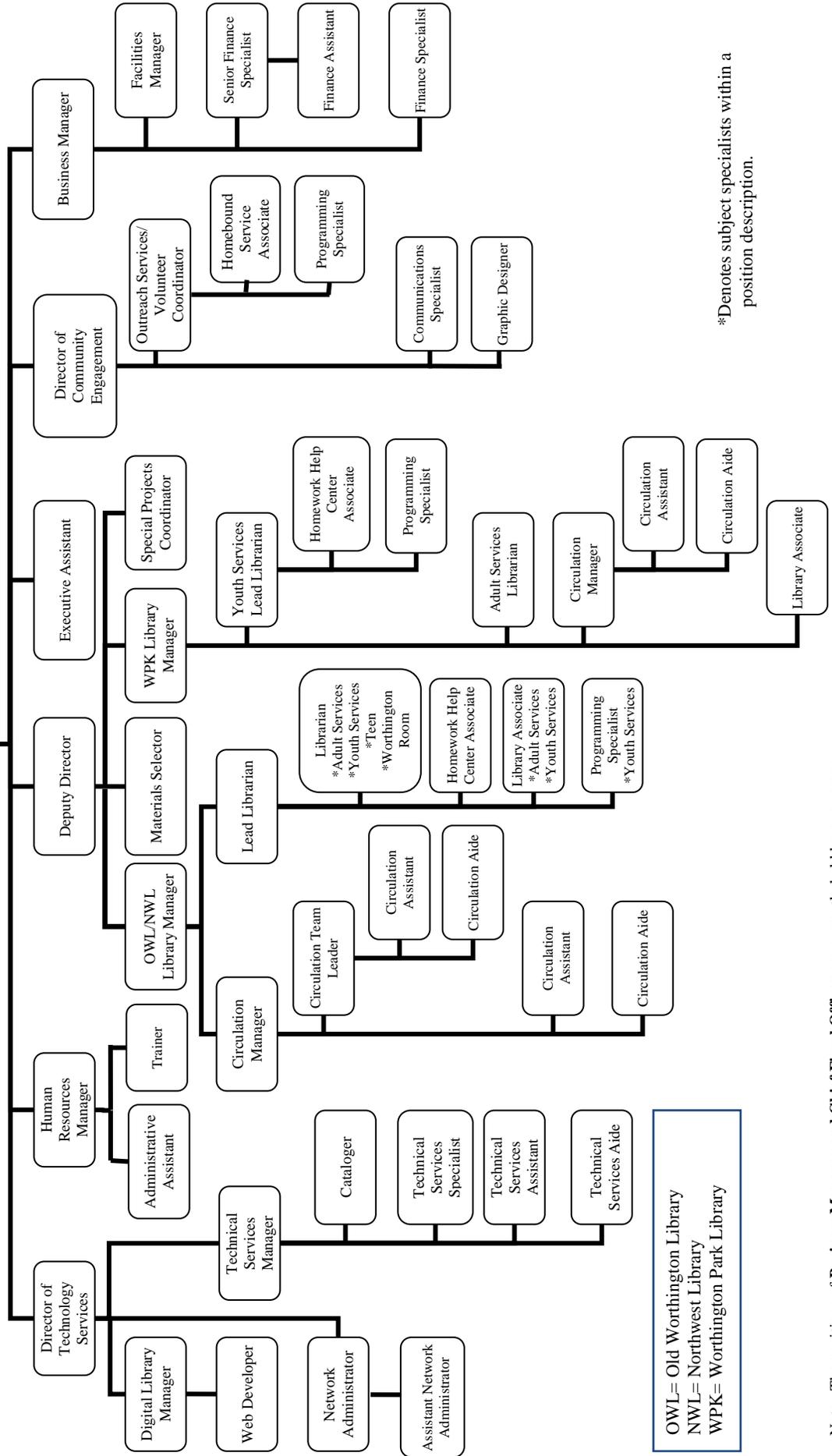
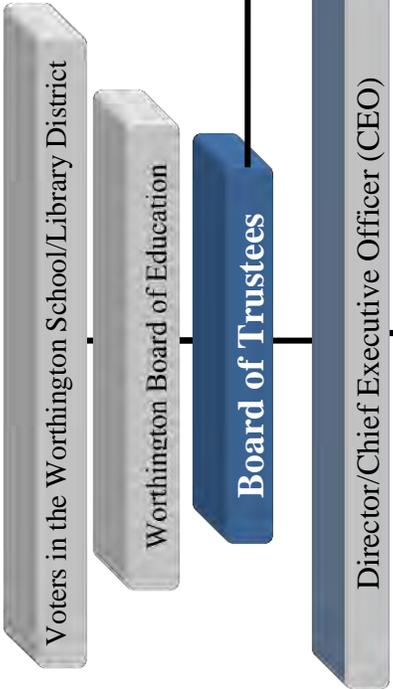
Worthington Libraries
List of Principal Officials
December 31, 2013

Board of Trustees

| | | |
|---------------------------------------|------------------|------|
| President | James Hill | 2014 |
| Vice President | David Goldberger | 2015 |
| Secretary | Dawn Valasco | 2016 |
| Member | Daniel Lacey | 2013 |
| Member | John Butterfield | 2017 |
| Member | J. Craig Baker | 2018 |
| Member | Linda Mercadante | 2019 |
| Worthington City School Board Liaison | Jennifer Best | 2013 |

Administration

| | |
|---------------------------------------|------------------|
| Director/Deputy Fiscal Officer | Chuck Gibson |
| Deputy Director | Monica Baughman |
| Director of Community Engagement | Lisa Fuller |
| Human Resources Manager | Phyllis Winfield |
| Director of Technology Services | Susan Allen |
| Chief Fiscal Officer/Business Manager | Margaret Doone |



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

*Denotes subject specialists within a position description.

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

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INDEPENDENT AUDITOR'S REPORT

Worthington Libraries
Franklin County
820 High Street
Worthington, Ohio 43085

To the Board of Trustees of Worthington Libraries:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Worthington Libraries, Franklin County, Ohio (the Library), as of and for the year December 31, 2013, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Worthington Libraries, Franklin County, Ohio, as of December 31, 2013, and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

Our audit was conducted to opine on the Library's basic financial statements taken as a whole. The introductory section, combining statements, individual fund schedules, and the statistical section information present additional analysis and are not a required part of the basic financial statements.

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 6, 2014, on our consideration of the Library's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Library's internal control over financial reporting and compliance.



Kennedy Cottrell Richards LLC
June 6, 2014

Worthington Libraries
Worthington, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2013
Unaudited

This discussion and analysis of the Worthington Libraries financial performance provides an overall review of the Library's financial activities for the year ended December 31, 2013. The intent of this discussion and analysis is to explain the Library's financial performance as a whole.

Financial Highlights

Key financial highlights for 2013 are as follows:

- Columbus Metropolitan Library (CML) decreased their monthly reimbursement payments for the operation of Northwest Library.
- The Friends of Worthington Libraries Foundation increased their grant which covers such programs as the Summer Reading Program, the Summer Concert Series, the Fridays by the Fire Concert Series, and the Hear and Now Author Events.
- The construction projects to combine the staff workrooms at Old Worthington Library and to repurpose existing space into Homework Help Centers at both Old Worthington Library and Northwest Library were completed in 2013.
- Worthington Park Library was expanded to include two additional store front units in Worthington Park Centre.
- The Library kept expenditures below revenues for the eighth straight year.

Using the Basic Financial Statements

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

The Statement of Net Position and the Statement of Activities provide information about the activities of the whole Library, presenting both an aggregate view of the Library's finances and a longer-term view of those finances.

Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the Library's most significant funds with all other nonmajor funds presented in total in one column. In the case of the Library, the only major fund is the General Fund.

Reporting the Library as a Whole

Statement of Net Position and the Statement of Activities

The Statement of Net Position and the Statement of Activities reflect how the Library did financially during 2013. These statements include all assets and liabilities using the accrual basis of accounting

Worthington Libraries
Worthington, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2013
Unaudited

similar to the accounting used by most private-sector companies. This basis of accounting considers all of the current fiscal year's revenues and expenses regardless of when cash is received or paid.

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

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

Reporting the Library's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

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

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

Worthington Libraries
Worthington, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2013
Unaudited

The Library as a Whole

Table 1 provides a summary of the Library's net position for 2013 compared to 2012:

| | Table 1 Net Position | | |
|---------------------------------------|-------------------------|---------------------|------------------|
| | 2013 | 2012 | Change |
| Assets: | | | |
| Current Assets | \$27,260,435 | \$26,324,784 | \$935,651 |
| Capital Assets, Net | 8,724,364 | 8,417,136 | 307,228 |
| Total Assets | <u>35,984,799</u> | <u>34,741,920</u> | <u>1,242,879</u> |
| Liabilities: | | | |
| Other Liabilities | 956,698 | 496,791 | 459,907 |
| Long-Term Liabilities | 138,943 | 129,854 | 9,089 |
| Total Liabilities | <u>1,095,641</u> | <u>626,645</u> | <u>468,996</u> |
| Deferred Inflows of Resources: | | | |
| Property Taxes | <u>6,481,936</u> | <u>6,476,380</u> | <u>5,556</u> |
| Net Position: | | | |
| Investment in Capital Assets | 8,724,364 | 8,417,136 | 307,228 |
| Restricted | 15,096 | 9,775 | 5,321 |
| Unrestricted | 19,667,762 | 19,211,984 | 455,778 |
| Total Net Position | <u>\$28,407,222</u> | <u>\$27,638,895</u> | <u>\$768,327</u> |

Current assets of the Library consist mainly of cash and receivables. The majority of the increase in current assets was due to increases in cash which resulted from revenues exceeding expenses during 2013. See page seven for details as to why this happened.

Overall, net position of the Library increased \$768,327. Unrestricted net position represents the amount of resources the Library has to run the day-to-day operations. This increased 2.4 percent from 2012. The main reason for the increase was a result of revenues exceeding expenses during 2013.

Worthington Libraries
Worthington, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2013
Unaudited

Table 2 shows the changes in net position for the year ended December 31, 2013 compared to 2012.

Table 2
Changes in Net Position

| | 2013 | 2012 | Change |
|--|---------------------|---------------------|------------------|
| Revenues: | | | |
| Program Revenues: | | | |
| Charges for Services | \$1,215,716 | \$1,282,481 | (\$66,765) |
| Operating Grants, Interest and Contributions | 53,509 | 43,552 | 9,957 |
| Total Program Revenues | <u>1,269,225</u> | <u>1,326,033</u> | <u>(56,808)</u> |
| General Revenues: | | | |
| Property Taxes | 6,039,306 | 6,134,283 | (94,977) |
| Grants and Entitlements | | | |
| Not Restricted to Specific Programs | 2,685,043 | 2,817,570 | (132,527) |
| Unrestricted Gifts and Contributions | 32,197 | 30,588 | 1,609 |
| Earnings on Investments | 24,795 | 23,717 | 1,078 |
| Miscellaneous | 22,003 | 7,907 | 14,096 |
| Total General Revenues | <u>8,803,344</u> | <u>9,014,065</u> | <u>(210,721)</u> |
| Total Revenues | <u>10,072,569</u> | <u>10,340,098</u> | <u>(267,529)</u> |
| Program Expenses | | | |
| Library Services: | | | |
| Public Services and Programs | 3,836,827 | 3,750,218 | 86,609 |
| Collection Development and Processing | 1,910,823 | 1,943,464 | (32,641) |
| Support Services: | | | |
| Facilities Operations and Maintenance | 1,068,275 | 977,008 | 91,267 |
| Information Services Support | 1,071,654 | 931,896 | 139,758 |
| Business Administration | 1,416,663 | 1,372,469 | 44,194 |
| Total Expenses | <u>9,304,242</u> | <u>8,975,055</u> | <u>\$329,187</u> |
| Increase in Net Position | 768,327 | 1,365,043 | |
| Net Position at Beginning of Year | <u>27,638,895</u> | <u>26,273,852</u> | |
| Net Position at End of Year | <u>\$28,407,222</u> | <u>\$27,638,895</u> | |

Governmental Activities

The Library's general revenues are primarily property taxes and grants and entitlements not restricted to specific programs. These revenues represent 60 and 27 percent, respectively of the total revenue received for the Library's activities during the year.

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Worthington, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2013
Unaudited

Overall, revenues decreased \$267,529, mostly in general revenues. Program revenues are revenues that are derived directly from the program itself or from sources outside the government's tax base directly related to the program. There was a decrease in charges for services in 2013. Worthington Libraries receives a yearly reimbursement from CML for the operations of the Northwest Library based on the average of the costs of operations of three CML branches during the preceding year. A decrease in this reimbursement, included in charges for services, was the result of CML experiencing lower operating costs in 2012 compared to 2011. An increase in operating grants was due to an increase in the Friends of the Worthington Libraries Foundation grant for programs. A decrease in the General Revenue Grants and Entitlements was a result of the phase out of the personal property tax reimbursement which had a final payment in 2012.

Total expenses increased \$329,187 or 4 percent, due primarily to increases in expenses related to information services support, business administration, and public services and programs. The increases in information services were due to purchasing Smart Boards for each location and costs of a project to reorganize the server rooms.

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

The Library's Funds

Information about the Library's major funds starts on page 12. These funds are accounted for using the modified accrual basis of accounting. The only major fund the Library has is the General Fund. Overall, fund balance in the General Fund increased \$788,727 or 4 percent from 2012. Revenues decreased primarily because of the elimination of personal property and public utility property tax reimbursements, the reduction in the contribution from CML, the decrease in fines and fees revenues, and less revenue received from distributions from the State for Public Library Funds. Expenditures increased \$142,391 from 2012, which is not significant. During 2005, the Library passed a 2.6 mill property tax levy which has stabilized the Library's budget as well as provided funding for the renovation and remodeling projects. As part of the levy passage, the Library promised that fund balance would remain positive through 2018. This promise is subject to change due to decreased funding, such as reduced income from the Public Library Fund.

General Fund Budgeting Highlights

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

Worthington Libraries
Worthington, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2013
Unaudited

For the General Fund, there was a decrease in the final budget basis revenue from the original budgeted estimates. This was due primarily to decreases in the amounts to be received for Property Taxes and Other Government Grants-in aid as certified by the County Auditor and the amount of the reimbursement from Columbus Metropolitan Library for the operation of Northwest Library. Actual revenues were \$10,015 lower than final budgeted revenues. The primary reason for lower than expected revenues lies in decreases to property taxes as a result of higher delinquencies and the early phase out of the personal property tax and public utility personal property tax.

There was an increase in expenditures from the original to the final budget. This increase was primarily due to an increase in planned capital expenditures for building renovations and the creation of an additional staff position. Actual expenditures were \$823,246 lower than final budgeted expenditures. The Library kept spending below budgeted amounts as demonstrated by the variances reported. The result is the increase in fund balance of \$472,700 for 2013.

Capital Assets

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

Table 3 shows 2013 balances compared to 2012.

Table 3
 Capital Assets
 (Net of Depreciation)
 Governmental Activities

| | 2013 | 2012 | Change |
|----------------------------|-------------|-------------|-----------|
| Land | \$910,379 | \$910,379 | \$0 |
| Construction in Progress | 162,645 | 66,655 | 95,990 |
| Buildings and Improvements | 7,342,096 | 7,163,395 | 178,701 |
| Machinery and Equipment | 308,390 | 273,565 | 34,825 |
| Vehicles | 854 | 3,142 | (2,288) |
| Totals | \$8,724,364 | \$8,417,136 | \$307,228 |

Overall, capital assets increased during the year due to repurposing existing areas in two locations to create homework help centers and the expansion of Worthington Park Library, as well as equipment additions to support those projects. See Note 9 of the Notes to the Basic Financial Statements for more detailed information.

Worthington Libraries
Worthington, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2013
Unaudited

Contacting the Library's Financial Management

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

Worthington Libraries
Worthington, Ohio
Statement of Net Position
December 31, 2013

| | Governmental Activities |
|--|----------------------------|
| Assets: | |
| Equity in Pooled Cash and Cash Equivalents | \$19,086,270 |
| Property Taxes Receivable | 6,747,406 |
| Intergovernmental Receivable | 1,331,829 |
| Prepaid Items | 94,930 |
| Nondepreciable Capital Assets | 1,073,024 |
| Depreciable Capital Assets, Net | 7,651,340 |
| <i>Total Assets</i> | 35,984,799 |
| Liabilities: | |
| Accounts Payable | 160,052 |
| Accrued Wages Payable | 120,428 |
| Contracts Payable | 331,164 |
| Intergovernmental Payable | 83,078 |
| Vacation Leave Payable | 261,976 |
| Long-Term Liabilities: | |
| Due Within One Year | 3,290 |
| Due in More Than One Year | 135,653 |
| <i>Total Liabilities</i> | 1,095,641 |
| Deferred Inflows of Resources: | |
| Property Taxes | 6,481,936 |
| Net Position: | |
| Investment in Capital Assets | 8,724,364 |
| Restricted for Support Services | 15,096 |
| Unrestricted | 19,667,762 |
| <i>Total Net Position</i> | \$28,407,222 |

See accompanying notes to the basic financial statements

Worthington Libraries
Worthington, Ohio
Statement of Activities
For the Year Ended December 31, 2013

| | Expenses | Program Revenues | | Net (Expense) |
|---------------------------------------|--------------------|----------------------|------------------------------------|-------------------------------------|
| | | Charges for Services | Operating Grants and Contributions | Revenue and Changes in Net Position |
| | | | | Total Governmental Activities |
| Governmental Activities: | | | | |
| Library Services: | | | | |
| Public Services and Programs | \$3,836,827 | \$1,215,716 | \$53,509 | (\$2,567,602) |
| Collection Development and Processing | 1,910,823 | 0 | 0 | (1,910,823) |
| Support Services: | | | | |
| Facilities Operations and Maintenance | 1,068,275 | 0 | 0 | (1,068,275) |
| Information Services Support | 1,071,654 | 0 | 0 | (1,071,654) |
| Business Administration | 1,416,663 | 0 | 0 | (1,416,663) |
| <i>Total Governmental Activities</i> | <u>\$9,304,242</u> | <u>\$1,215,716</u> | <u>\$53,509</u> | <u>(8,035,017)</u> |

General Revenues:

| | |
|---|---------------------|
| Property Taxes | 6,039,306 |
| Grants and Entitlements not Restricted to Specific Programs | 2,685,043 |
| Unrestricted Gifts and Contributions | 32,197 |
| Earnings on Investments | 24,795 |
| Miscellaneous | 22,003 |
| <i>Total General Revenues</i> | <u>8,803,344</u> |
| <i>Change in Net Position</i> | 768,327 |
| <i>Net Position at Beginning of Year</i> | <u>27,638,895</u> |
| <i>Net Position at End of Year</i> | <u>\$28,407,222</u> |

See accompanying notes to the basic financial statements

Worthington Libraries
Worthington, Ohio
Balance Sheet
Governmental Funds
December 31, 2013

| | General | Nonmajor Governmental Funds | Total Governmental Funds |
|---|---------------------|-----------------------------------|--------------------------------|
| Assets: | | | |
| Equity in Pooled Cash and Cash Equivalents | \$18,533,353 | \$552,917 | \$19,086,270 |
| Receivables: | | | |
| Property Taxes | 6,747,406 | 0 | 6,747,406 |
| Intergovernmental | 1,331,829 | 0 | 1,331,829 |
| Prepaid Items | 84,066 | 10,864 | 94,930 |
| <i>Total Assets</i> | <u>\$26,696,654</u> | <u>\$563,781</u> | <u>\$27,260,435</u> |
| Liabilities: | | | |
| Accounts Payable | \$157,608 | \$2,444 | \$160,052 |
| Accrued Wages Payable | 120,428 | 0 | 120,428 |
| Contracts Payable | 0 | 331,164 | 331,164 |
| Intergovernmental Payable | 83,078 | 0 | 83,078 |
| <i>Total Liabilities</i> | <u>361,114</u> | <u>333,608</u> | <u>694,722</u> |
| Deferred Inflows of Resources: | | | |
| Property Taxes | 6,481,936 | 0 | 6,481,936 |
| Unavailable Revenue | 1,427,313 | 0 | 1,427,313 |
| <i>Total Deferred Inflows of Resources</i> | <u>7,909,249</u> | <u>0</u> | <u>7,909,249</u> |
| Fund Balances: | | | |
| Nonspendable | 84,066 | 10,864 | 94,930 |
| Restricted | 0 | 15,096 | 15,096 |
| Committed | 38,598 | 0 | 38,598 |
| Assigned | 289,860 | 204,213 | 494,073 |
| Unassigned | 18,013,767 | 0 | 18,013,767 |
| <i>Total Fund Balances</i> | <u>18,426,291</u> | <u>230,173</u> | <u>18,656,464</u> |
| <i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i> | <u>\$26,696,654</u> | <u>\$563,781</u> | <u>\$27,260,435</u> |

See accompanying notes to the basic financial statements

Worthington Libraries
Worthington, Ohio
Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
December 31, 2013

| | |
|--|--------------------------------|
| Total Governmental Fund Balances | \$18,656,464 |
| <i>Amounts reported for governmental activities in the Statement of Net Position are different because:</i> | |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of: | |
| Capital Assets: | |
| Land | 910,379 |
| Construction in Progress | 162,645 |
| Buildings and Improvements | 10,585,405 |
| Machinery and Equipment | 989,659 |
| Vehicles | 18,300 |
| Accumulated Depreciation | <u>(3,942,024)</u> |
| Total | 8,724,364 |
| Other long-term assets are not available to pay for current-period expenditures and therefore are reported as unavailable in the funds: | |
| Delinquent Property Taxes | 265,470 |
| Intergovernmental | <u>1,161,843</u> |
| Total | 1,427,313 |
| Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of: | |
| Vacation Leave Payable | (261,976) |
| Compensated Absences Payable | <u>(138,943)</u> |
| Total | <u>(400,919)</u> |
| <i>Net Position of Governmental Activities</i> | <u><u>\$28,407,222</u></u> |

See accompanying notes to the basic financial statements

Worthington Libraries
 Worthington, Ohio
 Statement of Revenues, Expenditures and Changes in Fund Balances
 Governmental Funds
 For the Year Ended December 31, 2013

| | General Fund | Nonmajor Governmental Funds | Total Governmental Funds |
|---|----------------------------|-----------------------------------|--------------------------------|
| Revenues: | | | |
| Property Taxes | \$6,088,379 | \$0 | \$6,088,379 |
| Other Government Grants-in-Aid | 2,703,995 | 0 | 2,703,995 |
| Patron Fines and Fees | 223,001 | 0 | 223,001 |
| Services Provided to Other Entities | 992,715 | 0 | 992,715 |
| Contributions, Gifts, and Donations | 32,197 | 53,509 | 85,706 |
| Earnings on Investments | 24,795 | 0 | 24,795 |
| Miscellaneous | 22,003 | 0 | 22,003 |
| <i>Total Revenues</i> | <u>10,087,085</u> | <u>53,509</u> | <u>10,140,594</u> |
| Expenditures: | | | |
| Current: | | | |
| Library Services: | | | |
| Public Services and Programs | 3,623,275 | 48,188 | 3,671,463 |
| Collection Development and Processing | 1,907,258 | 0 | 1,907,258 |
| Support Services: | | | |
| Facilities Operations and Maintenance | 723,929 | 297,454 | 1,021,383 |
| Information Services Support | 861,945 | 150,299 | 1,012,244 |
| Business Administration | 1,399,449 | 0 | 1,399,449 |
| Capital Outlay | 86,986 | 483,688 | 570,674 |
| <i>Total Expenditures</i> | <u>8,602,842</u> | <u>979,629</u> | <u>9,582,471</u> |
| <i>Excess of Revenues Over (Under) Expenditures</i> | <u>1,484,243</u> | <u>(926,120)</u> | <u>558,123</u> |
| Other Financing Sources (Uses): | | | |
| Transfers - In | 0 | 695,516 | 695,516 |
| Transfers - Out | (695,516) | 0 | (695,516) |
| <i>Total Other Financing Sources (Uses)</i> | <u>(695,516)</u> | <u>695,516</u> | <u>0</u> |
| <i>Net Change in Fund Balances</i> | 788,727 | (230,604) | 558,123 |
| <i>Fund Balances at Beginning of Year</i> | <u>17,637,564</u> | <u>460,777</u> | <u>18,098,341</u> |
| <i>Fund Balances at End of Year</i> | <u><u>\$18,426,291</u></u> | <u><u>\$230,173</u></u> | <u><u>\$18,656,464</u></u> |

See accompanying notes to the basic financial statements

Worthington Libraries
Worthington, Ohio
Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2013

Net Change in Fund Balances - Total Governmental Funds \$558,123

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 | 570,674 | |
| Depreciation | <u>(263,446)</u> | |
| Excess of Capital Outlay over Depreciation Expense | | 307,228 |

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

| | | |
|-------------------|-----------------|----------|
| Property Taxes | (49,073) | |
| Intergovernmental | <u>(18,952)</u> | |
| Total | | (68,025) |

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

| | | |
|--|----------------|-----------------|
| Increase in Vacation Leave Payable | (19,910) | |
| Increase in Compensated Absences Payable | <u>(9,089)</u> | |
| Total | | <u>(28,999)</u> |

Change in Net Position of Governmental Activities \$768,327

See accompanying notes to the basic financial statements

Worthington Libraries
Worthington, Ohio
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Budget Basis)
General Fund
For the Year Ended December 31, 2013

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|---|------------------|--------------|--------------|--|
| | Original | Final | | |
| Revenues: | | | | |
| Property Taxes | \$6,494,639 | \$6,476,380 | \$6,088,379 | (\$388,001) |
| Other Government Grants-in-Aid | 2,359,181 | 2,352,548 | 2,705,525 | 352,977 |
| Patron Fines and Fees | 275,775 | 275,000 | 223,001 | (51,999) |
| Services Provided to Other Entities | 995,514 | 992,715 | 992,715 | 0 |
| Contributions, Gifts, and Donations | 0 | 0 | 32,197 | 32,197 |
| Earnings on Investments | 20,056 | 20,000 | 42,808 | 22,808 |
| Miscellaneous | 0 | 0 | 22,003 | 22,003 |
| <i>Total Revenues</i> | 10,145,165 | 10,116,643 | 10,106,628 | (10,015) |
| Expenditures: | | | | |
| Library Services: | | | | |
| Public Services and Programs | 3,828,458 | 3,841,161 | 3,663,211 | 177,950 |
| Collection Development and Processing | 2,178,726 | 2,185,955 | 2,096,556 | 89,399 |
| Support Services: | | | | |
| Facilities Operations and Maintenance | 889,999 | 892,952 | 738,513 | 154,439 |
| Information Services Support | 889,972 | 892,924 | 874,969 | 17,955 |
| Business Administration | 1,598,302 | 1,603,605 | 1,434,391 | 169,214 |
| Capital Outlay | 57,200 | 195,061 | 130,772 | 64,289 |
| Contingency | 150,000 | 150,000 | 0 | 150,000 |
| <i>Total Expenditures</i> | 9,592,657 | 9,761,658 | 8,938,412 | 823,246 |
| <i>Excess of Revenues Over Expenditures</i> | 552,508 | 354,985 | 1,168,216 | 813,231 |
| Other Financing Uses: | | | | |
| Transfers - Out | (338,518) | (695,516) | (695,516) | 0 |
| <i>Net Change in Fund Balance</i> | 213,990 | (340,531) | 472,700 | 813,231 |
| <i>Fund Balance at Beginning of Year</i> | 17,407,726 | 17,407,726 | 17,407,726 | 0 |
| <i>Prior Year Encumbrances Appropriated</i> | 221,465 | 221,465 | 221,465 | 0 |
| <i>Fund Balance at End of Year</i> | \$17,843,181 | \$17,288,660 | \$18,101,891 | \$813,231 |

See accompanying notes to the basic financial statements

Worthington Libraries
Worthington, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

Note 1 – Description Of The Library And Reporting Entity

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

The Library is fiscally independent of the Worthington City School District Board of Education, although the Board of Education serves in a ministerial capacity as the taxing authority for the Library. The determination to request approval of a tax levy and the role and purpose(s) of the levy are discretionary decisions made solely by the Board of Library Trustees. Once those decisions are made, the Board of Education must put the levy on the ballot. There is no potential for the Library to provide a financial benefit to or impose a financial burden on the Board of Education.

Under the provisions of Governmental Accounting Standards Board (“GASB”) Statement No. 14, The Financial Reporting Entity, GASB Statement No. 39, Determining Whether Certain Organizations are Component Units, an amendment of GASB Statement No. 14, and Statement No. 61, Omnibus-an amendment of GASB Statements No. 14 and No. 34, 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, and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the Library. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Library, are accessible to the Library and are significant in amount to the Library. The Library has no component units.

Note 2 – Summary Of Significant Accounting Policies

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

Worthington Libraries
Worthington, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

Basis of Presentation

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

Government-wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the Library as a whole. The Statement of Net Position presents the financial condition of the governmental activities of the Library at year-end. The Statement of Activities presents a comparison between direct expenses and program revenues for each program or function of the Library's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program. Revenues which are not classified as program revenues are presented as general revenues of the Library, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the Library.

Fund Financial Statements

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

Fund Accounting

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

Governmental Funds

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

Worthington Libraries
Worthington, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

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

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

Measurement Focus

Government-Wide Financial Statements

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and liabilities associated with the operation of the Library are included on the Statement of Net Position. The Statement of Activities presents increases (e.g., revenues) and decreases (e.g., expenses) in total net position.

Fund Financial Statements

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

Basis of Accounting

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

Worthington Libraries
Worthington, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

Revenues - Exchange and Non-exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available. “Measurable” means that the amount of the transaction can be determined and “available” means that the resources are collectible within the current year, or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the Library, available means expected to be received within 31 days of year-end.

Non-exchange transactions, in which the Library receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the year for which the taxes are levied (See Note 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.

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

Deferred inflows of resources

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the Library, deferred inflows of resources include property taxes and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2013, but which were levied to finance 2014 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the Library unavailable revenue includes delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

Worthington Libraries
Worthington, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

Expenses/Expenditures

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

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

Cash and Cash Equivalents

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

During 2013, the Library invested in negotiable certificates of deposits and the State Treasury Asset Reserve of Ohio (STAROhio). Investments are reported at fair value which is based on quoted market price.

STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's net assets value per share which is the price the investment could be sold for on December 31, 2013.

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 2013 were \$24,795, including \$728 assigned from other Library funds.

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

Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2013, 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.

Worthington Libraries
Worthington, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

Capital Assets

The Library's only capital assets are general capital assets. General capital assets are those assets specifically related to governmental activities. General capital assets usually result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide Statement of Net Position but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost, which is determined by indexing the current replacement costs back to the year of acquisition) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The Library maintains a capitalization threshold of \$5,000. The Library does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

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

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

Library Books

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

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.

Worthington Libraries
Worthington, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

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

Fund Balance

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

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

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

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

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

Worthington Libraries
Worthington, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

Unassigned – Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

Net Position

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation. This amount is usually presented as net of related debt, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets; however the Library has no debt.

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

Internal Activity

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

Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the Statement of Activities. Payments for interfund services provided and used are not eliminated.

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

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Budgetary Process

All funds are legally required to be budgeted and appropriated. The budget documents prepared by the Library are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Board of Trustees may appropriate. The appropriations resolution is the Board of Trustees' authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by the Board of Trustees. The legal level of control has been established at the fund, program, and object code level for all funds. Budgetary modifications at the legal level of control may only be made by resolution of the Board of Trustees.

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

The appropriations resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriations resolution for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board of Trustees during the year, including all supplemental appropriations.

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.

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Note 3 – Changes In Accounting Principles

For 2013, the Library implemented Governmental Accounting Standard Board (GASB) *Statement No. 61, “The Financial Reporting Entity: Omnibus; an amendment of GASB Statements No. 14 and No. 34.”* This Statement modifies existing requirements for the assessment of potential component units in determining what should be included in the financial reporting entity, and financial reporting entity display and disclosure requirements. The implementation of this statement did not result in any change in the Library’s financial statements.

Note 4 – Budgetary Basis Of Accounting

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

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

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

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

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Net Change in Fund Balance

| | General Fund |
|---|--------------|
| GAAP Basis | \$788,727 |
| Revenue Accruals | 4,583 |
| Expenditure Accruals | 110,852 |
| Adjustment for Encumbrances | (446,422) |
| Change in Fair Value of Investments - 2013 | 14,960 |
| Budget Basis | \$472,700 |

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

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

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

1. United States Treasury Notes, bills, bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;

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

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

Investments

As of December 31, 2013, the Library's had the following investments:

| | Fair Value | Maturity Less Than 1 Year | Maturity 2-5 Years | Moody's Rating s | Percent of Total Investments |
|------------------------------------|---------------------|---------------------------------|-----------------------|---------------------|------------------------------------|
| Negotiable Certificate of Deposits | \$8,584,040 | \$2,242,473 | \$6,341,567 | Aaa | 48.94% |
| STAROhio | 8,954,175 | 8,954,175 | 0 | N/A | |
| | <u>\$17,538,215</u> | <u>\$11,196,648</u> | <u>\$6,341,567</u> | | |

Interest Rate Risk

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

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Credit Risk

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

Custodial Credit Risk

Custodial Credit Risk is the risk that in the event of the failure of the counterparty, the Library will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All of the Library's securities are either insured and registered in the name of the Library or at least registered in the name of the Library.

Note 6 – Property Taxes

Property taxes include amounts levied against all real and public utility property located in the Library district. Property tax revenues received during 2013 for real and public utility property taxes represents collections of the 2012 taxes.

2013 real property taxes are levied after October 1, 2013, on the assessed value as of January 1, 2013, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2013 real property taxes are collected in and intended to finance 2014 operations.

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

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2013 public utility property taxes became a lien December 31, 2012, are levied after October 1, 2013, and are collected in 2014 with real property taxes.

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The full tax rate for all Library operations for the year ended December 31, 2013, was \$4.80 per \$1,000 of assessed value. The assessed values of real property and public utility property, upon which 2013 property tax receipts were based are as follows:

| <u>Category</u> | <u>Assessed Value</u> |
|-------------------------|------------------------|
| Real Estate | \$1,747,797,680 |
| Public Utility Personal | <u>37,884,090</u> |
| Totals | <u>\$1,785,681,770</u> |

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the Library. The County Auditor periodically remits to the Library its portion of the taxes collected. Property taxes receivable represents real and public utility property taxes and outstanding delinquencies which were measurable as of December 31, 2013, and for which there was an enforceable legal claim. In governmental funds, the portion of the receivable not levied to finance 2013 operations is offset to deferred inflows of resources – property taxes. On the accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on the modified accrual basis the revenue has been reported as deferred inflows of resources – unavailable revenue.

Note 7 – Grants-In-Aid

A major source of revenue for Ohio public libraries is the Public Library Fund (PLF). The source of money for this fund comes from a percentage of the State taxes collected in Ohio including State income tax and sales tax. During the first half of 2013, the PLF was distributed at approximately the same amounts distributed during the first half of 2012. During the second half of 2013, the PLF was based on 1.66 percent of the State’s General Revenue Fund tax revenue. The Franklin County Budget Commission allocates these funds to the Library based on a formula that was negotiated and agreed to by the seven public libraries located in the county. The County Budget Commission cannot reduce its allocation of these funds to the Library based on any additional revenues the Library receives.

Note 8 – Receivables

Receivables at December 31, 2013, 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:

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| Governmental Activities: | Amounts |
|--------------------------|-------------|
| Public Library Fund | \$991,889 |
| Homestead and Rollback | 339,940 |
| Total | \$1,331,829 |

Note 9 – Capital Assets

Capital assets activity for the fiscal year ended December 31, 2013, was as follows:

| | Balance at 12/31/2012 | Additions | Deletions | Balance At 12/31/2013 |
|---|--------------------------|-------------|------------|--------------------------|
| Governmental Activities: | | | | |
| Capital Assets, Not Being Depreciated: | | | | |
| Land | \$910,379 | \$0 | \$0 | \$910,379 |
| Construction in Progress | 66,655 | 168,454 | (72,464) | 162,645 |
| Total Capital Assets, Not Being Depreciated | 977,034 | 168,454 | (72,464) | 1,073,024 |
| Capital Assets, Being Depreciated | | | | |
| Buildings and Improvements | 10,184,689 | 400,716 | 0 | 10,585,405 |
| Machinery and Equipment | 915,691 | 73,968 | 0 | 989,659 |
| Vehicles | 18,300 | 0 | 0 | 18,300 |
| Total Capital Assets, Being Depreciated | 11,118,680 | 474,684 | 0 | 11,593,364 |
| Less Accumulated Depreciation: | | | | |
| Buildings and Improvements | (3,021,294) | (222,015) | 0 | (3,243,309) |
| Machinery and Equipment | (642,126) | (39,143) | 0 | (681,269) |
| Vehicles | (15,158) | (2,288) | 0 | (17,446) |
| Total Accumulated Depreciation | (3,678,578) | (263,446) * | 0 | (3,942,024) |
| Capital Assets, Being Depreciated, Net | 7,440,102 | 211,238 | 0 | 7,651,340 |
| Governmental Activities Capital Assets, Net | \$8,417,136 | \$379,692 | (\$72,464) | \$8,724,364 |

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* Depreciation expense was charged to governmental programs as follows:

| | |
|---------------------------------------|------------------|
| Library Services: | |
| Public Services and Programs | \$137,536 |
| Collection Development and Processing | 2,615 |
| Support Services: | |
| Facilities Operations and Maintenance | 46,335 |
| Information Services Support | 61,097 |
| Business Administration | 15,863 |
| Total Depreciation Expense | <u>\$263,446</u> |

Note 10 – Risk Management

Property and Liability

The Library is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During 2013, the Library contracted with the Lauterbach & Eilber Company. The commercial package policy includes coverage for commercial property, commercial inland marine, commercial general liability, commercial crime, commercial automobile, and a commercial umbrella through Ohio Casualty.

Commercial property consists of a \$16,299,405 blanket policy that covers buildings, business personal property, property of others, and equipment breakdown. It includes earthquake damage with sublimits of \$4,000,000 at Old Worthington Library and \$5,000,000 at Northwest Library and is a replacement cost valuation. Water backup from sewers and drains is covered with a \$100,000 limit at Old Worthington Library and a \$25,000 limit at Northwest Library, with a \$1,000 deductible per occurrence.

A commercial inland marine policy covers valuable papers and records. It has a \$5,540,000 limit on books, \$2,060,000 limit on audio/visual equipment with a \$250 deductible, and \$250,000 limit on fine arts with a \$1,000 deductible. It covers all risk of direct physical loss at a cash value valuation.

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

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

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

Directors and Officers

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

Note 11 – Defined Benefit Pension Plans

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

OPERS provides retirement, disability, survivor and death benefits, and annual cost-of-living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/investments/cafr.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

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Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions and currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll. Member contribution rates, as set forth in the Ohio Revised Code, are not to exceed 10 percent of covered payroll. For the year ended December 31, 2013, members in state and local divisions contributed 10 percent of covered payroll for state and local employer units. For 2013, member and employer contribution rates were consistent across all three plans.

The Library's 2013 contribution rate was 14.0 percent of covered payroll. The portion of employer contributions used to fund pension benefits is net of post-employment health care benefits. For 2013, the portion of employer contribution allocated to health care was 1.0 percent for members in the Traditional Plan and the Combined Plan. Effective January 1, 2014, the portion of employer contributions allocated to health care increased to 2.0 percent. Employer contribution rates are actuarially determined.

The Library's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2013, 2012, and 2011 were \$426,322, \$414,636, and \$359,898, respectively. For 2013, 90 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2012 and 2011. Contributions to the Member-Directed Plan for 2013 were \$30,930 made by the Library and \$22,093 made by plan members.

Note 12 – Post-Employment Benefits

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

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

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

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Disclosures for the health care plan are presented separately in the OPERS financial report which may be obtained by visiting <https://www.opers.org/investments/cafr.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy – The post-employment health care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). The Ohio Revised Code provides the statutory authority requiring public employers to fund post-retirement health care through contributions to OPERS. A portion of each employer’s contribution to OPERS is set aside for the funding of post-retirement health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2013, State and local employers contributed at a rate of 14.0 percent of covered payroll. These are the maximum employer contribution rates permitted by the Ohio Revised Code.

Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. For 2013, the portion of employer contributions allocated to health care for members in the Traditional Plan and the Combined Plan was 1.0 percent. Effective January 1, 2014, the portion of employer contributions allocated to healthcare was raised to 2.0 percent for both plans, as recommended by the OPERS Actuary.

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

The Library’s contributions allocated to fund post-employment health care benefits for the years ended December 31, 2013, 2012, and 2011 were \$170,529, \$165,854, and \$201,615, respectively. For 2013, 90 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2012 and 2011.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4.0 percent of the employer contributions toward the health care fund after the end of the transition period.

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Note 13 – Other Employee Benefits

Insurance Benefits

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

Compensated Absences

Accumulated Unpaid Vacation

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

Accumulated Unpaid Sick Leave

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

Accumulated Unpaid Floating Holidays

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

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Deferred Compensation

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

Note 14 – Long-Term Obligations

The changes in the Library’s long-term obligations during 2013 were as follows:

| | Amount Outstanding 12/31/2012 | Additions | Deletions | Amount Outstanding 12/31/2013 | Amounts Due in One Year |
|----------------------|-------------------------------------|-----------|-----------|-------------------------------------|-------------------------------|
| Compensated Absences | \$129,854 | \$11,549 | \$2,460 | \$138,943 | \$3,290 |

Compensated absences will be paid from General Fund.

Note 15 – Interfund Transfers

Interfund transfers at December 31, 2013 were as follows:

| | Transfers-In | Transfers-Out |
|-----------------------------|--------------|---------------|
| General Fund | \$0 | \$695,516 |
| Nonmajor Governmental Funds | 695,516 | 0 |
| Total Transfers | \$695,516 | \$695,516 |

The Library transferred cash to Nonmajor Governmental Funds from the General Fund to cover the Homework Help Centers construction, technology purchases and maintenance and repairs.

Note 16 – 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, 2013 will not have a material adverse effect on the Library.

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Litigation

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

Note 17 – Significant Commitments

Encumbrances

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

| | |
|--------------------------|-------------------------|
| General Fund | \$446,422 |
| Other Governmental Funds | <u>364,784</u> |
| Total | <u><u>\$811,206</u></u> |

Contractual Commitments

As of December 31, 2013, the Library had the following commitments with respect to capital projects:

| Contractor | Purpose | Construction Commitment |
|-----------------------------|---|----------------------------|
| Integrated Business Systems | Installation of network and low voltage cabling to support security system for Old Worthington Library | \$49,870 |
| Integrated Business Systems | Installation of network and low voltage cabling to support security system, security cameras for Northwest Library | 49,663 |
| Integrated Business Systems | Installation of Network and low voltage cabling to support security system, security cameras for Worthington Park Library | 44,610 |
| Redbox | Design and fabrication of décor items for Worthington Park Library | 13,074 |
| Worthington Park, LLC | Leasehold Improvements by Landlord | 179,216 |

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Note 18 – Fund Balance

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Library is bound to observe constraints imposed upon the use of the resources in governmental funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

| Fund Balances | General | Nonmajor Governmental Funds | Total |
|-----------------------------|---------------------|-----------------------------------|---------------------|
| <u>Nonspendable:</u> | | | |
| Prepaid Items | \$84,066 | \$10,864 | \$94,930 |
| <u>Restricted for:</u> | | | |
| Support for Programs | 0 | 15,096 | 15,096 |
| <u>Committed to:</u> | | | |
| Compensated absences | 38,598 | 0 | 38,598 |
| <u>Assigned to:</u> | | | |
| Capital Asset Replacement | 0 | 204,213 | 204,213 |
| Purchases on Order | 289,860 | 0 | 289,860 |
| Total Assigned Fund Balance | <u>289,860</u> | <u>204,213</u> | <u>494,073</u> |
| <u>Unassigned:</u> | | | |
| Total Fund Balances | <u>\$18,013,767</u> | <u>0</u> | <u>18,013,767</u> |
| | <u>\$18,426,291</u> | <u>\$230,173</u> | <u>\$18,656,464</u> |

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COMBINING FINANCIAL STATEMENTS
AND
INDIVIDUAL FUND SCHEDULES

Worthington Libraries
Worthington, Ohio
Nonmajor Fund Descriptions

Special Revenue Funds

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

Nonmajor Special Revenue Fund

Friends Foundation Fund

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

Capital Projects Funds

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

Nonmajor Capital Projects Funds

Building Fund

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

Technology Fund

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

Worthington Libraries
Worthington, Ohio
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2013

| | Nonmajor Special Revenue Fund | Nonmajor Capital Projects Funds | Total Nonmajor Governmental Funds |
|--|--|--|--|
| Assets: | | | |
| Equity in Pooled Cash and Cash Equivalents | \$15,690 | \$537,227 | \$552,917 |
| Prepaid Items | 0 | 10,864 | 10,864 |
| <i>Total Assets</i> | <u>\$15,690</u> | <u>\$548,091</u> | <u>\$563,781</u> |
| Liabilities: | | | |
| Accounts Payable | \$594 | \$1,850 | \$2,444 |
| Contracts Payable | 0 | 331,164 | 331,164 |
| <i>Total Liabilities</i> | <u>594</u> | <u>333,014</u> | <u>333,608</u> |
| Fund Balances: | | | |
| Nonspendable | 0 | 10,864 | 10,864 |
| Restricted | 15,096 | 0 | 15,096 |
| Assigned | 0 | 204,213 | 204,213 |
| <i>Total Fund Balances</i> | <u>15,096</u> | <u>215,077</u> | <u>230,173</u> |
| <i>Total Liabilities and Fund Balances</i> | <u>\$15,690</u> | <u>\$548,091</u> | <u>\$563,781</u> |

Worthington Libraries
Worthington, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2013

| | Nonmajor Special Revenue Fund | Nonmajor Capital Projects Funds | Total Nonmajor Governmental Funds |
|---|--|--|--|
| Revenues: | | | |
| Contributions, Gifts, and Donations | \$53,509 | \$0 | \$53,509 |
| Expenditures: | | | |
| Current: | | | |
| Library Services: | | | |
| Public Services and Programs | 48,188 | 0 | 48,188 |
| Support Services: | | | |
| Facilities Operations and Maintenance | 0 | 297,454 | 297,454 |
| Information Services Support | 0 | 150,299 | 150,299 |
| Capital Outlay | 0 | 483,688 | 483,688 |
| <i>Total Expenditures</i> | 48,188 | 931,441 | 979,629 |
| <i>Excess of Revenues Over (Under) Expenditures</i> | 5,321 | (931,441) | (926,120) |
| Other Financing Sources: | | | |
| Transfers - In | 0 | 695,516 | 695,516 |
| <i>Net Change in Fund Balances</i> | 5,321 | (235,925) | (230,604) |
| <i>Fund Balances at Beginning of Year</i> | 9,775 | 451,002 | 460,777 |
| <i>Fund Balances at End of Year</i> | \$15,096 | \$215,077 | \$230,173 |

Worthington Libraries
Worthington, Ohio
Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2013

| | Building Fund | Technology Fund | Total Nonmajor Capital Projects Funds |
|--|------------------|--------------------|--|
| Assets: | | | |
| Equity in Pooled Cash and Cash Equivalents | \$513,061 | \$24,166 | \$537,227 |
| Prepaid Items | 0 | 10,864 | 10,864 |
| <i>Total Assets</i> | <u>\$513,061</u> | <u>\$35,030</u> | <u>\$548,091</u> |
| Liabilities: | | | |
| Accounts Payable | \$0 | \$1,850 | \$1,850 |
| Contracts Payable | 331,164 | 0 | 331,164 |
| <i>Total Liabilities</i> | <u>331,164</u> | <u>1,850</u> | <u>333,014</u> |
| Fund Balances: | | | |
| Nonspendable | 0 | 10,864 | 10,864 |
| Assigned | 181,897 | 22,316 | 204,213 |
| <i>Total Fund Balances</i> | <u>181,897</u> | <u>33,180</u> | <u>215,077</u> |
| <i>Total Liabilities and Fund Balances</i> | <u>\$513,061</u> | <u>\$35,030</u> | <u>\$548,091</u> |

Worthington Libraries
Worthington, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2013

| | Building Fund | Technology Fund | Total Nonmajor Capital Projects Funds |
|--|------------------|--------------------|--|
| Revenues: | \$0 | \$0 | \$0 |
| Expenditures: | | | |
| Current: | | | |
| Support Services: | | | |
| Facilities Operations and Maintenance | 297,454 | 0 | 297,454 |
| Information Services Support | 0 | 150,299 | 150,299 |
| Capital Outlay | 221,678 | 262,010 | 483,688 |
| <i>Total Expenditures</i> | 519,132 | 412,309 | 931,441 |
| <i>Excess of Revenues Under Expenditures</i> | (519,132) | (412,309) | (931,441) |
| Other Financing Sources: | | | |
| Transfers - In | 372,281 | 323,235 | 695,516 |
| <i>Net Change in Fund Balances</i> | (146,851) | (89,074) | (235,925) |
| <i>Fund Balances at Beginning of Year</i> | 328,748 | 122,254 | 451,002 |
| <i>Fund Balances at End of Year</i> | \$181,897 | \$33,180 | \$215,077 |

Worthington Libraries
Worthington, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Budget Basis)
General Fund
For the Year Ended December 31, 2013

| | Budgeted Amounts | | Actual | Variance with |
|--|------------------|-------------|-------------|---------------------|
| | Original | Final | | Final Budget |
| | | | | Positive (Negative) |
| Revenues: | | | | |
| Property Taxes | \$6,494,639 | \$6,476,380 | \$6,088,379 | (\$388,001) |
| Other Government Grants-in-Aid | 2,359,181 | 2,352,548 | 2,705,525 | 352,977 |
| Patron Fines and Fees | 275,775 | 275,000 | 223,001 | (51,999) |
| Services Provided to Other Entities | 995,514 | 992,715 | 992,715 | 0 |
| Contributions, Gifts, and Donations | 0 | 0 | 32,197 | 32,197 |
| Earnings on Investments | 20,056 | 20,000 | 42,808 | 22,808 |
| Miscellaneous | 0 | 0 | 22,003 | 22,003 |
| <i>Total Revenues</i> | 10,145,165 | 10,116,643 | 10,106,628 | (10,015) |
| Expenditures: | | | | |
| Library Services: | | | | |
| Public Services and Programs | | | | |
| Personal Services | 3,779,868 | 3,792,410 | 3,636,453 | 155,957 |
| Purchased Library Services | 9,469 | 9,500 | 2,942 | 6,558 |
| Contractual Services | 38,623 | 38,751 | 23,754 | 14,997 |
| Materials and Supplies | 498 | 500 | 62 | 438 |
| <i>Total Public Services and Programs</i> | 3,828,458 | 3,841,161 | 3,663,211 | 177,950 |
| Collection Development and Processing | | | | |
| Personal Services | 285,772 | 286,720 | 285,939 | 781 |
| Purchased Library Services | 1,707,479 | 1,713,145 | 1,653,010 | 60,135 |
| Contractual Services | 156,193 | 156,711 | 133,780 | 22,931 |
| Materials and Supplies | 29,282 | 29,379 | 23,827 | 5,552 |
| <i>Total Collection Development and Processing</i> | 2,178,726 | 2,185,955 | 2,096,556 | 89,399 |
| Support Services: | | | | |
| Facilities Operations and Maintenance | | | | |
| Personal Services | 69,422 | 69,652 | 69,592 | 60 |
| Contractual Services | 760,221 | 762,744 | 623,818 | 138,926 |
| Materials and Supplies | 60,356 | 60,556 | 45,103 | 15,453 |
| <i>Total Facilities Operations and Maintenance</i> | 889,999 | 892,952 | 738,513 | 154,439 |
| Information Services Support | | | | |
| Personal Services | 391,624 | 392,923 | 388,053 | 4,870 |
| Purchased Library Services | 135,949 | 136,400 | 133,585 | 2,815 |
| Contractual Services | 348,185 | 349,340 | 339,208 | 10,132 |
| Materials and Supplies | 14,214 | 14,261 | 14,123 | 138 |
| <i>Total Information Services Support</i> | \$889,972 | \$892,924 | \$874,969 | \$17,955 |

(continued)

Worthington Libraries
Worthington, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Budget Basis)
General Fund
For the Year Ended December 31, 2013
(continued)

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|---|---------------------|---------------------|---------------------|--|
| | Original | Final | | |
| Business Administration | | | | |
| Personal Services | \$1,182,202 | \$1,186,125 | \$1,088,827 | \$97,298 |
| Contractual Services | 375,549 | 376,795 | 311,846 | 64,949 |
| Purchased Library Services | 1,296 | 1,300 | 229 | 1,071 |
| Materials and Supplies | 23,607 | 23,685 | 19,081 | 4,604 |
| Other | 15,648 | 15,700 | 14,408 | 1,292 |
| Total Business Administration | 1,598,302 | 1,603,605 | 1,434,391 | 169,214 |
| Capital Outlay | 57,200 | 195,061 | 130,772 | 64,289 |
| Contingency | 150,000 | 150,000 | 0 | 150,000 |
| <i>Total Expenditures</i> | <i>9,592,657</i> | <i>9,761,658</i> | <i>8,938,412</i> | <i>823,246</i> |
| <i>Excess of Revenues Over Expenditures</i> | <i>552,508</i> | <i>354,985</i> | <i>1,168,216</i> | <i>813,231</i> |
| Other Financing Uses: | | | | |
| Transfers - Out | (338,518) | (695,516) | (695,516) | 0 |
| <i>Net Change in Fund Balance</i> | <i>213,990</i> | <i>(340,531)</i> | <i>472,700</i> | <i>813,231</i> |
| <i>Fund Balance at Beginning of Year</i> | <i>17,407,726</i> | <i>17,407,726</i> | <i>17,407,726</i> | <i>0</i> |
| <i>Prior Year Encumbrances Appropriated</i> | <i>221,465</i> | <i>221,465</i> | <i>221,465</i> | <i>0</i> |
| <i>Fund Balance at End of Year</i> | <i>\$17,843,181</i> | <i>\$17,288,660</i> | <i>\$18,101,891</i> | <i>\$813,231</i> |

Worthington Libraries
Worthington, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Budget Basis)
Friend's Foundation Fund
For the Year Ended December 31, 2013

| | <u>Budgeted Amounts</u> | | | Variance with Final Budget Positive (Negative) |
|---|-------------------------|---------------|-----------------|--|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | |
| Revenues: | | | | |
| Contributions, Gifts, and Donations | \$61,250 | \$53,488 | \$53,509 | \$0 |
| Expenditures: | | | | |
| Library Services: | | | | |
| Public Services and Programs | | | | |
| Contractual Services | 22,350 | 22,350 | 16,506 | 5,844 |
| Materials and Supplies | 38,976 | 38,976 | 30,849 | 8,127 |
| Other | 2,000 | 2,000 | 1,181 | 819 |
| <i>Total Expenditures</i> | <u>63,326</u> | <u>63,326</u> | <u>48,536</u> | <u>14,790</u> |
| <i>Net Change in Fund Balance</i> | (2,076) | (9,838) | 4,973 | 14,790 |
| <i>Fund Balance at Beginning of Year</i> | 7,762 | 7,762 | 7,762 | 0 |
| <i>Prior Year Encumbrances Appropriated</i> | 2,076 | 2,076 | 2,076 | 0 |
| <i>Fund Balance at End of Year</i> | <u>\$7,762</u> | <u>\$0</u> | <u>\$14,811</u> | <u>\$14,790</u> |

Worthington Libraries
Worthington, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Budget Basis)
Building Fund
For the Year Ended December 31, 2013

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|--|------------------|-----------------|------------------|--|
| | Original | Final | | |
| Revenues: | \$0 | \$0 | \$0 | \$0 |
| Expenditures: | | | | |
| Capital Outlay | 338,889 | 678,889 | 554,387 | 124,502 |
| <i>Excess of Revenues Under Expenditures</i> | (338,889) | (678,889) | (554,387) | 124,502 |
| Other Financing Sources: | | | | |
| Transfers - In | 342,858 | 372,281 | 372,281 | 0 |
| <i>Net Change in Fund Balance</i> | 3,969 | (306,608) | (182,106) | 124,502 |
| <i>Fund Balance at Beginning of Year</i> | 310,578 | 310,578 | 310,578 | 0 |
| <i>Prior Year Encumbrances Appropriated</i> | 30,789 | 30,789 | 30,789 | 0 |
| <i>Fund Balance at End of Year</i> | <u>\$345,336</u> | <u>\$34,759</u> | <u>\$159,261</u> | <u>\$124,502</u> |

Worthington Libraries
Worthington, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Budget Basis)
Technology Fund
For the Year Ended December 31, 2013

| | Budgeted Amounts | | | Variance with Final Budget Positive (Negative) |
|--|------------------|----------------|-----------------|--|
| | Original | Final | Actual | |
| Revenues: | \$0 | \$0 | \$0 | \$0 |
| Expenditures: | | | | |
| Support Services: | | | | |
| Information Services Support | | | | |
| Contractual Services | 155,215 | 156,415 | 144,463 | 11,952 |
| Capital Outlay | 217,552 | 271,352 | 269,552 | 1,800 |
| <i>Total Expenditures</i> | <u>372,767</u> | <u>427,767</u> | <u>414,015</u> | <u>13,752</u> |
| <i>Excess of Revenues Under Expenditures</i> | (372,767) | (427,767) | (414,015) | 13,752 |
| Other Financing Sources | | | | |
| Transfers - In | 351,395 | 323,235 | 323,235 | 0 |
| <i>Net Change in Fund Balance</i> | (21,372) | (104,532) | (90,780) | 13,752 |
| <i>Fund Balance at Beginning of Year</i> | 83,160 | 83,160 | 83,160 | 0 |
| <i>Prior Year Encumbrances Appropriated</i> | 21,681 | 21,681 | 21,681 | 0 |
| <i>Fund Balance at End of Year</i> | <u>\$83,469</u> | <u>\$309</u> | <u>\$14,061</u> | <u>\$13,752</u> |

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STATISTICAL TABLES

This part of Worthington Libraries' comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Library's overall financial health.

| <u>CONTENTS</u> | <u>PAGES</u> |
|--|--------------|
| Financial Trends | 52-59 |
| 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 | 60-65 |
| These schedules contain information to help the reader assess the Library's most significant local revenue source, property taxes. | |
| Debt Capacity | 66-67 |
| 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 | 68-71 |
| 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 | 72-75 |
| These schedules contain service and infrastructure data to help the reader understand how the information in the Library's financial report relates to the services the Library provides and the activities it performs. | |

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

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

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

| <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> |
|---------------------|---------------------|---------------------|---------------------|---------------------|
| \$8,970,855 | \$8,774,284 | \$8,572,236 | \$8,417,136 | \$8,724,364 |
| 0 | 6,882 | 9,380 | 9,775 | 15,096 |
| <u>12,923,458</u> | <u>15,956,351</u> | <u>17,692,236</u> | <u>19,211,984</u> | <u>19,667,762</u> |
| <u>\$21,894,313</u> | <u>\$24,737,517</u> | <u>\$26,273,852</u> | <u>\$27,638,895</u> | <u>\$28,407,222</u> |

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

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

| 2009 | 2010 | 2011 | 2012 | 2013 |
|-------------|-------------|-------------|-------------|-------------|
| \$3,736,517 | \$3,564,762 | \$3,703,955 | \$3,750,218 | \$3,836,827 |
| 1,894,589 | 2,033,738 | 1,925,179 | 1,943,464 | 1,910,823 |
| 723,911 | 762,761 | 1,049,211 | 977,008 | 1,068,275 |
| 874,146 | 970,701 | 802,472 | 931,896 | 1,071,654 |
| 1,380,683 | 1,385,264 | 1,307,710 | 1,372,469 | 1,416,663 |
| 0 | 0 | 0 | 0 | 0 |
| 8,609,846 | 8,717,226 | 8,788,527 | 8,975,055 | 9,304,242 |
| 1,074,701 | 1,011,213 | 1,277,288 | 1,282,481 | 1,215,716 |
| 0 | 26,965 | 32,079 | 43,552 | 53,509 |
| 1,074,701 | \$1,038,178 | \$1,309,367 | 1,326,033 | 1,269,225 |
| (7,535,145) | (7,679,048) | (7,479,160) | (7,649,022) | (8,035,017) |
| 6,005,216 | 6,149,886 | 6,071,068 | 6,134,283 | 6,039,306 |
| 2,961,045 | 4,276,501 | 2,916,271 | 2,817,570 | 2,685,043 |
| 5,222 | 2,582 | 8,062 | 30,588 | 32,197 |
| 33,384 | 15,674 | 9,405 | 23,717 | 24,795 |
| 18,517 | 77,609 | 10,689 | 7,907 | 22,003 |
| 9,023,384 | 10,522,252 | 9,015,495 | 9,014,065 | 8,803,344 |
| \$1,488,239 | \$2,843,204 | \$1,536,335 | \$1,365,043 | \$768,327 |

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

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

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

| 2009 (1) | 2010 | 2011 | 2012 | 2013 |
|--------------|--------------|--------------|--------------|--------------|
| \$76,541 | \$75,903 | \$60,723 | \$74,236 | \$84,066 |
| 84,394 | 36,047 | 30,422 | 28,222 | 38,598 |
| 202,535 | 151,805 | 211,559 | 207,060 | 289,860 |
| 10,710,135 | 13,884,037 | 15,790,758 | 17,328,046 | 18,013,767 |
| 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 |
| 11,073,605 | 14,147,792 | 16,093,462 | 17,637,564 | 18,426,291 |
| 0 | 0 | 18,475 | 19,024 | 10,864 |
| 56,053 | 6,882 | 9,380 | 9,775 | 15,096 |
| 687,004 | 565,043 | 502,510 | 431,978 | 204,213 |
| 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 |
| 743,057 | 571,925 | 530,365 | 460,777 | 230,173 |
| \$11,816,662 | \$14,719,717 | \$16,623,827 | \$18,098,341 | \$18,656,464 |

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

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

| 2009 | 2010 | 2011 | 2012 | 2013 |
|--------------------|--------------------|--------------------|--------------------|-------------------|
| \$5,949,645 | \$6,183,063 | \$6,113,964 | \$6,114,780 | \$6,088,379 |
| 3,142,356 | 4,110,971 | 3,025,083 | 2,782,995 | 2,703,995 |
| 292,687 | 311,105 | 295,878 | 262,858 | 223,001 |
| 782,014 | 700,108 | 981,410 | 1,019,623 | 992,715 |
| 5,222 | 29,547 | 40,141 | 74,140 | 85,706 |
| 33,384 | 15,674 | 9,405 | 23,717 | 24,795 |
| 18,517 | 77,609 | 10,689 | 7,907 | 22,003 |
| <u>10,223,825</u> | <u>11,428,077</u> | <u>10,476,570</u> | <u>10,286,020</u> | <u>10,140,594</u> |
| 3,568,028 | 3,428,167 | 3,578,784 | 3,618,414 | 3,671,463 |
| 1,891,188 | 2,030,005 | 1,920,779 | 1,941,337 | 1,907,258 |
| 686,709 | 718,718 | 709,612 | 722,816 | 1,021,383 |
| 858,650 | 902,607 | 740,572 | 868,779 | 1,012,244 |
| 1,343,441 | 1,381,822 | 1,271,048 | 1,348,101 | 1,399,449 |
| 206,217 | 63,703 | 351,665 | 312,059 | 570,674 |
| 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 |
| <u>8,554,233</u> | <u>8,525,022</u> | <u>8,572,460</u> | <u>8,811,506</u> | <u>9,582,471</u> |
| <u>1,669,592</u> | <u>2,903,055</u> | <u>1,904,110</u> | <u>1,474,514</u> | <u>558,123</u> |
| 358,770 | 31,483 | 330,912 | 237,915 | 695,516 |
| (358,770) | (31,483) | (330,912) | (237,915) | (695,516) |
| 0 | 0 | 0 | 0 | 0 |
| <u>\$1,669,592</u> | <u>\$2,903,055</u> | <u>\$1,904,110</u> | <u>\$1,474,514</u> | <u>\$558,123</u> |
| 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |

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

| Year | Real Property | | | Tangible Personal Property | | | |
|------|------------------------------|------------------------------|---------------------------|----------------------------|---------------------------|-------------------|---------------------------|
| | Assessed Value | | | Public Utility | | General Business | |
| | Residential/ Agricultural | Commercial/ Industrial/PU | Estimated Actual Value | Assessed Value | Estimated Actual Value | Assessed Value | Estimated Actual Value |
| 2004 | \$1,078,744,680 | \$447,549,100 | \$4,360,839,371 | \$55,641,930 | \$63,229,466 | \$185,037,094 | \$740,148,376 |
| 2005 | 1,087,563,880 | 444,066,090 | 4,376,085,629 | 54,413,770 | 61,833,830 | 179,018,550 | 716,074,200 |
| 2006 | 1,302,759,720 | 449,491,770 | 5,006,432,829 | 53,865,420 | 61,210,705 | 132,307,380 | 705,639,360 |
| 2007 | 1,324,905,840 | 454,215,230 | 5,083,203,057 | 50,757,700 | 57,679,205 | 86,444,451 | 345,777,804 |
| 2008 | 1,341,080,840 | 442,283,210 | 5,095,325,857 | 29,157,310 | 33,133,307 | 49,073,694 | 196,294,776 |
| 2009 | 1,356,112,130 | 444,618,780 | 5,144,945,457 | 29,914,350 | 33,993,580 | 8,593,327 | 34,373,308 |
| 2010 | 1,365,780,710 | 439,688,670 | 5,158,483,943 | 30,224,580 | 34,346,114 | 4,296,663 | 17,186,652 |
| 2011 | 1,372,120,560 | 433,783,410 | 5,159,725,629 | 34,228,570 | 38,896,102 | 0 | 0 |
| 2012 | 1,325,524,970 | 415,586,560 | 4,974,604,371 | 37,985,760 | 43,165,636 | 0 | 0 |
| 2013 | 1,333,230,330 | 414,567,350 | 4,993,707,657 | 37,884,090 | 43,050,102 | 0 | 0 |

The assessed value of real property (including public utility real property) is 35 percent of estimated true value. The assessed value of public utility personal property ranges from 25 percent of true value for railroad property to 88 percent for electric transmission and distribution property. General business tangible personal property tax was phased out beginning in 2006. Both types of general business tangible personal property were assessed at 18.75 percent for 2006, 12.5 percent for 2007, 6.25 percent for 2008, and zero for 2009. Beginning in 2007, House Bill 66 switched telephone companies from being public utilities to general business taxpayers and began a four year phase out of the tangible personal property tax on local and inter-exchange telephone companies. No tangible personal property taxes were levied or collected in 2009 from general business taxpayers (except telephone companies whose last year to pay tangible personal property tax is 2010.)

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

Source: Ohio Department of Taxation, Franklin County Auditor

| Totals | | | Weighted Average Total Direct Tax Rate |
|-------------------|---------------------------|--------|---|
| Assessed Value | Estimated Actual Value | Ratio | |
| \$1,766,972,804 | \$5,164,217,213 | 34.22% | 1.63 |
| 1,765,062,290 | 5,153,993,658 | 34.25% | 1.64 |
| 1,938,424,290 | 5,773,282,893 | 33.58% | 3.76 |
| 1,916,323,221 | 5,486,660,066 | 34.93% | 3.76 |
| 1,861,595,054 | 5,324,753,940 | 34.96% | 3.70 |
| 1,839,238,587 | 5,213,312,345 | 35.28% | 3.68 |
| 1,839,990,623 | 5,210,016,708 | 35.32% | 3.67 |
| 1,840,132,540 | 5,198,621,731 | 35.40% | 3.67 |
| 1,779,097,290 | 5,017,770,008 | 35.46% | 3.67 |
| 1,785,681,770 | 5,036,757,759 | 35.45% | 3.67 |

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

| Collection Year | Current Tax Levy | Current Tax Collections (1) | Percent of Current Tax Collections to Current Tax Levy | Delinquent Tax Collections (2) | Total Tax Collections | Percent of Total Tax Collections to Current Tax Levy |
|-----------------|------------------|-----------------------------|--|--------------------------------|-----------------------|--|
| 2004 | \$2,888,263 | \$2,818,222 | 97.57% | \$79,010 | \$2,897,232 | 100.31% |
| 2005 | 2,903,568 | 2,817,409 | 97.03% | 57,704 | 2,875,113 | 99.02% |
| 2006 | 7,310,027 | 7,095,784 | 97.07% | 221,696 | 7,317,480 | 100.10% |
| 2007 | 7,231,825 | 6,959,989 | 96.24% | 186,182 | 7,146,171 | 98.82% |
| 2008 | 7,048,734 | 6,278,922 | 89.08% | 144,930 | 6,423,852 | 91.13% |
| 2009 | 6,757,747 | 6,255,053 | 92.56% | 149,765 | 6,404,818 | 94.78% |
| 2010 | 6,803,660 | 6,596,945 | 96.96% | 202,942 | 6,799,887 | 99.94% |
| 2011 | 6,799,383 | 6,581,360 | 96.79% | 171,390 | 6,752,750 | 99.31% |
| 2012 | 6,841,073 | 6,621,483 | 96.79% | 148,906 | 6,770,389 | 98.97% |
| 2013 | 6,840,662 | 6,588,689 | 96.32% | 157,802 | 6,746,491 | 98.62% |

Source: Franklin County Auditor

- (1) Includes Homestead/Rollback exemptions assessed locally, but distributed through the State and reported as intergovernmental revenue.
- (2) The Franklin County Auditor's Office confirmed the Percent of Total Collections to Tax Levy column includes percentages in excess of 100% due to timing issues with the collection of property taxes. The Auditor's Office is unable to track delinquent taxes collected by year levied. Therefore, Worthington Libraries has elected to show delinquent taxes by collection year. This presentation will be updated as new information becomes available.

Worthington Libraries
Worthington, Ohio
Principal Property Taxpayers
2004 and 2013

| 2004 | | | 2013 | | |
|-----------------------------------|-------------------------------|---------------------------------|-----------------------------------|-------------------------------|---------------------------------|
| Name of Taxpayer | Assessed Value | Percent of Total Assessed Value | Name of Taxpayer | Assessed Value | Percent of Total Assessed Value |
| Public Utilities | | | Public Utilities | | |
| 1 Columbus Southern Power Company | \$22,884,640 | 1.30% | 1 Columbus Southern Power Company | \$29,236,210 | 1.64% |
| 2 Ohio Bell Telephone Company | 11,917,370 | 0.67% | | | |
| 3 Sprintcom Inc | 9,001,150 | 0.51% | | | |
| Real Estate | | | Real Estate | | |
| 1 Anheuser-Busch Inc | 17,729,950 | 1.00% | 1 Anheuser-Busch Inc | 19,202,160 | 1.08% |
| 2 ASP Boma LLC | 11,511,520 | 0.65% | 2 Worthington Industries Inc | 9,324,871 | 0.52% |
| 3 Eastrich No 167 Corp | 11,450,970 | 0.65% | 3 IS-CAN Ohio LP | 8,548,770 | 0.48% |
| 4 Worthington Meadows | 10,024,400 | 0.57% | 4 EOP-Community Corporate | 8,050,010 | 0.45% |
| 5 Worthington Industries | 8,490,470 | 0.48% | 5 Worthington Meadows | 7,533,770 | 0.42% |
| 6 Columbus Retail Inc | 8,184,160 | 0.46% | 6 Fieldstone Trace Partnership | 7,367,500 | 0.41% |
| 7 EOP-Community Corporate | 8,050,000 | 0.46% | 7 Stratford Chase | 5,250,000 | 0.29% |
| 8 Fieldstone Trace | 7,334,260 | 0.42% | 8 Columbus Park Club | 5,181,470 | 0.29% |
| 9 Regency Centers LP | 7,039,510 | 0.40% | 9 Columbus Industrial Owner | 5,020,770 | 0.28% |
| 10 Donald R Kenney TR | 6,874,010 | 0.39% | 10 Alexander Square LLC | 4,865,000 | 0.27% |
| | | | | | |
| All Others | <u>1,626,480,394</u> | <u>92.04%</u> | All Others | <u>1,676,101,239</u> | <u>93.87%</u> |
| Total Assessed Valuation | <u><u>\$1,766,972,804</u></u> | <u><u>100.00%</u></u> | Total Assessed Valuation | <u><u>\$1,785,681,770</u></u> | <u><u>100.00%</u></u> |

Source: Office of the Auditor, Franklin County, Ohio

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

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

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

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

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

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

| 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|--------|--------|--------|--------|--------|--------|--------|
| \$1.20 | \$1.20 | \$1.20 | \$1.20 | \$1.25 | \$1.25 | \$1.25 |
| 1.84 | 1.87 | 1.86 | 1.88 | 2.00 | 2.00 | 2.06 |
| 2.20 | 2.20 | 2.20 | 2.20 | 0.00 | 0.00 | 2.20 |
| 2.19 | 2.19 | 2.19 | 2.19 | 2.28 | 2.28 | 2.28 |
| 2.57 | 2.60 | 2.59 | 2.60 | 2.60 | 2.60 | 2.60 |
| 2.60 | 2.60 | 2.60 | 2.60 | 0.00 | 0.00 | 2.60 |
| 3.39 | 3.39 | 3.39 | 3.39 | 3.53 | 3.53 | 3.53 |
| 4.40 | 4.47 | 4.45 | 4.48 | 4.60 | 4.60 | 4.66 |
| 4.80 | 4.80 | 4.80 | 4.80 | 4.80 | 4.80 | 4.80 |
| 1.47 | 1.47 | 1.47 | 1.47 | 1.47 | 1.47 | 1.47 |
| 5.05 | 5.05 | 5.05 | 5.00 | 5.00 | 5.00 | 5.00 |
| 2.20 | 2.20 | 2.20 | 2.20 | 2.20 | 2.20 | 2.20 |
| 7.47 | 7.47 | 7.00 | 7.00 | 7.00 | 7.00 | 7.00 |
| 0.65 | 0.65 | 0.65 | 0.75 | 0.75 | 0.75 | 0.75 |
| 0.75 | 0.75 | 0.75 | 0.75 | 0.75 | 0.75 | 0.75 |
| 0.85 | 0.90 | 0.90 | 0.90 | 0.90 | 1.30 | 1.30 |
| 18.44 | 18.49 | 18.02 | 18.07 | 18.07 | 18.47 | 18.47 |
| 83.23 | 83.23 | 83.14 | 87.04 | 88.54 | 94.94 | 95.94 |
| 23.50 | 23.50 | 23.50 | 23.50 | 23.50 | 23.50 | 23.50 |
| 21.20 | 21.20 | 18.10 | 17.60 | 18.10 | 21.60 | 21.60 |
| 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 |
| 3.14 | 3.14 | 3.14 | 1.57 | 3.14 | 3.14 | 3.14 |

Worthington Libraries
Worthington, Ohio
Computation of Direct and Overlapping Governmental Debt
December 31, 2013

| | Net Long-term Debt Outstanding | Percentage Applicable to Library (1) | Amount Applicable to Library |
|--------------------------------------|--------------------------------------|--|------------------------------------|
| Direct: | | | |
| Worthington Libraries | \$0 | 100.00% | \$0 |
| Overlapping: | | | |
| Worthington City School District (2) | | | |
| Certificates of Participation | 4,459,622 | 100.00% | 4,459,622 |
| General Obligation Bonds and Notes | 82,263,970 | 100.00% | 82,263,970 |
| Energy Conservation Notes | 1,676,000 | 100.00% | 1,676,000 |
| City of Worthington | | | |
| General Obligation Bonds and Notes | 7,590,000 | 100.00% | 7,590,000 |
| Franklin County | | | |
| General Obligation Bonds | 288,955,000 | 6.38% | 18,438,233 |
| Special Obligation Bonds & Notes | 32,755,000 | 6.38% | 2,090,098 |
| OPWC Loans | 5,550,000 | 6.38% | 354,146 |
| Bond Anticipation Notes | | | |
| City of Columbus | | | |
| Revenue Obligations | 441,855,000 | 6.89% | 30,459,254 |
| General Obligation Bonds | 2,355,332 | 6.89% | 162,365 |
| Total Overlapping Debt | <u>867,459,924</u> | | <u>147,493,687</u> |
| Total Direct and Overlapping Debt | <u>\$867,459,924</u> | | <u>\$147,493,687</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 2013 collection year.
- (2) The debt outstanding for Worthington School District is at June 30, 2013.

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

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

| Year | Capital Lease Payable | Percentage of Personal Income (1) | Per Capita (1) |
|------|--------------------------|---|-------------------|
| 2004 | \$1,100,000 | 0.05% | 18.62 |
| 2005 | 990,000 | 0.05% | 16.43 |
| 2006 | 0 | 0.00% | 0.00 |
| 2007 | 0 | 0.00% | 0.00 |
| 2008 | 0 | 0.00% | 0.00 |
| 2009 | 0 | 0.00% | 0.00 |
| 2010 | 0 | 0.00% | 0.00 |
| 2011 | 0 | 0.00% | 0.00 |
| 2012 | 0 | 0.00% | 0.00 |
| 2013 | 0 | 0.00% | 0.00 |

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

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

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

| Year | Population (1) | Personal Income (2) | Per Capita Personal Income (4) | Unemployment Rate (3) |
|------|----------------|------------------------|--------------------------------------|--------------------------|
| 2004 | 59,063 | \$2,037,378,185 | \$34,495 | 5.9% |
| 2005 | 60,248 | 2,078,254,760 | 34,495 | 5.6% |
| 2006 | 59,983 | 2,069,113,585 | 34,495 | 4.8% |
| 2007 | 57,550 | 2,011,084,750 | 34,945 | 5.3% |
| 2008 | 61,153 | 2,120,786,040 | 34,680 | 5.7% |
| 2009 | 61,492 | 2,246,610,220 | 36,535 | 9.0% |
| 2010 | 59,374 | 2,169,229,090 | 36,535 | 9.2% |
| 2011 | 59,501 | 2,197,193,427 | 36,927 | 7.6% |
| 2012 | 60,161 | 2,360,356,674 | 39,234 | 6.1% |
| 2013 | 61,015 | 2,511,133,340 | 41,156 | 6.2% |

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

Worthington Libraries

Worthington, Ohio
Principal Employers
2006 and 2013

| Employer | Nature of Business | 2006 | | 2013 | |
|---------------------------------|--------------------|---------------------|------|---------------------|------|
| | | Number of Employees | Rank | Number of Employees | Rank |
| Worthington Industries Inc | Steel Industry | 1,100 | 2 | 1,352 | 1 |
| Worthington School District | Education | 1,176 | 1 | 1,135 | 2 |
| Liebert Corporation | Energy/Power | 1,000 | 3 | 1,000 | 3 |
| Anthem Blue Cross | Insurance | 840 | 5 | 893 | 4 |
| Anheuser-Busch Inc | Production Plant | 892 | 4 | 776 | 5 |
| Huntington Bank | Mortgage/Banking | 540 | 6 | 525 | 6 |
| Diamond Innovations Inc | Diamond Products | 375 | 7 | 369 | 7 |
| Medvet Medical Center | Animal Care | 250 | 9 | 251 | 8 |
| American Automobile Association | Automotive | 0 | N/A | 246 | 9 |
| The Laurels Healthcare | Healthcare | 290 | 8 | 240 | 10 |
| American Health Holding | Healthcare | 231 | 10 | 0 | N/A |

Source: Chamber of Commerce and Individual employer records

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

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

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

Note: Figures include both full and part time employees.

Source: Worthington Public Library Records

| 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|------|------|------|------|------|------|
| 118 | 116 | 117 | 117 | 119 | 123 |
| 9 | 9 | 9 | 9 | 9 | 9 |
| 1 | 1 | 1 | 1 | 1 | 1 |
| 5 | 5 | 5 | 5 | 5 | 5 |
| 14 | 14 | 14 | 13 | 14 | 14 |
| 147 | 145 | 146 | 145 | 148 | 152 |

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

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

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

| 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|-----------|-----------|-----------|-----------|-----------|-----------|
| 3,237,654 | 3,561,742 | 3,554,451 | 3,417,074 | 3,308,392 | 3,397,947 |
| 62,571 | 70,202 | 83,784 | 89,368 | 89,247 | 93,047 |
| 409,060 | 498,773 | 502,685 | 491,733 | 468,667 | 548,598 |
| 42,446 | 42,446 | 42,446 | 42,446 | 42,446 | 42,446 |
| 25,481 | 25,481 | 25,481 | 25,481 | 25,481 | 25,481 |
| 5,280 | 5,280 | 5,280 | 5,280 | 5,280 | 8,680 |
| 347 | 348 | 356 | 359 | 368 | 410 |
| 1,858,073 | 1,348,505 | 1,451,305 | 1,071,611 | 1,049,421 | 1,055,779 |

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

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

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

| 2009 | 2010 | 2011 | 2012 | 2013 |
|---------------------|---------------------|---------------------|---------------------|---------------------|
| \$697,350 | \$697,350 | \$697,350 | \$697,350 | \$697,350 |
| 0 | 0 | 0 | 66,655 | 23,771 |
| 7,533,449 | 7,533,449 | 7,564,905 | 7,564,905 | 7,942,335 |
| 471,025 | 471,025 | 492,346 | 492,346 | 492,346 |
| 17,206 | 17,206 | 17,206 | 17,206 | 17,206 |
| 0 | 0 | 0 | 0 | 0 |
| 185,754 | 185,754 | 185,754 | 185,754 | 185,754 |
| 120,443 | 120,443 | 120,443 | 120,443 | 120,443 |
| 0 | 21,674 | 0 | 0 | 0 |
| 1,595,632 | 1,604,209 | 1,604,209 | 1,620,250 | 1,620,250 |
| 18,367 | 24,847 | 24,847 | 31,609 | 31,609 |
| 8,558 | 8,558 | 8,558 | 8,558 | 8,558 |
| 0 | 0 | 0 | 0 | 138,874 |
| 92,386 | 92,386 | 92,386 | 92,386 | 115,672 |
| 143,834 | 149,088 | 174,085 | 187,274 | 250,986 |
| 66,822 | 66,822 | 66,822 | 66,822 | 66,822 |
| 0 | 0 | 0 | 0 | 0 |
| 721,394 | 721,394 | 721,394 | 721,394 | 721,394 |
| 204,462 | 204,462 | 204,462 | 204,462 | 214,718 |
| 18,300 | 18,300 | 18,300 | 18,300 | 18,300 |
| <u>\$11,894,982</u> | <u>\$11,936,967</u> | <u>\$11,993,067</u> | <u>\$12,095,714</u> | <u>\$12,666,388</u> |

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

Worthington Libraries
Franklin County
820 High Street
Worthington, Ohio 43085

To the Board of Trustees of Worthington Libraries:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Worthington Libraries, Franklin County, (the Library) as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements and have issued our report thereon dated June 6, 2014.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

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

Kennedy Cottrell Richards LLC
June 6, 2014



Dave Yost • Auditor of State

WORTHINGTON LIBRARIES

FRANKLIN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JULY 31, 2014**