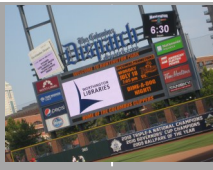




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Comprehensive Annual Financial Report
FOR THE YEAR ENDED DECEMBER 31
2011

FRANKLIN COUNTY, OHIO



Worthington Libraries

WORTHINGTON, OHIO

Comprehensive Annual Financial Report

For the Year Ended December 31, 2011

**Issued by:
Worthington Libraries Finance Department**

**Chuck Gibson
Director/Deputy Fiscal Officer**

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



Dave Yost • Auditor of State

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

We have reviewed the *Independent Accountants' Report* of the Worthington Libraries, Franklin County, prepared by Kennedy Cottrell Richards LLC, for the audit period January 1, 2011 through December 31, 2011. 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 26, 2012

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Worthington Libraries
Worthington, Ohio
Comprehensive Annual Financial Report
For The Year Ended December 31, 2011
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June 7, 2012

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

We are very pleased to present the 2011 Comprehensive Annual Financial Report (CAFR) for Worthington Libraries. This report, for the calendar year ended December 31, 2011, 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, 2011.

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

The Library's financial statements have been audited under contract by Kennedy Cottrell Richards, LLC, a firm of licensed certified public accountants. The Independent Public Accountant has issued an unqualified ("clean") opinion on the Library's financial statements for the year ended December 31, 2011. The Independent Auditors' Report is located at the front of the financial section of this report.

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

LIBRARY OVERVIEW

The Library known as Worthington Libraries is located in the City of Worthington, Ohio, which is in central Ohio. It serves residents of the Worthington City School District. The Old Worthington Library is located downtown in the City of Worthington, the Northwest Library is located in northwest Columbus, Ohio, and the Worthington Park Library is located in northern Columbus, Ohio. All three locations are within the Worthington City School District.

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

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

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

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

HISTORY OF THE LIBRARY

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

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

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

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

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

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

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

The Northwest Library, which opened in 1996, was made possible through a unique partnership agreement with the Columbus Metropolitan Library. The Columbus Metropolitan Library Board of Trustees agreed to buy the land for a future library and hold it until the Worthington Libraries levy passed in 1992. Now 16 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 October 2011, *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. Of the more than 7,000 libraries evaluated, only 85 received a five-star rating.

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 2011, at the request of Worthington's City Manager, the Library helped facilitate meetings of the downtown business community to help them develop a strategic vision for the City's primary commercial district. The Library also worked with the McConnell Arts Center to coordinate an author reading series that will launch in 2012.

ECONOMIC CONDITIONS AND OUTLOOK

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

The City of Worthington is facing economic challenges of its own. With most of the City built out, the attention is placed on redevelopment of existing facilities and properties, and finding ways to create new opportunities through re-use and redevelopment. The City's Economic Development Manager has been working to enhance the City's efforts with redevelopment. As a result, the Worthington Mall, now known as the Shops at Worthington Place, is under new ownership and is currently being renovated. New businesses and restaurants have also opened in downtown Worthington. All of these initiatives continue to reinforce the City's commitment to maintaining Worthington as a vibrant community.

FINANCIAL TRENDS

During 2011, the Library experienced an \$111,397 (5.5%) increase in funding from the PLF. PLF funding is expected to decrease during 2012 as compared to 2011. Current state budget proposals include a five percent reduction for the last five months of 2011 and continuing on through 2012 and the first part of 2013. Also the PLF will no longer receive a reimbursement from the State's General Fund Revenues for support of OPLIN and the State Library for the Blind which will further reduce the amounts available for distribution to public libraries. After two years of declining real estate tax receipts, there was an increase to approximately the 2007 level in 2010. There was a small decrease of \$31,685 (0.5%) in 2011 which is fairly insignificant. There was a reduction in the amount of investment income realized due to significant continued decreases in interest rates.

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%. Additional reductions will occur in 2012 and no funds will be received in 2013 or 2014 as scheduled in the original phase out plan.

While the number of materials circulated increased 60 percent from 2002 through 2011 (2,137,211 in 2002 to 3,417,074 in 2011), operating cash disbursements have only increased 32.4 percent (\$6,138,356 in 2002 to \$8,129,307 in 2011) and employees only increased from 99.65 Full-Time Equivalent in 2002 to 107.43 Full-Time Equivalent in 2011. Salaries and Benefits represented 63.54 percent of operating cash disbursements in 2002 and 61.99 percent in 2011.

Careful management of staffing and disbursements continues to ensure operating efficiency and maintains control of the budget.

FINANCIAL PLANNING AND POLICIES

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

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

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

The Director/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 in 2010. 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 2011

2011 marked the first full year of leadership by Library Director Chuck Gibson, who replaced Meribah Mansfield after she retired in 2010 after nearly 19 years of service.

Chuck, who had previously worked at Worthington Libraries 1995-2007, made it a priority to get to know each member of the library staff, holding one-on-one meetings with all professional librarians and administrative staff. He also became involved with the Worthington community. He joined the Dublin-Worthington Rotary Club, attended many Chamber of Commerce functions and was part of the community team selected to participate in the search for a new School Superintendent following the retirement of Melissa Conrath last fall.

The Library established a presence at the Worthington Food Pantry in 2011. Each month, a children's librarian visits the food pantry to provide storytimes and other educational activities for children, while an adult services librarian is available to answer questions and help adults with activities like filling out online job applications or finding affordable housing. In addition to providing on-site assistance, Worthington Libraries also serve as drop-off locations for Worthington Food Pantry donations.

We continued to educate the community about the use of technology. We presented several Technology Petting Zoos to provide patrons with the opportunity to try tablets and eReaders, such as the Amazon Kindle and Barnes & Noble Nook, in a supportive environment. We also partnered with other Central Ohio libraries in the presentation of Tech Help Week, which included programs such as "Tips & Tricks for Windows 7" and "Life in the Google-verse." The Library also initiated a contract with Boopsie, Inc. to begin development of a library app for mobile devices.

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

In 2011, after years of partnering with Columbus Metropolitan Library in the presentation of a summer reading program for children, we coordinated an independent program—the Summer Reading League—in partnership with the Columbus Clippers and the Friends Foundation of Worthington Libraries. Participants in the program, which included more than 7,000 children and teens, received tickets to one of three Columbus Clippers baseball games upon completion.

In 2011, more than 53,000 people attended programs offered by Worthington Libraries. This is a ten percent increase over 2010 program attendance.

After contracting for roof evaluations at both Old Worthington Library and Northwest Library, it was determined that the shingle roof at Old Worthington Library should be replaced in 2011. While removing the shingles, some structural flaws were found and remedied in order to preserve the life of the building.

Worthington Libraries is fortunate to have a dedicated and sizable group of Volunteers and adult volunteer. 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. The adult volunteers gave over 8,000 hours in 2011 which is a 46 percent increase over 2010. Nine of the volunteers qualified for the President's Volunteer Service Award. To qualify for the award, volunteers must contribute more than 100 hours of service in a 12 month period.

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 increased 35 percent in the last five years, 2006 to 2010. Despite the increase in use, operating disbursements have only increased a total of 22 percent during the same time period, an average of 4.4 percent per year. These figures include the opening of the new Worthington Park Library in 2008, which accounts for the higher operating disbursements.

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

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

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

One of the action plan items for 2007-2008 was to develop a higher level of financial reporting through the preparation of a capital assets inventory for the first-ever Generally Accepted

Accounting Principles report and completion of a first-ever Comprehensive Annual Financial Report for 2006. These reports were also completed for 2007, 2008, 2009, and 2010 and provide the Board of Trustees and the community with an accurate reflection of the Library's financial position. The Library received both the Government Finance Officers Association Certificate of Achievement for Excellence in Financial Reporting 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 report.

The November 2005 levy passed with 58 percent of the vote and has enabled the Library to maintain the quality services, materials and programs the community expects and deserves. The levy generates over \$4 million per year in revenue and is expected to provide adequate funding for the Library until at least 2018. The two local property tax levies (the Library also has a 2.2 mill levy passed in 1992) along with the associated tax exemptions, including homestead and rollbacks, now account for 67 percent of the revenue on a cash basis, while Public Library Fund dollars account for 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 meets this "gold standard" in library planning. In 2011, 20.2 percent of the Library's budget was spent on materials.

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

What the library patrons are looking for, more often than not, is a book to read. They want books more than any other information format, and that's what we provide. As of December 31, 2011, the Library owned 410,843 books.

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.

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 proactive customer service model for the Library. The workgroup explored the range of possible ways to meet the information needs of our patrons in the most efficient, effective and thorough manner, paying particular attention to services that are proactive, including roving reference and concierge services.

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

Based on the workgroup's recommendations, the Library's reference desks adjusted their coverage by assigning one person as a "rover." Rovers are assigned to one-hour shifts and are expected to greet patrons and see if they need assistance. 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 new call center (located in Old Worthington Library) instead of in individual departments. This makes it easier for staff to remain focused on serving the needs of patrons without interruption.

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

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

Northwest Library also provides a drive-through pickup window for patrons who want to pick up reserved items without getting out of their cars. More than 10,000 visits through the drive thru window were completed in 2011. 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. A mobile app is in the planning stage and will be released in 2012. The website is maintained by the Digital Library Manager and Web Developer with additional contributions from the Community Relations Department and the Director of Technology Services. The website delivers the same quality service and resources that patrons are accustomed to when visiting our brick and mortar locations. At the end of 2011, the Library's website provided access to 113 subscription electronic resources and more than 13,900 full-text periodicals.

Adults can ask a reference question any time of the day or night by logging on to the Library's website and accessing KnowItNow24x7. A statewide service initiative funded by the State Library of Ohio, KnowItNow24x7 provides online reference help 24 hours a day, seven days per week. Students also have access to HomeworkNow, the companion site to KnowItNow24x7. Worthington Libraries staff is also available to chat with patrons on Instant Messaging during Library hours via the Library's website.

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.

The Library has 209 computers available for public use (up from 76 in 1999) and, offers wireless Internet access at all locations.

Patrons can connect with us in several online spaces including Facebook, Twitter, Google Plus, Flickr, YouTube, Four Square and Linked In. The Library also features videos of programs and other special events on the Interact section of its website. Some of our videos have received more than 400,000 views!

Planning for the Future

In 2009-2010, we worked with the Worthington City Schools and the City of Worthington to coordinate a community information-gathering process that would inform the citizens of our strategic plan. This process called Worthington Area 360; Shaping Our Future Together, reached hundreds of people through phone surveys, focus groups and a two-day Visioning Conference.

We also conducted our own patron survey, receiving close to 6,000 responses, which helped us prioritize services and programs. We also worked closely with the Board of Trustees and entire staff to make sure their ideas were captured and included in the plan. The Library's 2010-2012 Strategic Plan was approved by the Board of Trustees on March 23, 2010 and is available on the Library's web site. Major focus areas of the plan are defined below.

STEWARDSHIP

Careful stewardship of public funds is a hallmark of Worthington Libraries. In 2011, Worthington Libraries received an Auditor of State Award with Distinction from the State Auditor and a Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association (GFOA) for its 2010 Comprehensive Annual Financial Report (CAFR). Less than five percent of government agencies nationally receive the GFOA award and fewer than five percent of all government agencies in Ohio receive the State Auditor's award. The Library also received both of these awards for its first-ever 2006 CAFR and its 2007, 2008 and 2009 CAFRs. **We will continue to provide the community with efficient service by carefully analyzing and monitoring library finances, processes, and procedures as well as collaborating with other organizations to share expenses, and advocating for maintenance of Library funding.**

SERVICES

A library is defined by the services it provides. Through a survey of nearly 6,000 cardholders we confirmed that Library patrons want us to provide books, computer access and programs to increase early childhood literacy. People use and appreciate these services above all others, and our number one service priority is to maintain them. The Library also has an ongoing commitment to provide highly valued services which are used by fewer people, such as interlibrary loans, delivery of books to homebound patrons and foreign language materials. **Therefore, we will maintain a balance of services, including materials, technology and programs, that reflect the stated needs of the community as well as the Library's mission to encourage lifelong learning and the open exchange of ideas and information.**

INNOVATION AND LEARNING

A library is, by nature, a learning environment and now more than ever, learning is technology-driven. It is important for the Library to stay at the forefront of technological advances, especially as they relate to how people receive information. We must also be aware of new methods of teaching and research about child development as we help parents and caregivers prepare children for school. **We will explore new ideas and technology to prepare both the Library and the community for the future.**

STAFF DEVELOPMENT

In only the last four years, four former Worthington Libraries staff members became directors of other library systems. We are proud of this legacy. The staff of Worthington Libraries is encouraged to get involved in the Worthington community and in the library profession on local, state and national levels. In 2011, more than 30 staff members were involved with more than 100 community organizations as board members or volunteers. This commitment to community service strengthens the bond the Library has with the community and provides staff with invaluable professional experience. **We will develop the skills of the Library staff to make them excellent employees now and sought-after leaders in the future.**

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 2011 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 Web site, 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.

In 2011, Worthington Libraries was once again named a five-star library by *Library Journal* in its category of libraries with total annual operating expenditures of over \$5 million but less than \$10 million. Four service indicators were used in the index: library visits, circulation, program attendance and public Internet computer uses. Libraries were evaluated on each service indicator relative to the performance of other libraries in their peer group. Over 7,000 libraries were evaluated, but only 258 received a starred rating. Only 85 libraries received a five-star rating.

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.

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 2007, 2008, 2009 and 2010.

A Certificate of Achievement is valid for a period of one year only. The Library believes that the 2011 comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and it is being submitted to the GFOA to determine its eligibility for a fifth 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, 2007, 2008 and 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 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 Deputy Director Monica Baughman, Executive Assistant Pam Beretich, Director of Community Engagement Lisa Fuller, Director of Technical Services Susan Allen, and Human Resources Manager Phyllis Winfield were vital in preparing this transmittal letter. Special acknowledgment is extended to the Local Government Services Section of the Office of the Auditor of State for their continued guidance in the preparation of this report.



Chuck Gibson
Director/Deputy Fiscal Officer



Margaret Doone
Chief Fiscal Officer/Business Manager

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Worthington Libraries
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2010

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



Linda C. Sandison

President

Jeffrey R. Emer

Executive Director

Worthington Libraries
List of Principal Officials
December 31, 2011

Board of Trustees

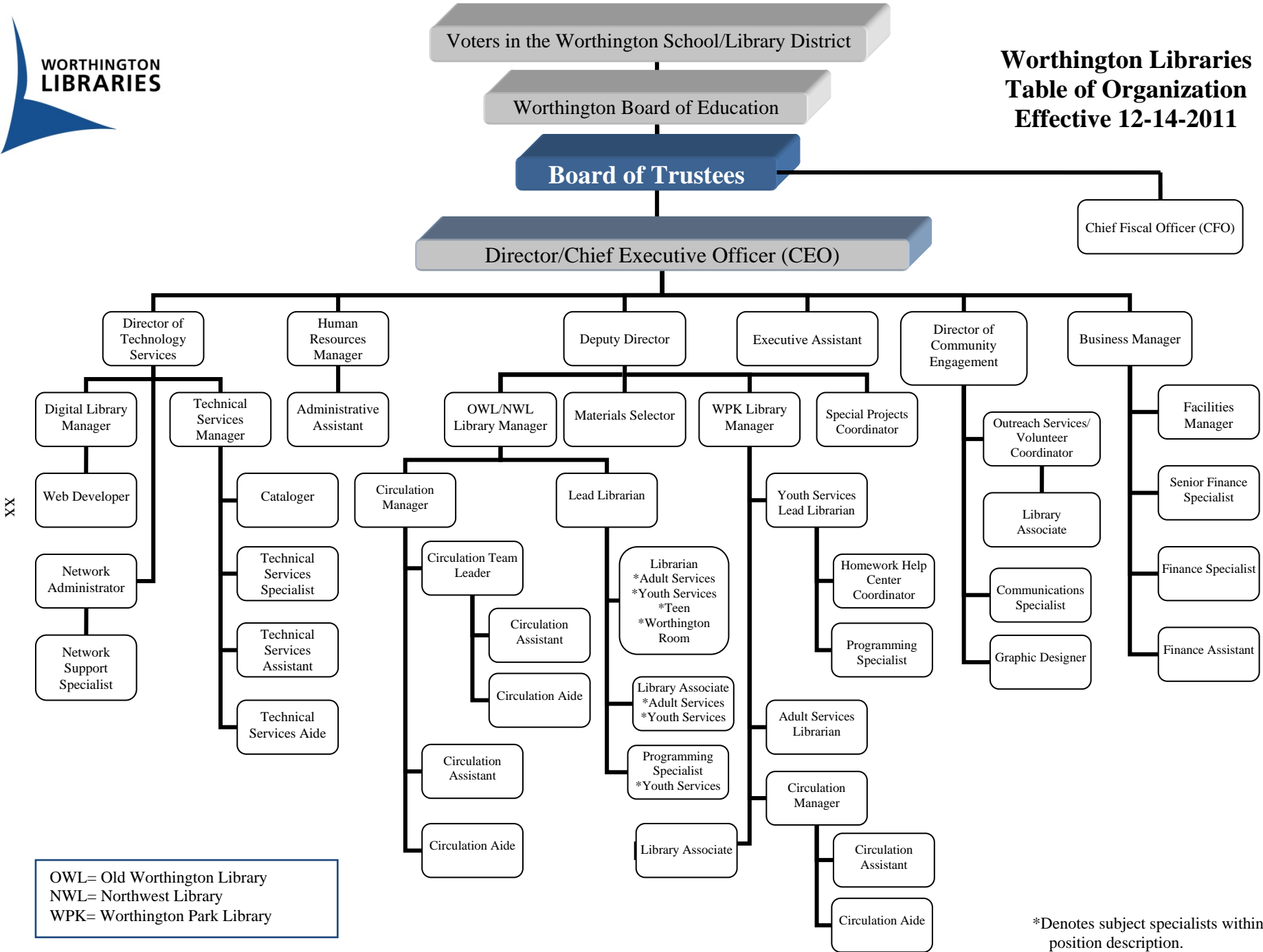
President	Daniel Lacey	2013
Vice President	James Hill	2014
Secretary	David Goldberger	2015
Member	Janet Brown	2011
Member	Lynn Nadler	2012
Member	Dawn Valasco	2016
Member	John Butterfield	2017
Worthington City School Board Liaison	Jennifer Best	2011

Administration

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



Worthington Libraries Table of Organization Effective 12-14-2011



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 ACCOUNTANTS' REPORT

Worthington Libraries
Franklin County
820 High Street
Worthington, Ohio 43085

To the Board of Trustees of Worthington Libraries:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Worthington Libraries, Franklin County, Ohio (the "Library"), as of and for the year ended December 31, 2011, which collectively comprise the Library's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Library's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Worthington Libraries, Franklin County, Ohio, as of December 31, 2011 and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 7, 2012, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, as 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 have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any other assurance.

We conducted our audit to opine on the financial statements that collectively comprise the Library's basic financial statements taken as a whole. The introductory section, combining and individual non-major fund financial statements and budgetary comparison schedules, and statistical tables provide additional analysis and are not a required part of the basic financial statements. The combining and individual non-major fund financial statements and budgetary comparison schedules 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. These statements and schedules were subject 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.

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 7, 2012

Worthington Libraries
Worthington, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2011
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, 2011. The intent of this discussion and analysis is to explain the Library's financial performance as a whole.

Financial Highlights

Key financial highlights for 2011 are as follows:

- Columbus Metropolitan Library increased their monthly reimbursement payments for the operation of Northwest Library.
- Due to retirements and resignations of key administrative staff toward the end of 2010 and leaving a support staff position unfilled, salaries and benefits were reduced in 2011.
- A major project at Old Worthington Library was the renovation of the roof involving repair work and total shingle and flat roof replacement.
- The Library kept expenditures below revenues for the sixth 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 Assets 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 assets and the Statement of Activities

The Statement of Net Assets and the Statement of Activities reflect how the Library did financially during 2011. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting considers all of the current fiscal year's revenues and expenses regardless of when cash is received or paid.

Worthington Libraries
Worthington, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2011
Unaudited

These two statements report the Library's net assets and changes in those assets. This change in net assets is important because it tells the reader 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 Assets and the Statement of Activities, the Library reports only governmental activities. Governmental activities are the activities where all of the Library's programs and services are reported. The Library does not have any business-type activities.

Reporting the Library's Most Significant Funds

Fund Financial Statements

Fund financial statements provide detailed information about the Library's major 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, 2011
Unaudited

The Library as a Whole

Table 1 provides a summary of the Library's net assets for 2011 compared to 2010:

	2011	2010	Change
Assets:			
Current Assets	\$24,776,814	\$22,959,211	\$1,817,603
Capital Assets, Net	8,572,236	8,774,284	(202,048)
Total Assets	<u>33,349,050</u>	<u>31,733,495</u>	<u>1,615,555</u>
Liabilities:			
Other Liabilities	6,949,727	6,886,011	63,716
Long-Term Liabilities	125,471	109,967	15,504
Total Liabilities	<u>7,075,198</u>	<u>6,995,978</u>	<u>79,220</u>
Net Assets:			
Invested in Capital Assets	8,572,236	8,774,284	(202,048)
Restricted	9,380	6,882	2,498
Unrestricted	17,692,236	15,956,351	1,735,885
Total Net Assets	<u>\$26,273,852</u>	<u>\$24,737,517</u>	<u>\$1,536,335</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 2011. See page seven for details as to why this happened.

Unrestricted net assets represents the amount of resources the Library has to run the day-to-day operations. This increased 10.9 percent from 2010. The main reason for the increase was a result of revenues exceeding expenses during 2011.

Worthington Libraries
Worthington, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2011
Unaudited

Table 2 shows the changes in net assets for the year ended December 31, 2011 compared to 2010.

Table 2
Changes in Net Assets

	2011	2010	Change
Revenues:			
Program Revenues:			
Charges for Services	\$1,277,288	\$1,011,213	\$266,075
Operating Grants, Interest and Contributions	32,079	26,965	5,114
Total Program Revenues	<u>1,309,367</u>	<u>1,038,178</u>	<u>271,189</u>
General Revenues:			
Property Taxes	6,071,068	6,149,886	(78,818)
Grants and Entitlements			
Not Restricted to Specific Programs	2,916,271	4,276,501	(1,360,230)
Unrestricted Gifts and Contributions	8,062	2,582	5,480
Earnings on Investments	9,405	15,674	(6,269)
Miscellaneous	10,689	77,609	(66,920)
Total General Revenues	<u>9,015,495</u>	<u>10,522,252</u>	<u>(1,506,757)</u>
Total Revenues	<u>10,324,862</u>	<u>11,560,430</u>	<u>(1,235,568)</u>
Program Expenses			
Library Services:			
Public Services and Programs	3,703,955	3,564,762	139,193
Collection Development and Processing	1,925,179	2,033,738	(108,559)
Support Services:			
Facilities Operations and Maintenance	1,049,211	762,761	286,450
Information Services Support	802,472	970,701	(168,229)
Business Administration	1,307,710	1,385,264	(77,554)
Total Expenses	<u>8,788,527</u>	<u>8,717,226</u>	<u>\$71,301</u>
Increase in Net Assets	1,536,335	2,843,204	
Net Assets at Beginning of Year	<u>24,737,517</u>	<u>21,894,313</u>	
Net Assets at End of Year	<u>\$26,273,852</u>	<u>\$24,737,517</u>	

Governmental Activities

The Library's general revenues are primarily property taxes and grants and entitlements not restricted to specific programs. These receipts represent 59 and 28 percent, respectively of the total revenue received for the Library's activities during the year.

Worthington Libraries
Worthington, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2011
Unaudited

Overall, revenues decreased \$1,235,568, mostly in general revenues. General revenues are revenues that are not required to fund a specific purpose and consist mostly of property taxes, funding received from the State of Ohio and interest earned on investments. A majority of the decrease was from the one time reimbursement in other government grants-in-aid due to a reimbursement from Columbus Metropolitan Library (CML) for two Northwest Library renovation projects in 2010. There was an increase in charges for services in 2011. Worthington Libraries receives a yearly reimbursement from CML for the operations of Northwest Library based on the average of the costs of operations of three CML branches. An increase in this reimbursement, included in charges for services, was the result of using three different branches of CML as comparable locations in determining the reimbursement due to changes in Northwest Library after the renovations completed in 2010.

Total expenses increased \$71,301 or 1 percent, due primarily to increases in expenses related to public services and facilities operations and maintenance. A small reduction in staff with the decreased salaries of the Director/Deputy Fiscal Officer and Deputy Director positions was offset by the roof repair expenses in 2011.

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

The Library's Funds

Information about the Library's major funds starts on page 12. These funds are accounted for using the modified accrual basis of accounting. The only major fund the Library has is the General Fund. Overall, fund balance in the General Fund increased \$1,945,670 or 14 percent from 2010. Revenues decreased because of the declining economy. Expenditures remained consistent with 2011. During 2005, the Library passed a 2.6 mill property tax levy which has stabilized the Library's budget as well as provided funding for the renovation and remodeling projects. As part of the levy passage, the Library promised that fund balance would remain positive through 2018. This promise is subject to change due to decreased funding, such as reduced income from the Public Library Fund.

General Fund Budgeting Highlights

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

Worthington Libraries
Worthington, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2011
Unaudited

For the General Fund, there was a decrease in the final budget basis revenue from the original budgeted estimates. This was due to the timing of the reimbursement from Columbus Metropolitan Library for the Northwest Library renovation projects. The Library had expected these in 2011 when the budgets were planned before 2010 year end. The reimbursement was received in late December 2010. Actual revenues were \$231,977 lower than final budgeted revenues. The reason for lower than expected revenues lies in decreases in property taxes and investment earnings.

There was no change in expenditures from the original to the final budget. Actual expenditures were \$752,292 lower than final budgeted expenditures. The Library kept spending below budgeted amounts as demonstrated by the variances reported. The result is the increase in fund balance of \$1,745,891 for 2011.

Capital Assets

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

Table 3 shows 2011 balances compared to 2010.

Table 3
 Capital Assets
 (Net of Depreciation)
 Governmental Activities

	2011	2010	Change
Land	\$910,379	\$910,379	\$0
Construction in Progress	0	21,674	(21,674)
Buildings and Improvements	7,364,841	7,549,784	(184,943)
Machinery and Equipment	291,586	284,729	6,857
Vehicles	5,430	7,718	(2,288)
Totals	\$8,572,236	\$8,774,284	(\$202,048)

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

Worthington Libraries
Worthington, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2011
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 Assets
December 31, 2011

	Governmental Activities
Assets:	
Equity in Pooled Cash and Cash Equivalents	\$16,634,617
Property Taxes Receivable	6,743,140
Intergovernmental Receivable	1,319,859
Prepaid Items	79,198
Nondepreciable Capital Assets	910,379
Depreciable Capital Assets, Net	7,661,857
<i>Total Assets</i>	33,349,050
Liabilities:	
Accounts Payable	52,209
Accrued Wages Payable	86,643
Contracts Payable	21,450
Retainage Payable	21,288
Intergovernmental Payable	78,378
Vacation Leave Payable	238,000
Deferred Revenue	6,450,402
Matured Compensated Absences Payable	1,357
Long-Term Liabilities:	
Due Within One Year	13,314
Due in More Than One Year	112,157
<i>Total Liabilities</i>	7,075,198
Net Assets:	
Invested in Capital Assets	8,572,236
Restricted for Other Purposes	9,380
Unrestricted	17,692,236
<i>Total Net Assets</i>	\$26,273,852

See accompanying notes to the basic financial statements

Worthington Libraries
Worthington, Ohio
Statement of Activities
For the Year Ended December 31, 2011

	Expenditures	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Assets
				Total Governmental Activities
Governmental Activities:				
Library Services:				
Public Services and Programs	\$3,703,955	\$1,277,288	\$32,079	(\$2,394,588)
Collection Development and Processing	1,925,179	0	0	(1,925,179)
Support Services:				
Facilities Operations and Maintenance	1,049,211	0	0	(1,049,211)
Information Services Support	802,472	0	0	(802,472)
Business Administration	1,307,710	0	0	(1,307,710)
<i>Total Governmental Activities</i>	<u>\$8,788,527</u>	<u>\$1,277,288</u>	<u>\$32,079</u>	<u>(\$7,479,160)</u>
General Revenues:				
Property Taxes				6,071,068
Grants and Entitlements not Restricted to Specific Programs				2,916,271
Unrestricted Gifts and Contributions				8,062
Earnings on Investments				9,405
Miscellaneous				<u>10,689</u>
<i>Total General Revenues</i>				<u>9,015,495</u>
<i>Change in Net Assets</i>				1,536,335
<i>Net Assets at Beginning of Year</i>				<u>24,737,517</u>
<i>Net Assets at End of Year</i>				<u>\$26,273,852</u>

See accompanying notes to the basic financial statements

Worthington Libraries
Worthington, Ohio
Balance Sheet
Governmental Funds
December 31, 2011

	General	Other Governmental Funds	Total Governmental Funds
Assets:			
Equity in Pooled Cash and Cash Equivalents	\$16,079,512	\$555,105	\$16,634,617
Receivables:			
Property Taxes	6,743,140	0	6,743,140
Intergovernmental	1,319,859	0	1,319,859
Prepaid Items	60,723	18,475	79,198
<i>Total Assets</i>	<u>\$24,203,234</u>	<u>\$573,580</u>	<u>\$24,776,814</u>
Liabilities and Fund Balances:			
Liabilities:			
Accounts Payable	\$51,732	\$477	\$52,209
Accrued Wages Payable	86,643	0	86,643
Contracts Payable	0	21,450	21,450
Retainage Payable	0	21,288	21,288
Intergovernmental Payable	78,378	0	78,378
Deferred Revenue	7,891,662	0	7,891,662
Matured Compensated Absences Payable	1,357	0	1,357
<i>Total Liabilities</i>	<u>8,109,772</u>	<u>43,215</u>	<u>8,152,987</u>
Fund Balances:			
Nonspendable	60,723	18,475	79,198
Restricted	0	9,380	9,380
Committed	30,422	0	30,422
Assigned	211,559	502,510	714,069
Unassigned	15,790,758	0	15,790,758
<i>Total Fund Balances</i>	<u>16,093,462</u>	<u>530,365</u>	<u>16,623,827</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$24,203,234</u>	<u>\$573,580</u>	<u>\$24,776,814</u>

See accompanying notes to the basic financial statements

Worthington Libraries
Worthington, Ohio
Reconciliation of Total Governmental Fund Balances to
Net Assets of Governmental Activities
December 31, 2011

Total Governmental Fund Balances	\$16,623,827
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Amounts reported for governmental activities in the Statement of Net Assets are different because:

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

Capital Assets:

Land	910,379
Buildings and Improvements	10,168,648
Machinery and Equipment	895,740
Vehicles	18,300
Accumulated Depreciation	<u>(3,420,831)</u>

Total	8,572,236
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Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:

Property Taxes	295,040
Intergovernmental	<u>1,146,220</u>

Total	1,441,260
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Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:

Vacation Leave Payable	(238,000)
Compensated Absences Payable	<u>(125,471)</u>

Total	<u>(363,471)</u>
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<i>Net Assets of Governmental Activities</i>	<u><u>\$26,273,852</u></u>
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See accompanying notes to the basic financial statements

Worthington Libraries
Worthington, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2011

	General Fund	Other Governmental Funds	Total Governmental Funds
Revenues:			
Property Taxes	\$6,113,964	\$0	\$6,113,964
Other Government Grants-in-Aid	3,025,083	0	3,025,083
Patron Fines and Fees	295,878	0	295,878
Services Provided to Other Entities	981,410	0	981,410
Contributions, Gifts, and Donations	8,062	32,079	40,141
Earnings on Investments	9,405	0	9,405
Miscellaneous	10,689	0	10,689
<i>Total Revenues</i>	<u>10,444,491</u>	<u>32,079</u>	<u>10,476,570</u>
Expenditures:			
Current:			
Library Services:			
Public Services and Programs	3,549,203	29,581	3,578,784
Collection Development and Processing	1,920,779	0	1,920,779
Support Services:			
Facilities Operations and Maintenance	709,612	0	709,612
Information Services Support	699,824	40,748	740,572
Business Administration	1,271,048	0	1,271,048
Capital Outlay	17,443	334,222	351,665
<i>Total Expenditures</i>	<u>8,167,909</u>	<u>404,551</u>	<u>8,572,460</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>2,276,582</u>	<u>(372,472)</u>	<u>1,904,110</u>
Other Financing Sources (Uses):			
Transfers - In	0	330,912	330,912
Transfers - Out	(330,912)	0	(330,912)
<i>Total Other Financing Sources (Uses)</i>	<u>(330,912)</u>	<u>330,912</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	1,945,670	(41,560)	1,904,110
<i>Fund Balances at Beginning of Year</i>	<u>14,147,792</u>	<u>571,925</u>	<u>14,719,717</u>
<i>Fund Balances at End of Year</i>	<u>\$16,093,462</u>	<u>\$530,365</u>	<u>\$16,623,827</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, 2011

Net Change in Fund Balances - Total Governmental Funds \$1,904,110

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	56,100	
Depreciation	<u>(258,148)</u>	
Excess of Depreciation Expense over Capital Outlay		(202,048)

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

Property Taxes	(42,896)	
Intergovernmental	<u>(108,812)</u>	
		(151,708)

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:

Decrease in Vacation Leave Payable	1,485	
Increase in Compensated Absences Payable	<u>(15,504)</u>	
		<u>(14,019)</u>

Change in Net Assets of Governmental Activities \$1,536,335

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, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property Taxes	\$6,469,773	\$6,469,773	\$6,113,964	(\$355,809)
Other Government Grants-in-Aid	3,942,211	2,903,611	3,038,062	134,451
Patron Fines and Fees	320,000	320,000	295,878	(24,122)
Services Provided to Other Entities	631,320	981,410	981,410	0
Contributions, Gifts, and Donations	0	0	8,062	8,062
Earnings on Investments	14,653	14,653	9,405	(5,248)
Miscellaneous	0	0	10,689	10,689
<i>Total Revenues</i>	11,377,957	10,689,447	10,457,470	(231,977)
Expenditures:				
Library Services:				
Public Services and Programs	3,666,987	3,666,987	3,563,253	103,734
Collection Development and Processing	2,177,727	2,177,727	2,079,643	98,084
Support Services:				
Facilities Operations and Maintenance	856,193	856,193	735,825	120,368
Information Services Support	807,984	807,984	687,348	120,636
Business Administration	1,435,206	1,435,206	1,280,501	154,705
Capital Outlay	38,862	38,862	34,097	4,765
Contingency	150,000	150,000	0	150,000
<i>Total Expenditures</i>	9,132,959	9,132,959	8,380,667	752,292
<i>Excess of Revenues Over Expenditures</i>	2,244,998	1,556,488	2,076,803	520,315
Other Financing Uses:				
Transfers - Out	(305,591)	(330,912)	(330,912)	0
<i>Net Change in Fund Balance</i>	1,939,407	1,225,576	1,745,891	520,315
<i>Fund Balance at Beginning of Year</i>	13,840,859	13,840,859	13,840,859	0
<i>Prior Year Encumbrances Appropriated</i>	229,303	229,303	229,303	0
<i>Fund Balance at End of Year</i>	\$16,009,569	\$15,295,738	\$15,816,053	\$520,315

See accompanying notes to the basic financial statements

Worthington Libraries
Worthington, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

NOTE 1 – DESCRIPTION OF THE LIBRARY AND REPORTING ENTITY

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

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

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

Component units are legally separate organizations for which the Library is financially accountable. The Library is financially accountable for an organization if the Library appoints a voting majority of the organization’s governing board and (1) the Library is able to significantly influence the programs or services performed or provided by the organization; or (2) the Library is legally entitled to or can otherwise access the organization’s resources; the Library is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Library is obligated for the debt of the organization. The Library is also financially accountable for any organizations for which the Library approves the budget, the issuance of debt or the levying of taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Library, are accessible to the Library and are significant in amount to the Library. The Library has no component units.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Worthington Libraries have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Library also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental activities provided they do not conflict with or contradict GASB pronouncements. The more significant of the Library’s accounting policies are described below.

Worthington Libraries
Worthington, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation

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

Government-wide Financial Statements

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

Fund Financial Statements

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

Fund Accounting

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

Governmental Funds

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

Worthington Libraries
Worthington, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

Measurement Focus

Government-Wide Financial Statements

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

Fund Financial Statements

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

Basis of Accounting

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

Worthington Libraries
Worthington, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenues - Exchange and Non-exchange Transactions

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

Non-exchange transactions, in which the Library receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the year for which the taxes are levied (See Note 5). Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the Library must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the Library on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

Deferred Revenue

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

Property taxes for which there is an enforceable legal claim as of December 31, 2011, but which were levied to finance 2012 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

Expenses/Expenditures

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

Worthington Libraries
Worthington, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Cash and Cash Equivalents

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

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

During 2011, the Library invested in the State Treasury Asset Reserve of Ohio (STAROhio). STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's net asset value per share which is the price the investment could be sold for on December 31, 2011.

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 2011 were \$9,405, including \$335 assigned from other Library funds.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2011, 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, 2011

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost, which is determined by indexing the current replacement costs back to the year of acquisition) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The Library maintains a capitalization threshold of \$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.

Worthington Libraries
Worthington, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

On governmental fund financial statements, compensated absences are reported as liabilities and expenditures to the extent that payments become due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "Matured Compensated Absences Payable" in the fund from which the employees are paid. The unmatured portion of the liability is not reported.

Fund Balance

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

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

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

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

Worthington Libraries
Worthington, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Assigned – Amounts in the assigned fund balance classification are intended to be used by the Library for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Board of Trustees.

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

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

Worthington Libraries
Worthington, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Net Assets

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

Internal Activity

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

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

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

Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. In general, payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year.

Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Worthington Libraries
Worthington, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Budgetary Process

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

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

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

NOTE 3 – BUDGETARY BASIS OF ACCOUNTING

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

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).

Worthington Libraries
Worthington, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

NOTE 3 – BUDGETARY BASIS OF ACCOUNTING (continued)

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).

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

Net Change in Fund Balance

	<u>General Fund</u>
GAAP Basis	\$1,945,570
Revenue Accruals	13,079
Expenditure Accruals	50,701
Adjustment for Encumbrances	<u>(263,459)</u>
Budget Basis	<u><u>\$1,745,891</u></u>

NOTE 4 – DEPOSITS AND INVESTMENTS

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

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

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

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:

Worthington Libraries
Worthington, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

NOTE 4 – DEPOSITS AND INVESTMENTS (continued)

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

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

Investments

As of December 31, 2011, the Library’s only investment was in STAROhio.

	<u>Fair Value</u>	<u>Maturity</u>
STAROhio	<u>\$16,531,223</u>	Average 57 Days

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.

Worthington Libraries
Worthington, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

NOTE 4 – DEPOSITS AND INVESTMENTS (continued)

Credit Risk

STAROhio carries a rating of AAAM by Standard and Poor's. Ohio law requires that STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service. The Library's investment policy states that credit risk will be minimized by diversifying assets and ensuring that the minimum credit quality ratings required by Ohio Law exist.

NOTE 5 – PROPERTY TAXES

Property taxes include amounts levied against all real and, public utility property located in the Library district. Property tax revenues received during 2011 for real and public utility property taxes represents collections of the 2010 taxes.

2011 real property taxes are levied after October 1, 2011, on the assessed value as of January 1, 2011, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2011 real property taxes are collected in and intended to finance 2012 operations.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due January 20; if paid semi-annually, the first payment is due 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. 2011 public utility property taxes became a lien December 31, 2010, are levied after October 1, 2011, and are collected in 2012 with real property taxes.

The full tax rate for all Library operations for the year ended December 31, 2011, was \$4.80 per \$1,000 of assessed value. The assessed values of real property and public utility property, upon which 2011 property tax receipts were based are as follows:

<u>Category</u>	<u>Assessed Value</u>
Real Estate	\$1,805,903,970
Public Utility Personal	34,228,570
Totals	<u><u>\$1,840,132,540</u></u>

Worthington Libraries
Worthington, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

NOTE 5 – PROPERTY TAXES (continued)

The County Treasurer collects property taxes on behalf of all taxing districts within the County, including the Library. The County Auditor periodically remits to the Library its portion of the taxes. Accrued property taxes receivable represents real, public utility taxes and outstanding delinquencies which are measurable as of December 31, 2011, and for which there is an enforceable legal claim. In the fund financial statements, the entire receivable has been offset by deferred revenue since the current taxes were not levied to finance 2011 operations, and the collection of delinquent taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as revenue while the remainder of the receivable is deferred.

NOTE 6 – GRANTS-IN-AID

A major source of revenue for Ohio public libraries is the Public Library Fund (PLF). The source of money for this fund comes from a percentage of the state taxes collected in Ohio including state income tax and sales tax. During the first half of calendar year 2011, the PLF was distributed to the counties in the amount of 1.97 percent of the State's general revenues. During the second half of calendar year 2011, the PLF was distributed at 95 percent of the amount received during the prior year with a further reduction for transfers to the OPLIN Technology Fund and to the Library for the Blind Fund. The Franklin County Budget Commission allocates these funds to the Library based on a formula that was negotiated and agreed to by the seven public libraries located in the county. The County Budget Commission cannot reduce its allocation of these funds to the Library based on any additional revenues the Library receives.

NOTE 7 – RECEIVABLES

Receivables at December 31, 2011, consisted of property taxes and intergovernmental receivables. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes and the stable condition of State programs. All receivables, except property taxes, are expected to be received within one year. Property taxes, although ultimately collectible, include some portion of delinquents that will not be collected within one year. A summary of the principal items of intergovernmental receivables follows:

<u>Governmental Activities:</u>	<u>Amounts</u>
Public Library Fund	\$1,000,191
Homestead and Rollback	319,668
Total	<u><u>\$1,319,859</u></u>

Worthington Libraries
Worthington, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

NOTE 8 – CAPITAL ASSETS

Capital assets activity for the fiscal year ended December 31, 2011, was as follows:

	<u>Balance At</u> <u>12/31/2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance At</u> <u>12/31/2011</u>
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$910,379	\$0	\$0	\$910,379
Construction in Progress	21,674	3,323	(24,997)	0
Total Capital Assets, Not Being Depreciated	<u>932,053</u>	<u>3,323</u>	<u>(24,997)</u>	<u>910,379</u>
Capital Assets, Being Depreciated				
Buildings and Improvements	10,137,192	31,456	0	10,168,648
Machinery and Equipment	849,422	46,318	0	895,740
Vehicles	18,300	0	0	18,300
Total Capital Assets, Being Depreciated	<u>11,004,914</u>	<u>77,774</u>	<u>0</u>	<u>11,082,688</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(2,587,408)	(216,399)	0	(2,803,807)
Machinery and Equipment	(564,693)	(39,461)	0	(604,154)
Vehicles	(10,582)	(2,288)	0	(12,870)
Total Accumulated Depreciation	<u>(3,162,683)</u>	<u>(258,148) *</u>	<u>0</u>	<u>(3,420,831)</u>
Capital Assets, Being Depreciated, Net	<u>7,842,231</u>	<u>(180,374)</u>	<u>0</u>	<u>7,661,857</u>
Governmental Activities Capital Assets, Net	<u>\$8,774,284</u>	<u>(\$177,051)</u>	<u>(\$24,997)</u>	<u>\$8,572,236</u>

* Depreciation expense was charged to governmental programs as follows:

Library Services:	
Public Services and Programs	\$132,240
Collection Development and Processing	2,575
Support Services:	
Facilities Operations and Maintenance	44,275
Information Services Support	62,317
Business Administration	16,741
Total Depreciation Expense	<u>\$258,148</u>

Worthington Libraries
Worthington, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

NOTE 9 – RISK MANAGEMENT

Property and Liability

The Library is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During 2011, the Library contracted with Lauterbach & Eilber Company. The commercial package policy includes coverage for commercial property, commercial inland marine, commercial general liability, commercial crime, commercial automobile, and a commercial umbrella through Ohio Casualty.

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

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

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

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

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

Worthington Libraries
Worthington, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

NOTE 9 – RISK MANAGEMENT (continued)

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 10 – DEFINED BENEFIT PENSION PLANS

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

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

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions and currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units. 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, 2011, members in state and local divisions contributed 10 percent of covered payroll. For 2011, member and employer contribution rates were consistent across all three plans.

Worthington Libraries
Worthington, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

NOTE 10 – DEFINED BENEFIT PENSION PLANS (continued)

The Library's 2011 contribution rate was 14.0 percent of covered payroll. The portion of employer contributions used to fund pension benefits is net of post-employment health care benefits. The portion of employer contribution allocated to health care for members in the Traditional Plan was 4.00 percent for 2011. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05 percent for 2011. 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, 2011, 2010, and 2009 were \$359,898, \$361,463, and \$352,832, respectively. For 2011, 90.07 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2010 and 2009. Contributions to the Member-Directed Plan for 2011 were \$47,816 made by the Library and \$34,154 made by plan members.

NOTE 11 – POST-EMPLOYMENT BENEFITS

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

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

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

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

Worthington Libraries
Worthington, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

NOTE 11 – POST-EMPLOYMENT BENEFITS (continued)

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 2011, 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. The portion of employer contributions allocated to health care for members in the Traditional Plan was 4.0 percent for 2011. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05 percent for 2011.

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, 2011, 2010, and 2009 were \$201,615, \$195,246, and \$228,303, respectively. For 2011, 90.07 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2010 and 2009.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates increased on January 1 of each year from 2006 to 2008. These rate increases allowed additional funds to be allocated to the health care plan.

NOTE 12 – OTHER EMPLOYEE BENEFITS

Insurance Benefits

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

Worthington Libraries
Worthington, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

NOTE 12 – OTHER EMPLOYEE BENEFITS (continued)

Compensated Absences

Accumulated Unpaid Vacation

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

Accumulated Unpaid Sick Leave

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

Accumulated Unpaid Floating Holidays

Library employees earn floating holiday pay 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. If an employee terminates employment, 100 percent of unused floating holiday leave is paid.

Deferred Compensation

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

Worthington Libraries
Worthington, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

NOTE 13 – LONG-TERM OBLIGATIONS

The changes in the Library’s long-term obligations during 2011 were as follows:

	Amount Outstanding 12/31/2010	Additions	Deletions	Amount Outstanding 12/31/2011	Amounts Due in One Year
Compensated Absences	<u>\$109,967</u>	<u>\$21,655</u>	<u>\$6,151</u>	<u>\$125,471</u>	<u>\$13,314</u>

Compensated absences will be paid from General Fund.

NOTE 14 – INTERFUND TRANSFERS

Interfund transfers at December 31, 2011 were as follows:

	<u>Transfers-In</u>	<u>Transfers-Out</u>
General Fund	\$0	\$330,912
Other Governmental Funds	330,912	0
Total Transfers	<u>\$330,912</u>	<u>\$330,912</u>

The Library transferred cash to Other Governmental Funds from the General Fund to cover expenditures related to the renovations of the roof for Old Worthington Library.

NOTE 15 – CONTINGENCIES

Grants

The Library receives financial assistance from State agencies in the form of grants. Disbursing grant funds generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit. Any disallowed claims resulting from such audits could become a liability. However, in the opinion of management, any such disallowed claims through December 31, 2011 will not have a material adverse effect on the Library.

Litigation

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

Worthington Libraries
Worthington, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

NOTE 16 – FUND BALANCE

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

Fund Balances	General	Governmental Funds	Total
<u>Nonspendable:</u>			
Prepaid Items	\$60,723	\$18,475	\$79,198
<u>Restricted for:</u>			
Support for Programs	0	9,380	9,380
<u>Committed to:</u>			
Compensated absences	30,422	0	30,422
<u>Assigned to:</u>			
Capital Asset Replacement	0	502,510	502,510
Other Purposes	211,559	0	211,559
Total Assigned Fund Balance	<u>211,559</u>	<u>502,510</u>	<u>714,069</u>
<u>Unassigned:</u>			
	<u>15,790,758</u>	<u>0</u>	<u>15,790,758</u>
Total Fund Balances	<u>\$16,093,462</u>	<u>\$530,365</u>	<u>\$16,623,827</u>

NOTE 17 – CHANGES IN ACCOUNTING PRINCIPLES

For fiscal year 2011, the Library has implemented Governmental Accounting Standards Board (GASB) Statements No. 59, “Financial Instruments Omnibus”. GASB Statement No. 59, “Financial Instruments Omnibus” addresses the changes to several GASB Statements regarding financial reporting and disclosure requirements of certain financial instruments and external investment pools. The implementation of this Statement did not result in any changes to the Library’s financial statements.

COMBINING FINANCIAL STATEMENTS
AND
INDIVIDUAL FUND SCHEDULES

Worthington Libraries
Worthington, Ohio
Nonmajor Fund Descriptions

Special Revenue Funds

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

Nonmajor Special Revenue Fund

Friends Foundation Fund

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

Capital Projects Funds

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

Nonmajor Capital Projects Funds

Building Fund

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

Technology Fund

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

Worthington Libraries
Worthington, Ohio
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2011

	Nonmajor Special Revenue Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets:			
Equity in Pooled Cash and Cash Equivalents	\$9,443	\$545,662	\$555,105
Prepaid Items	0	18,475	18,475
<i>Total Assets</i>	<u>\$9,443</u>	<u>\$564,137</u>	<u>\$573,580</u>
Liabilities and Fund Balances:			
Liabilities:			
Accounts Payable	\$63	\$414	\$477
Contracts Payable	0	21,450	21,450
Retainage Payable	0	21,288	21,288
<i>Total Liabilities</i>	<u>63</u>	<u>43,152</u>	<u>43,215</u>
Fund Balances:			
Nonspendable	0	18,475	18,475
Restricted	9,380	0	9,380
Assigned	0	502,510	502,510
<i>Total Fund Balances</i>	<u>9,380</u>	<u>520,985</u>	<u>530,365</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$9,443</u>	<u>\$564,137</u>	<u>\$573,580</u>

Worthington Libraries
Worthington, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2011

	Nonmajor Special Revenue Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:			
Contributions and Donations	\$32,079	\$0	\$32,079
Expenditures:			
Current:			
Library Services:			
Public Services and Programs	29,581	0	29,581
Information Services Support	0	40,748	40,748
Capital Outlay	0	334,222	334,222
<i>Total Expenditures</i>	29,581	374,970	404,551
<i>Excess of Revenues Over (Under) Expenditures</i>	2,498	(374,970)	(372,472)
Other Financing Sources:			
Transfers - In	0	330,912	330,912
<i>Net Change in Fund Balances</i>	2,498	(44,058)	(41,560)
<i>Fund Balances at Beginning of Year</i>	6,882	565,043	571,925
<i>Fund Balances at End of Year</i>	\$9,380	\$520,985	\$530,365

Worthington Libraries
Worthington, Ohio
Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2011

	Building Fund	Technology Fund	Total Nonmajor Capital Projects Funds
Assets:			
Equity in Pooled Cash and Cash Equivalents	\$386,428	\$159,234	\$545,662
Prepaid Items	0	18,475	18,475
<i>Total Assets</i>	<u>\$386,428</u>	<u>\$177,709</u>	<u>\$564,137</u>
Liabilities and Fund Balances:			
Liabilities:			
Accounts Payable	\$0	\$414	\$414
Contracts Payable	21,450	0	21,450
Retainage Payable	21,288	0	21,288
<i>Total Liabilities</i>	<u>42,738</u>	<u>414</u>	<u>43,152</u>
Fund Balances:			
Nonspendable	0	18,475	18,475
Assigned	343,690	158,820	502,510
<i>Total Fund Balances</i>	<u>343,690</u>	<u>177,295</u>	<u>520,985</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$386,428</u>	<u>\$177,709</u>	<u>\$564,137</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, 2011

	Building Fund	Technology Fund	Total Nonmajor Capital Projects Funds
Revenues:	\$0	\$0	\$0
Expenditures:			
Current:			
Support Services:			
Information Services Support	0	40,748	40,748
Capital Outlay	279,632	54,590	334,222
<i>Total Expenditures</i>	<u>279,632</u>	<u>95,338</u>	<u>374,970</u>
<i>Excess of Revenues Under Expenditures</i>	(279,632)	(95,338)	(374,970)
Other Financing Sources:			
Transfers - In	330,912	0	330,912
<i>Net Change in Fund Balances</i>	51,280	(95,338)	(44,058)
<i>Fund Balances at Beginning of Year</i>	<u>292,410</u>	<u>272,633</u>	<u>565,043</u>
<i>Fund Balances at End of Year</i>	<u><u>\$343,690</u></u>	<u><u>\$177,295</u></u>	<u><u>\$520,985</u></u>

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, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property Taxes	\$6,469,773	\$6,469,773	\$6,113,964	(\$355,809)
Other Government Grants-in-Aid	3,942,211	2,903,611	3,038,062	134,451
Patron Fines and Fees	320,000	320,000	295,878	(24,122)
Services Provided to Other Entities	631,320	981,410	981,410	0
Contributions, Gifts, and Donations	0	0	8,062	8,062
Earnings on Investments	14,653	14,653	9,405	(5,248)
Miscellaneous	0	0	10,689	10,689
<i>Total Revenues</i>	11,377,957	10,689,447	10,457,470	(231,977)
Expenditures:				
Library Services:				
Public Services and Programs				
Personal Services	3,610,220	3,610,220	3,432,415	177,805
Purchased Library Services	22,609	22,609	7,786	14,823
Contractual Services	33,304	33,304	123,030	(89,726)
Materials and Supplies	854	854	22	832
<i>Total Public Services and Programs</i>	3,666,987	3,666,987	3,563,253	103,734
Collection Development and Processing				
Personal Services	267,071	267,071	266,273	798
Purchased Library Services	1,721,735	1,721,735	134,315	1,587,420
Contractual Services	163,467	163,467	1,654,312	(1,490,845)
Materials and Supplies	25,454	25,454	24,743	711
<i>Total Collection Development and Processing</i>	2,177,727	2,177,727	2,079,643	98,084
Support Services:				
Facilities Operations and Maintenance				
Personal Services	65,174	65,174	65,125	49
Contractual Services	734,109	734,109	632,074	102,035
Materials and Supplies	56,910	56,910	38,626	18,284
<i>Total Facilities Operations and Maintenance</i>	856,193	856,193	735,825	120,368
Information Services Support				
Personal Services	367,790	367,790	367,471	319
Purchased Library Services	134,564	134,564	124,467	10,097
Contractual Services	299,457	299,457	189,596	109,861
Materials and Supplies	6,173	6,173	5,814	359
<i>Total Information Services Support</i>	\$807,984	\$807,984	\$687,348	\$120,636

(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, 2011
(continued)

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Business Administration				
Personal Services	\$1,034,289	\$1,034,289	\$951,624	\$82,665
Contractual Services	359,585	359,585	298,562	61,023
Purchased Library Services	2,000	2,000	1,943	57
Materials and Supplies	27,332	27,332	17,281	10,051
Other	12,000	12,000	11,091	909
Total Business Administration	1,435,206	1,435,206	1,280,501	154,705
Capital Outlay	38,862	38,862	34,097	4,765
Contingency	150,000	150,000	0	150,000
<i>Total Expenditures</i>	<i>9,132,959</i>	<i>9,132,959</i>	<i>8,380,667</i>	<i>752,292</i>
<i>Excess of Revenues Over Expenditures</i>	<i>2,244,998</i>	<i>1,556,488</i>	<i>2,076,803</i>	<i>520,315</i>
Other Financing Uses:				
Transfers - Out	(305,591)	(330,912)	(330,912)	0
<i>Net Change in Fund Balance</i>	<i>1,939,407</i>	<i>1,225,576</i>	<i>1,745,891</i>	<i>520,315</i>
<i>Fund Balance at Beginning of Year</i>	<i>13,840,859</i>	<i>13,840,859</i>	<i>13,840,859</i>	<i>0</i>
<i>Prior Year Encumbrances Appropriated</i>	<i>229,303</i>	<i>229,303</i>	<i>229,303</i>	<i>0</i>
<i>Fund Balance at End of Year</i>	<i>\$16,009,569</i>	<i>\$15,295,738</i>	<i>\$15,816,053</i>	<i>\$520,315</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, 2011

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:	<u>\$26,661</u>	<u>\$32,079</u>	<u>\$32,079</u>	<u>\$0</u>
Expenditures:				
Library Services:				
Public Services and Programs				
Contractual Services	7,316	10,316	5,737	4,579
Materials and Supplies	24,867	27,667	23,306	4,361
Other	1,000	1,000	712	288
Total Public Service and Programs	<u>33,183</u>	<u>38,983</u>	<u>29,755</u>	<u>9,228</u>
<i>Total Expenditures</i>	<u>33,183</u>	<u>38,983</u>	<u>29,755</u>	<u>9,228</u>
<i>Net Change in Fund Balance</i>	(6,522)	(6,904)	2,324	(9,228)
<i>Fund Balance at Beginning of Year</i>	6,882	6,882	6,882	0
<i>Prior Year Encumbrances Appropriated</i>	22	22	22	0
<i>Fund Balance at End of Year</i>	<u>\$382</u>	<u>\$0</u>	<u>\$9,228</u>	<u>(\$9,228)</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, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:	\$0	\$0	\$0	\$0
Expenditures:				
Capital Outlay	623,322	623,322	324,840	298,482
<i>Excess of Revenues Under Expenditures</i>	(623,322)	(623,322)	(324,840)	298,482
Other Financing Sources:				
Transfers - In	361,491	330,912	330,912	0
<i>Net Change in Fund Balance</i>	(261,831)	(292,410)	6,072	298,482
<i>Fund Balance at Beginning of Year</i>	267,089	267,089	267,089	0
<i>Prior Year Encumbrances Appropriated</i>	25,321	25,321	25,321	0
<i>Fund Balance at End of Year</i>	\$30,579	\$0	\$298,482	\$298,482

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, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:	\$0	\$0	\$0	\$0
Expenditures:				
Support Services:				
Information Services Support				
Contractual Services	110,413	110,413	69,590	40,823
Capital Outlay	101,505	101,505	58,741	42,764
<i>Total Expenditures</i>	211,918	211,918	128,331	83,587
<i>Net Change in Fund Balance</i>	(211,918)	(211,918)	(128,331)	83,587
<i>Fund Balance at Beginning of Year</i>	271,496	271,496	271,496	0
<i>Prior Year Encumbrances Appropriated</i>	11,918	11,918	11,918	0
<i>Fund Balance at End of Year</i>	\$71,496	\$71,496	\$155,083	\$83,587

STATISTICAL TABLES

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 Assets by Component
Last Seven Years
(accrual basis of accounting)

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Governmental Activities:					
Invested in Capital Assets, Net of Related Debt	\$5,318,075	\$6,251,668	\$7,657,472	\$8,984,473	\$8,970,855
Restricted	0	0	0	0	0
Unrestricted	<u>5,251,015</u>	<u>8,501,531</u>	<u>11,506,214</u>	<u>11,421,601</u>	<u>12,923,458</u>
<i>Total Governmental Activities Net Assets</i>	<u><u>\$10,569,090</u></u>	<u><u>\$14,753,199</u></u>	<u><u>\$19,163,686</u></u>	<u><u>\$20,406,074</u></u>	<u><u>\$21,894,313</u></u>

<u>2010</u>	<u>2011</u>
\$8,774,284	\$8,572,236
6,882	9,380
<u>15,956,351</u>	<u>17,692,236</u>
<u>\$24,737,517</u>	<u>\$26,273,852</u>

Worthington Libraries
Worthington, Ohio
Changes in Net Assets
Last Six Years
(accrual basis of accounting)

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

2009	2010	2011
\$3,736,517	\$3,564,762	\$3,703,955
1,894,589	2,033,738	1,925,179
723,911	762,761	1,049,211
874,146	970,701	802,472
1,380,683	1,385,264	1,307,710
0	0	0
8,609,846	8,717,226	8,788,527
1,074,701	1,011,213	1,277,288
0	26,965	32,079
1,074,701	\$1,038,178	\$1,309,367
(7,535,145)	(7,679,048)	(7,479,160)
6,005,216	6,149,886	6,071,068
2,961,045	4,276,501	2,916,271
5,222	2,582	8,062
33,384	15,674	9,405
18,517	77,609	10,689
9,023,384	10,522,252	9,015,495
\$1,488,239	\$2,843,204	\$1,536,335

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

	<u>2005</u>	<u>2006</u>	<u>2007</u>
General Fund			
Nonspendable	\$0	\$0	\$0
Committed	0	0	0
Assigned	0	0	0
Unassigned	0	0	0
Reserved	253,808	273,045	277,022
Unreserved	<u>2,598,003</u>	<u>5,933,367</u>	<u>6,591,556</u>
<i>Total General Fund</i>	<u>2,851,811</u>	<u>6,206,412</u>	<u>6,868,578</u>
All Other Governmental Funds			
Nonspendable	0	0	0
Restricted	0	0	0
Committed	0	0	0
Assigned	0	0	0
Reserved	600	209,511	1,576,682
Unreserved, Undesignated Reported in:			
Special Revenue Fund	51,620	82,851	112,933
Debt Service Fund	36,785	0	0
Capital Projects Funds	<u>1,004,482</u>	<u>792,609</u>	<u>1,583,686</u>
<i>Total All Other Governmental Funds</i>	<u>1,093,487</u>	<u>1,084,971</u>	<u>3,273,301</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>

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

2008	2009 (1)	2010	2011
\$0	\$76,541	\$75,903	\$60,723
0	84,394	36,047	30,422
0	202,535	151,805	211,559
0	10,710,135	13,884,037	15,790,758
259,972	0	0	0
8,819,085	0	0	0
9,079,057	11,073,605	14,147,792	16,093,462
0	0	0	18,475
0	56,053	6,882	9,380
0	0	0	0
0	687,004	565,043	502,510
120,405	0	0	0
103,610	0	0	0
0	0	0	0
843,998	0	0	0
1,068,013	743,057	571,925	530,365
\$10,147,070	\$11,816,662	\$14,719,717	\$16,623,827

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

	2006	2007	2008	2009
Revenues:				
Property Taxes	\$6,885,758	\$6,613,736	\$6,278,922	\$5,949,645
Other Government Grants-in-Aid	3,193,006	3,429,348	3,515,269	3,142,356
Patron Fines and Fees	280,352	282,729	297,960	292,687
Services Provided to Other Entities	756,633	748,611	803,303	782,014
Contributions, Gifts, and Donations	825	18,828	3,661	5,222
Earnings on Investments	342,779	496,133	276,844	33,384
Miscellaneous	7,924	4,735	18,338	18,517
<i>Total Revenues</i>	<u>11,467,277</u>	<u>11,594,120</u>	<u>11,194,297</u>	<u>10,223,825</u>
Expenditures:				
Current:				
Library Services:				
Public Services and Programs	2,917,050	2,919,557	4,645,550	3,568,028
Collection Development and Processing	1,769,799	1,686,625	2,159,378	1,891,188
Support Services:				
Facilities Operations and Maintenance	556,499	543,840	711,032	686,709
Information Services Support	280,498	632,951	778,463	858,650
Business Administration	1,249,607	1,359,094	1,351,301	1,343,441
Capital Outlay	297,294	1,601,557	1,543,382	206,217
Debt Service:				
Principal Retirement	990,000	0	0	0
Interest and Fiscal Charges	60,445	0	0	0
<i>Total Expenditures</i>	<u>8,121,192</u>	<u>8,743,624</u>	<u>11,189,106</u>	<u>8,554,233</u>
<i>Excess of Revenues Over Expenditures</i>	<u>3,346,085</u>	<u>2,850,496</u>	<u>5,191</u>	<u>1,669,592</u>
Other Financing Sources (Uses):				
Transfers - In	1,156,910	3,856,220	601,800	358,770
Transfers - Out	(1,156,910)	(3,856,220)	(601,800)	(358,770)
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	<u>\$3,346,085</u>	<u>\$2,850,496</u>	<u>\$5,191</u>	<u>\$1,669,592</u>
<i>Debt Service as a Percentage of Noncapital Expenditures</i>	13.1%	0.0%	0.0%	0.0%

2010	2011
\$6,183,063	\$6,113,964
4,110,971	3,025,083
311,105	295,878
700,108	981,410
29,547	40,141
15,674	9,405
77,609	10,689
<u>11,428,077</u>	<u>10,476,570</u>

3,428,167	3,578,784
2,030,005	1,920,779
718,718	709,612
902,607	740,572
1,381,822	1,271,048
63,703	351,665
0	0
<u>0</u>	<u>0</u>
<u>8,525,022</u>	<u>8,572,460</u>

<u>2,903,055</u>	<u>1,904,110</u>
------------------	------------------

31,483	330,912
(31,483)	(330,912)
<u>0</u>	<u>0</u>
<u>\$2,903,055</u>	<u>\$1,904,110</u>

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
2002	\$937,915,140	\$423,862,100	\$3,890,792,114	\$50,099,860	\$56,931,659	\$222,032,266	\$888,129,064
2003	1,072,551,470	377,767,160	4,143,767,514	51,560,220	58,591,159	202,028,171	808,112,684
2004	1,078,744,680	447,549,100	4,360,839,371	55,641,930	63,229,466	185,037,094	740,148,376
2005	1,087,563,880	444,066,090	4,376,085,629	54,413,770	61,833,830	179,018,550	716,074,200
2006	1,302,759,720	449,491,770	5,006,432,829	53,865,420	61,210,705	132,307,380	705,639,360
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

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

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

The tangible personal property values associated with each year are the values that, when multiplied by the applicable rates, generated the property tax revenue billed in that year. For real property, the amounts generated by multiplying the assessed values by the applicable rates would be reduced by the 10 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	
\$1,633,909,366	\$4,835,852,837	33.79%	\$1.66
1,703,907,021	5,010,471,357	34.01%	1.63
1,766,972,804	5,164,217,213	34.22%	1.63
1,765,062,290	5,153,993,658	34.25%	1.64
1,938,424,290	5,773,282,893	33.58%	3.76
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

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

Collection Year	Current Tax Levy	Current Tax Collections	Percent of Current Tax Collections to Current Tax Levy	Delinquent Tax Collections (2)	Total Tax Collections	Percent of Total Tax Collections to Current Tax Levy
2002	\$2,947,922	\$2,878,456	97.64%	\$106,734	\$2,985,190	101.26%
2003	2,912,557	2,840,571	97.53%	75,395	2,915,966	100.12%
2004	2,888,263	2,818,222	97.57%	79,010	2,897,232	100.31%
2005	2,903,568	2,817,409	97.03%	57,704	2,875,113	99.02%
2006	7,310,027	7,095,784	97.07%	221,696	7,317,480	100.10%
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	6,752,750	99.31%	171,390	6,924,140	101.83%

Source: Office of the Auditor, Franklin County, Ohio

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

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

Worthington Libraries
Worthington, Ohio
Principal Property Taxpayers
2000 and 2010

2002			2011		
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	\$21,271,650	1.35%	1 Columbus Southern Power Company	\$25,077,660	1.36%
2 Ohio Bell Telephone Company	13,099,560	0.83%			
3 New Par	8,665,770	0.55%			
4 Columbia Gas of Ohio Inc	6,408,350	0.40%			
Real Estate			Real Estate		
1 Anheuser-Busch Inc	16,231,250	1.03%	1 Anheuser-Busch Inc	18,706,350	1.02%
2 ASP Boma LLC	15,996,770	1.01%	2 EOP-Community Corporate	8,610,000	0.47%
3 Eastrich No 167 Corp	8,723,790	0.55%	3 Eastrich No 167 Corp	8,381,900	0.46%
4 Columbus Retail Inc	8,461,250	0.54%	4 Fieldstone Trace Partnership	7,805,010	0.42%
5 OTR	8,428,010	0.54%	5 Worthington Meadows	7,665,040	0.42%
6 EOP-Community Corporate	8,400,000	0.53%	6 Worthington Industries Inc	6,664,540	0.36%
7 Worthington Meadows	7,035,040	0.45%	7 Crosswoods Central Park	6,568,180	0.36%
8 Busch Properties	6,909,720	0.44%	8 Columbus Retail Inc	6,302,490	0.34%
9 Fieldstone Trace Partnership	6,720,000	0.43%	9 Corporate Hill LLC	6,006,040	0.33%
10 Regency Centers	6,173,670	0.39%	10 Braveheart Columbus LLC	5,670,010	0.30%
Tangible Personal Property			Tangible Personal Property		
1 Anheuser-Busch Inc	54,636,015	3.47%	1 Anheuser-Busch Inc	14,711,270	0.80%
2 General Electric Company	16,856,330	1.07%	2 Sprintcom Inc	5,111,180	0.28%
3 Worthington Industries Inc	14,173,150	0.90%	3 Diamond Innovations Inc	3,651,480	0.20%
4 Liebert Corporation	8,298,690	0.53%	4 Worthington Industries Inc	3,475,020	0.19%
5 Worthington Foods Inc	6,883,990	0.44%	5 Ohio Bell Telephone Company	2,503,430	0.14%
6 Mettler Toledo	5,828,180	0.37%	6 T Mobile Central LLC	1,991,320	0.11%
7 Abbott Laboratories	3,528,030	0.22%	7 Liebert Corporation	1,706,360	0.09%
8 Jack Maxton Chevrolet	3,123,290	0.20%	8 New Par	1,500,650	0.08%
9 Worthington Cylinder Corp	2,676,020	0.17%	9 Mettler Toledo	1,134,640	0.06%
10 Genuine Parts CO NAPA	1,998,010	0.13%	10 Worthington Cylinder Corp	897,980	0.05%
All Others	1,373,382,831	83.46%	All Others	1,695,991,990	92.16%
Total Assessed Valuation	<u>\$1,633,909,366</u>	<u>100.00%</u>	Total Assessed Valuation	<u>\$1,840,132,540</u>	<u>100.00%</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

	2002	2003	2004
Voted Millage - By Levy			
1992 Current Expense			
Residential/Agricultural Real	\$1.64	\$1.43	\$1.43
Commercial/Industrial and Public Utility Real	1.91	1.81	1.82
General Business and Public Utility Personal	2.20	2.20	2.20
2005 Current Expense			
Residential/Agricultural Real	0.00	0.00	0.00
Commercial/Industrial and Public Utility Real	0.00	0.00	0.00
General Business and Public Utility Personal	0.00	0.00	0.00
Total Voted Millage By Type of Property			
Residential/Agricultural Real	1.64	1.43	1.43
Commercial/Industrial and Public Utility Real	1.91	1.81	1.82
General Business and Public Utility Personal	2.20	2.20	2.20
Overlapping Rates By Taxing District			
Franklin County			
General Fund	1.47	1.47	1.47
Children Services	4.25	4.25	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	17.64	17.64	18.44
School District			
Worthington City School District	78.38	77.88	77.71
Townships			
Sharon Township	19.10	23.50	23.50
Perry Township	23.80	23.80	20.40
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.

2005	2006	2007	2008	2009	2010	2011
\$1.43	\$1.21	\$1.20	\$1.20	\$1.20	\$1.20	\$1.25
1.87	1.81	1.84	1.87	1.86	1.88	2.00
2.20	2.20	2.20	2.20	2.20	2.20	0.00
0.00	2.20	2.19	2.19	2.19	2.19	2.28
0.00	2.52	2.57	2.60	2.59	2.60	2.60
0.00	2.60	2.60	2.60	2.60	2.60	0.00
1.43	3.41	3.39	3.39	3.39	3.39	3.53
1.87	4.33	4.40	4.47	4.45	4.48	4.60
2.20	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	5.05	5.05	5.00	5.00
2.20	2.20	2.20	2.20	2.20	2.20	2.20
7.47	7.47	7.47	7.47	7.00	7.00	7.00
0.65	0.65	0.65	0.65	0.65	0.75	0.75
0.75	0.75	0.75	0.75	0.75	0.75	0.75
0.85	0.85	0.85	0.90	0.90	0.90	0.90
18.44	18.44	18.44	18.49	18.02	18.07	18.07
84.56	83.23	83.23	83.23	83.14	87.04	88.54
23.50	23.50	23.50	23.50	23.50	23.50	23.50
18.40	18.40	21.20	21.20	18.10	17.60	18.10
3.00	3.00	5.00	5.00	5.00	5.00	5.00
3.14	3.14	3.14	3.14	3.14	1.57	3.14

Worthington Libraries
Worthington, Ohio
Computation of Direct and Overlapping Governmental Debt
December 31, 2011

	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)			
Notes Payable	2,424,000	100.00%	2,424,000
General Obligation Bonds	50,868,345	100.00%	50,868,345
Certificates of Participation	5,081,771	100.00%	5,081,771
City of Worthington			
General Obligation Bonds	6,915,000	100.00%	6,915,000
Bond Anticipation Note	1,500,000	100.00%	1,500,000
Franklin County			
General Obligation Bonds	266,560,000	6.576%	17,527,864
Energy Conservation Bonds	38,195,000	6.576%	2,511,542
OPWC Loans	7,368,000	6.576%	484,489
Bond Anticipation Notes			
City of Columbus			
Revenue Obligations	502,150,000	6.893%	34,615,687
General Obligation Bonds	1,991,958,773	6.893%	137,315,585
Total Overlapping Debt	2,873,020,889		259,244,283
Total Direct and Overlapping Debt	\$2,873,020,889		\$259,244,283

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 2011 collection year.

(2) The debt outstanding for Worthington School District is at June 30, 2011.

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)
2002	\$1,320,000	0.07%	\$23.17
2003	1,210,000	0.06%	20.62
2004	1,100,000	0.05%	18.62
2005	990,000	0.05%	16.43
2006	0	0.00%	0.00
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

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 (1)	Unemployment Rate (3)
2002	56,975	\$1,965,352,625	\$34,495	5.4%
2003	58,687	2,024,408,065	34,495	6.1%
2004	59,063	2,037,378,185	34,495	5.9%
2005	60,248	2,078,254,760	34,495	5.6%
2006	59,983	2,069,113,585	34,495	4.8%
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%

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.

Worthington Libraries

Worthington, Ohio
Principal Employers
2006 and 2011

Employer	Nature of Business	2006		2011	
		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	1,140	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	535	6
Diamond Innovations Inc	Diamond Products	375	7	422	7
Medvet Medical Center	Animal Care	250	9	328	9
The Laurels Healthcare	Healthcare	290	8	270	8
American Automobile Association	Automotive	0	N/A	267	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	2002	2003	2004
Governmental Activities:			
Library Services:			
Public Services and Programs	107	100	97
Collection Development and Processing	10	10	9
Support Services:			
Facilities Operations and Maintenance	1	1	1
Information Services Support	4	4	3
Business Administration	11	11	11
<i>Total Number of Employees</i>	<i>133</i>	<i>126</i>	<i>121</i>

Note: Figures include both full and part time employees.

2005	2006	2007	2008	2009	2010	2011
105	104	120	118	116	117	117
8	7	7	9	9	9	9
1	1	1	1	1	1	1
4	4	5	5	5	5	5
11	14	15	14	14	14	13
129	130	148	147	145	146	145

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

Function/Program	2002	2003	2004	2005
Library Services:				
Public Services and Programs				
Number of Materials Circulated	2,137,211	2,222,182	2,406,948	2,520,594
Number of Registered Borrowers	57,737	59,031	59,481	61,436
Collection Development and Processing				
Number of Materials Owned	434,899	429,198	425,808	436,349
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	120	100	100	129
Number of Web Site Visits	862,866	827,170	921,832	738,686

Source: Worthington Public Libraries Information and State Library of Ohio Report

2006	2007	2008	2009	2010	2011
2,632,136	2,957,725	3,237,654	3,561,742	3,554,451	3,417,074
63,583	62,605	62,571	70,202	83,784	89,368
405,070	377,847	409,060	498,773	502,685	491,733
41,668	41,668	42,446	42,446	42,446	42,446
23,635	23,635	25,481	25,481	25,481	25,481
0	0	5,280	5,280	5,280	5,280
130	225	347	348	356	359
761,586	1,268,262	1,858,073	1,348,505	1,451,305	1,071,611

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

Function/Class	2005	2006	2007
Library Services:			
Public Services and Programs			
Land	\$697,350	\$697,350	\$697,350
Construction in Progress	0	63,255	1,261,891
Buildings and Improvements	5,150,819	5,150,819	5,150,819
Machinery and Equipment	393,319	393,319	266,794
Collection Development and Processing			
Land	17,206	17,206	17,206
Construction in Progress	0	1,561	31,135
Buildings and Improvements	126,966	126,966	126,966
Support Services:			
Facilities Operations and Maintenance			
Land	120,443	120,443	120,443
Construction in Progress	0	10,925	217,948
Buildings and Improvements	1,166,919	1,166,919	1,166,919
Machinery and Equipment	0	0	0
Information Services Support			
Land	8,558	8,558	8,558
Construction in Progress	0	776	15,485
Buildings and Improvements	63,147	63,147	63,147
Machinery and Equipment	158,402	178,804	149,804
Business Administration			
Land	66,822	66,822	66,822
Construction in Progress	0	6,061	120,917
Buildings and Improvements	493,085	493,085	493,085
Machinery and Equipment	175,994	175,994	187,792
Vehicles	23,933	18,300	18,300
<i>Total Governmental Activities</i>	<u>\$8,662,963</u>	<u>\$8,760,310</u>	<u>\$10,181,381</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.

2008	2009	2010	2011
\$697,350	\$697,350	\$697,350	\$697,350
2,233,909	0	0	0
5,150,819	7,533,449	7,533,449	7,564,905
471,025	471,025	471,025	492,346
17,206	17,206	17,206	17,206
55,119	0	0	0
126,966	185,754	185,754	185,754
120,443	120,443	120,443	120,443
385,830	0	21,674	0
1,184,115	1,595,632	1,604,209	1,604,209
12,800	18,367	24,847	24,847
8,558	8,558	8,558	8,558
27,414	0	0	0
63,147	92,386	92,386	92,386
143,834	143,834	149,088	174,085
66,822	66,822	66,822	66,822
214,058	0	0	0
493,085	721,394	721,394	721,394
197,965	204,462	204,462	204,462
18,300	18,300	18,300	18,300
<u>\$11,688,765</u>	<u>\$11,894,982</u>	<u>\$11,936,967</u>	<u>\$11,993,067</u>

**INDEPENDENT ACCOUNTANTS' 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 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, 2011, which collectively comprise the Library's basic financial statements and have issued our report thereon dated June 7, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Library's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of opining on the effectiveness of the Library's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Library's internal control over financial reporting.

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 more than a reasonable possibility that a material misstatement of the Library's financial statements will not be prevented, or detected and timely corrected.

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

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, providing an opinion 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*.

We intend this report solely for the information and use of management and the Board of Trustees. We intend it for no one other than these specified parties.

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

Kennedy Cottrell Richards LLC
June 7, 2012

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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
AUGUST 07, 2012**