

Worthington Libraries

WORTHINGTON, OHIO

Comprehensive Annual Financial Report

For the Year Ended December 31, 2007

**Issued by:
Worthington Libraries Finance Department**

**Meribah Mansfield
Director/Clerk-Treasurer**

Worthington Libraries
Worthington, Ohio
Comprehensive Annual Financial Report
For The Year Ended December 31, 2007
Table of Contents

INTRODUCTORY SECTION

| | |
|---------------------------------------|-------|
| Table of Contents | i |
| Letter of Transmittal | iii |
| GFOA Certificate of Achievement | xvii |
| Principal Officials | xviii |
| Organizational Chart | xix |

FINANCIAL SECTION

| | |
|-----------------------------------|---|
| Independent Auditors' Report..... | 1 |
|-----------------------------------|---|

| | |
|---|---|
| Management's Discussion and Analysis..... | 3 |
|---|---|

Basic Financial Statements:

Government-Wide Financial Statements:

| | |
|-------------------------------|----|
| Statement of Net Assets | 10 |
|-------------------------------|----|

| | |
|------------------------------|----|
| Statement of Activities..... | 11 |
|------------------------------|----|

Fund Financial Statements:

| | |
|--|----|
| Balance Sheet – Governmental Funds | 12 |
|--|----|

| | |
|---|----|
| Reconciliation of Total Governmental Fund Balances To Net Assets of Governmental Activities..... | 13 |
|---|----|

| | |
|---|----|
| Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds..... | 14 |
|---|----|

| | |
|--|----|
| Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities | 15 |
|--|----|

| | |
|--|----|
| Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Budget Basis) - General Fund | 16 |
|--|----|

| | |
|---|----|
| Notes to the Basic Financial Statements | 17 |
|---|----|

Worthington Libraries
Worthington, Ohio
Comprehensive Annual Financial Report
For The Year Ended December 31, 2007
Table of Contents
(continued)

Combining Financial Statements:

Combining Financial Statements – Nonmajor Governmental Funds:

| | |
|---|----|
| Nonmajor Fund Descriptions | 39 |
| Combining Balance Sheet – Nonmajor Governmental Funds | 40 |
| Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds | 41 |

Individual Fund Schedules of Revenues, Expenditures and Changes in
Fund Balances - Budget and Actual (Budget Basis):

Major Funds:

| | |
|---------------------|----|
| General Fund..... | 42 |
| Building Fund | 44 |

Nonmajor Funds:

| | |
|--|----|
| 27 th Pay/Termination Benefits Fund | 45 |
| Technology Fund | 46 |

STATISTICAL SECTION

| | |
|--|----|
| Statistical Tables Description..... | 47 |
| Net Assets by Component – Last Three Years | 48 |
| Changes in Net Assets – Last Two Years | 49 |
| Fund Balances – Governmental Funds – Last Three Years | 50 |
| Changes in Fund Balances – Governmental Funds – Last Two Years | 51 |
| Assessed Value and Estimated Actual Value of Taxable Property – Last Ten Years | 52 |
| Property Tax Levies and Collections – Last Ten Years..... | 54 |
| Principal Tax Payers – 2007 and 1998..... | 55 |
| Direct and Overlapping Property Tax Rates – Last Ten Years..... | 56 |
| Computation of Direct and Overlapping Governmental Debt – December 31, 2007..... | 58 |
| Ratios of Outstanding Debt by Type – Governmental Activities – Last Ten Years..... | 59 |
| Demographic and Economic Statistics – Last Ten Years | 60 |
| Principal Employers – 2006 and 2007 | 61 |
| Library Employees by Function/Program – Last Ten Years | 62 |
| Operating Indicators by Function/Program – Last Ten Years | 64 |
| Capital Assets Statistics by Function/Program – Last Three Years..... | 66 |



April 30, 2008

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

We are very pleased to present the 2007 Comprehensive Annual Financial Report (CAFR) for Worthington Libraries. This report, for the calendar year ended December 31, 2007, has been prepared using generally accepted accounting principles for governments. It contains financial statements and other financial and statistical data that provide complete and full disclosure of all material financial aspects of Worthington Libraries (to be hereinafter referred to as "the Library," and also known as the Worthington Public Library and the Worthington School District Public Library).

Ohio law requires that every general-purpose local government file with the Auditor of State of Ohio and publish the availability of financial statements within 150 days of the close of each year. The basic financial statements from this report were filed to fulfill that requirement for the year ended December 31, 2007.

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

The Library's financial statements have been audited under contract by Kennedy, Cottrell, Richards, a firm of licensed certified public accountants. The Independent Public Accountant has issued an unqualified ("clean") opinion on the library's financial statements for the year ended December 31, 2007. The Independent Auditors' Report is located at the front of the financial section of this report.

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

LIBRARY OVERVIEW

The Library known as Worthington Libraries is located in the city of Worthington, Ohio, which is in central Ohio. It serves residents of the Worthington School District. The Old Worthington Library is located downtown in the City of Worthington and the Northwest Library is located in northwest Columbus, Ohio, within the Worthington 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 local board of education for a seven-year term, governs the Library. Members belong to the community and typically have a history of avidly supporting the Library. Board members hold positions as educators, bankers, accountants, independent business owners, attorneys, realtors, investment advisors and a variety of other occupations. They come together to apply their knowledge and experience, and offer their insights to provide management guidance and oversight to the Library.

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

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

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

HISTORY OF THE LIBRARY

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

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

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

In 1925, the Library was placed in control of the school board, establishing it as a school district public library. This assured the Library of much-needed financial support but did not provide an actual building to house the collection. This changed in 1927 when 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 funded a new library to provide service to the growing northwest-area population.

The Northwest Library, which opened in 1996, was made possible through a unique partnership agreement with the Columbus Metropolitan Library. The Columbus Metropolitan Library Board of Trustees agreed to buy the land for a future library and hold it until the Worthington Libraries levy passed in 1992. Now 12 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 Library board, 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.

Today, Worthington Libraries is one of the busiest in the state, ranked only behind the eight metropolitan libraries in terms of use. It provides a wide array of information services, including online access, materials and programs for residents of the Worthington School District, and maintains the pioneering spirit of the library's founders in looking for new and better ways to serve patrons.

COMMUNITY OUTLOOK

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

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

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

ECONOMIC CONDITIONS AND OUTLOOK

Ohio's economy and tax collections are still unpredictable. New legislation that should help stabilize funding for libraries was passed in June 2007. This change should provide some modest growth to the funding received from the State and allow an increased degree of certainty to longer range revenue projections.

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

FINANCIAL TRENDS

During fiscal year 2007, the Library experienced flat funding from the Library and Local Government Support Fund. A decrease in the general property tax collections was realized in 2007. This decrease was due to the phase out of the tax on tangible personal property. An increase in state reimbursements helped offset the revenues lost.

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

While the number of materials circulated increased almost 90 percent from 1998 through 2007 (1,557,115 in 1998, 2,957,725 in 2007), operating cash disbursements have only increased 43 percent (\$4,928,459 in 1998 to \$7,050,469 in 2007) and employees only increased from 87.7 Full-Time Equivalent in 1998 to 101 Full-Time Equivalent in 2007. Salaries and Benefits represented 54.88 percent of operating cash disbursements in 1998 and 62.39 percent in 2007. Careful management of staffing and disbursements continues to insure operating efficiency and that the budget remains under control.

FINANCIAL PLANNING AND POLICIES

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

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

The Library's Long-Range Financial Plan, which provides projections through 2025, is reviewed in conjunction with every operating decision that is made. The levy campaign promise was to maintain a positive cash flow with receipts and disbursements 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/Clerk-Treasurer regularly meets with the Administrative Team to discuss problems, new initiatives and potential opportunities. New initiatives or reactions to emerging needs and/or problems are discussed by the group. If 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 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 2007 because it offered better rates than could be obtained from local banks. The Board receives a monthly Clerk-Treasurer update and copies of financial statements so that they are aware of the financial condition of the Library in any given month.

MAJOR INITIATIVES FOR 2007

2007 was a great year for the Library. Passage of a permanent 2.6 mill operating levy in November 2005 meant the Library could fully focus on providing excellent service and moving forward with the implementation of the 2005-2008 Strategic Plan (the plan is available online at www.worthingtonlibraries.org).

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

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

Stewardship of Resources

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

Prior to passage of the 2.6 mill permanent operating levy in November 2005, library funding was in decline as use was steadily increasing—circulation has increased 33.1 percent in the last five years. Despite the increase in use, operating disbursements have only increased a total of 12.5 percent during the same time period, an average of 2.5 percent per year. This was not the result of staff layoffs or reduced hours. The Library simply looked for creative ways to become leaner and more efficient.

The Library staff has been reorganized three times 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 Meribah Mansfield is never far from a copy of the Library's long-range financial plan. Through constant review and careful management, she is able to track and maximize the use of every dollar and to see how spending projections will impact the Library now and in the future. The results have direct benefits to the community.

In December 2006, the Northwest Library bonds were paid off early. The bonds were originally issued by the City of Columbus in 1994, with a maturation date of January 1, 2015. The Library used the proceeds from the bond sale to fund the construction of the Northwest Library, which opened in 1996. Based on the stated interest rate of the bonds for their remaining life and the projected estimated earnings the Library could generate on the funds if they were not used to redeem the bonds, a savings of approximately \$50,000 was realized by paying off the bonds prior to their maturity date. 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 asset inventory for the first-ever Generally Accepted Accounting Principles report and completion of a first-ever Comprehensive Annual Financial Report for 2006. These detailed reports will provide the Library Board and the community with an accurate reflection of the Library's financial position. The Library received the Government Finance Officers Association Certificate of Achievement for Excellence in Financial Reporting for its 2006 report and was also presented with the State Auditor's "Make Your Tax Dollars Count" award.

The November 2005 levy passed with 58 percent of the vote and has enabled the Library to maintain the quality services, materials and programs the community expects and deserves. The levy generates over \$4 million per year in revenue and is expected to provide adequate funding for the Library until at least 2018. The two local property tax levies (the Library also has a 2.2 mill levy passed in 1992) now account for 56.70 percent of the revenue, while State funds account for 30.10 percent. Considering that almost 75 percent of Ohio's libraries are completely dependent on State funds, the Library is in an enviable funding situation—which is a direct result of the services provided and not something ever taken for granted.

Building and Maintaining the Collection

In "Hennen's American Public Library Ratings 2006," Thomas Hennen writes, "Back in the mid-70s, when I went to graduate school, numbers from *Wheeler and Goldhor's Practical Administration of Public Libraries* represented the gold standard for library planning. They recommended that 20 percent of a public library budget should go toward materials. More recently, the common wisdom has pointed to 15 percent. The latest data shows another in a continuing decline from 13.9 percent to 13.2 percent." (*American Libraries*, November 2006, p. 41)

Although it has become harder to do, because of rising costs in healthcare and other expenses beyond our control, the Library still meets the "gold standard" in library planning. In 2007, 20.4 percent of the Library's budget was spent on materials and the Library Director, Meribah Mansfield, worked with the staff to maintain what she considers a healthy budget balance of 20 percent materials spending versus 60 percent on salaries and benefits. As a matter of fact, Worthington Libraries has spent an average of 22.6 percent of its total budget on materials since 1979.

Being part of the Discovery Place Library consortium with Columbus Metropolitan Library and Southwest Public Libraries provides patrons with access to over 3 million items (that they can reserve and renew online) and provides the freedom to build a collection that is intentionally deep and varied. Although the Library purchases bestselling books, popular music and the latest DVDs, patrons also expect to have jazz recordings, independent film releases and poetry from small publishers. Often, patrons comment that this Library is the only one in the Discovery Place system that owns the particular item they are looking for.

And, what the Library patrons are looking for, more often than not, is a book to read. They want books more than any other information format, and that's what is given them. As of December 31, 2007, the library's collection consisted of 377,847 books.

In 2006, the Library began centralized selection by profile and have both adult and youth materials selectors. This streamlines the ordering process and allows the Library to better track and build the collection as a whole, rather than in segments. In 2007, all materials selection was centralized and is now done by two Materials Selectors, one for adult materials and one for youth materials.

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

New Customer Service Model

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

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

Based on the workgroup's recommendations, the Library's reference desks adjusted their coverage by assigning one person as a "rover." Rovers are assigned to one-hour shifts and are expected to greet patrons and see if they need assistance. Handheld computers are being used to access the Library catalog and electronic resources to eliminate the need to run back and forth between the desk and the stacks. The staff has been trained to assess patron body language and to look for clues relating to who should be approached and who would prefer to be left alone, and to meet patrons at their "point of puzzlement."

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.) and have started to replace old and outdated signs with new, bold versions that are easy to read and attractive.

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

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

Technology and Online Access

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

The purpose of the Digital Library Team is to plan and implement the creation, integration and delivery of digital information and resources for use by patrons and staff, including continued development of Worthington Libraries Online, the staff Intranet and *Worthington Memory*. The purpose of the Electronic Resources Team is to identify, evaluate, select and promote new electronic resources, and to analyze the use of existing electronic resources offered by the Library to its patrons within the parameters of the Library's Collection Development Statement and budget. Both teams meet regularly to make sure that Worthington Libraries Online delivers the same quality service and resources that patrons are accustomed to when visiting our brick and mortar locations. At the end of 2007, the Library's Web site provided access to 174 premium electronic resources and more than 12,000 full-text periodicals.

Adults can ask a reference question any time of the day or night by logging on to the Library's Web site and accessing KnowItNow24x7. A statewide service initiative funded by the State Library of Ohio, KnowItNow24x7 provides online reference help 24 hours a day, seven days per week.

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

Younger 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 Web site in partnership with the Mid-Ohio Library Digital Initiative.

The Library has 225 computers available for public use (up from 76 in 1998) and, in 2006, both Old Worthington Library and Northwest Library began providing wireless Internet access in partnership with the City of Worthington.

The Library worked with City officials on the redesign of the community Web site, www.worthington.org. This site is hosted by the Library and links to the Worthington Schools, Worthington Area Chamber of Commerce and provides information on community events and other organizations.

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

A teen blog and MySpace for teens were introduced in 2006 and a Flickr page was established to showcase pictures from library events. In 2007, a Digital Library Manager was hired to work on redesigning Worthington Libraries Online, the library’s Web site. In June 2007, the Library launched Programs to Go (www.worthingtonlibraries.org/programs2go), a special section of the Web site featuring podcasts, video of library programs and events, audio and much more.

Planning for the Future

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

Old Worthington Library and Northwest Library

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

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

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

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

Highlights of the rearrangement include the following:

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

Both libraries are undergoing construction concurrently. Neither location will be closed during any phase of the renovation. When renovations are complete in September, the Library will reemerge as an inviting location where people can hang out, enjoy a cup of coffee, attend a favorite program or catch up with a favorite author. Detailed plans of the building renovations were presented to residents at the annual community breakfast on Tuesday, April 17, 2007.

Expansion to Serve the Northeast

Patrons in the northeast part of our service district have been eagerly anticipating a library branch for 13 years, since land was purchased in the area and set aside as a site for a possible future library. At two points in the last six years, the Library has come close to making their dreams a reality, but each time plans had to be scrapped because of State funding cuts. Although several outreach programs have been developed to serve northeast-area patrons, attending a storytime at the local recreation center is not the same as attending a storytime at the Library, and residents want a facility to call their own.

Funding still prohibits construction and operation of a stand-alone library, but we expanded service to the northeast by opening a storefront branch on April 16, 2008. The library is 5,280 square feet located in a retail center near a grocery store and within walking distance of an elementary school. The one-time start-up cost for this facility is \$608,684, with a projected 2008 operating budget of \$566,888, including the cost of leasing the space.

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

Programming at Worthington Park focuses on meeting the needs of the many children and families in the area. To that end, we've established a Homework Help Center in this location. This is a unique feature of the Worthington Park Library—not found in our other libraries—and is a source of pride for residents as well as tremendously useful for students. Funding for the Homework Help Center was provided by the Worthington AM Rotary Club, who contributed \$5,000 to the Library for the center, and from *Gale/Library Journal* for the 2007 Library of the Year Award.

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

OTHER INFORMATION

Independent Audit

An audit team from the accounting firm of Kennedy Cottrell Richards is under contract with the Office of the Auditor of State Mary Taylor as Independent Professional Auditors, and they performed the 2007 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.

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. 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.

A Certificate of Achievement is valid for a period of one year only. The Library believes that the 2007 comprehensive annual financial report meets the Certificate of Achievement Program's requirements and it is being submitted to the GFOA to determine its eligibility for a second certificate.

Acknowledgements

Appreciation is extended to the Board of Worthington Libraries and the employees responsible for contributing to the sound financial position of the Library, especially Senior Finance Specialist Sabra Lowe, Finance Specialist Kathy Guinn, Finance Assistant Karin Neumann, and the Director/Clerk-Treasurer's Assistant Pan Beretich. Special acknowledgment is extended to the Local Government Services Section of the Office of the Auditor of State for their continued guidance in the preparation of this report.

Meribah Mansfield
Director/Clerk-Treasurer

John Mills
Business Manager

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, 2006

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.



Charles S. Cox

President

Jeffrey R. Emmer

Executive Director

Worthington Libraries
List of Principal Officials
December 31, 2007

Board of Trustees

| | | |
|---------------------------------------|----------------|------|
| President | Martin Jenkins | 2009 |
| Vice President | Jeff Lyttle | 2008 |
| Secretary | Janet Brown | 2011 |
| Member | Cham Bell | 2007 |
| Member | Anne Doyle | 2010 |
| Member | Lynn Nadler | 2012 |
| Member | Dan Lacey | 2013 |
| Worthington City School Board Liaison | Jennifer Best | 2007 |

Administration

| | |
|---|-------------------|
| Director/Clerk-Treasurer | Meribah Mansfield |
| Special Projects Coordinator | Bonnie Holland |
| Deputy Director | Kristin Shelley |
| Director of Community Relations and Development | Lisa Fuller |
| Human Resources Manager | Phyllis Winfield |
| Director of Technology Services | Susan Allen |
| Business Manager | John Mills |



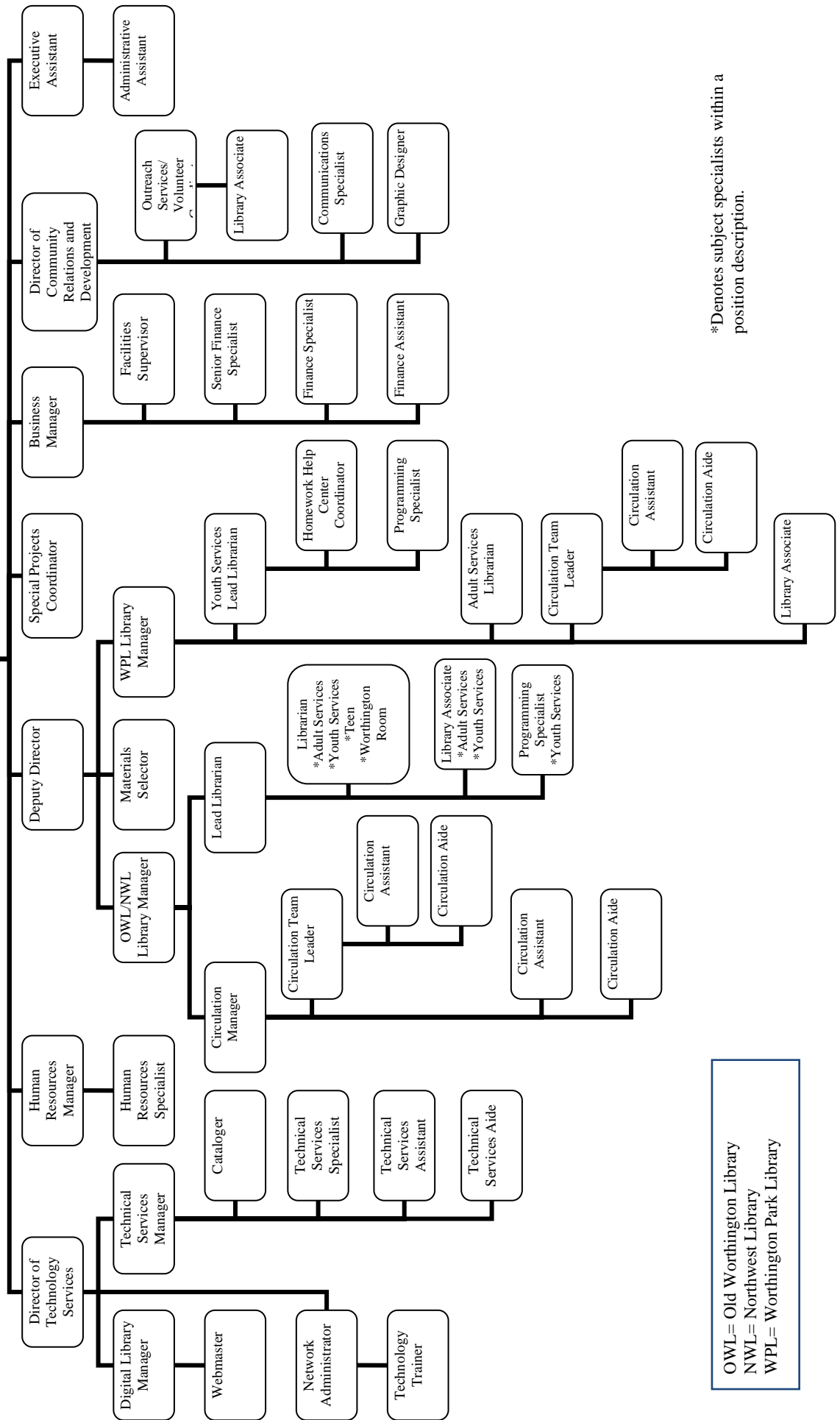
Worthington Libraries Table of Organization Effective 12-16-07

Voters in the Worthington School/Library District

Worthington Board of Education

Board of Trustees

Director/Clerk Treasurer



*Denotes subject specialists within a position description.

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

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Worthington Libraries
Worthington, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2007

This discussion and analysis of Worthington Libraries' financial performance provides an overall review of the Library's financial activities for the year ended December 31, 2007. The intent of this discussion and analysis is to explain the Library's financial performance as a whole; readers should also review the basic financial statements and the notes to enhance their understanding of the Library's financial performance.

Financial Highlights

Key financial highlights for 2007 are as follows:

- The Library's net assets increased by \$4,410,487 or 29.9 percent.
- General revenues represent \$10,734,080 or 91.2 percent of the Library's total revenues, and of this amount, 95.2 percent are property taxes and grants and contributions not restricted to specific programs. Other revenues are very insignificant and somewhat unpredictable revenue sources.
- Program specific revenues in the form of charges for services represent \$1,031,340 or 8.8 percent of total revenues and are primarily comprised of the Columbus Metropolitan Library's contribution for services provided to Columbus residents plus patron fines and fees.
- The Library has two major funds: the General Fund and the Building Fund. The General Fund had \$11,594,120 in revenues and \$7,075,734 in expenditures. An additional \$3,856,220 in transfers - out resulted in an increase in fund balance of \$662,166. The Building Fund received \$2,868,898 in transfers - in from the General Fund and had \$1,410,613 in expenditures, which were for renovation and remodeling costs.

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 Worthington Libraries as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The Statement of Net Assets and Statement of Activities provide information about the activities of the whole Library, presenting both an aggregate view of the Library's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the Library's most significant funds with all other nonmajor funds presented in total in one column. In the case of the Library, the major funds are the General Fund and the Building Fund.

Worthington Libraries
Worthington, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2007

Reporting the Library as a Whole

Statement of Net assets and the Statement of Activities:

The view of the Library as a whole looks at all financial transactions and asks the question, "How did we do financially during year 2007?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current fiscal year's revenues and expenses regardless of when cash is received or paid.

These two statements report the Library's net assets and changes in those assets. This change in net assets is important because it tells the reader that, for the Library as a whole, the financial position of the Library has improved or diminished. The causes of this change may be the result of many factors, some financial, and some not. Non-financial factors include the Library's property tax base, current property tax laws in Ohio restricting revenue growth, facility condition, and other factors.

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

Reporting the Library's Most Significant Funds

Fund Financial Statements:

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

Governmental Funds:

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

Worthington Libraries
Worthington, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2007

The Library as a Whole

Table 1 provides a summary of the Library's net assets for 2007 compared to 2006. Current assets and current liabilities for 2006 was restated due to an error in the calculation of taxes receivable. This restatement did not have an effect on net assets.

| Table 1 Net Assets | | | |
|----------------------------|---------------------|---------------------|--------------------|
| | 2007 | Restated 2006 | Change |
| Assets: | | | |
| Current Assets | \$19,048,997 | \$15,547,090 | \$3,501,907 |
| Capital Assets | 7,657,472 | 6,251,668 | 1,405,804 |
| <i>Total Assets</i> | <u>26,706,469</u> | <u>21,798,758</u> | <u>4,907,711</u> |
| Liabilities: | | | |
| Long-Term Liabilities | 324,228 | 307,115 | 17,113 |
| Other Liabilities | 7,218,555 | 6,738,444 | 480,111 |
| <i>Total Liabilities</i> | <u>7,542,783</u> | <u>7,045,559</u> | <u>497,224</u> |
| Net Assets: | | | |
| Invested in Capital Assets | 7,657,472 | 6,251,668 | 1,405,804 |
| Unrestricted | 11,506,214 | 8,501,531 | 3,004,683 |
| <i>Total Net Assets</i> | <u>\$19,163,686</u> | <u>\$14,753,199</u> | <u>\$4,410,487</u> |

In total, net assets increased by \$4,410,487 with invested in capital assets increasing \$1,405,804. Invested in capital assets increased due to the ongoing construction relating to the renovation and remodeling projects of Library buildings.

Unrestricted net assets, the part of net assets that can be used to finance day-to-day activities without constraints established by grants or legal requirements, of the Library increased by \$3,004,683. The Library passed a 2.6 mill property tax levy in November 2005 and began collecting this additional property tax revenue during 2006 and continuing into 2007. This increase in revenue has caused the Library's unrestricted net assets to increase \$3,250,516 in 2006 and \$3,004,683 in 2007.

Current assets increased \$3,501,907 mainly due to increases in cash and cash equivalents associated with the increase in property tax revenue from the 2005 tax levy. Capital assets increased due to the renovation and remodeling projects.

Total liabilities increase by \$497,224 due to an increase in accounts and contracts payable associated with the renovation and remodeling projects.

Table 2 shows the changes in net assets for the year ended December 31, 2007 compared to 2006.

Worthington Libraries
Worthington, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2007

Table 2
Changes in Net Assets

| | <u>2007</u> | <u>2006</u> | <u>Change</u> |
|---------------------------------------|---------------------|---------------------|----------------|
| Revenues: | | | |
| Program Revenues: | | | |
| Charges for Services | \$1,031,340 | \$1,036,985 | (\$5,645) |
| General Revenues: | | | |
| Property Taxes | 6,670,931 | 7,136,074 | (465,143) |
| Grants and Contributions | | | |
| Not Restricted to Specific Programs | 3,543,453 | 2,831,055 | 712,398 |
| Unrestricted Gifts and Contributions | 18,828 | 825 | 18,003 |
| Earnings and Investments | 496,133 | 342,779 | 153,354 |
| Miscellaneous | 4,735 | 7,924 | (3,189) |
| <i>Total General Revenues</i> | <u>10,734,080</u> | <u>10,318,657</u> | <u>415,423</u> |
| <i>Total Revenues</i> | <u>11,765,420</u> | <u>11,355,642</u> | <u>409,778</u> |
| Program Expenses: | | | |
| Library Services: | | | |
| Public Service and Programs | 3,038,715 | 3,206,853 | (168,138) |
| Collection Development and Processing | 1,689,935 | 1,772,553 | (82,618) |
| Support Services: | | | |
| Facilities Operations and Maintenance | 574,752 | 586,224 | (11,472) |
| Information Services Support | 659,351 | 284,985 | 374,366 |
| Business Administration | 1,392,180 | 1,293,803 | 98,377 |
| Debt Service: | | | |
| Interest and Fiscal Charges | 0 | 27,115 | (27,115) |
| <i>Total Expenses</i> | <u>7,354,933</u> | <u>7,171,533</u> | <u>183,400</u> |
| <i>Increase in Net Assets</i> | 4,410,487 | 4,184,109 | |
| <i>Net Assets Beginning of Year</i> | <u>14,753,199</u> | <u>10,569,090</u> | |
| <i>Net Assets End of Year</i> | <u>\$19,163,686</u> | <u>\$14,753,199</u> | |

The Library's general revenues are primarily property taxes and grants and contributions not restricted to specific programs. These receipts represent respectively 56.7 and 30.1 percent of the total revenue received for the Library's activities during the year.

The increase in grants and contributions was due to increased personal property tax reimbursements from the State of Ohio under House Bill 66. This also resulted in the decrease in property taxes during 2007 from the phasing out of tangible personal property. The significant increase in information services support expenses was due to the purchase of computers, software, and technology consulting services for the libraries.

Worthington Libraries
Worthington, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2007

Governmental Activities

If you look at the Statement of Activities on page 11, you will see that the first column lists the major services provided by the Library. The next column identifies the costs of providing these services. The major program expenses for governmental activities are for public services and programs, which account for 41.3 percent of all governmental expenses. The next column of the statement entitled Program Revenues identify amounts of revenues that are directly charged for the service provided by the Library. The Net (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. A comparison between the total cost of services and the net cost is presented in Table 3.

Table 3
Changes in Net Assets

| | Total Cost of Services 2007 | Net Cost of Services 2007 | Total Cost of Services 2006 | Net Cost of Services 2006 |
|---------------------------------------|-----------------------------------|---------------------------------|-----------------------------------|---------------------------------|
| Library Services: | | | | |
| Public Service and Programs | \$3,038,715 | (\$2,007,375) | \$3,206,853 | (\$2,169,868) |
| Collection Development and Processing | 1,689,935 | (1,689,935) | 1,772,553 | (1,772,553) |
| Support Services: | | | | |
| Facilities Operations and Maintenance | 574,752 | (574,752) | 586,224 | (586,224) |
| Information Services Support | 659,351 | (659,351) | 284,985 | (284,985) |
| Business Administration | 1,392,180 | (1,392,180) | 1,293,803 | (1,293,803) |
| Interest and Fiscal Charges | 0 | 0 | 27,115 | (27,115) |
| Total | <u>\$7,354,933</u> | <u>(\$6,323,593)</u> | <u>\$7,171,533</u> | <u>(\$6,134,548)</u> |

The dependence upon property taxes and grants and contributions not restricted to specific programs is apparent. 86 percent or \$6,323,593 of total expenses of \$7,354,933 are paid from general revenues, primarily property taxes and grants and contributions.

The Library's Funds

Information about the Library's major funds starts on page 12. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$11,594,120 and expenditures of \$8,743,624. The greatest change within governmental funds occurred within the Building Fund. The fund balance of the Building Fund increased \$1,458,285 as the result of a significant transfer - in from the General Fund in order to cover the costs of the renovation and remodeling projects the Library is in the process of completing.

Worthington Libraries
Worthington, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2007

General Fund Budgeting Highlights

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

For the General Fund, the budget basis revenue increased \$499,070, from the original budgeted estimates. The increase was 4.3 percent, and was mainly from higher than expected tangible personal property tax reimbursements. Actual revenues were also slightly lower than final budgeted revenues. The difference between final budgeted revenues and actual revenues was \$451,176. The significant decrease in property taxes and other government grants-in-aid coupled with the increase in earnings on investments were the main reasons for this change. The decrease in property taxes was a result of the phase out of tangible personal property taxes. The decrease in other government grants-in-aid was due to a decrease in LLGSF revenue. The increase in earnings on investments was due to significantly higher fund balances to invest.

The increase in expenditures from the original to the final budget was 6.3 percent. Actual expenditures of \$7,367,765 were 10.7 percent less than final budgeted expenditures of \$8,246,951. The Library kept spending below budgeted amounts as demonstrated by the variances reported. The result is the increase in fund balance of \$422,209 for 2007.

Capital Assets

At the end of 2007, the Library had \$7,657,472 invested in land, construction in progress, buildings and improvements, machinery and equipment, and vehicles.

Table 4 shows 2007 balances compared to 2006.

Table 4
 Capital Assets
 (Net of Depreciation)
 Governmental Activities

| | 2007 | 2006 | Change |
|----------------------------|-------------|-------------|-------------|
| Land | \$910,379 | \$910,379 | \$0 |
| Construction in Progress | 1,647,377 | 82,578 | 1,564,799 |
| Buildings and Improvements | 4,931,981 | 5,066,926 | (134,945) |
| Machinery and Equipment | 153,153 | 174,915 | (21,762) |
| Vehicles | 14,582 | 16,870 | (2,288) |
| Totals | \$7,657,472 | \$6,251,668 | \$1,405,804 |

Worthington Libraries
Worthington, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2007

Additions to construction in progress during the year were for renovation and remodeling projects. Overall, capital assets increased during the year, because of the large expenditures related to the renovation and remodeling projects to the Old Worthington Library and the Northwest Library. See Note 8 of the Notes to the Basic Financial Statements for more detailed information.

Debt Administration

The Library had no outstanding debt as of December 31, 2007.

Contacting the Library's Financial Management

This financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the Library's finances and to reflect the Library's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Meribah Mansfield, Clerk-Treasurer, Worthington Libraries, 820 High Street, Worthington, OH 43085.

Worthington Libraries
Worthington, Ohio
Statement of Net Assets
December 31, 2007

| | Governmental Activities |
|--|----------------------------|
| Assets: | |
| Equity in Pooled Cash and Cash Equivalents | \$10,567,699 |
| Property Taxes Receivable | 6,875,932 |
| Intergovernmental Receivable | 1,590,389 |
| Prepaid Items | 14,977 |
| Nondepreciable Capital Assets | 2,557,756 |
| Depreciable Capital Assets | 7,623,625 |
| Accumulated Depreciation | (2,523,909) |
| <i>Total Assets</i> | 26,706,469 |
| Liabilities: | |
| Accounts Payable | 68,718 |
| Accrued Wages | 150,825 |
| Contracts Payable | 261,977 |
| Retainage Payable | 85,174 |
| Matured Compensated Absences Payable | 2,576 |
| Intergovernmental Payable | 80,864 |
| Deferred Revenue | 6,568,421 |
| Long-Term Liabilities: | |
| Due Within One Year | 225,480 |
| Due in More Than One Year | 98,748 |
| <i>Total Liabilities</i> | 7,542,783 |
| Net Assets: | |
| Invested in Capital Assets | 7,657,472 |
| Unrestricted | 11,506,214 |
| <i>Total Net Assets</i> | \$19,163,686 |

See accompanying notes to the basic financial statements

Worthington Libraries
Worthington, Ohio
Statement of Activities
For the Year Ended December 31, 2007

| | Program Revenues | Net (Expense) Revenue and Changes in Net Assets |
|--|-------------------------|---|
| Expenses | Charges for Services | Total Governmental Activities |
| Governmental Activities: | | |
| Library Services: | | |
| Public Service and Programs | \$3,038,715 | \$1,031,340 |
| Collection Development and Processing | 1,689,935 | 0 |
| Support Services: | | |
| Facilities Operations and Maintenance | 574,752 | 0 |
| Information Services Support | 659,351 | 0 |
| Business Administration | 1,392,180 | 0 |
| <i>Total Governmental Activities</i> | <u>\$7,354,933</u> | <u>(\$6,323,593)</u> |
| General Revenues: | | |
| Property Taxes | | 6,670,931 |
| Grants and Contributions not Restricted to Specific Programs | | 3,543,453 |
| Unrestricted Gifts and Contributions | | 18,828 |
| Earnings on Investments | | 496,133 |
| Miscellaneous | | 4,735 |
| <i>Total General Revenues</i> | | <u>10,734,080</u> |
| <i>Change in Net Assets</i> | | 4,410,487 |
| <i>Net Assets Beginning of Year</i> | | 14,753,199 |
| <i>Net Assets End of Year</i> | | <u>\$19,163,686</u> |

See accompanying notes to the basic financial statements

Worthington Libraries*Worthington, Ohio**Balance Sheet**Governmental Funds**December 31, 2007*

| | General Fund | Building Fund | Other Governmental Funds | Total Governmental Funds |
|--|---------------------|--------------------|--------------------------------|--------------------------------|
| Assets: | | | | |
| Equity in Pooled Cash and Cash Equivalents | \$6,944,856 | \$2,424,307 | \$1,198,536 | \$10,567,699 |
| Receivables: | | | | |
| Property Taxes | 6,875,932 | 0 | 0 | 6,875,932 |
| Intergovernmental | 1,590,389 | 0 | 0 | 1,590,389 |
| Prepaid Items | 14,977 | 0 | 0 | 14,977 |
| <i>Total Assets</i> | <u>\$15,426,154</u> | <u>\$2,424,307</u> | <u>\$1,198,536</u> | <u>\$19,048,997</u> |
| Liabilities and Fund Balances: | | | | |
| Liabilities: | | | | |
| Accounts Payable | \$66,327 | \$656 | \$1,735 | \$68,718 |
| Accrued Wages | 150,825 | 0 | 0 | 150,825 |
| Contracts Payable | 0 | 250,855 | 11,122 | 261,977 |
| Retainage Payable | 0 | 85,174 | 0 | 85,174 |
| Matured Compensated Absences Payable | 2,576 | 0 | 0 | 2,576 |
| Intergovernmental Payable | 80,864 | 0 | 0 | 80,864 |
| Deferred Revenue | 8,256,984 | 0 | 0 | 8,256,984 |
| <i>Total Liabilities</i> | <u>8,557,576</u> | <u>336,685</u> | <u>12,857</u> | <u>8,907,118</u> |
| Fund Balances: | | | | |
| Reserved: | | | | |
| Reserved for Encumbrances | 277,022 | 1,458,165 | 118,517 | 1,853,704 |
| Unreserved: | | | | |
| General Fund | 6,591,556 | 0 | 0 | 6,591,556 |
| Special Revenue Fund | 0 | 0 | 112,933 | 112,933 |
| Capital Projects Funds | 0 | 629,457 | 954,229 | 1,583,686 |
| <i>Total Fund Balances</i> | <u>6,868,578</u> | <u>2,087,622</u> | <u>1,185,679</u> | <u>10,141,879</u> |
| <i>Total Liabilities and Fund Balances</i> | <u>\$15,426,154</u> | <u>\$2,424,307</u> | <u>\$1,198,536</u> | <u>\$19,048,997</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, 2007

| | |
|---|--------------|
| Total Governmental Fund Balances | \$10,141,879 |
|---|--------------|

Amounts reported for governmental activities in the Statement of Net Assets are different because:

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

| | |
|----------------------------|--------------------|
| Land | 910,379 |
| Construction in Progress | 1,647,377 |
| Buildings and Improvements | 7,000,936 |
| Machinery and Equipment | 604,389 |
| Vehicles | 18,300 |
| Accumulated Depreciation | <u>(2,523,909)</u> |

| | |
|-------|-----------|
| Total | 7,657,472 |
|-------|-----------|

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

| | |
|-------------------|------------------|
| Property Taxes | 307,511 |
| Intergovernmental | <u>1,381,052</u> |
| | 1,688,563 |

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

| | |
|----------------------|------------------|
| Compensated Absences | <u>(324,228)</u> |
|----------------------|------------------|

| | |
|--|----------------------------|
| <i>Net Assets of Governmental Activities</i> | <u><u>\$19,163,686</u></u> |
|--|----------------------------|

See accompanying notes to the basic financial statements

Worthington Libraries
Worthington, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2007

| | General Fund | Building Fund | Other Governmental Funds | Total Governmental Funds |
|---|--------------------|--------------------|--------------------------------|--------------------------------|
| Revenues: | | | | |
| Property Taxes | \$6,613,736 | \$0 | \$0 | \$6,613,736 |
| Other Government Grants-in-Aid | 3,429,348 | 0 | 0 | 3,429,348 |
| Patron Fines and Fees | 282,729 | 0 | 0 | 282,729 |
| Services Provided to Other Entities | 748,611 | 0 | 0 | 748,611 |
| Contributions, Gifts, and Donations | 18,828 | 0 | 0 | 18,828 |
| Earnings on Investments | 496,133 | 0 | 0 | 496,133 |
| Miscellaneous | 4,735 | 0 | 0 | 4,735 |
| <i>Total Revenues</i> | <u>11,594,120</u> | <u>0</u> | <u>0</u> | <u>11,594,120</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Library Services: | | | | |
| Public Service and Programs | 2,919,557 | 0 | 0 | 2,919,557 |
| Collection Development and Processing | 1,686,625 | 0 | 0 | 1,686,625 |
| Support Services: | | | | |
| Facilities Operations and Maintenance | 543,840 | 0 | 0 | 543,840 |
| Information Services Support | 592,675 | 0 | 40,276 | 632,951 |
| Business Administration | 1,324,176 | 0 | 34,918 | 1,359,094 |
| Capital Outlay | 8,861 | 1,410,613 | 182,083 | 1,601,557 |
| <i>Total Expenditures</i> | <u>7,075,734</u> | <u>1,410,613</u> | <u>257,277</u> | <u>8,743,624</u> |
| <i>Excess of Revenues Over (Under) Expenditures</i> | <u>4,518,386</u> | <u>(1,410,613)</u> | <u>(257,277)</u> | <u>2,850,496</u> |
| Other Financing Sources (Uses): | | | | |
| Transfers - In | 0 | 2,868,898 | 987,322 | 3,856,220 |
| Transfers - Out | (3,856,220) | 0 | 0 | (3,856,220) |
| <i>Total Other Financing Sources (Uses)</i> | <u>(3,856,220)</u> | <u>2,868,898</u> | <u>987,322</u> | <u>0</u> |
| <i>Net Change in Fund Balances</i> | 662,166 | 1,458,285 | 730,045 | 2,850,496 |
| <i>Fund Balances at Beginning of Year</i> | 6,206,412 | 629,337 | 455,634 | 7,291,383 |
| <i>Fund Balances at End of Year</i> | <u>\$6,868,578</u> | <u>\$2,087,622</u> | <u>\$1,185,679</u> | <u>\$10,141,879</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, 2007*

Net Change in Fund Balances - Total Governmental Funds \$2,850,496

*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 | 1,576,597 | |
| Depreciation | <u>(170,793)</u> | |
| Excess of Depreciation Expense over Capital Outlay | | 1,405,804 |

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 | 57,195 | |
| Intergovernmental | <u>114,105</u> | |
| | | 171,300 |

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

| | | |
|----------------------------------|--|-----------------|
| Increase in Compensated Absences | | <u>(17,113)</u> |
|----------------------------------|--|-----------------|

Change in Net Assets of Governmental Activities \$4,410,487

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, 2007

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|---|------------------|-------------|-------------|--|
| | Original | Final | | |
| Revenues: | | | | |
| Property Taxes | \$6,880,318 | \$6,880,318 | \$6,613,736 | (\$266,582) |
| Other Government Grants-in-Aid | 3,306,338 | 3,805,408 | 3,418,369 | (387,039) |
| Patron Fines and Fees | 300,000 | 300,000 | 282,729 | (17,271) |
| Services Provided to Other Entities | 811,644 | 811,644 | 811,664 | 20 |
| Contributions, Gifts, and Donations | 0 | 0 | 18,828 | 18,828 |
| Earnings on Investments | 300,000 | 300,000 | 496,133 | 196,133 |
| Miscellaneous | 0 | 0 | 4,735 | 4,735 |
| <i>Total Revenues</i> | 11,598,300 | 12,097,370 | 11,646,194 | (451,176) |
| Expenditures: | | | | |
| Current: | | | | |
| Library Services: | | | | |
| Public Service and Programs | 3,043,349 | 3,137,416 | 2,935,661 | 201,755 |
| Collection Development and Processing | 1,811,041 | 2,110,305 | 1,809,769 | 300,536 |
| Support Services: | | | | |
| Facilities Operations and Maintenance | 610,153 | 701,413 | 602,477 | 98,936 |
| Information Services Support | 721,252 | 721,252 | 624,077 | 97,175 |
| Business Administration | 1,464,237 | 1,464,237 | 1,356,161 | 108,076 |
| Capital Outlay | 106,828 | 112,328 | 39,620 | 72,708 |
| <i>Total Expenditures</i> | 7,756,860 | 8,246,951 | 7,367,765 | 879,186 |
| <i>Excess of Revenues Over Expenditures</i> | 3,841,440 | 3,850,419 | 4,278,429 | (428,010) |
| Other Financing Uses: | | | | |
| Transfers - Out | (3,652,820) | (3,856,220) | (3,856,220) | 0 |
| <i>Net Change in Fund Balances</i> | 188,620 | (5,801) | 422,209 | (428,010) |
| <i>Prior Year Encumbrances Appropriated</i> | 310,363 | 310,363 | 310,363 | 0 |
| <i>Fund Balance at Beginning of Year</i> | 5,868,933 | 5,868,933 | 5,868,933 | 0 |
| <i>Fund Balance at End of Year</i> | \$6,367,916 | \$6,173,495 | \$6,601,505 | (\$428,010) |

See accompanying notes to the basic financial statements

Worthington Libraries
Worthington, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

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 Library consists of two branches, Old Worthington 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.

Worthington Libraries
Worthington, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Basis Of Presentation

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

Government-wide Financial Statements

The Statement of Net Assets and the Statement of Activities display information about the Library as a whole. 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. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain Library functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The Library's funds are all classified as governmental.

Worthington Libraries
Worthington, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Governmental Funds

Governmental: Governmental funds are financed primarily from taxes, intergovernmental receipts (e.g., grants), and other non-exchange transactions. Monies are assigned to the various governmental funds according to the purposes for which they may or must be used. The following are the Library's major governmental funds:

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

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

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

Measurement Focus

Government-Wide Financial Statements

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

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.

Worthington Libraries
Worthington, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Accounting

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

Revenues - Exchange and Non-exchange Transactions

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

Non-exchange transactions, in which the Library receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the year for which the taxes are levied (See Note 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 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, 2007, but which were levied to finance 2008 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.

Worthington Libraries
Worthington, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Expenses/Expenditures

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

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

Cash and Cash Equivalents

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

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

During 2007, the Library's investments were limited to the State Treasury Asset Reserve of Ohio (STAROhio). STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on December 31, 2007.

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 2007 was \$496,133, including \$118,968 assigned from other Library funds.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2007, 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, 2007

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 five thousand dollars. The Library does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

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 |

Compensated Absences

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

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

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

Worthington Libraries
Worthington, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

On governmental fund financial statements, compensated absences are reported as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "Matured Compensated Absences Payable" in the funds from which the employees are paid.

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.

Fund Balance Reserves

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

Internal Activity

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.

Worthington Libraries
Worthington, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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 Trustees may appropriate. The appropriations resolution is the Trustees' authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by Trustees. The legal level of control has been established at the fund, program, and object code level for all funds. Budgetary modifications at the legal level of control may only be made by resolution of the Board of Library Trustees.

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

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

Worthington Libraries
Worthington, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Library Books

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

NOTE 3 - BUDGETARY BASIS OF ACCOUNTING

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

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balance (GAAP basis).

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

| <u>Net Change in Fund Balance</u> | |
|-----------------------------------|-------------------------|
| | <u>General Fund</u> |
| GAAP Basis | \$662,166 |
| Revenue Accruals | 52,074 |
| Expenditure Accruals | 51,320 |
| Adjustment for Encumbrances | <u>(343,351)</u> |
| Budget Basis | <u><u>\$422,209</u></u> |

Worthington Libraries
Worthington, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

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

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

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

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

Worthington Libraries
Worthington, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

NOTE 4 – DEPOSITS AND INVESTMENTS (continued)

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

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the Library will not be able to recover deposits or collateral securities that are in the possession of an outside party. At fiscal year-end, \$120,945 of the Library's bank balance of \$220,945 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution.

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

Investments

As of December 31, 2007, the Library's only investment was in STAROhio.

| | | |
|----------|---------------------|-----------------|
| | <u>Fair Value</u> | <u>Maturity</u> |
| STAROhio | <u>\$10,559,164</u> | Average 41 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 of debt of the Library. The Library's policy also states that, to the extent possible and prudent, the Library will attempt to match its investment maturities with anticipated cash flow requirements.

Credit Risk

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

Worthington Libraries
Worthington, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

NOTE 5 – PROPERTY TAXES

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the Library district. Property tax revenues received during 2007 for real and public utility property taxes represents collections of the 2006 taxes. Property tax payments received during 2007 for tangible personal property (other than public utility property) are for 2007 taxes.

2007 real property taxes are levied after October 1, 2007, on the assessed value as of January 1, 2007, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2007 real property taxes are collected in and intended to finance 2008 operations.

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. 2007 public utility property taxes became a lien December 31, 2006, are levied after October 1, 2007, and are collected in 2008 with real property taxes.

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

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

The County Treasurer collects property taxes on behalf of all taxing districts within the County, including the Library. The County Auditor periodically remits to the Library its portion of the taxes. Property taxes receivable represents real and tangible personal property taxes, public utility taxes, and outstanding delinquencies which are measurable as of December 31, 2007, and for which there is an enforceable legal claim. In the governmental funds, the entire receivable has been offset by deferred revenue since the current taxes were not levied to finance 2007 operations, and the collections of delinquent taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as revenue while the remainder of the receivable is deferred.

The full tax rate for all Library operations for the year ended December 31, 2007, was \$4.80 per \$1,000 of assessed value. The assessed values of real property, tangible personal property, and public utility property, upon which 2007 property tax receipts were based are as follows:

Worthington Libraries
Worthington, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

NOTE 5 – PROPERTY TAXES (continued)

| Category | Assessed Value |
|--------------------------------------|-----------------|
| Real Property | |
| Residential/Agricultural | \$1,324,905,840 |
| Commercial/Industrial/Public Utility | 454,215,230 |
| Public Utility Personal | 50,757,700 |
| General Business Personal | 86,444,451 |
| Totals | \$1,916,323,221 |

NOTE 6 – GRANTS-IN-AID

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

NOTE 7 – INTERGOVERNMENTAL RECEIVABLES

Receivables at December 31, 2007, consisted of property taxes and intergovernmental receivables. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes and the stable condition of State programs. All receivables except property taxes are expected to be received within one year. Property taxes, although ultimately collectible, include some portion of delinquents that will not be collected within one year.

A summary of the principal items of intergovernmental receivables follows:

| Governmental Activities: | Amounts |
|--------------------------|-------------|
| LLGSF | \$1,332,451 |
| Homestead and Rollback | 257,938 |
| Total | \$1,590,389 |

Worthington Libraries
Worthington, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

NOTE 8 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended December 31, 2007, was as follows:

| | <u>Balance</u> 12/31/2006 | <u>Additions</u> | <u>Deletions</u> | <u>Balance</u> 12/31/2007 |
|---|------------------------------|--------------------|------------------|------------------------------|
| Governmental Activities | | | | |
| Capital Assets, not Being Depreciated: | | | | |
| Land | \$910,379 | \$0 | \$0 | \$910,379 |
| Construction in Progress | 82,578 | 1,564,799 | 0 | 1,647,377 |
| Total Capital Assets, not Being Depreciated | <u>992,957</u> | <u>1,564,799</u> | <u>0</u> | <u>2,557,756</u> |
| Capital Assets, Being Depreciated: | | | | |
| Buildings and Improvements | 7,000,936 | 0 | 0 | 7,000,936 |
| Machinery and Equipment | 748,117 | 11,798 | (155,526) | 604,389 |
| Vehicles | 18,300 | 0 | 0 | 18,300 |
| Total Capital Assets, Being Depreciated | <u>7,767,353</u> | <u>11,798</u> | <u>(155,526)</u> | <u>7,623,625</u> |
| Less Accumulated Depreciation: | | | | |
| Buildings and Improvements | (1,934,010) | (134,945) | 0 | (2,068,955) |
| Machinery and Equipment | (573,202) | (33,560) | 155,526 | (451,236) |
| Vehicles | (1,430) | (2,288) | 0 | (3,718) |
| Total Accumulated Depreciation | <u>(2,508,642)</u> | <u>(170,793) *</u> | <u>155,526</u> | <u>(2,523,909)</u> |
| Capital Assets, Being Depreciated, Net | <u>5,258,711</u> | <u>(158,995)</u> | <u>0</u> | <u>5,099,716</u> |
| Governmental Activities Capital Assets, Net | <u>\$6,251,668</u> | <u>\$1,405,804</u> | <u>\$0</u> | <u>\$7,657,472</u> |

* Depreciation expense was charged to governmental functions as follows:

| | |
|---------------------------------------|------------------|
| Library Services: | |
| Public Service and Programs | \$104,688 |
| Collection Development and Processing | 2,539 |
| Support Services | |
| Facilities Operation and Maintenance | 30,290 |
| Information Services Support | 6,796 |
| Business Administration | 26,480 |
| Total Depreciation Expense | <u>\$170,793</u> |

Worthington Libraries
Worthington, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

NOTE 9 – RISK MANAGEMENT

Commercial Insurance

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

Property and Liability

The Library is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During 2007, the Library contracted with Lauterbach & Eilber Company. The Commercial Package Policy includes coverage for commercial property, commercial inland marine, commercial general liability, commercial crime, commercial automobile, and a commercial umbrella through Indiana Insurance Company.

Commercial property consists of an \$11,419,972 blanket policy that covers buildings, business personal property, property of others, equipment breakdown, and A/C over ten years old. It excludes earthquake damage 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 \$500 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 an actual cost valuation.

A Builders Risk policy in the amount of \$170,000 for 820 High Street and \$415,000 for 2280 Hard Road was purchased at the start of the renovation project at both libraries.

Commercial General Liability coverage provides \$1,000,000 general aggregate coverage for bodily injury and property damage, with a \$500,000 limit for each occurrence. Claims coverage for products and completed operations aggregate is in place for \$1,000,000, \$500,000 for personal and advertising injury, \$300,000 fire damage limit, and \$15,000 medical expense limit for any one person. A \$1,000,000 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.

Worthington Libraries
Worthington, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

NOTE 9 – RISK MANAGEMENT (continued)

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

Directors and Officers

An errors and omissions insurance policy through the Philadelphia Insurance Company is in place providing 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. Claims are paid on a claims made basis, retroactive to May 1, 2005.

NOTE 10 – DEFINED BENEFIT PENSION PLANS

Ohio Public Employees Retirement System

Plan Description – The Library participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan. While members in the State and local divisions may participate in all three plans, law enforcement (generally sheriffs, deputy sheriffs and township police) and public safety divisions exist only within the traditional pension plan.

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

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions. For the year ended December 31, 2007, members in state and local classifications contributed 9.5% of covered payroll, public safety members contributed 9.75%, and law enforcement members contributed 10.1%.

Worthington Libraries
Worthington, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

NOTE 10 – DEFINED BENEFIT PENSION PLANS (continued)

The Library's contribution rate for 2007 was 13.85 percent of covered payroll. For the period January 1 through June 30, a portion of the Library's contribution equal to 5 percent of covered payroll was allocated to fund the post-employment health care plan; for the period July 1 through December 31, 2007 this amount was increased to 6 percent. Employer contribution rates are actuarially determined. State statute sets a maximum contribution rate for the Library of 14 percent, except for public safety and law enforcement, where the maximum employer contribution rate is 18.1 percent.

The Library's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2007, 2006 and 2005 were \$259,906, \$469,172, and \$457,383, respectively; 86.43 percent has been contributed for 2007 and 100 percent has been contributed for 2006 and 2005. No contributions were made to the member directed plan.

NOTE 11 – POSTEMPLOYMENT BENEFITS

Ohio Public Employees Retirement System

Plan Description – OPERS maintains a cost sharing multiple employer defined benefit post-employment health care plan for qualifying members of both the traditional and combined pension plans. Members of the member directed plan do not qualify for ancillary benefits, including post-employment health care. The plan includes a medical plan, a prescription drug program and Medicare Part b premium reimbursement.

To qualify for post-employment health care coverage, age and service retirees under the traditional and combined plans must have ten 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 require, 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 writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 4642 or by calling (614) 222-5601 or 800-222-7377.

Funding Policy – The post-employment health care plan was established under, and is administered in accordance with, Internal Revenue Code 401 (h). State statute requires that public employers fund post-employment health care through contributions to OPERS. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of post-employment health care.

Worthington Libraries
Worthington, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

NOTE 11 – POSTEMPLOYMENT BENEFITS (continued)

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2007, local government employers contributed 13.85 percent of covered payroll. Each year, the OPERS retirement board determines the portion of the employer contribution rate that will be set aside for funding post-employment health care benefits. The amount of the employer contributions which was allocated to fund post-employment health care was 5.00 percent of covered payroll from January 1 through June 30, 2007, and 6.00 percent from July 1 to December 31, 2007.

The retirement board is also authorized to establish rules for the payment of a portion of the health care benefits by the retiree or the retiree's 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, 2007, 2006, and 2005 were \$198,654, \$229,486 and \$191,574 respectively; 86.43 percent has been contributed for 2007 and 100 percent for 2006 and 2005.

On September 9, 2004 the OPERS Retirement Board adopted a Health Care Preservation Plan which was effective January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007, and January 1, 2008, which allowed additional funds to be allocated to the health care plan.

NOTE 12 – OTHER EMPLOYEE BENEFITS

Insurance Benefits

The Library also provides health, dental and vision coverage to full-time employees through Anthem, Vision Services, and Guardian Dental Guard Preferred, respectively. An Employee Assistance Program through MATRIX was added in 2007.

Compensated Absences

Accumulated Unpaid Vacation:

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

Worthington Libraries
Worthington, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

NOTE 12 – OTHER EMPLOYEE BENEFITS (continued)

Accumulated Unpaid Sick Leave:

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

Deferred Compensation

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

NOTE 13 - LONG-TERM OBLIGATIONS

The changes in the Library's long-term obligations during 2007 were as follows:

| | Amount Outstanding 12/31/2006 | Additions | Deductions | Amount Outstanding 12/31/2007 | Amounts Due in One Year |
|----------------------|-------------------------------------|-----------|------------|-------------------------------------|-------------------------------|
| Compensated Absences | \$307,115 | \$251,643 | \$234,530 | \$324,228 | \$225,480 |

Compensated absences will be paid from the General Fund.

NOTE 14 - INTERFUND TRANSFERS

Interfund transfers at December 31, 2007 were as follows:

| | <u>Transfer-In</u> | <u>Transfer-Out</u> |
|--------------------------|--------------------|---------------------|
| General Fund | \$0 | \$3,856,220 |
| Building Fund | 2,868,898 | 0 |
| Other Governmental Funds | 987,322 | 0 |
| Total Transfers | <u>\$3,856,220</u> | <u>\$3,856,220</u> |

Worthington Libraries
Worthington, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

NOTE 14 - INTERFUND TRANSFERS (continued)

The Library transferred cash to the 27th Pay/Termination Benefits Special Revenue Fund to cover salary and benefit payments for employees who resigned or retired. Employees with ten or more years of library service receive a lump sum payment for accumulated sick leave. Those leaving with at least one year of service get a payout for accrued vacation time. The fund is also used to accumulate funds to cover a twenty-seventh pay period, which will occur again in 2009. Additional transfers from the General Fund were made to the Building Capital Projects Fund and the Technology Capital Projects Fund. The transfer to the Building Capital Projects Fund was to cover expenditures related to the renovations of the Old Worthington Library and the Northwest Library. The transfer to the Technology Capital Projects Fund was to cover expenditures related to the renovations as well as software and other technological updates throughout the Library.

NOTE 15 – SIGNIFICANT CONTRACTUAL COMMITMENTS

At December 31, 2007, the Library had the following contractual commitments outstanding for Library renovations and remodeling:

| | <u>Original Contract</u> | <u>Amount Expended</u> | <u>Amount Outstanding</u> |
|-------------------------|------------------------------|----------------------------|-------------------------------|
| Pepper Construction | \$1,872,613 | \$815,748 | \$1,056,865 |
| Design Group | 125,000 | 93,469 | 31,531 |
| Lewis & Michael Movers | 75,160 | 2,149 | 73,011 |
| Legacy Carpet | 107,119 | 0 | 107,119 |
| ADC Integrated Building | 171,344 | 90,915 | 80,429 |
| Totals | <u>\$2,351,236</u> | <u>\$1,002,281</u> | <u>\$1,348,955</u> |

NOTE 16 – CONTINGENCIES

Grants

The Library receives financial assistance from State agencies in the form of grants. Disbursing grant funds generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit. Any disallowed claims resulting from such audits could become a liability. However, in the opinion of management, any such disallowed claims through December 31, 2007 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, 2007

NOTE 17 - CHANGE IN ACCOUNTING PRINCIPLES

For 2007, the Library has implemented Governmental Accounting Standards Board (GASB) Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions", GASB Statement No. 48, "Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues", and GASB Statement No. 50, "Pension Disclosures".

GASB Statement No. 45 improves the relevance and usefulness of financial reporting by requiring systematic, accrual-basis measurement and recognition of OPEB costs over a period that approximates employees' years of service and providing information about actuarial accrued liabilities associated with OPEB and whether and to what extent progress is being made in funding the plan. An OPEB liability at transition was determined in accordance with this Statement for the OPERS post-employment healthcare plans in the amount of \$82,400, which is the same as the previously reported liabilities.

GASB Statement No. 48 addresses how to account for the exchange of an interest in expected cash flows from collecting specific receivables or specific future revenues for immediate cash payments. The statement established criteria used to determine whether the transaction should be recorded as revenue or as a liability (a sale or a collateralized borrowing). The implementation of this statement did not result in any change to the financial statements.

GASB Statement No. 50 requires employers contributing to defined benefit pension plans to include the legal or contractual maximum contribution rates in the notes to the financial statements. The implementation of this statement did not result in any change to the financial statements.

Combining Financial Statements

Worthington Libraries
Worthington, Ohio
Nonmajor Fund Descriptions

Special Revenue Funds

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

Nonmajor Special Revenue Fund

27th Pay/Termination Benefits Fund

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

Capital Projects Funds

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

Nonmajor Capital Projects Fund

Technology Fund

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

Worthington Libraries
Worthington, Ohio
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2007

| | Nonmajor Special Revenue Fund | Nonmajor Capital Projects Fund | Total Nonmajor Governmental Funds |
|--|--|---|--|
| Assets: | | | |
| Equity in Pooled Cash and Cash Equivalents | \$112,933 | \$1,085,603 | \$1,198,536 |
| Liabilities and Fund Balances: | | | |
| Liabilities: | | | |
| Accounts Payable | \$0 | \$1,735 | \$1,735 |
| Contracts Payable | 0 | 11,122 | 11,122 |
| <i>Total Liabilities</i> | 0 | 12,857 | 12,857 |
| Fund Balances: | | | |
| Reserved for Encumbrances | 0 | 118,517 | 118,517 |
| Unreserved, Undesignated, Reported in: | | | |
| Special Revenue Fund | 112,933 | 0 | 112,933 |
| Capital Projects Fund | 0 | 954,229 | 954,229 |
| <i>Total Fund Balances</i> | 112,933 | 1,072,746 | 1,185,679 |
| <i>Total Liabilities and Fund Balances</i> | \$112,933 | \$1,085,603 | \$1,198,536 |

Worthington Libraries
Worthington, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2007

| | Nonmajor Special Revenue Fund | Nonmajor Capital Projects Fund | Total Nonmajor Governmental Funds |
|--|--|---|--|
| Revenues: | \$0 | \$0 | \$0 |
| Expenditures: | | | |
| Support Services: | | | |
| Information Services Support | 0 | 40,276 | 40,276 |
| Business Administration | 34,918 | 0 | 34,918 |
| Capital Outlay | 0 | 182,083 | 182,083 |
| <i>Total Expenditures</i> | <u>34,918</u> | <u>222,359</u> | <u>257,277</u> |
| <i>Excess of Revenues Under Expenditures</i> | (34,918) | (222,359) | (257,277) |
| Other Financing Sources: | | | |
| Transfers - In | 65,000 | 922,322 | 987,322 |
| <i>Net Change in Fund Balances</i> | 30,082 | 699,963 | 730,045 |
| <i>Fund Balances at Beginning of Year</i> | <u>82,851</u> | <u>372,783</u> | <u>455,634</u> |
| <i>Fund Balances at End of Year</i> | <u><u>\$112,933</u></u> | <u><u>\$1,072,746</u></u> | <u><u>\$1,185,679</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, 2007

| | Budgeted Amounts | | | Variance with Final Budget Positive (Negative) |
|--|-------------------|-------------------|-------------------|--|
| | Original | Final | Actual | |
| Revenues: | | | | |
| Property Taxes | \$6,880,318 | \$6,880,318 | \$6,613,736 | (\$266,582) |
| Other Government Grants-in-Aid | 3,306,338 | 3,805,408 | 3,418,369 | (387,039) |
| Patron Fines and Fees | 300,000 | 300,000 | 282,729 | (17,271) |
| Services Provided to Other Entities | 811,644 | 811,644 | 811,664 | 20 |
| Contributions, Gifts, and Donations | 0 | 0 | 18,828 | 18,828 |
| Earnings on Investments | 300,000 | 300,000 | 496,133 | 196,133 |
| Miscellaneous | 0 | 0 | 4,735 | 4,735 |
| <i>Total Revenues</i> | <i>11,598,300</i> | <i>12,097,370</i> | <i>11,646,194</i> | <i>(451,176)</i> |
| Expenditures: | | | | |
| Library Services: | | | | |
| Public Service and Programs | | | | |
| Personal Services | 2,981,073 | 3,075,140 | 2,884,955 | 190,185 |
| Contractual Services | 37,000 | 37,000 | 32,795 | 4,205 |
| Materials and Supplies | 23,426 | 23,426 | 16,485 | 6,941 |
| Other | 1,850 | 1,850 | 1,426 | 424 |
| <i>Total Public Service and Programs</i> | <i>3,043,349</i> | <i>3,137,416</i> | <i>2,935,661</i> | <i>201,755</i> |
| Collection Development and Processing | | | | |
| Personal Services | 252,625 | 252,625 | 251,945 | 680 |
| Purchased Library Services | 1,379,299 | 1,677,163 | 1,380,427 | 296,736 |
| Contractual Services | 137,906 | 137,906 | 135,927 | 1,979 |
| Materials and Supplies | 41,211 | 42,611 | 41,470 | 1,141 |
| <i>Total Collection Development and Processing</i> | <i>1,811,041</i> | <i>2,110,305</i> | <i>1,809,769</i> | <i>300,536</i> |
| Support Services: | | | | |
| Facilities Operations and Maintenance | | | | |
| Personal Services | 58,754 | 58,754 | 58,735 | 19 |
| Contractual Services | 520,414 | 611,674 | 516,177 | 95,497 |
| Materials and Supplies | 30,985 | 30,985 | 27,565 | 3,420 |
| <i>Total Facilities Operations and Maintenance</i> | <i>610,153</i> | <i>701,413</i> | <i>602,477</i> | <i>98,936</i> |
| Information Services Support | | | | |
| Personal Services | 285,202 | 285,202 | 235,636 | 49,566 |
| Purchased Library Services | 216,625 | 216,625 | 180,493 | 36,132 |
| Contractual Services | 216,710 | 216,710 | 205,451 | 11,259 |
| Materials and Supplies | 2,715 | 2,715 | 2,497 | 218 |
| <i>Total Information Services Support</i> | <i>\$721,252</i> | <i>\$721,252</i> | <i>\$624,077</i> | <i>\$97,175</i> |

(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, 2007
(continued)

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|---|-------------------------|--------------------|--------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Business Administration | | | | |
| Personal Services | \$1,026,045 | \$1,026,045 | \$973,560 | \$52,485 |
| Contractual Services | 401,526 | 401,526 | 349,697 | 51,829 |
| Materials and Supplies | 25,166 | 25,166 | 21,888 | 3,278 |
| Other | 11,500 | 11,500 | 11,016 | 484 |
| Total Business Administration | <u>1,464,237</u> | <u>1,464,237</u> | <u>1,356,161</u> | <u>108,076</u> |
| Capital Outlay | <u>106,828</u> | <u>112,328</u> | <u>39,620</u> | <u>72,708</u> |
| <i>Total Expenditures</i> | <u>7,756,860</u> | <u>8,246,951</u> | <u>7,367,765</u> | <u>879,186</u> |
| <i>Excess of Revenues Over Expenditures</i> | 3,841,440 | 3,850,419 | 4,278,429 | (428,010) |
| Other Financing Uses: | | | | |
| Transfers - Out | <u>(3,652,820)</u> | <u>(3,856,220)</u> | <u>(3,856,220)</u> | <u>0</u> |
| <i>Net Change in Fund Balances</i> | 188,620 | (5,801) | 422,209 | (428,010) |
| <i>Prior Year Encumbrances Appropriated</i> | 310,363 | 310,363 | 310,363 | 0 |
| <i>Fund Balance at Beginning of Year</i> | <u>5,868,933</u> | <u>5,868,933</u> | <u>5,868,933</u> | <u>0</u> |
| <i>Fund Balance at End of Year</i> | <u>\$6,367,916</u> | <u>\$6,173,495</u> | <u>\$6,601,505</u> | <u>(\$428,010)</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, 2007

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|--|------------------|-------------|-------------|--|
| | Original | Final | | |
| Revenues: | \$0 | \$0 | \$0 | \$0 |
| Expenditures: | | | | |
| Capital Outlay | 3,284,513 | 3,411,213 | 2,881,756 | 529,457 |
| Contingency | 100,000 | 100,000 | 0 | 100,000 |
| <i>Total Expenditures</i> | 3,384,513 | 3,511,213 | 2,881,756 | 629,457 |
| <i>Excess of Revenues Under Expenditures</i> | (3,384,513) | (3,511,213) | (2,881,756) | (629,457) |
| Other Financing Sources: | | | | |
| Transfers- In | 2,742,198 | 2,868,898 | 2,868,898 | 0 |
| <i>Net Change in Fund Balances</i> | (642,315) | (642,315) | (12,858) | (629,457) |
| <i>Prior Year Encumbrances Appropriated</i> | 218,284 | 218,284 | 218,284 | 0 |
| <i>Fund Balance at Beginning of Year</i> | 424,031 | 424,031 | 424,031 | 0 |
| <i>Fund Balance at End of Year</i> | \$0 | \$0 | \$629,457 | (\$629,457) |

Worthington Libraries
Worthington, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Budget Basis)
27th Pay/Termination Benefits Fund
For the Year Ended December 31, 2007

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|--|------------------|-----------------|------------------|--|
| | Original | Final | | |
| Revenues: | \$0 | \$0 | \$0 | \$0 |
| Expenditures: | | | | |
| Support Services: | | | | |
| Business Administration | | | | |
| Personal Services | 100,000 | 100,000 | 34,918 | 65,082 |
| <i>Excess of Revenues Under Expenditures</i> | (100,000) | (100,000) | (34,918) | (65,082) |
| Other Financing Sources: | | | | |
| Transfers - In | 65,000 | 65,000 | 65,000 | 0 |
| <i>Net Change in Fund Balances</i> | (35,000) | (35,000) | 30,082 | (65,082) |
| <i>Fund Balance at Beginning of Year</i> | 82,851 | 82,851 | 82,851 | 0 |
| <i>Fund Balance at End of Year</i> | <u>\$47,851</u> | <u>\$47,851</u> | <u>\$112,933</u> | <u>(\$65,082)</u> |

Worthington Libraries
 Worthington, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Budget Basis)
 Technology Fund
 For the Year Ended December 31, 2007

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|--|------------------|-------------|-----------|--|
| | Original | Final | | |
| Revenues: | \$0 | \$0 | \$0 | \$0 |
| Expenditures: | | | | |
| Support Services: | | | | |
| Information Services Support | | | | |
| Contractual Services | 48,625 | 48,625 | 48,462 | 163 |
| Capital Outlay | 1,179,060 | 1,255,760 | 301,695 | 954,065 |
| <i>Total Expenditures</i> | 1,227,685 | 1,304,385 | 350,157 | 954,228 |
| <i>Excess of Revenues Under Expenditures</i> | (1,227,685) | (1,304,385) | (350,157) | (954,228) |
| Other Financing Sources: | | | | |
| Transfers - In | 845,622 | 922,322 | 922,322 | 0 |
| <i>Net Change in Fund Balances</i> | (382,063) | (382,063) | 572,165 | (954,228) |
| <i>Prior Year Encumbrances Appropriated</i> | 13,485 | 13,485 | 13,485 | 0 |
| <i>Fund Balance at Beginning of Year</i> | 368,578 | 368,578 | 368,578 | 0 |
| <i>Fund Balance at End of Year</i> | \$0 | \$0 | \$954,228 | (\$954,228) |

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 | 48-51 |
| 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 | 52-57 |
| These schedules contain information to help the reader assess the Library's most significant local revenue source, property taxes. | |
| Debt Capacity | 58-59 |
| 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 | 60-61 |
| 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 | 62-66 |
| 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* during 2006.

Worthington Libraries
Worthington, Ohio
Net Assets by Component
Last Three Years
(accrual basis of accounting)

| | <u>2005</u> | <u>2006</u> | <u>2007</u> |
|---|---------------------|---------------------|---------------------|
| Governmental Activities: | | | |
| Invested in Capital Assets, Net of Related Debt | \$5,318,075 | \$6,251,668 | \$7,657,472 |
| Unrestricted | <u>5,251,015</u> | <u>8,501,531</u> | <u>11,506,214</u> |
| <i>Total Governmental Activities Net Assets</i> | <u>\$10,569,090</u> | <u>\$14,753,199</u> | <u>\$19,163,686</u> |

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

| | <u>2006</u> | <u>2007</u> |
|--|---------------------------|---------------------------|
| Expenses: | | |
| Library Services: | | |
| Public Service and Programs | \$3,206,853 | \$3,038,715 |
| Collection Development and Processing | 1,772,553 | 1,689,935 |
| Support Services: | | |
| Facilities Operations and Maintenance | 586,224 | 574,752 |
| Information Services Support | 284,985 | 659,351 |
| Business Administration | 1,293,803 | 1,392,180 |
| Debt Service: | | |
| Interest and Fiscal Charges | 27,115 | 0 |
| <i>Total Expenses</i> | <u>7,171,533</u> | <u>7,354,933</u> |
| Program Revenues: | | |
| Charges for Services: | | |
| Library Services: | | |
| Public Service and Programs | 1,036,985 | 1,031,340 |
| <i>Net Expenses</i> | <u>(6,134,548)</u> | <u>(6,323,593)</u> |
| General Revenues: | | |
| Governmental Activities: | | |
| Property Taxes | 7,136,074 | 6,670,931 |
| Grants and Contributions not Restricted to Specific Programs | 2,831,055 | 3,543,453 |
| Unrestricted Gifts and Contributions | 825 | 18,828 |
| Earnings on Investments | 342,779 | 496,133 |
| Miscellaneous | 7,924 | 4,735 |
| <i>Total General Revenues</i> | <u>10,318,657</u> | <u>10,734,080</u> |
| <i>Change in Net Assets</i> | <u><u>\$4,184,109</u></u> | <u><u>\$4,410,487</u></u> |

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

| | <u>2005</u> | <u>2006</u> | <u>2007</u> |
|---|---------------------------|---------------------------|----------------------------|
| General Fund | | | |
| 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 | | | |
| 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> |

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

| | 2006 | 2007 |
|--|---------------------------|---------------------------|
| Revenues: | | |
| Property Taxes | \$6,885,758 | \$6,613,736 |
| Other Government Grants-in-Aid | 3,193,006 | 3,429,348 |
| Patron Fines and Fees | 280,352 | 282,729 |
| Services Provided to Other Entities | 756,633 | 748,611 |
| Contributions, Gifts, and Donations | 825 | 18,828 |
| Earnings on Investments | 342,779 | 496,133 |
| Miscellaneous | 7,924 | 4,735 |
| <i>Total Revenues</i> | <u>11,467,277</u> | <u>11,594,120</u> |
| Expenditures: | | |
| Current: | | |
| Library Services: | | |
| Public Service and Programs | 2,917,050 | 2,919,557 |
| Collection Development and Processing | 1,769,799 | 1,686,625 |
| Support Services: | | |
| Facilities Operations and Maintenance | 556,499 | 543,840 |
| Information Services Support | 280,498 | 632,951 |
| Business Administration | 1,249,607 | 1,359,094 |
| Capital Outlay | 297,294 | 1,601,557 |
| Debt Service: | | |
| Principal Retirement | 990,000 | 0 |
| Interest and Fiscal Charges | 60,445 | 0 |
| <i>Total Expenditures</i> | <u>8,121,192</u> | <u>8,743,624</u> |
| <i>Excess of Revenues Over Expenditures</i> | <u>3,346,085</u> | <u>2,850,496</u> |
| Other Financing Sources (Uses): | | |
| Transfers - In | 1,156,910 | 3,856,220 |
| Transfers - Out | <u>(1,156,910)</u> | <u>(3,856,220)</u> |
| <i>Total Other Financing Sources (Uses)</i> | <u>0</u> | <u>0</u> |
| <i>Net Change in Fund Balances</i> | <u><u>\$3,346,085</u></u> | <u><u>\$2,850,496</u></u> |
| <i>Debt Service as a Percentage of Noncapital Expenditures</i> | 13.1% | 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 |
| 1998 | \$824,278,870 | \$345,980,840 | \$3,343,599,171 | \$62,811,200 | \$71,376,364 | \$171,823,335 | \$731,163,128 |
| 1999 | 831,202,970 | 356,023,230 | 3,392,074,857 | 51,529,460 | 58,556,205 | 173,582,369 | 738,648,379 |
| 2000 | 929,521,770 | 405,365,520 | 3,813,963,686 | 58,148,940 | 66,078,341 | 182,194,507 | 775,295,774 |
| 2001 | 934,815,990 | 413,194,980 | 3,851,459,914 | 60,284,870 | 68,505,534 | 182,194,507 | 775,295,774 |
| 2002 | 937,915,140 | 423,862,100 | 3,890,792,114 | 50,099,860 | 56,931,659 | 222,032,266 | 888,129,064 |
| 2003 | 1,072,551,470 | 377,767,160 | 4,143,767,514 | 51,560,220 | 58,591,159 | 202,028,171 | 808,112,684 |
| 2004 | 1,078,744,680 | 447,549,100 | 4,360,839,371 | 55,641,930 | 63,229,466 | 185,037,094 | 740,148,376 |
| 2005 | 1,087,563,880 | 444,066,090 | 4,376,085,629 | 54,413,770 | 61,833,830 | 179,018,550 | 716,074,200 |
| 2006 | 1,302,759,720 | 449,491,770 | 5,006,432,829 | 53,865,420 | 61,210,705 | 132,307,380 | 705,639,360 |
| 2007 | 1,324,905,840 | 454,215,230 | 5,083,203,057 | 50,757,700 | 57,679,205 | 86,444,451 | 691,555,608 |

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

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

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

Source: Ohio Department of Taxation, Franklin County Auditor

| Totals | | | |
|-------------------|---------------------------|--------|---|
| Assessed Value | Estimated Actual Value | Ratio | Weighted Average Property Tax Rate (per \$1,000 of assessed value) |
| \$1,404,894,245 | \$4,146,138,663 | 33.88% | \$1.97 |
| 1,412,338,029 | 4,189,279,440 | 33.71% | 1.80 |
| 1,575,230,737 | 4,655,337,801 | 33.84% | 1.80 |
| 1,590,490,347 | 4,695,261,223 | 33.87% | 1.80 |
| 1,633,909,366 | 4,835,852,837 | 33.79% | 1.66 |
| 1,703,907,021 | 5,010,471,357 | 34.01% | 1.63 |
| 1,766,972,804 | 5,164,217,213 | 34.22% | 1.63 |
| 1,765,062,290 | 5,153,993,658 | 34.25% | 1.64 |
| 1,938,424,290 | 5,773,282,893 | 33.58% | 3.76 |
| 1,916,323,221 | 5,832,437,870 | 32.86% | 3.73 |

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 |
|-----------------|------------------|-------------------------|--|--------------------------------|-----------------------|--|
| 1998 | \$2,777,407 | \$2,752,744 | 99.11% | \$52,175 | \$2,804,919 | 100.99% |
| 1999 | 2,787,015 | 2,817,225 | 101.08% | 40,646 | 2,857,871 | 102.54% |
| 2000 | 2,881,786 | 2,819,697 | 97.85% | 65,857 | 2,885,554 | 100.13% |
| 2001 | 2,923,403 | 2,877,204 | 98.42% | 66,560 | 2,943,764 | 100.70% |
| 2002 | 2,947,922 | 2,878,456 | 97.64% | 106,734 | 2,985,190 | 101.26% |
| 2003 | 2,912,557 | 2,840,571 | 97.53% | 75,395 | 2,915,966 | 100.12% |
| 2004 | 2,888,263 | 2,818,222 | 97.57% | 79,010 | 2,897,232 | 100.31% |
| 2005 | 2,903,568 | 2,817,409 | 97.03% | 57,704 | 2,875,113 | 99.02% |
| 2006 | 7,310,027 | 7,095,784 | 97.07% | 221,696 | 7,317,480 | 100.10% |
| 2007 | 7,231,825 | 6,959,989 | 96.24% | 186,182 | 7,146,171 | 98.82% |

Source: Office of the Auditor, Franklin County, Ohio

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

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

Worthington Libraries

Worthington, Ohio

Principal Taxpayers

2007 and 1998

| 2007 | | | 1998 | | |
|------------------------------------|------------------------|---------------------------------|---|------------------------|---------------------------------|
| 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 Co. | \$23,422,580 | 1.22% | 1 Columbus Southern Power Co. | \$21,997,450 | 1.57% |
| 2 Sprintcom Inc. | 9,349,040 | 0.49% | 2 Ohio Bell Telephone Company | 17,401,410 | 1.24% |
| 3 Ohio Bell Telephone Company | 7,812,630 | 0.41% | 3 Columbus Cellular Telephone Co. | 10,461,300 | 0.75% |
| Real Estate | | | Real Estate | | |
| 1 Anheuser-Busch Inc. | 18,706,350 | 0.98% | 1 Anheuser-Busch Inc. | 15,552,490 | 1.11% |
| 2 Eastrich No 167 Corp. | 10,623,970 | 0.55% | 2 Allstate Insurance Company | 11,655,070 | 0.83% |
| 3 EOP-Community Corporate | 8,610,000 | 0.45% | 3 ZML Community Corporate Center | 7,700,000 | 0.55% |
| 4 Columbus Retail Inc. | 7,903,110 | 0.41% | 4 OTR | 7,647,710 | 0.55% |
| 5 Fieldstone Trace Partnership | 7,805,010 | 0.41% | 5 Trinity Secureco Worthington Partners | 6,468,000 | 0.46% |
| 6 Worthington Meadows | 7,665,040 | 0.40% | 6 Fieldstone Trace Partnership | 6,394,180 | 0.46% |
| 7 Worthington Industries | 6,664,540 | 0.35% | 7 Columbus Retail Inc. | 6,018,790 | 0.43% |
| 8 Crosswoods Central Park | 6,568,180 | 0.34% | 8 General Electric Company | 5,370,070 | 0.38% |
| 9 Corporate Hill LLC | 6,300,040 | 0.33% | 9 Community Insurance Co. | 5,114,560 | 0.37% |
| 10 TCC 1105 Schrock LLP | 6,090,000 | 0.32% | 10 Sheraton Suites Investment LP | 5,108,250 | 0.36% |
| Tangible Personal Property | | | Tangible Personal Property | | |
| 1 Anheuser-Busch Inc. | 35,811,138 | 1.87% | 1 Anheuser-Busch Inc. | 40,279,046 | 2.88% |
| 2 Worthington Steel Inc. | 8,650,377 | 0.45% | 2 General Electric Company | 20,756,210 | 1.48% |
| 3 Diamond Innovations Inc. | 5,044,464 | 0.26% | 3 Worthington Industries Inc. | 15,013,050 | 1.07% |
| 4 Liebert North America Inc. | 2,727,771 | 0.14% | 4 Mettler Toledo Inc. | 7,516,890 | 0.54% |
| 5 Jack Maxton Chevrolet Inc. | 2,469,158 | 0.13% | 5 Liebert Corporation | 7,026,470 | 0.50% |
| 6 Mettler Toledo Inc. | 2,407,545 | 0.13% | 6 Worthington Foods Inc. | 5,736,350 | 0.41% |
| 7 Worthington Cylinder Corporation | 1,723,816 | 0.09% | 7 Jack Maxton Chevrolet Inc. | 3,680,020 | 0.26% |
| 8 Genuine Parts Company | 1,213,434 | 0.06% | 8 Worthington Cylinder Corporation | 3,323,500 | 0.24% |
| 9 Sanese Services Inc. | 1,122,094 | 0.06% | 9 Abbott Laboratories | 2,845,720 | 0.20% |
| 10 Abbot Laboratories | 1,009,134 | 0.05% | 10 Bank One Corp. | 2,572,110 | 0.18% |
| All others | <u>1,726,623,800</u> | <u>90.10%</u> | All others | <u>1,165,452,171</u> | <u>83.18%</u> |
| Total Assessed Valuation | <u>\$1,916,323,221</u> | <u>100.00%</u> | Total Assessed Valuation | <u>\$1,401,090,817</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

| | 1998 | 1999 | 2000 |
|--|--------------|--------------|--------------|
| Voted Millage - By Levy | | | |
| 1992 Current Expense | | | |
| Residential/Agricultural Real | \$1.83 | \$1.83 | \$1.64 |
| Commercial/Industrial and Public Utility Real | 2.17 | 2.14 | 1.94 |
| 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 | 1.83 | 1.83 | 1.64 |
| Commercial/Industrial and Public Utility Real | 2.17 | 2.14 | 1.94 |
| 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 | 4.25 |
| ADAMH Board | 2.20 | 2.20 | 2.20 |
| MRDD | 7.47 | 7.47 | 7.47 |
| Metro Park | 0.00 | 0.00 | 0.65 |
| Zoological Park | 0.75 | 0.75 | 0.75 |
| Office on Aging | 0.85 | 0.85 | 0.85 |
| Total Franklin County | 16.99 | 16.99 | 17.64 |
| School District | | | |
| Worthington City School District | 73.62 | 73.66 | 72.65 |
| Townships | | | |
| Sharon Township | 13.10 | 13.10 | 19.10 |
| Perry Township | 23.80 | 23.80 | 23.80 |
| 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.

| 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 |
|--------|--------|--------|--------|--------|--------|--------|
| \$1.64 | \$1.64 | \$1.43 | \$1.43 | \$1.43 | \$1.21 | \$1.20 |
| 1.93 | 1.91 | 1.81 | 1.82 | 1.87 | 1.81 | 1.84 |
| 2.20 | 2.20 | 2.20 | 2.20 | 2.20 | 2.20 | 2.20 |
| 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 2.20 | 2.19 |
| 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 2.52 | 2.57 |
| 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 2.60 | 2.60 |
| 1.64 | 1.64 | 1.43 | 1.43 | 1.43 | 3.41 | 3.39 |
| 1.93 | 1.91 | 1.81 | 1.82 | 1.87 | 4.33 | 4.41 |
| 2.20 | 2.20 | 2.20 | 2.20 | 2.20 | 4.80 | 4.80 |
| 1.47 | 1.47 | 1.47 | 1.47 | 1.47 | 1.47 | 1.47 |
| 4.25 | 4.25 | 4.25 | 5.05 | 5.05 | 5.05 | 5.05 |
| 2.20 | 2.20 | 2.20 | 2.20 | 2.20 | 2.20 | 2.20 |
| 7.47 | 7.47 | 7.47 | 7.47 | 7.47 | 7.47 | 7.47 |
| 0.65 | 0.65 | 0.65 | 0.65 | 0.65 | 0.65 | 0.65 |
| 0.75 | 0.75 | 0.75 | 0.75 | 0.75 | 0.75 | 0.75 |
| 0.85 | 0.85 | 0.85 | 0.85 | 0.85 | 0.85 | 0.85 |
| 17.64 | 17.64 | 17.64 | 18.44 | 18.44 | 18.44 | 18.44 |
| 72.60 | 78.38 | 77.88 | 77.71 | 84.56 | 83.23 | 83.23 |
| 19.10 | 19.10 | 23.50 | 23.50 | 23.50 | 23.50 | 23.50 |
| 23.80 | 23.80 | 23.80 | 20.40 | 18.40 | 18.40 | 21.20 |
| 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 5.00 |
| 3.14 | 3.14 | 3.14 | 3.14 | 3.14 | 3.14 | 3.14 |

Worthington Libraries
Worthington, Ohio
Computation of Direct and Overlapping Governmental Debt
December 31, 2007

| | 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 | 3,748,000 | 100.00% | 3,748,000 |
| General Obligation Bonds | 45,959,540 | 100.00% | 45,959,540 |
| Certificates of Participation | 5,845,000 | 100.00% | 5,845,000 |
| City of Worthington | | | |
| General Obligation Bonds | 8,980,000 | 100.00% | 8,980,000 |
| Franklin County | | | |
| General Obligation Bonds | 307,335,000 | 6.771% | 20,808,605 |
| City of Columbus | | | |
| Revenue Obligations | 75,038,000 | 7.158% | 5,371,348 |
| General Obligation Bonds | 933,426,000 | 7.158% | 66,816,230 |
| Capital Lease Obligations | 2,000,000 | 7.158% | 143,163 |
| Total Direct and Overlapping Debt | <u>\$1,382,331,540</u> | | <u>\$157,671,886</u> |

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

(1) Percentages were determined by dividing the assessed valuation of the political subdivision located within the boundaries of the District by the total assessed valuation of the subdivision. The valuations used were for the 2007 collection year.

(2) The debt outstanding for Worthington School District is at June 30, 2007.

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

Worthington Libraries
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) |
|------|--------------------------|---|-------------------|
| 1998 | \$1,765,000 | 0.14% | \$31.58 |
| 1999 | 1,650,000 | 0.13% | 29.40 |
| 2000 | 1,540,000 | 0.08% | 27.05 |
| 2001 | 1,430,000 | 0.07% | 25.10 |
| 2002 | 1,320,000 | 0.07% | 23.17 |
| 2003 | 1,210,000 | 0.06% | 20.62 |
| 2004 | 1,100,000 | 0.05% | 18.62 |
| 2005 | 990,000 | 0.05% | 16.43 |
| 2006 | 0 | 0.00% | 0.00 |
| 2007 | 0 | 0.00% | 0.00 |

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

(1) See Schedule of Demographic and Economic Statistics 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 (3) | Unemployment Rate (4) |
|------|----------------|------------------------|--------------------------------------|--------------------------|
| 1998 | 55,894 | \$1,265,831,418 | \$22,647 | 2.9% |
| 1999 | 56,115 | 1,270,836,405 | 22,647 | 2.8% |
| 2000 | 56,938 | 1,964,076,310 | 34,495 | 3.6% |
| 2001 | 56,975 | 1,965,352,625 | 34,495 | 3.6% |
| 2002 | 56,975 | 1,965,352,625 | 34,495 | 5.4% |
| 2003 | 58,687 | 2,024,408,065 | 34,495 | 6.1% |
| 2004 | 59,063 | 2,037,378,185 | 34,495 | 5.9% |
| 2005 | 60,248 | 2,078,254,760 | 34,495 | 5.6% |
| 2006 | 59,983 | 2,069,113,585 | 34,495 | 4.8% |
| 2007 | 57,550 | 2,011,084,750 | 34,945 | 4.7% |

Sources: (1) Mid Ohio Regional Planning Commission
(2) Calculated based on Per capita income and population
(3) United States Census Bureau, 2000 and 1990 respectively
(4) Ohio Bureau of Employment Services, not available for Worthington School District Public Library. Figures presented are for Franklin County

Worthington Libraries

Worthington, Ohio

Principal Employers

2006 and 2007

| Employer | Nature of Business | 2006 | | 2007 | |
|---------------------------------|--------------------|---------------------|------|---------------------|------|
| | | Number of Employees | Rank | Number of Employees | Rank |
| Worthington School District | Education | 1,176 | 1 | 1,152 | 1 |
| Worthington Industries | Steel Industry | 1,100 | 2 | 1,100 | 2 |
| Liebert Corporation | Energy/Power | 1,000 | 3 | 1,000 | 3 |
| Anheuser-Busch Inc. | Production Plant | 892 | 4 | 892 | 4 |
| Anthem Blue Cross | Insurance | 840 | 5 | 853 | 5 |
| Huntington Bank | Mortgage/Banking | 540 | 6 | 535 | 6 |
| Diamond Innovations | Diamond Products | 375 | 7 | 401 | 7 |
| The Laurels Healthcare | Healthcare | 290 | 8 | 290 | 8 |
| Medvet Medical Center | Animal Care | 250 | 9 | 239 | 9 |
| American Health Holding | Healthcare | 231 | 10 | - | - |
| American Automobile Association | Automotive | - | - | 200 | 10 |

Source: Chamber of Commerce and Individual employer records

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

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

| Function/Program | 1998 | 1999 | 2000 | 2001 | 2002 |
|--|------------|------------|------------|------------|------------|
| Governmental Activities: | | | | | |
| Library Services: | | | | | |
| Public Service and Programs | 100 | 96 | 108 | 107 | 107 |
| Collection Development and Processing | 8 | 8 | 10 | 10 | 10 |
| Support Services: | | | | | |
| Facilities Operations and Maintenance | 3 | 1 | 1 | 1 | 1 |
| Information Services Support | 4 | 5 | 3 | 4 | 4 |
| Business Administration | 11 | 10 | 11 | 11 | 11 |
| <i>Total Number Full and Part Time Employees</i> | <u>126</u> | <u>120</u> | <u>133</u> | <u>133</u> | <u>133</u> |

Source: Library Records

| 2003 | 2004 | 2005 | 2006 | 2007 |
|------------|------------|------------|------------|------------|
| 100 | 97 | 105 | 104 | 120 |
| 10 | 9 | 8 | 7 | 7 |
| 1 | 1 | 1 | 1 | 1 |
| 4 | 3 | 4 | 4 | 5 |
| 11 | 11 | 11 | 14 | 15 |
| <u>126</u> | <u>121</u> | <u>129</u> | <u>130</u> | <u>148</u> |

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

| Function/Program | 1998 | 1999 | 2000 | 2001 | 2002 |
|--|-----------|-----------|-----------|-----------|-----------|
| Library Services: | | | | | |
| Public Service and Programs | | | | | |
| Number of Materials Circulated | 1,557,115 | 1,663,835 | 1,727,834 | 1,940,829 | 2,137,211 |
| Number of Registered Borrowers | 50,420 | 53,500 | 54,261 | 54,987 | 57,737 |
| Collection Development and Processing | | | | | |
| Number of Books Owned | 385,693 | 405,857 | 419,276 | 432,827 | 434,899 |
| Support Services: | | | | | |
| Facilities Operations and Maintenance | | | | | |
| Square footage of Facility Maintained - Old Worthington Library | 42,519 | 42,519 | 42,519 | 42,519 | 42,519 |
| Square footage of Facility Maintained - Northwest Library | 23,635 | 23,635 | 23,635 | 23,635 | 23,635 |
| Information Services Support | | | | | |
| Number of Computers | 76 | 76 | 78 | 120 | 120 |
| Number of Website Hits | N/A | N/A | 646,394 | 573,543 | 862,866 |

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

| 2003 | 2004 | 2005 | 2006 | 2007 |
|-----------|-----------|-----------|-----------|-----------|
| 2,222,182 | 2,406,948 | 2,520,594 | 2,632,136 | 2,957,725 |
| 59,031 | 59,481 | 61,436 | 63,583 | 62,605 |
| 429,198 | 425,808 | 436,349 | 405,070 | 377,847 |
| 42,519 | 42,519 | 42,519 | 42,519 | 42,519 |
| 23,635 | 23,635 | 23,635 | 23,635 | 23,635 |
| 100 | 100 | 129 | 130 | 225 |
| 827,170 | 921,832 | 738,686 | 1,179,459 | 587,315 |

Worthington Libraries
Worthington, Ohio
Capital Assets Statistics by Function/Program
Last Three Years

| Function/Class | 2005 | 2006 | 2007 |
|--|--------------------|--------------------|---------------------|
| Library Services: | | | |
| Public Service and Programs | | | |
| Land | \$697,350 | \$697,350 | \$697,350 |
| Construction in Progress | 0 | 63,255 | 1,261,891 |
| Building 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 |
| Building 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 |
| Building and Improvements | 1,166,919 | 1,166,919 | 1,166,919 |
| Information Services Support | | | |
| Land | 8,558 | 8,558 | 8,558 |
| Construction in Progress | 0 | 776 | 15,485 |
| Building 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 | 120,918 |
| Building and Improvements | 493,085 | 493,085 | 493,085 |
| Machinery and Equipment | 175,994 | 175,994 | 187,791 |
| 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 asset records. The Library began to utilize the system in 2005; therefore, records are only available since then. Amounts presented are actual costs of assets.