



# Comprehensive Annual Financial Report

FOR THE YEAR ENDED DECEMBER 31, 2016

FRANKLIN COUNTY, OHIO







# Dave Yost • Auditor of State

Board of Trustees  
Worthington Libraries  
820 High St.  
Worthington, OH 43085

We have reviewed the *Independent Auditor's Report* of Worthington Libraries, Franklin County, prepared by Julian & Grube, Inc., for the audit period January 1, 2016 through December 31, 2016. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Dave Yost  
Auditor of State

July 12, 2017

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**WORTHINGTON LIBRARIES**  
WORTHINGTON, OHIO

**Comprehensive Annual Financial Report**

For the Year Ended December 31, 2016

**Issued by:**  
**Worthington Libraries Finance Department**

**Chuck Gibson**  
**Director/Deputy Fiscal Officer**

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

**WORTHINGTON LIBRARIES**  
Worthington, Ohio  
Comprehensive Annual Financial Report  
For the Year Ended December 31, 2016  
Table of Contents

<b>TITLE</b>	<b>PAGE</b>
<b>INTRODUCTORY SECTION</b>	
Table of Contents	ii
Letter of Transmittal	v
GFOA Certificate of Achievement	xiii
List of Principal Officials	xiv
Organizational Chart	xv
<b>FINANCIAL SECTION</b>	
Independent Auditor's Report	3
Management's Discussion and Analysis	7
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	13
Statement of Activities	14
Fund Financial Statements:	
Balance Sheet - Governmental Funds	15
Reconciliation of Total Governmental Fund Balances To Net Position of Governmental Activities	16
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	17
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities - Governmental Funds	18
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual - General Fund	19
Notes to the Basic Financial Statements	21

**WORTHINGTON LIBRARIES**  
Worthington, Ohio  
Comprehensive Annual Financial Report  
For the Year Ended December 31, 2016  
Table of Contents

TITLE	PAGE
Required Supplementary Information:	
Schedule of Library's Proportionate Share of the Net Pension (Asset)/Liability	49
Schedule of Library Contributions	50
Combining Statements:	
Combining Statements - Nonmajor Governmental Funds:	
Nonmajor Fund Descriptions	53
Combining Balance Sheet - Nonmajor Governmental Funds	54
Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Nonmajor Governmental Funds	55
Combining Balance Sheet - Nonmajor Capital Projects Funds	56
Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Nonmajor Capital Projects Funds	57
Individual Fund Schedules of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual:	
Major Funds:	
General Fund	58
Nonmajor Funds:	
Friend's Foundation Fund	60
Termination Benefits Fund	61
Building Fund	62
Technology Fund	63

**WORTHINGTON LIBRARIES**  
Worthington, Ohio  
Comprehensive Annual Financial Report  
For the Year Ended December 31, 2016  
Table of Contents

<b>TITLE</b>	<b>PAGE</b>
<b>STATISTICAL SECTION</b>	
Section Overview	S3
Net Position by Component – Last Ten Years	S4-S5
Changes in Net Position – Last Ten Years	S6-S7
Fund Balances – Governmental Funds – Last Ten Years	S8-S9
Changes in Fund Balances – Governmental Funds – Last Ten Years	S10-S11
Assessed Value and Estimated Actual Value of Taxable Property – Last Ten Years	S12-S13
Property Tax Levies and Collections – Last Ten Years	S14
Principal Property Taxpayers – 2007 and 2016	S15
Direct and Overlapping Property Tax Rates – Last Ten Years	S16-S17
Computation of Direct and Overlapping Governmental Debt – December 31, 2016	S18
Ratio of Outstanding Debt by Type – Governmental Activities – Last Ten Years	S19
Demographic and Economic Statistics – Last Ten Years	S20
Principal Employers – 2007 and 2016	S21
Library Employees by Function/Program – Last Ten Years	S22-S23
Operating Indicators by Function/Program – Last Ten Years	S24-S25
Capital Assets Statistics by Function/Class – Last Ten Years	S26-S27





May 23, 2017

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

We are very pleased to present the 2016 Comprehensive Annual Financial Report (CAFR) for Worthington Libraries. This report, for the calendar year ended December 31, 2016, has been prepared using generally accepted accounting principles for governments. It contains financial statements and other financial and statistical data that provide complete and full disclosure of all material financial aspects of Worthington Libraries (to be hereinafter referred to as "the Library," and also known as the Worthington Public Library and the Worthington City School District Public Library).

Ohio law requires that public offices reporting pursuant to Generally Accepted Accounting Principles shall file their reports with the Auditor of the State of Ohio and publish notice of the availability of the financial statements within 150 days of the close of each year. The General Purpose External Financial Statements from this report were filed to fulfill that requirement for the year ended December 31, 2016.

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 Julian and Grube, Inc., a firm of licensed certified public accountants. The Independent Public Accountant has issued an unmodified ("clean") opinion on the Library's financial statements for the year ended December 31, 2016. The Independent Auditors' Report is located at the front of the financial section of this report.

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

## **LIBRARY OVERVIEW**

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

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

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

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

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

## **HISTORY OF THE LIBRARY**

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

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

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

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

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

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

In 2008, Worthington Libraries opened its third location, the Worthington Park Library, in the Worthington Park Shopping Centre and was expanded into two additional store front units in 2014. This storefront Library serves patrons in the northeast part of our community and circulated more than 640,000 items in 2016.

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

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

## **COMMUNITY OUTLOOK**

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

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

community spirit and excellent quality of life serve as the solid foundation for people of all ages, businesses, their employees and families.

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

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

### **ECONOMIC CONDITIONS AND OUTLOOK**

The operational revenue for the Library is based on two major sources of funding, the Public Library Fund (PLF) and two local property tax levies. The PLF is an amount which the State of Ohio appropriates in their biennium budget to support libraries throughout Ohio. This appropriation is currently based on 1.7% of the State's General Fund Revenues (GFR). Each county receives a portion of this allocation which is further allocated to the libraries in the county. However, the 1.7% of GFR fund level is only temporary and does not automatically apply to the Fiscal Year 2018 and Fiscal Year 2019 biennium budget.

The second source of funding for the Library is through two property tax levies passed by the residents of the City of Worthington School District. The first continuing levy for 2.6 mills was passed in 2005 while a second continuing levy for 2.2 mills was passed in 2013, replacing an expiring levy of the same millage.

### **FINANCIAL TRENDS**

During the state's biennium budget for 2016-2017, PLF will be distributed in an amount equal to 1.7% of the state's general revenues. However, for calendar year 2016, the PLF distributed to Ohio libraries was 17.5% below the amount distributed in calendar year 2008 when libraries were funded by 2.22% of the state's general revenues.

Real estate tax receipts had shown a declining trend since 2006. Both the 1992 and 2005 levies were collected through 2014 but the 1992 levy expired with 2014 being the final collection year. In November 2013, the Board of Trustees of the Worthington Public Library placed a 2.2 replacement levy on the ballot which was passed by the voters of the Worthington School District to be collected starting in 2015. Since this replacement levy reset the collection rate to the levy rate, the effective rate of the two levies for residential and agricultural use increased from 3.54 to 4.33 mills.

Due to a change in the Ohio Revised Code, the Library can now deposit interim and inactive funds with a public depository to be redeposited with one or more federally insured banks, savings banks, or savings and loan associations located in the United States with the redeposited money insured by the Federal Deposit Insurance Corporation. A portion of the funds previously invested in STAROhio were transferred to be invested in insured Certificates of Deposit. This practice continued in 2013 with an increase in funds invested in this manner. Due to the number of Certificates of Deposit required for the amount of investment money available, in 2014 the Library also acquired permissible federal agency securities since the investments could be made in larger increments. This practice was continued in 2015.

## **FINANCIAL PLANNING AND POLICIES**

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

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

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

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

In addition to special situations, normal operating disbursements are continuously monitored. Annual budgets are developed based on projections in the long-range plan. Managers review actual monthly disbursements against budget allocations and recommend adjustments as needed. Funds not required for operating disbursements are invested to obtain the best return available with the least amount of risk. STAROhio, administered by the Treasurer of the State of Ohio, was used exclusively in recent years through 2011. The passage of Sub. H.B. 209 by the 129<sup>th</sup> General Assembly with an effective date of March 22, 2012 expanded state and political subdivision investment authority. The Library now has money deposited with Fifth Third Bank for the purpose of depositing the funds in Certificates of Deposit at federally insured financial institutions. Beginning in 2015, the Library also has invested in Federal Agency Securities which are approved by the Library's Investment Policy. STAROhio is still utilized for investment of a portion of interim funds due to its liquidity.

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

## **MAJOR INITIATIVES FOR 2016**

The Worthington Libraries Board of Trustees adopted the 2016-2018 Strategic Plan. The plan was the culmination of a year-long, staff-led process involving hundreds of patrons and community members in identifying where the library should place organizational emphasis in the next three years.

The Library celebrated the 20<sup>th</sup> anniversary of Northwest Library with our partners at Columbus Metropolitan Library. Unique in the state when it opened in 1996, Northwest Library is still one of the few library buildings in the country to be jointly operated by two distinct library systems. It is managed by Worthington Libraries.

We partnered with the McConnell Arts Center in the presentation of several Hear & Now author visits that included young adult writer E. Lockhart and non-fiction writer Hampton Sides.

The Library created its own summer reading program, Camp Read S'more, which included a unique partnership with Worthington Parks and Recreation. Each Wednesday, June 8-July 27, we hid a summer reading character (a fox, raccoon or owl) in one of our local parks. When people found them, they posted a picture to social media. On those days, Worthington Parks and Recreation also presented pop-up programs and storytimes with books selected by the Library. Hundreds of people participated over the summer and the partnership was recognized by the Ohio Parks and Recreation Department as a finalist for the Governor's Award.

Worthington Libraries is fortunate to have a dedicated and sizable group of Volunteens and adult volunteers. Each summer, dozens of middle and high school students volunteer their time to staff the summer reading program registration table, and to assist with programs and other tasks. Over 100 adult volunteers support the staff at the Libraries, in Technical Services and in Outreach. Volunteers donated more than 9,000 hours of time in 2016.

Library programs and outreach activities were attended by more than 70,000 people in 2016.

## **Planning for the Future**

As stated above, in 2016, the library board adopted a new strategic plan. This planning process began with a meeting of the library's Leadership Group, which includes all professional librarians, circulation supervisors, technology staff and the administrative team. The group used the SOAR (Strengths, Opportunities, Aspirations and Results) process to discuss the library's current position and future goals.

A staff work group was formed and a community advisory panel with members representing Worthington Schools, area arts organizations, small and large local businesses, the Friends Foundation of Worthington Libraries and The Ohio State University, was convened to help guide and inform the planning process.

Eventually, more than 60 people completed the SOAR exercise, including the library's current board of trustees, former trustees and the community advisory panel.

In addition to completing the SOAR exercise with specific groups, the process involved the entire staff in trend tracking. We identified customer service and programming trends in libraries and other fields, such as museums and retail. We also looked at industry trends in the publishing field and at demographic and economic trends that could impact the Library in the future.

The top trends identified included food programs in the library, the return of the quiet library, improving service to tweens, improving service to LGBT youth and afterschool programming.

The process also included a series of weekly community questions posted through social media and in each library location. We received more than 900 responses to these questions which were then recorded and classified.

All of this information will be used to inform our 2016-2018 Strategic Plan, which focuses on the following areas:

#### PEOPLE

We build partnerships and bring people together to share ideas, meet their neighbors and have fun in a welcoming space.

#### EXPLORING

We are an innovative and creative library system that encourages learning and exploration.

#### POSSIBILITIES

We have a highly-skilled staff that works with the community to provide enriching experiences for people of all ages.

#### OTHER INFORMATION

##### Independent Audit

An audit team from the accounting firm of Julian & Grube, Inc. is under contract with the Office of the Auditor of State Dave Yost as Independent Professional Auditors, and they performed the 2016 audit. The results of the audit are presented in the Independent Auditors' Report.

##### Awards

In 2002, the Library's website, [www.worthingtonlibraries.org](http://www.worthingtonlibraries.org), received the first ever *netConnect* award for a small public library Web site.

In 2007, Worthington Libraries was selected as the national Library of the Year by *Library Journal* and Thomson-Gale.

In 2011, Worthington Libraries received the John Cotton Dana Award for outstanding public relations for its "Find **yourself** here." promotional campaign.

In 2016, Worthington Libraries became one of only 20 libraries in the country to receive a five-star rating in each Index of Public Library Service published by *Library Journal*.

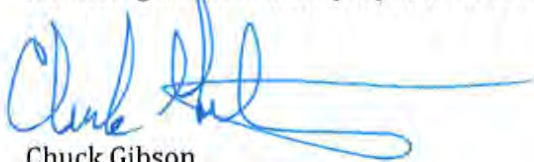
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Worthington Libraries for its Comprehensive Annual Financial Report (CAFR) for the year ended December 31, 2006. In order to be awarded 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. The Library was pleased to also receive the Certificate of Achievement for our CAFR for the years 2007 through 2015.

A Certificate of Achievement is valid for a period of one year only. The Library believes that the 2016 comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and it is being submitted to the GFOA to determine its eligibility for a tenth certificate.

In addition to the Certificate of Achievement, the Library also received the "Making Your Tax Dollars Count" Award from State Auditor Mary Taylor for fiscal years 2006 through 2009. It is presented for excellence in financial accounting and states, "You are a trustworthy guardian of taxpayer dollars and deserve the highest amount of recognition for your vigilance. You are truly a model for government entities throughout the state of Ohio." Under State Auditor Dave Yost, the Library received the "Ohio Auditor of State Award with Distinction" for 2010 through 2015 which was awarded for excellence in financial reporting as evidenced by the award winning CAFR and a clean audit. The award states, "Your exemplary reporting serves as the standard for clean, accountable government, representing the highest level of service to Ohioans."

### **Acknowledgements**

Appreciation is extended to the Board of Trustees of Worthington Libraries and the employees responsible for contributing to the sound financial position of the Library, especially Senior Finance Specialist Sabra Lowe and Finance Specialist Barbara Burkholder. Contributions of information from Director of Community Engagement Lisa Fuller, Deputy Director Monica Baughman, Director of Technical Services Susan Allen and Human Resources Manager Phyllis Winfield were vital in preparing this transmittal letter. Special acknowledgment is extended to Kennedy Cottrell Richards for their guidance in the preparation of this report.



Chuck Gibson  
Director/Deputy Fiscal Officer



Margaret Doone  
Chief Fiscal Officer/Business Manager





Government Finance Officers Association

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

Presented to

**Worthington Libraries  
Ohio**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**December 31, 2015**

Executive Director/CEO

**Worthington Libraries**  
*List of Principal Officials*  
*December 31, 2016*

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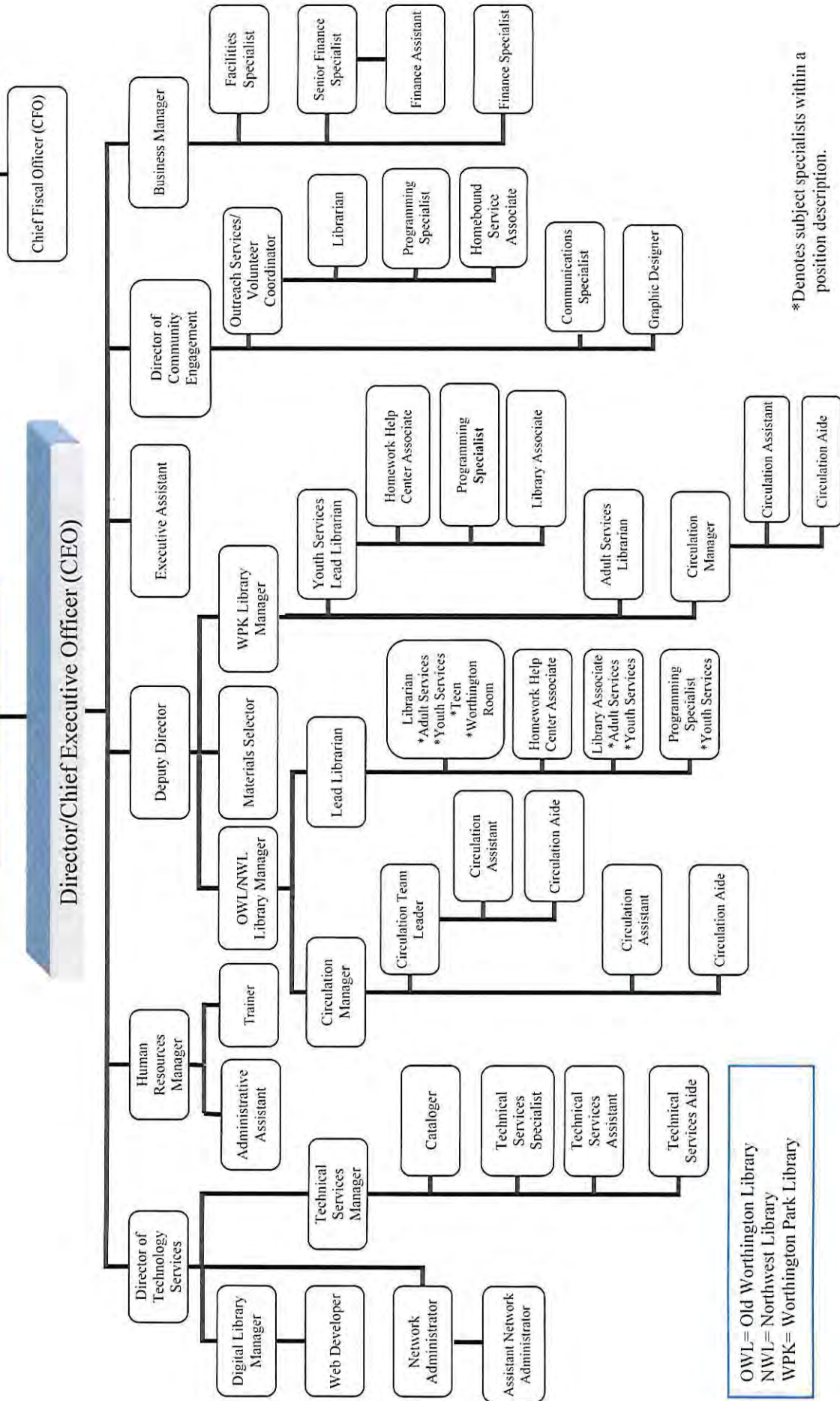
**Board of Trustees**

President	John Butterfield	2017
Vice President	J. Craig Baker	2018
Secretary	Linda Mercadante	2019
Member	Dawn Valasco	2016
Member	Rochelle Wilkerson	2020
Member	Adam Smith	2021
Member	Lauren Fromme	2022
Worthington City School Board Liaison	Jennifer Best	2016

**Administration**

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

**Worthington Libraries  
Table of Organization  
Effective 12/14/2016**



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

\*Denotes subject specialists within a position description.

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

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## FINANCIAL SECTION

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## **Julian & Grube, Inc.**

*Serving Ohio Local Governments*

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

### Independent Auditor's Report

Worthington Libraries  
Franklin County  
820 High Street  
Worthington, Ohio 43085

To the Board of Trustees:

#### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, its major fund, and the aggregate remaining fund information of the Worthington Libraries, Franklin County, Ohio, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Worthington Libraries' basic financial statements as listed in the table of contents.

#### ***Management's Responsibility for the Financial Statements***

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

#### ***Auditor's Responsibility***

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

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

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

Independent Auditor's Report  
Worthington Libraries

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, its major fund, and the aggregate remaining fund information of the Worthington Libraries, Franklin County, Ohio, as of December 31, 2016, and the respective changes in financial position thereof and the budgetary comparison for the General Fund, thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

***Other Matters***

*Required Supplementary Information*

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

*Supplementary and Other Information*

Our audit was conducted to opine on the Worthington Libraries' basic financial statements taken as a whole.

The introductory section, the financial section's combining statements, individual fund statements and schedules, and the statistical section information present additional analysis and are not a required part of the basic financial statements.

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

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



Independent Auditor's Report  
Worthington Libraries

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 23, 2017, on our consideration of the Worthington Libraries' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Worthington Libraries' internal control over financial reporting and compliance.



Julian & Grube, Inc.  
May 23, 2017

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**WORTHINGTON LIBRARIES**  
**WORTHINGTON, OHIO**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2016  
(Unaudited)

This discussion and analysis of the Worthington Libraries (Library) financial performance provides an overall review of the Library's financial activities for the year ended December 31, 2016. The intent of this discussion and analysis is to explain the Library's financial performance as a whole.

**Financial Highlights**

Key financial highlights for 2016 are as follows:

- The assets and deferred outflows of resources of the Library exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$29.0 million (net position). Of this amount, \$20.7 million represents unrestricted net position, which may be used to meet the Library's ongoing obligations to citizens.
- The Library's total net position increased by \$1.6 million during the year.
- At the close of the current year, the Library's governmental funds reported combined fund balances of \$22.9 million, an increase of \$1.9 million in comparison with the prior year. Of this amount, \$21.8 million is available for spending at the Library's discretion (unassigned fund balance).
- The Library has no outstanding long-term debt.

**Using the Basic Financial Statements**

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

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

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

**Reporting the Library as a Whole**

*Statement of Net Position and the Statement of Activities*

The Statement of Net Position and the Statement of Activities reflect how the Library did financially during 2016. These statements include all assets and deferred outflows of resources and all liabilities and deferred inflows of resources using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting considers all of the current year's revenues and expenses regardless of when cash is received or paid.

**WORTHINGTON LIBRARIES**  
**WORTHINGTON, OHIO**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2016  
(Unaudited)

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

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

### **Reporting the Library's Most Significant Funds**

#### *Fund Financial Statements*

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

#### *Governmental Funds*

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

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

**WORTHINGTON LIBRARIES**  
**WORTHINGTON, OHIO**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2016  
(Unaudited)

**The Library as a Whole**

Table 1 provides a summary of the Library's net position for 2016 compared to 2015:

Table 1  
Net Position

	2016	2015	Change
<b>Assets:</b>			
Current Assets	\$31,983,946	\$30,168,154	\$1,815,792
Long-Term Assets			
Capital Assets, Net	8,331,372	8,475,662	(144,290)
Net Pension Asset	72,667	60,385	12,282
Total Assets	<u>40,387,985</u>	<u>38,704,201</u>	<u>1,683,784</u>
<b>Deferred Outflows of Resources:</b>			
Pension	2,301,469	763,815	1,537,654
Total Deferred Outflows of Resources	<u>2,301,469</u>	<u>763,815</u>	<u>1,537,654</u>
<b>Liabilities:</b>			
Current Liabilities	666,542	677,755	(11,213)
Long-Term Liabilities			
Net Pension Liability	5,402,675	3,618,806	1,783,869
Other Amounts	156,551	157,316	(765)
Total Liabilities	<u>6,225,768</u>	<u>4,453,877</u>	<u>1,771,891</u>
<b>Deferred Inflows of Resources:</b>			
Property Taxes	7,300,742	7,467,130	(166,388)
Pension	137,548	82,001	55,547
Total Deferred Inflows of Resources	<u>7,438,290</u>	<u>7,549,131</u>	<u>(110,841)</u>
<b>Net Position:</b>			
Investment in Capital Assets	8,258,812	8,444,400	(185,588)
Restricted	17,950	5,740	12,210
Unrestricted	20,748,634	19,014,868	1,733,766
Total Net Position	<u>\$29,025,396</u>	<u>\$27,465,008</u>	<u>\$1,560,388</u>

Current Assets increased significantly in comparison with the prior year. This increase is primarily the result of an increase cash and investments. Deferred Outflows of Resources and Net Pension Liability increased significantly as well. These increases are primarily the result of lower than expected investment returns, as reported by the pension system.

**WORTHINGTON LIBRARIES**  
**WORTHINGTON, OHIO**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2016  
(Unaudited)

Table 2 shows the changes in net position for the year ended December 31, 2016 compared to 2015.

Table 2  
Changes in Net Position

	2016	2015	Change
<b>Revenues:</b>			
Program Revenues:			
Charges for Services	\$1,193,779	\$1,237,886	(\$44,107)
Operating Grants, Interest and Contributions	56,244	35,245	20,999
Total Program Revenues	<u>1,250,023</u>	<u>1,273,131</u>	<u>(23,108)</u>
General Revenues:			
Property Taxes	7,882,190	7,647,050	235,140
Grants and Entitlements			
Not Restricted to Specific Programs	2,721,475	2,799,018	(77,543)
Unrestricted Gifts and Contributions	5,729	7,086	(1,357)
Earnings on Investments	109,036	93,863	15,173
Gain on Sale of Capital Assets	173,197	0	173,197
Miscellaneous	8,007	21,007	(13,000)
Total General Revenues	<u>10,899,634</u>	<u>10,568,024</u>	<u>331,610</u>
Total Revenues	<u>12,149,657</u>	<u>11,841,155</u>	<u>308,502</u>
<b>Program Expenses</b>			
Library Services:			
Public Services and Programs	4,309,204	3,989,685	319,519
Collection Development and Processing	2,265,023	2,270,992	(5,969)
Support Services:			
Facilities Operations and Maintenance	1,178,978	1,190,404	(11,426)
Information Services Support	1,010,847	854,888	155,959
Business Administration	1,825,217	1,683,163	142,054
Total Expenses	<u>10,589,269</u>	<u>9,989,132</u>	<u>\$600,137</u>
Increase in Net Position	1,560,388	1,852,023	
Net Position at Beginning of Year	<u>27,465,008</u>	<u>25,612,985</u>	
Net Position at End of Year	<u>\$29,025,396</u>	<u>\$27,465,008</u>	

**WORTHINGTON LIBRARIES**  
**WORTHINGTON, OHIO**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2016  
(Unaudited)

**Governmental Activities**

The Library's general revenues are primarily property taxes and grants and entitlements not restricted to specific programs. These revenues represent 65 and 22 percent, respectively, of the total revenue received for the Library's activities during the year.

Overall, revenues increased \$308,502, mostly in general revenues. There was an increase in property tax revenue in 2016. This increase was primarily the result of an increase in the amount available for advance at year-end, compared with the prior year-end. In addition, the Library reported a gain on the sale of capital assets in 2016. This gain is the result of the sale of the Sancus property.

Total expenses increased \$600,137 in comparison with the prior year. This increase is primarily the result of an increase in pension expense, as reported by the pension system.

If you look at the Statement of Activities on page 14, you will see that the first column lists the major services provided by the Library. The next column identifies the costs of providing these services. The major program expenses for governmental activities are for public services and programs. The next column of the statement entitled Program Revenues identifies amounts of revenues that are directly charged for the service provided by the Library. The Net (Expense) Revenue column compares the program revenues to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money primarily provided by local taxpayers. These net costs are paid from the general revenues which are presented at the bottom of the statement.

**The Library's Funds**

Information about the Library's major funds starts on page 15. These funds are accounted for using the modified accrual basis of accounting. The only major fund the Library has is the General Fund. Overall, fund balance in the General Fund increased \$1.5 million in comparison with the prior year. Expenses remained fairly consistent with the prior year, increasing less than 4 percent. Revenues also remained fairly consistent with the prior year, increasing less than 1 percent.

During 2005, the Library passed a 2.6 mill property tax levy which has stabilized the Library's budget as well as provided funding for renovation and remodeling projects. As part of the levy passage, the Library promised that fund balance would remain positive through 2018. This promise is subject to change due to decreased funding, such as reduced income from the Public Library Fund. In November 2013, the Library passed a 2.2 mill replacement property tax levy that has further assisted with the stabilization of the budget.

**WORTHINGTON LIBRARIES**  
**WORTHINGTON, OHIO**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2016  
(Unaudited)

**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.

The variance between actual and final budgeted revenues and other financing sources was insignificant. Actual expenditures were \$1.1 million less than final budgeted expenditures. The variance between the actual and final budgeted revenues and expenditures was the result of conservative budgeting. The variance between original and final budgeted revenues and expenditures was insignificant.

**Capital Assets**

The Library's investment in capital assets at year-end was \$8.3 million, a decrease of \$144,290 in comparison with the prior year. This decrease represents the amount in which current year depreciation (\$331,521) and disposals (\$228,219) exceeded capital acquisitions (\$415,450).

Table 3 shows 2016 balances compared to 2015.

Table 3  
Capital Assets  
(Net of Depreciation)

	Governmental Activities		Change
	2016	2015	
Land	\$ 698,891	\$ 905,994	\$ (207,103)
Construction in Progress	114,480	51,949	62,531
Buildings and Improvements	6,865,147	6,995,774	(130,627)
Machinery and Equipment	652,854	521,945	130,909
Totals	\$ 8,331,372	\$ 8,475,662	\$ (144,290)

See Note 9 of the Notes to the Basic Financial Statements for more detailed information.

**Contacting the Library's Financial Management**

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



**WORTHINGTON LIBRARIES**

Worthington, Ohio  
Statement of Net Position  
December 31, 2016

	Governmental Activities
<b>Assets</b>	
Equity in Pooled Cash and Investments	\$ 22,509,496
Receivables:	
Property Taxes	7,955,342
Intergovernmental	1,386,556
Interest	17,600
Prepaid Items	114,952
Capital Assets:	
Nondepreciable	813,371
Depreciable, Net	7,518,001
Net Pension Asset	72,667
Total Assets	<u>40,387,985</u>
<b>Deferred Outflows of Resources</b>	
Pension	2,301,469
Total Deferred Outflows of Resources	<u>2,301,469</u>
<b>Liabilities</b>	
Accounts Payable	103,299
Accrued Wages and Benefits	193,381
Intergovernmental Payable	84,130
Vacation Leave Payable	285,732
Long-Term Liabilities:	
Due Within One Year	6,848
Due In More Than One Year:	
Net Pension Liability	5,402,675
Other Amounts Due in More Than One Year	149,703
Total Liabilities	<u>6,225,768</u>
<b>Deferred Inflows of Resources:</b>	
Property Taxes	7,300,742
Pension	137,548
Total Deferred Inflows of Resources	<u>7,438,290</u>
<b>Net Position</b>	
Net Investment in Capital Assets	8,258,812
Restricted for:	
Public Services and Programs	17,950
Unrestricted	20,748,634
Total Net Position	<u>\$ 29,025,396</u>

See accompanying notes to the basic financial statements.

**WORTHINGTON LIBRARIES**  
Worthington, Ohio  
Statement of Activities  
For the Year Ended December 31, 2016

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense)</u>
		<u>Charges for</u>	<u>Operating</u>	<u>Revenue and</u>
		<u>Services</u>	<u>Grants and</u>	<u>Changes in</u>
			<u>Contributions</u>	<u>Net Position</u>
				<u>Governmental</u>
				<u>Activities</u>
Governmental Activities:				
Library Services:				
Public Services and Programs	\$ 4,309,204	\$ 1,193,779	\$ 56,244	\$ (3,059,181)
Collection Development and Processing	2,265,023	-	-	(2,265,023)
Support Services:				
Facilities Operation and Maintenance	1,178,978	-	-	(1,178,978)
Information Services Support	1,010,847	-	-	(1,010,847)
Business Administration	1,825,217	-	-	(1,825,217)
<b>Total Governmental Activities</b>	<b>\$ 10,589,269</b>	<b>\$ 1,193,779</b>	<b>\$ 56,244</b>	<b>(9,339,246)</b>

General Revenues:	
Property Taxes	7,882,190
Intergovernmental	2,721,475
Unrestricted Gifts and Donations	5,729
Investment Earnings	109,036
Gain on Sale of Capital Assets	173,197
Miscellaneous	8,007
<b>Total General Revenues</b>	<b>10,899,634</b>
Change in Net Position	1,560,388
Net Position at Beginning of Year	27,465,008
<b>Net Position at End of Year</b>	<b>\$ 29,025,396</b>

See accompanying notes to the basic financial statements.

**WORTHINGTON LIBRARIES**

Worthington, Ohio  
Balance Sheet  
Governmental Funds  
December 31, 2016

	General Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets:</b>			
Equity in Pooled Cash and Investments	\$ 21,835,508	\$ 673,988	\$ 22,509,496
Receivables:			
Property Taxes	7,955,342	-	7,955,342
Intergovernmental	1,386,556	-	1,386,556
Interest	17,600	-	17,600
Prepaid Items	86,482	28,470	114,952
Total Assets	<u>\$ 31,281,488</u>	<u>\$ 702,458</u>	<u>\$ 31,983,946</u>
<b>Liabilities:</b>			
Accounts Payable	\$ 81,272	\$ 22,027	\$ 103,299
Accrued Wages and Benefits	193,381	-	193,381
Intergovernmental Payable	84,130	-	84,130
Total Liabilities	<u>358,783</u>	<u>22,027</u>	<u>380,810</u>
<b>Deferred Inflows of Resources:</b>			
Property Taxes	7,300,742	-	7,300,742
Unavailable Revenue	1,416,316	-	1,416,316
Total Deferred Inflows of Resources	<u>8,717,058</u>	<u>-</u>	<u>8,717,058</u>
<b>Fund Balances:</b>			
Nonspendable:			
Prepaid Items	86,482	28,470	114,952
Restricted for:			
Public Services and Programs	-	13,950	13,950
Committed for:			
Compensated Absences	119,676	-	119,676
Future Facility Expansion	-	377,883	377,883
Assigned for:			
Capital Outlays	10,334	260,128	270,462
Library Services	110,646	-	110,646
Support Services	96,299	-	96,299
Unassigned	21,782,210	-	21,782,210
Total Fund Balances	<u>22,205,647</u>	<u>680,431</u>	<u>22,886,078</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 31,281,488</u>	<u>\$ 702,458</u>	<u>\$ 31,983,946</u>

See accompanying notes to the basic financial statements.

**WORTHINGTON LIBRARIES**  
Worthington, Ohio  
Reconciliation of Total Governmental Fund Balances  
To Net Position of Governmental Activities  
December 31, 2016

<b>Total Governmental Fund Balances</b>	<b>\$ 22,886,078</b>
 <i>Amounts reported for governmental activities in the Statement of Net Position are different because:</i>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	8,331,372
The net pension asset is not a financial resource and therefore is not reported in the funds.	72,667
Other long-term assets are not available to pay for current period expenditures and therefore are reported as unavailable in the funds.	
Property Taxes Receivable	208,958
Intergovernmental Receivable	1,195,940
Interest Receivable	11,418
Long-Term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Compensated absences payable, including vacation leave payable	(442,283)
The net pension liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in governmental funds:	
Deferred Outflows - Pension	2,301,469
Deferred Inflows - Pension	(137,548)
Net Pension Liability	<u>(5,402,675)</u>
 <b>Net Position of Governmental Activities</b>	 <b><u><u>\$ 29,025,396</u></u></b>

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, 2016

	General Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>			
Property Taxes	\$ 7,831,784	\$ -	\$ 7,831,784
Intergovernmental	2,709,140	-	2,709,140
Patron Fines and Fees	153,672	-	153,672
Investment Earnings	106,181	-	106,181
Services Provided to Other Entities	1,040,107	-	1,040,107
Contributions, Gifts and Donations	5,729	56,244	61,973
Miscellaneous	8,007	-	8,007
<b>Total Revenues</b>	<b>11,854,620</b>	<b>56,244</b>	<b>11,910,864</b>
<b>Expenditures:</b>			
Current:			
Library Services:			
Public Services and Programs	3,892,245	44,036	3,936,281
Collection Development and Processing	2,253,948	-	2,253,948
Support Services:			
Facilities Operation and Maintenance	956,310	-	956,310
Information Services Support	871,951	64,457	936,408
Business Administration	1,813,322	-	1,813,322
Capital Outlay	25,379	483,741	509,120
<b>Total Expenditures</b>	<b>9,813,155</b>	<b>592,234</b>	<b>10,405,389</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,041,465	(535,990)	1,505,475
<b>Other Financing Sources (Uses):</b>			
Proceeds from Sale of Capital Assets	380,300	-	380,300
Transfers In	-	932,630	932,630
Transfers Out	(932,630)	-	(932,630)
<b>Total Other Financing Sources (Uses)</b>	<b>(552,330)</b>	<b>932,630</b>	<b>380,300</b>
Net Change in Fund Balances	1,489,135	396,640	1,885,775
Fund Balance at Beginning of Year	20,716,512	283,791	21,000,303
<b>Fund Balance at End of Year</b>	<b>\$ 22,205,647</b>	<b>\$ 680,431</b>	<b>\$ 22,886,078</b>

See accompanying notes to the basic financial statements.

**WORTHINGTON LIBRARIES**  
Worthington, Ohio  
Reconciliation of the Statement of Revenues, Expenditures and Changes  
in Fund Balances to the Statement of Activities  
Governmental Funds  
For the Year Ended December 31, 2016

**Net Change in Fund Balances - Total Governmental Funds** \$ 1,885,775

*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.

Capital Outlays	415,450
Depreciation Expense	(331,521)

The effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, and disposals) is to decrease net position.	(228,219)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	65,596
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Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.	585,626
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Except for amounts reported as deferred inflows/outflows, changes in the net pension asset and net pension liability are reported as pension expense in the statement of activities.	(875,106)
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Some expenses reported in the Statement of Activities do not require the use of  
current financial resources and therefore are not reported as expenditures  
in governmental funds.

Compensated Absences including Vacation Leave	42,787
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<b>Change in Net Position of Governmental Activities</b>	<b>\$ 1,560,388</b>
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**WORTHINGTON LIBRARIES**  
Worthington, Ohio  
Statement of Revenues, Expenditures and Changes  
in Fund Balances - Budget (Non-GAAP Basis) and Actual  
General Fund  
For the Year Ended December 31, 2016

	Original Budget	Final Budget	Actual	Variance (Over)/Under
<b>Revenues</b>				
Property Taxes	\$ 7,712,966	\$ 7,712,966	\$ 7,631,978	\$ (80,988)
Intergovernmental	2,752,629	2,760,971	2,712,147	(48,824)
Patron Fines and Fees	172,850	138,000	153,672	15,672
Investment Earnings	80,000	85,000	168,608	83,608
Services Provided to Other Entities	1,027,000	1,040,107	1,040,107	-
Contributions, Gifts and Donations	-	-	5,729	5,729
Miscellaneous	-	-	8,007	8,007
Total Revenues	<u>11,745,445</u>	<u>11,737,044</u>	<u>11,720,248</u>	<u>(16,796)</u>
<b>Expenditures</b>				
Current:				
Library Services:				
Public Services and Programs	4,131,146	4,106,403	3,878,265	228,138
Collection Development and Processing	2,566,736	2,552,180	2,388,860	163,320
Support Services:				
Facilities Operation and Maintenance	1,214,541	1,207,709	1,027,607	180,102
Information Services Support	973,025	967,192	873,304	93,888
Business Administration	2,157,326	2,144,592	1,924,014	220,578
Capital Outlay	64,815	64,815	36,879	27,936
Contingency	150,000	150,000	-	150,000
Total Expenditures	<u>11,257,589</u>	<u>11,192,891</u>	<u>10,128,929</u>	<u>1,063,962</u>
Excess of Revenues Over Expenditures	487,856	544,153	1,591,319	1,047,166
<b>Other Financing Sources (Uses)</b>				
Proceeds from Sale of Capital Assets	-	377,883	380,300	2,417
Transfers Out	(947,340)	(955,630)	(955,630)	-
Total Other Financing Sources (Uses)	<u>(947,340)</u>	<u>(577,747)</u>	<u>(575,330)</u>	<u>2,417</u>
Net Change in Fund Balance	(459,484)	(33,594)	1,015,989	1,049,583
Fund Balances at Beginning of Year	20,057,377	20,057,377	20,057,377	-
Prior Year Encumbrances Appropriated	342,074	342,074	342,074	-
Fund Balances at End of Year	<u>\$ 19,939,967</u>	<u>\$ 20,365,857</u>	<u>\$ 21,415,440</u>	<u>\$ 1,049,583</u>

See accompanying notes to the basic financial statements.

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**WORTHINGTON LIBRARIES**  
Worthington, Ohio  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2016

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

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

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

Under the provisions of Governmental Accounting Standards Board (“GASB”) Statement No. 14, “The Financial Reporting Entity”, GASB Statement No. 39, “Determining Whether Certain Organizations are Component Units, an amendment of GASB Statement No. 14”, and Statement No. 61, “Omnibus-an amendment of GASB Statements No. 14 and No. 34”, the Library is considered to be a related organization of the Worthington City School District.

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

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of Worthington Libraries have been prepared in conformity with accounting principles generally accepted in the United States of America (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.

**a. Basis of Presentation**

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

**WORTHINGTON LIBRARIES**  
Worthington, Ohio  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2016

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

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

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

**b. Fund Accounting**

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

*Governmental Funds*

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

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

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

**WORTHINGTON LIBRARIES**  
Worthington, Ohio  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2016

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

**c. Measurement Focus**

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

*Fund Financial Statements* - All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets, current liabilities and deferred inflows of resources 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.

**d. Basis of Accounting**

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

*Revenues - Exchange and Non-Exchange Transactions*

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

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

**WORTHINGTON LIBRARIES**  
Worthington, Ohio  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2016

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

*Deferred Outflows/Inflows of Resources*

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the Library, deferred outflows of resources are reported on the government-wide Statement of Net Position for pension. The deferred outflows of resources related to pension are explained in Note 11.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the Library, deferred inflows of resources include property taxes, unavailable revenue, and pension. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2016, but which were levied to finance 2017 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the Library, unavailable revenue includes delinquent property taxes, intergovernmental grants, and investment earnings. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. Deferred inflows of resources related to pension are reported on the government-wide Statement of Net Position. (See Note 11).

*Expenses/Expenditures*

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

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

**e. Cash and Investments**

To improve cash management, cash received by the Library is pooled. Individual fund integrity is maintained through the Library's records. Interest in the pool is presented as "Equity in Pooled Cash and Investments" on the financial statements. Investments with an original maturity of three months or less at the time of purchase and investments of the cash management pool are presented on the financial statements as cash equivalents.

During 2016, the Library invested in negotiable certificates of deposits, federal agency securities, a U.S. government money market account and the State Treasury Asset Reserve of Ohio (STAROhio). STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The Library measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value.

**WORTHINGTON LIBRARIES**  
 Worthington, Ohio  
 Notes to the Basic Financial Statements  
 For the Year Ended December 31, 2016

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

For the fiscal year 2016, there were no limitations or restrictions on STAR Ohio participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$50 million, requiring the excess amount to be transacted the following business day(s), but only to the \$50 million limit. All accounts of the participant will be combined for these purposes.

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 2016 were \$106,181, including \$3,731 assigned from other Library funds.

**f. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond December 31, 2016, 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.

**g. Capital Assets**

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

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

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:

Description	Estimated Lives
Buildings and Improvements	20-100 years
Machinery and Equipment	5-20 years
Vehicles	8 years

**WORTHINGTON LIBRARIES**  
Worthington, Ohio  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2016

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

**h. 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.

**i. Fund Balance**

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

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

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

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

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

**WORTHINGTON LIBRARIES**  
Worthington, Ohio  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2016

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

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

The Library applies restricted resources first when an expense is incurred for purposes which both restricted and unrestricted fund balance/net position are available. The Library considers committed, assigned and unassigned fund balances, respectively, to be spent when expenditures are incurred for purposes for which any of the unrestricted fund balance classifications could be used.

**j. Net Position**

Net position represents the difference between all other elements in a statement of financial position. Net Investment in Capital Assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets; however, the Library has no debt. The Library applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

**k. 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.

**l. Budgetary Process**

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

**WORTHINGTON LIBRARIES**  
Worthington, Ohio  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2016

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

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

**m. Pensions**

For purposes of measuring the net pension asset, net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension system. For this purpose, benefits payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. The pension system reports investments at fair value.

**n. 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, claims and judgments, including vacation leave payable, and net pension liability that will be paid from the 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.

**o. Estimates**

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



**WORTHINGTON LIBRARIES**  
Worthington, Ohio  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2016

**NOTE 3 – BUDGETARY BASIS OF ACCOUNTING**

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

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

- Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
- Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
- Outstanding year-end encumbrances are treated as expenditures (budget basis) rather than restricted, committed, or assigned fund balance (GAAP basis).
- Investments are reported at fair value (GAAP basis) rather than at cost (budget basis).
- Some funds are included in the general fund (GAAP basis), but have legally adopted budgets, (budget basis).

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

Net Change in Fund Balance	
	General Fund
GAAP Basis	\$1,489,135
Revenue Accruals	(134,372)
Expenditure Accruals	34,208
Adjustment for Encumbrances	(379,795)
Funds Budgeted Elsewhere	6,813
Budget Basis	\$1,015,989

Certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes the termination benefits fund.

**WORTHINGTON LIBRARIES**  
Worthington, Ohio  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2016

**NOTE 4 – DEPOSITS AND INVESTMENTS**

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

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

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

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

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

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

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

**Deposits:**

At December 31, 2016, the carrying amount of the Library's deposits was \$84,096 and the bank balance was \$344,589. \$310,228 of the Library's bank balance was covered by Federal Deposit Insurance. In addition, the Library had change funds totaling \$3,576 at year-end.

**WORTHINGTON LIBRARIES**  
Worthington, Ohio  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2016

**NOTE 4 – DEPOSITS AND INVESTMENTS (continued)**

**Investments**

As of December 31, 2016, the Library’s had the following investments:

	Amount	Credit Rating	Maturity in Years		
			less than 1	1-3	3-5
FHLM	2,951,599	AA+	-	796,051	2,155,548
FHLB	1,082,857	AA+	-	-	1,082,857
Negotiable Certificates of Deposit	6,133,140	NR	2,425,541	2,487,212	1,220,387
Money Market Fund	40,081	NR	40,081	-	-
STAR Ohio	12,214,147	AAAm	12,214,147	-	-
Total	<u>\$ 22,421,824</u>		<u>\$ 14,679,769</u>	<u>\$ 3,283,263</u>	<u>\$ 4,458,792</u>

The Library measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value. The Library measures all other investments at fair value. The Library categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. All of the Library’s investments reported at fair value are valued using Level 2 inputs, except for the money market fund, which was valued using Level 1 inputs.

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

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

*Custodial Credit Risk* - Custodial Credit Risk is the risk that in the event of the failure of the counterparty, the Library will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All of the Library’s securities are either insured and registered in the name of the Library or at least registered in the name of the Library. The Library has no investment policy dealing with investment custodial risk beyond the requirement in State statute the prohibits the payments for investment prior to the delivery of the securities representing such investments to the Fiscal Officer/CEO or qualified trustee.

**WORTHINGTON LIBRARIES**  
 Worthington, Ohio  
 Notes to the Basic Financial Statements  
 For the Year Ended December 31, 2016

**NOTE 5 – PROPERTY TAXES**

Property taxes include amounts levied against all real and public utility property located in the Library district. Property tax revenues received during 2016 for real and public utility property taxes represents collections of the 2015 taxes.

2016 real property taxes are levied after October 1, 2016, on the assessed value as of January 1, 2016, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2016 real property taxes are collected in and intended to finance 2017 operations.

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

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2016 public utility property taxes became a lien December 31, 2015, are levied after October 1, 2016, and are collected in 2017 with real property taxes.

The full tax rate for all Library operations for the year ended December 31, 2016, was \$4.80 per \$1,000 of assessed value. The assessed values of real property and public utility property, upon which 2016 property tax receipts were based are as follows:

Category	Assessed Value
Real Estate	\$1,799,265,190
Public Utility Personal	42,452,120
Totals	\$1,841,717,310

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the Library. The County Auditor periodically remits to the Library its portion of the taxes collected. Property taxes receivable represents real and public utility property taxes and outstanding delinquencies which were measurable as of December 31, 2016, and for which there was an enforceable legal claim. In governmental funds, the portion of the receivable not levied to finance 2016 operations is offset to deferred inflows of resources – property taxes. On the accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on the modified accrual basis the revenue has been reported as deferred inflows of resources – unavailable revenue.

**NOTE 6 – GRANTS-IN-AID**

A major source of revenue for Ohio public libraries is the Public Library Fund (PLF). The source of money for this fund comes from a percentage of the State taxes collected in Ohio including State income tax and sales tax. During 2016, the PLF distribution was based on 1.7 percent of the State’s General Revenue Fund tax revenue for the first and second half of the year. The Franklin County Budget Commission allocates these funds to the Library based on a formula that was negotiated and agreed to by the seven public libraries located in the county. The County Budget Commission cannot reduce its allocation of these funds to the Library based on any additional revenues the Library receives.

**WORTHINGTON LIBRARIES**  
Worthington, Ohio  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2016

**NOTE 7 – RECEIVABLES**

Receivables at December 31, 2016, consisted of property taxes, intergovernmental, and interest receivables. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes and the stable condition of State programs. All receivables, except property taxes, are expected to be received within one year. Property taxes, although ultimately collectible, include some portion of delinquents that will not be collected within one year.

A summary of the principal items of intergovernmental receivables follows:

<u>Governmental Activities:</u>	<u>Amounts</u>
Public Library Fund	\$1,141,082
Homestead and Rollback	<u>245,474</u>
Total	<u><u>\$1,386,556</u></u>

**NOTE 8 – TAX ABATEMENTS**

Under tax abatement agreements entered into by other governments, the Library’s property tax revenues were reduced as follows:

<u>Government with Tax Abatement Agreement</u>	<u>Amount of Property Taxes Abated</u>
City of Columbus	\$ 29,909
City of Worthington	<u>87,459</u>
Total	<u><u>\$ 117,368</u></u>

**WORTHINGTON LIBRARIES**  
Worthington, Ohio  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2016

**NOTE 9 – CAPITAL ASSETS**

Capital assets activity for the fiscal year ended December 31, 2016, was as follows:

	Balance at 12/31/2015	Additions	Deletions	Transfers	Balance At 12/31/2016
Governmental Activities:					
Capital Assets, Not Being Depreciated:					
Land	\$ 905,994	\$ -	\$ (207,103)	\$ -	\$ 698,891
Construction in Progress	51,949	114,480	-	(51,949)	114,480
Total Capital Assets, Not Being Depreciated	<u>957,943</u>	<u>114,480</u>	<u>(207,103)</u>	<u>(51,949)</u>	<u>813,371</u>
Capital Assets, Being Depreciated					
Buildings and Improvements	10,729,260	134,293	(46,523)	-	10,817,030
Machinery and Equipment	1,093,982	166,677	(52,519)	51,949	1,260,089
Vehicles	18,300	-	-	-	18,300
Total Capital Assets, Being Depreciated	<u>11,841,542</u>	<u>300,970</u>	<u>(99,042)</u>	<u>51,949</u>	<u>12,095,419</u>
Less Accumulated Depreciation:					
Buildings and Improvements	(3,733,486)	(245,813)	27,416	-	(3,951,883)
Machinery and Equipment	(572,037)	(85,708)	50,510	-	(607,235)
Vehicles	(18,300)	-	-	-	(18,300)
Total Accumulated Depreciation	<u>(4,323,823)</u>	<u>(331,521)</u>	<u>77,926</u>	<u>-</u>	<u>(4,577,418)</u>
Capital Assets, Being Depreciated, Net	<u>7,517,719</u>	<u>(30,551)</u>	<u>(21,116)</u>	<u>51,949</u>	<u>7,518,001</u>
Governmental Activities Capital Assets, Net	<u>\$ 8,475,662</u>	<u>\$ 83,929</u>	<u>\$ (228,219)</u>	<u>\$ -</u>	<u>\$ 8,331,372</u>

Depreciation expense was charged to governmental programs as follows:

Library Services:	
Public Services and Programs	\$168,074
Collection Development and Processing	3,033
Support Services:	
Facilities Operations and Maintenance	63,833
Information Services Support	77,328
Business Administration	19,253
Total Depreciation Expense	<u>\$331,521</u>

**WORTHINGTON LIBRARIES**  
Worthington, Ohio  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2016

**NOTE 10 – RISK MANAGEMENT**

**Property and Liability** - The Library is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During 2016, the Library contracted with the Lauterbach & Eilber Company. The commercial package policy includes coverage for commercial property, commercial inland marine, commercial general liability, commercial crime, commercial automobile, and a commercial umbrella through Liberty Mutual.

Commercial property consists of a \$16,303,500 blanket policy that covers buildings, business personal property, property of others, and equipment breakdown. It includes earthquake damage with sublimits of \$4,000,000 at Old Worthington Library and \$5,000,000 at Northwest Library and is a replacement cost valuation. Water backup from sewers and drains is covered with a \$100,000 limit at Old Worthington Library and a \$25,000 limit at Northwest Library, with a \$2,500 deductible per occurrence.

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

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

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

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

**Directors and Officers** - A directors' and officers' insurance policy through the Philadelphia Insurance Company is in place providing a \$1,000,000 limit per loss, \$1,000,000 employment practices liability limit, \$1,000,000 aggregate for each policy period, and a \$5,000 deductible.

**Cyber Security** - Cyber Security is written through Philadelphia Insurance. The limits are \$500,000 security events costs; \$1,000,000 each for network security and privacy liability; employer privacy liability; electronic media liability. There is an annual aggregate of \$1,000,000 and a \$10,000 deductible for each coverage.

**Public Official Bonds** - The fiscal officer and two deputy fiscal officers have public official bonds written through Cincinnati Insurance in the amount of \$100,000 each.

**WORTHINGTON LIBRARIES**  
Worthington, Ohio  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2016

**NOTE 11 – DEFINED BENEFIT PENSION PLANS**

***Net Pension Asset/Liability***

The net pension asset and net pension liability reported on the Statement of Net Position represent an asset/liability to employees for pensions. Pensions are a component of exchange transactions – between an employer and its employees – of salaries and benefits for employee services. Pensions are provided to an employee – on a deferred-payment basis – as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension asset and net pension liability represents the Library’s proportionate share of each pension plan’s collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan’s fiduciary net position. The net pension asset and net pension liability calculations are dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

Ohio Revised Code limits the Library’s obligation for this liability to annually required payments. The Library cannot control benefit terms or the manner in which pensions are financed; however, the Library does receive the benefit of employees’ services in exchange for compensation including pension.

GASB 68 assumes the net pension liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan’s board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The proportionate share of each plan’s unfunded benefits is presented as a long-term *net pension asset/liability* on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified bases of accounting.

***Plan Description – Ohio Public Employees Retirement System (OPERS)***

Plan Description – Library employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-direct plan is a defined contribution plan and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features.



**WORTHINGTON LIBRARIES**  
Worthington, Ohio  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2016

**NOTE 11 – DEFINED BENEFIT PENSION PLANS (continued)**

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional and combined plans. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <http://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above the additional information):

<b>Group A</b> Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	<b>Group B</b> 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	<b>Group C</b> Members not in other Groups and members hired on or after January 7, 2013
<b>State and Local</b>	<b>State and Local</b>	<b>State and Local</b>
<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
<b>Traditional Plan Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Traditional Plan Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Traditional Plan Formula:</b> 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
<b>Combined Plan Formula:</b> 1.0% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	<b>Combined Plan Formula:</b> 1.0% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	<b>Combined Plan Formula:</b> 1.0% of FAS multiplied by years of service for the first 35 years and 1.25% for service years in excess of 35

Final average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. For members retiring under the Combined Plan, an annual COLA will be provided on the defined benefit portion of their benefit. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

**WORTHINGTON LIBRARIES**  
Worthington, Ohio  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2016

**NOTE 11 – DEFINED BENEFIT PENSION PLANS (continued)**

Funding Policy – The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	<u>State and Local</u>
<b>2016 Statutory Maximum Contribution Rates</b>	
Employer	14.0 %
Employee	10.0 %
<b>2016 Actual Contribution Rates</b>	
Employer:	
Pension	12.0 %
Post-employment Health Care Benefits	<u>2.0</u>
Total Employer	<u>14.0 %</u>
Employee	<u>10.0 %</u>

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Library’s contractually required contribution was \$585,626 for 2016. Of this amount, \$69,637 is reported as an intergovernmental payable.

***Pension Assets, Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

The net pension asset and net pension liability for OPERS was measured as of December 31, 2015, and the total pension liability used to calculate the net pension asset/liability was determined by an actuarial valuation as of that date. The Library’s proportion of the net pension asset/liability was based on the Library’s share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>OPERS Traditional Plan</u>	<u>OPERS Combined Plan</u>	<u>Total</u>
Proportionate Share of the Net Pension Liability/(Asset)	\$5,402,675	(\$72,667)	\$5,330,008
Proportion of the Net Pension Liability/(Asset)	0.031191%	0.14933%	
Pension Expense	\$767,642	\$107,464	\$875,106

**WORTHINGTON LIBRARIES**  
Worthington, Ohio  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2016

**NOTE 11 – DEFINED BENEFIT PENSION PLANS (continued)**

As of December 31, 2016, the Library reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS Traditional Plan	OPERS Combined Plan	Total
<b>Deferred Outflows of Resources</b>			
Net difference between projected and actual earnings on pension plan investments	\$1,588,048	\$31,376	\$1,619,424
Change in proportionate share	\$94,467	\$1,952	96,419
Library contributions subsequent to the measurement date	513,710	71,916	585,626
Total Deferred Outflows of Resources	<u>\$2,196,225</u>	<u>\$105,244</u>	<u>\$2,301,469</u>
<b>Deferred Inflows of Resources</b>			
Differences between expected and actual experience	\$104,390	\$33,158	\$137,548
Total Deferred Inflows of Resources	<u>\$104,390</u>	<u>\$33,158</u>	<u>\$137,548</u>

\$585,626 reported as deferred outflows of resources related to pension resulting from the Library's contributions subsequent to the measurement date will be recognized as pension expense and a reduction of the net pension liability in the year ending December 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	OPERS Traditional Plan	OPERS Combined Plan	Total
Year Ending December 31:			
2017	\$390,908	\$4,103	\$395,011
2018	416,302	\$4,103	420,405
2019	411,541	\$4,104	415,645
2020	359,374	\$3,225	362,599
2021	-	(3,960)	(3,960)
Thereafter	-	(11,405)	(11,405)
Total	<u>\$1,578,125</u>	<u>\$170</u>	<u>\$1,578,295</u>

**Actuarial Assumptions – OPERS**

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

**WORTHINGTON LIBRARIES**  
Worthington, Ohio  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2016

**NOTE 11 – DEFINED BENEFIT PENSION PLANS (continued)**

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability in the December 31, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	Traditional Plan	Combined Plan
Wage Inflation	3.75 percent	3.75 percent
Future Salary Increases, including inflation	4.25 to 10.05 percent including wage inflation	4.25 to 8.05 percent including wage inflation
COLA or Ad Hoc COLA	3 percent, simple	3 percent, simple
Investment Rate of Return	8 percent	8 percent
Actuarial Cost Method	Individual Entry Age	Individual Entry Age

Mortality rates were based on the RP-2000 Mortality Table projected 20 years using Projection Scale AA. For males, 105 percent of the combined healthy male mortality rates were used. For females, 100 percent of the combined healthy female mortality rates were used. The mortality rates used in evaluating disability allowances were based on the RP-2000 mortality table with no projections. For males, 120 percent of the disabled male mortality rates were used set forward two years. For females, 100 percent of the disabled female mortality rates were used.

The most recent experience study was completed for the five year period ended December 31, 2010.

The long-term rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighing the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

OPERS manages investments in four investment portfolios: the Defined Benefits portfolio, the Health Care portfolio, the 115 Health Care Trust portfolio and the Defined Contribution portfolio. The Defined Benefit portfolio includes the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan, the annuitized accounts of the Member-Directed Plan and the VEBA Trust. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The money weighted rate of return, net of investments expense, for the Defined Benefit portfolio is 0.40 percent for 2015.

**WORTHINGTON LIBRARIES**  
Worthington, Ohio  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2016

**NOTE 11 – DEFINED BENEFIT PENSION PLANS (continued)**

The allocation of investment assets with the Defined Benefit portfolio is approved by the OPERS Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2015 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	23.00 %	2.31 %
Domestic Equities	19.90	5.84
Real Estate	10.00	4.25
Private Equity	10.00	9.25
International Equities	19.10	7.40
Other investments	18.00	4.59
Total	<u>100.00 %</u>	<u>5.28 %</u>

**Discount Rate** The discount rate used to measure the total pension liability was 8 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the statutorily required rates. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the Library’s Proportionate Share of the Net Pension (Asset)/Liability to Changes in the Discount Rate** The following table presents the Library’s proportionate share of the net pension liability/(asset) calculated using the current period discount rate assumption of 8 percent, as well as what the Library’s proportionate share of the net pension liability/(asset) would be if it were calculated using a discount rate that is one-percentage-point lower (7 percent) or one-percentage-point higher (9 percent) than the current rate:

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
Library's proportionate share of the net pension liability/(asset)			
Traditional Plan	\$8,607,780	\$5,402,675	\$2,699,269
Combined Plan	(\$1,493)	(\$72,667)	(\$129,917)

**Changes Between Measurement Date and Report Date** – In October 2016, the OPERS Board of Trustees adopted certain assumption changes which impact their actuarial valuation prepared as of December 31, 2016. The most significant changes are a reduction in the expected investment return of 7.50 percent from 8.00 percent, the expected long-term average wage inflation was reduced to 3.25 percent from 3.75 percent, the expected long-term average price inflation was reduced to 2.50 from 3.00 percent and a change to various demographic assumptions. Although the exact amount of these changes is not known, the impact to the Library’s net pension liability is expected to be significant.

**WORTHINGTON LIBRARIES**  
Worthington, Ohio  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2016

**NOTE 12 – POST-EMPLOYMENT BENEFITS**

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

In March 2016, OPERS received two favorable rulings from the Internal Revenue Service (IRS) allowing OPERS to consolidate all health care assets into the OPERS 115 Health Care Trust. Transition to the new health care trust structure was completed July 1, 2016. As of December 31, 2016, OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage, and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the Traditional Pension and the Combined plans. Members of the Member-Direct Plan do not qualify for ancillary benefits, including OPERS sponsored health care coverage. OPERS funds a Retiree Medical Account (RMA) for participants can be reimbursed for qualified medical expenses for qualified medical expenses from their vested RMA balance.

In order to qualify for health care coverage, age-and-service retirees under the Traditional Pension and Combined plans must have 20 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45. Please see the Plan Statement in the OPERS 2015 CAFR for details.

The Ohio Revised Code permits, but does not require, OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the OPERS Board in Chapter 145 of the Ohio Revised Code.

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml#CAFR>, by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy – The Ohio Revised Code provides the statutory authority requiring public employers to fund health care through their contributions to OPERS. A portion of each employer’s contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2016, the Library contributed at a rate of 14.0 percent of earnable salary. This is the maximum employer contribution rate permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members of the Traditional Pension Plan and Combined Plan was 2.0 percent during calendar year 2016. As recommended by OPERS’ actuary, the portion of employer contributions allocated to health care beginning January 1, 2017 decreased to 1.0 percent for both plans. The Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected.

**WORTHINGTON LIBRARIES**  
Worthington, Ohio  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2016

**NOTE 12 – POST-EMPLOYMENT BENEFITS (continued)**

The employer contribution as a percentage of covered payroll deposited to the VEBA for participants in the Member Directed Plan for 2016 was 4.0 percent.

The Library's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2016, 2015, and 2014 were \$97,604, \$94,507, and \$90,358, respectively. For 2016, 88 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2015 and 2014.

**NOTE 13 – OTHER EMPLOYEE BENEFITS**

**Insurance Benefits**

The Library provides health and vision coverage to all employees with designated position hours of at least 20 hours per week through Anthem and Vision Service Plan, respectively. The Library provides dental coverage to all employees with designated position hours of at least 20 hours per week through Ameritas during the period of January to June 2016 and through Delta Dental during the rest of the year. An Employee Assistance Program through MATRIX is also available.

**Compensated Absences**

*Accumulated Unpaid Vacation*

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

*Accumulated Unpaid Sick Leave*

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

*Accumulated Unpaid Floating Holidays*

Library employees earn floating holiday pay based on position hours for Martin Luther King, Jr. Day, Presidents' Day and Veterans' Day, holidays in which the Library is open. These hours can be scheduled as time off with pay much like vacation and must be used before vacation time is used.

**WORTHINGTON LIBRARIES**  
Worthington, Ohio  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2016

**NOTE 13 – OTHER EMPLOYEE BENEFITS (continued)**

An employee may accumulate no more than three floating holidays. If an employee terminates employment, 100 percent of unused floating holiday leave is paid.

**Deferred Compensation**

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

**NOTE 14 – LONG-TERM OBLIGATIONS**

The changes in the Library’s long-term obligations during 2016 were as follows:

	Amount Outstanding 12/31/2015	Additions	Deletions	Amount Outstanding 12/31/2016	Amounts Due in One Year
Net Pension Liability	3,618,806	1,783,869	-	5,402,675	-
Compensated Absences	157,316	29,207	(29,972)	156,551	6,848
	<u>3,776,122</u>	<u>1,813,076</u>	<u>(29,972)</u>	<u>5,559,226</u>	<u>6,848</u>

The net pension liability and compensated absences will be paid from General Fund.

**NOTE 15 – INTERFUND TRANSFERS**

Interfund transfers at December 31, 2016 were as follows:

	Transfers-In	Transfers-Out
General Fund	\$ -	\$ 932,630
Nonmajor Governmental Funds	932,630	-
Total Transfers	<u>\$ 932,630</u>	<u>\$ 932,630</u>

The Library transferred cash from the General Fund to Nonmajor Governmental Funds to cover miscellaneous capital projects, maintenance and repairs. All transfers were made in accordance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.



**WORTHINGTON LIBRARIES**  
Worthington, Ohio  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2016

**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, 2016 will not have a material adverse effect on the Library.

**Litigation**

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

**NOTE 17 – OPERATING LEASES**

On December 12, 2007, the Library entered into an agreement with Worthington Park LLC to lease a storefront unit in the Worthington Park Shopping Center for the purpose of the operation of the Library. The original term of the lease was a five-year term with an option to extend for an additional five-year term. The annual rent for the original and operational renewal terms was \$42,240 and \$47,520, respectively. In accordance with terms of the lease agreement, the Library also had to share in common area maintenance, real estate taxes and insurance expenses of the Worthington Park Shopping Center.

During 2013, the lease was amended in order to expand the leased facilities to add two more units, with amended lease payments beginning in 2014. The amended lease is for a ten-year term with an option to extend for an additional five-year term. The annual rent for the initial ten-year is \$88,320 for first five years and \$104,160 for the remaining five years. The annual rent for the renewal term is \$117,180. In accordance with terms of the amended lease agreement, the Library will continue to share in common area maintenance, real estate taxes and insurance expenses of the Worthington Park Shopping Center.

During 2016, lease payments, excluding the share in common area maintenance, real estate taxes, and insurance expenses totaled \$88,320 and future minimum lease payments, excluding the optional renewal term, are as follows:

<u>Year Ending</u>	<u>Amount</u>
2017	\$ 88,320
2018	88,320
2019	104,160
2020	104,160
2021	104,160
2022-2023	<u>208,320</u>
Total	<u>\$ 697,440</u>

**WORTHINGTON LIBRARIES**  
Worthington, Ohio  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2016

**NOTE 18 – SIGNIFICANT COMMITMENTS**

Encumbrances

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

General Fund	\$ 379,794
Other Governmental Funds	150,986
Total	<u>\$ 530,780</u>

**NOTE 19 – CHANGES IN ACCOUNTING PRINCIPLES**

For 2016, the Library implemented the following accounting standards:

GASB Statement No. 72, *Fair Value Measurement and Application*, which enhances comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and acceptor valuation techniques. This statement also enhances fair value application guidance and related disclosures in order to provide information to financial statement users about the impact of fair value measurements on a government's financial position. The implementation of this statement did not have a significant effect on the financial statements of the Library.

GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements No. 67 and 68*, improves the usefulness of information about pensions included in the general purposes external financial reports of state and local governments for making decisions and assessing accountability. The implementation of this statement did not have a significant effect on the financial statements of the Library.

GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, which improves financial reporting by (1) raising the category of GASB Implementation Guides in the GAAP hierarchy, thus providing for broader public input on implementation guidance; (2) emphasizing the importance of analogies to authoritative literature when the accounting treatment for an event is not specified in authoritative GAAP; and (3) requiring the consideration of consistency with the GASB Concepts Statements when evaluating accounting treatments specified in non-authoritative literature. The implementation of this statement did not have an effect on the financial statements of the Library.

**WORTHINGTON LIBRARIES**  
Worthington, Ohio  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2016

**NOTE 19 – CHANGES IN ACCOUNTING PRINCIPLES (continued)**

GASB Statement No. 77, *Tax Abatement Disclosures*, which improves disclosure of tax abatement information, such as how the tax abatements affect their financial statements and operations and the government's ability to raise resources in the future, by reporting (1) the government's own tax abatement agreements, and (2) those that are entered into by other governments and that reduce the reporting government's tax revenues. The implementation of this statement did not have a significant effect on the financial statements of the Library.

GASB Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*, establishes accounting and financial reporting standards for defined benefit pensions provided to the employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan (cost-sharing pension plan) that meets the criteria in paragraph 4 of Statement No. 68 and that (a) is not a state or local governmental pension plan, (b) is used to provide defined benefit pensions both to employees of state or local governmental employees and to employees of employers that are not state or local governmental employers, and (c) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). The implementation of this statement did not have a significant effect on the financial statements of the Library.

GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, which establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. The implementation of this statement did not have a significant effect on the financial statements of the Library.

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**Worthington Libraries**  
*Required Supplementary Information*  
*Schedule of Library's Proportionate Share of the Net Pension (Asset)/Liability*  
*Ohio Public Employees Retirement System*

*Last Three Years (1)*

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Library's Proportion of the Net Pension (Asset)/Liability			
Traditional Plan	0.031191%	0.0300039%	0.0300039%
Combined Plan	0.14933%	0.1568350%	0.1568350%
Library's Proportionate Share of the Net Pension (Asset)/Liability			
Traditional Plan	\$ 5,402,675	\$ 3,618,806	\$ 3,537,069
Combined Plan	\$ (72,667)	\$ (60,385)	\$ (16,457)
Library's Covered-Employee Payroll	\$ 4,725,332	\$ 4,268,292	\$ 4,263,223
Library's Proportionate Share of the Net Pension (Asset)/Liability as a Percentage of its Covered-Employee Payroll	112.80%	83.37%	82.58%
Plan Fiduciary Net Position as a Percentage of the Total Pension (Asset)/Liability			
Traditional Plan	81.08%	86.45%	86.36%
Combined Plan	116.90%	114.83%	104.56%

(1) Information prior to 2014 is not available.

Amounts presented as of the Library's measurement date, which is the prior year-end.

**Worthington Libraries**  
*Required Supplementary Information*  
*Schedule of Library Contributions*  
*Ohio Public Employees Retirement System*

*Last Four Years (1)*

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually Required Contribution	\$ 585,626	\$ 567,040	\$ 512,195	\$ 554,219
Contributions in relation to the contractually required contribution	<u>\$ 585,626</u>	<u>\$ 567,040</u>	<u>\$ 512,195</u>	<u>\$ 554,219</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 4,880,214	\$ 4,725,332	\$ 4,268,292	\$ 4,263,223
Contributions as a percentage of covered-employee payroll	12.00%	12.00%	12.00%	13.00%

(1) Information prior to 2013 is not available.

COMBINING FINANCIAL STATEMENTS  
AND  
INDIVIDUAL FUND SCHEDULES

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**WORTHINGTON LIBRARIES**  
**WORTHINGTON, OHIO**  
Nonmajor Fund Descriptions

**Special Revenue Funds**

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

**Nonmajor Special Revenue Fund**

**Friends Foundation Fund**

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

The following fund is included in the General Fund (GAAP basis), but has a separate legally adopted budget (budget basis):

**Termination Benefits Fund**

This fund used to account for monies that are set aside for 27<sup>th</sup> payroll and payments to employees upon separation from employment.

**Capital Projects Funds**

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

**Nonmajor Capital Projects Funds**

**Building Fund**

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

**Technology Fund**

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

**WORTHINGTON LIBRARIES**  
Worthington, Ohio  
Combining Balance Sheet  
Nonmajor Governmental Funds  
December 31, 2016

	<u>Nonmajor Special Revenue Fund</u>	<u>Nonmajor Capital Projects Funds</u>	<u>Total Nonmajor Governmental Totals</u>
<b>Assets:</b>			
Equity in Pooled Cash and Investments	\$ 13,950	\$ 660,038	\$ 673,988
Receivables:			
Prepaid Items	4,000	24,470	28,470
Total Assets	<u>\$ 17,950</u>	<u>\$ 684,508</u>	<u>\$ 702,458</u>
<b>Liabilities:</b>			
Accounts Payable	\$ -	\$ 22,027	\$ 22,027
Total Liabilities	<u>-</u>	<u>22,027</u>	<u>22,027</u>
<b>Fund Balances:</b>			
Nonspendable:			
Prepaid Items	4,000	24,470	28,470
Restricted for:			
Public Services and Programs	13,950	-	13,950
Committed for:			
Future Facility Expansion	-	377,883	377,883
Assigned for:			
Capital Outlays	-	260,128	260,128
Total Fund Balances	<u>17,950</u>	<u>662,481</u>	<u>680,431</u>
Total Liabilities and Fund Balance	<u>\$ 17,950</u>	<u>\$ 684,508</u>	<u>\$ 702,458</u>

**WORTHINGTON LIBRARIES**  
Worthington, Ohio  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended December 31, 2016

	Nonmajor Special Revenue Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Totals
<b>Revenues:</b>			
Contributions, Gifts and Donations	\$ 56,244	\$ -	\$ 56,244
Total Revenues	<u>56,244</u>	<u>-</u>	<u>56,244</u>
<b>Expenditures:</b>			
Current:			
Library Services:			
Public Services and Programs	44,034	2	44,036
Support Services:			
Information Services Support	-	64,457	64,457
Capital Outlay	-	483,741	483,741
Total Expenditures	<u>44,034</u>	<u>548,200</u>	<u>592,234</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	12,210	(548,200)	(535,990)
<b>Other Financing Sources:</b>			
Transfers In	-	932,630	932,630
Total Other Financing Sources	<u>-</u>	<u>932,630</u>	<u>932,630</u>
Net Change in Fund Balances	12,210	384,430	396,640
Fund Balance at Beginning of Year	5,740	278,051	283,791
Fund Balance at End of Year	<u>\$ 17,950</u>	<u>\$ 662,481</u>	<u>\$ 680,431</u>

**WORTHINGTON LIBRARIES**  
Worthington, Ohio  
Combining Balance Sheet  
Nonmajor Capital Projects Funds  
December 31, 2016

	Building Fund	Technology Fund	Total Nonmajor Capital Projects Funds
<b>Assets:</b>			
Equity in Pooled Cash and Investments	\$ 488,300	\$ 171,738	\$ 660,038
Prepaid Items	-	24,470	24,470
Total Assets	<u>\$ 488,300</u>	<u>\$ 196,208</u>	<u>\$ 684,508</u>
<b>Liabilities:</b>			
Accounts Payable	\$ -	\$ 22,027	\$ 22,027
Total Liabilities	<u>-</u>	<u>22,027</u>	<u>22,027</u>
<b>Fund Balances:</b>			
Nonspendable:			
Prepaid Items	-	24,470	24,470
Committed for:			
Future Facility Expansion	377,883	-	377,883
Assigned for:			
Capital Outlays	110,417	149,711	260,128
Total Fund Balances	<u>488,300</u>	<u>174,181</u>	<u>662,481</u>
Total Liabilities, Deferred Inflows, and Fund Balances	<u>\$ 488,300</u>	<u>\$ 196,208</u>	<u>\$ 684,508</u>

**WORTHINGTON LIBRARIES**

Worthington, Ohio

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Capital Projects Funds

For the Year Ended December 31, 2016

	Building Fund	Technology Fund	Total Nonmajor Capital Projects Funds
<b>Expenditures:</b>			
Current:			
Library Services:			
Public Services and Programs	\$ -	\$ 2	\$ 2
Support Services:			
Information Services Support	-	64,457	64,457
Capital Outlay	192,801	290,940	483,741
Total Expenditures	<u>192,801</u>	<u>355,399</u>	<u>548,200</u>
 Deficiency of Revenues			
Under Expenditures	(192,801)	(355,399)	(548,200)
 <b>Other Financing Sources:</b>			
Transfers In	508,329	424,301	932,630
Total Other Financing Sources	<u>508,329</u>	<u>424,301</u>	<u>932,630</u>
 Net Change in Fund Balances	315,528	68,902	384,430
 Fund Balance at Beginning of Year	172,772	105,279	278,051
Fund Balance at End of Year	<u>\$ 488,300</u>	<u>\$ 174,181</u>	<u>\$ 662,481</u>

**WORTHINGTON LIBRARIES**  
Worthington, Ohio  
Statement of Revenues, Expenditures and Changes  
in Fund Balances - Budget (Non-GAAP Basis) and Actual  
General Fund  
For the Year Ended December 31, 2016

	Original Budget	Final Budget	Actual	Variance (Over)/Under
<b>Revenues</b>				
Property Taxes	\$ 7,712,966	\$ 7,712,966	\$ 7,631,978	\$ (80,988)
Intergovernmental	2,752,629	2,760,971	2,712,147	(48,824)
Fines and Fees	172,850	138,000	153,672	15,672
Investment Earnings	80,000	85,000	168,608	83,608
Charges for Services	1,027,000	1,040,107	1,040,107	-
Contributions and Donations	-	-	5,729	5,729
Miscellaneous	-	-	8,007	8,007
Total Revenues	<u>11,745,445</u>	<u>11,737,044</u>	<u>11,720,248</u>	<u>(16,796)</u>
<b>Expenditures</b>				
Library Services:				
Public Services and Programs				
Personal Services	4,051,707	4,027,433	3,836,608	190,825
Materials and Supplies	10,260	10,198	5,785	4,413
Contractual Services	53,364	53,053	35,736	17,317
Purchased Library Services	15,060	14,969	-	14,969
Other	755	750	136	614
Total Public Services and Programs	<u>4,131,146</u>	<u>4,106,403</u>	<u>3,878,265</u>	<u>228,138</u>
Collection Development and Processing				
Personal Services	464,761	461,978	457,752	4,226
Materials and Supplies	25,385	25,233	19,705	5,528
Contractual Services	170,332	169,379	150,134	19,245
Purchased Library Services	1,906,258	1,895,590	1,761,269	134,321
Total Collection Development and Processing	<u>2,566,736</u>	<u>2,552,180</u>	<u>2,388,860</u>	<u>163,320</u>
Support Services:				
Facilities Operation and Maintenance				
Personal Services	74,852	74,404	74,393	11
Materials and Supplies	78,693	78,277	58,263	20,014
Contractual Services	1,030,876	1,025,090	894,951	130,139
Purchased Library Services	30,120	29,938	-	29,938
Total Facilities Operation and Maintenance	<u>1,214,541</u>	<u>1,207,709</u>	<u>1,027,607</u>	<u>180,102</u>
Information Services Support				
Personal Services	582,283	578,786	522,506	56,280
Materials and Supplies	12,281	12,214	9,270	2,944
Contractual Services	186,206	185,098	160,349	24,749
Purchased Library Services	192,255	191,094	181,179	9,915
Total Information Services Support	<u>973,025</u>	<u>967,192</u>	<u>873,304</u>	<u>93,888</u>
Business Administration				
Personal Services	1,369,184	1,360,982	1,291,344	69,638
Materials and Supplies	42,158	41,944	32,549	9,395
Contractual Services	614,991	611,391	541,850	69,541
Purchased Library Services	114,393	113,775	42,363	71,412
Other	16,600	16,500	15,908	592
Total Business Administration	<u>2,157,326</u>	<u>2,144,592</u>	<u>1,924,014</u>	<u>220,578</u>

**WORTHINGTON LIBRARIES**  
Worthington, Ohio  
Statement of Revenues, Expenditures and Changes  
in Fund Balances - Budget (Non-GAAP Basis) and Actual  
General Fund  
For the Year Ended December 31, 2016

	Original Budget	Final Budget	Actual	Variance (Over)/Under
Capital Outlay	64,815	64,815	36,879	27,936
Debt service:				
Contingency	150,000	150,000	-	150,000
Total Expenditures	<u>11,257,589</u>	<u>11,192,891</u>	<u>10,128,929</u>	<u>1,063,962</u>
Excess of Revenues Over Expenditures	487,856	544,153	1,591,319	1,047,166
<b>Other Financing Sources (Uses)</b>				
Proceeds from Sale of Capital Assets	-	377,883	380,300	2,417
Transfers Out	(947,340)	(955,630)	(955,630)	-
Total Other Financing Sources (Uses)	<u>(947,340)</u>	<u>(577,747)</u>	<u>(575,330)</u>	<u>2,417</u>
Net Change in Fund Balance	(459,484)	(33,594)	1,015,989	1,049,583
Fund Balances at Beginning of Year	20,057,377	20,057,377	20,057,377	-
Prior Year Encumbrances Appropriated	342,074	342,074	342,074	-
Fund Balances at End of Year	<u>\$ 19,939,967</u>	<u>\$ 20,365,857</u>	<u>\$ 21,415,440</u>	<u>\$ 1,049,583</u>

**WORTHINGTON LIBRARIES**  
Worthington, Ohio  
Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Budget (Non-GAAP Basis) and Actual  
Friend's Foundation Fund  
For the Year Ended December 31, 2016

	Original Budget	Final Budget	Actual	Variance (Over)/Under
<b>Revenues</b>				
Contributions and Donations	\$ 59,990	\$ 56,244	\$ 56,244	\$ -
Total Revenues	<u>59,990</u>	<u>56,244</u>	<u>56,244</u>	<u>-</u>
<b>Expenditures</b>				
Library Services:				
Public Services and Programs				
Materials and Supplies	30,976	30,976	23,543	7,433
Contractual Services	30,008	30,008	26,378	3,630
Other	1,000	1,000	660	340
Total Public Services and Programs	<u>61,984</u>	<u>61,984</u>	<u>50,581</u>	<u>11,403</u>
Net Change in Fund Balance	(1,994)	(5,740)	5,663	11,403
Fund Balances at Beginning of Year	3,746	3,746	3,746	-
Prior Year Encumbrances Appropriated	1,994	1,994	1,994	-
Fund Balances at End of Year	<u>\$ 3,746</u>	<u>\$ -</u>	<u>\$ 11,403</u>	<u>\$ 11,403</u>



**WORTHINGTON LIBRARIES**  
Worthington, Ohio  
Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Budget (Non-GAAP Basis) and Actual  
Termination Benefits Fund  
For the Year Ended December 31, 2016

	Original Budget	Final Budget	Actual	Variance (Over)/Under
<b>Revenues</b>				
Total Revenues	\$ -	\$ -	\$ -	\$ -
<b>Expenditures</b>				
Library Services:				
Public Services and Programs				
Personal Services	47,600	33,000	29,813	3,187
Total Public Services and Programs	47,600	33,000	29,813	3,187
Excess of Revenues Over (Under) Expenditures	(47,600)	(33,000)	(29,813)	3,187
<b>Other Financing Sources</b>				
Transfers In	47,600	23,000	23,000	-
Total Other Financing Sources	47,600	23,000	23,000	-
Net Change in Fund Balance	-	(10,000)	(6,813)	3,187
Fund Balances at Beginning of Year	126,489	126,489	126,489	-
Prior Year Encumbrances Appropriated	-	-	-	-
Fund Balances at End of Year	\$ 126,489	\$ 116,489	\$ 119,676	\$ 3,187

**WORTHINGTON LIBRARIES**  
Worthington, Ohio  
Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Budget (Non-GAAP Basis) and Actual  
Building Fund  
For the Year Ended December 31, 2016

	Original Budget	Final Budget	Actual	Variance (Over)/Under
<b>Revenues</b>				
Total Revenues	\$ -	\$ -	\$ -	\$ -
<b>Expenditures</b>				
Capital Outlay	331,646	331,646	221,229	110,417
Total Expenditures	331,646	331,646	221,229	110,417
Excess of Revenues Over (Under) Expenditures	(331,646)	(331,646)	(221,229)	110,417
<b>Other Financing Sources</b>				
Transfers In	308,428	508,329	508,329	-
Total Other Financing Sources	308,428	508,329	508,329	-
Net Change in Fund Balance	(23,218)	176,683	287,100	110,417
Fund Balances at Beginning of Year	149,554	149,554	149,554	-
Prior Year Encumbrances Appropriated	51,646	51,646	51,646	-
Fund Balances at End of Year	<u>\$ 177,982</u>	<u>\$ 377,883</u>	<u>\$ 488,300</u>	<u>\$ 110,417</u>

**WORTHINGTON LIBRARIES**  
Worthington, Ohio  
Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Budget (Non-GAAP Basis) and Actual  
Technology Fund  
For the Year Ended December 31, 2016

	Original Budget	Final Budget	Actual	Variance (Over)/Under
<b>Revenues</b>				
Total Revenues	\$ -	\$ -	\$ -	\$ -
<b>Expenditures</b>				
Information Services Support				
Contractual Services	108,875	108,425	72,265	36,160
Total Information Services Support	108,875	108,425	72,265	36,160
Capital Outlay	476,154	413,254	336,144	77,110
Total Expenditures	585,029	521,679	408,409	113,270
Excess of Revenues Over (Under) Expenditures	(585,029)	(521,679)	(408,409)	113,270
<b>Other Financing Sources</b>				
Transfers In	591,312	424,301	424,301	-
Total Other Financing Sources	591,312	424,301	424,301	-
Net Change in Fund Balance	6,283	(97,378)	15,892	113,270
Fund Balances at Beginning of Year	74,455	74,455	74,455	-
Prior Year Encumbrances Appropriated	22,923	22,923	22,923	-
Fund Balances at End of Year	\$ 103,661	\$ -	\$ 113,270	\$ 113,270

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## STATISTICAL SECTION

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**WORTHINGTON LIBRARIES**  
WORTHINGTON, OHIO  
Statistical Section

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	S4-S11
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	S12-S17
These schedules contain information to help the reader assess the Library's most significant local revenue source, property taxes.	
Debt Capacity	S18-S19
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	S20-S23
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	S24-S27
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.

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

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Governmental Activities:				
Investment in Capital Assets	\$7,657,472	\$8,984,473	\$8,970,855	\$8,774,284
Restricted	0	0	0	6,882
Unrestricted	<u>11,506,214</u>	<u>11,421,601</u>	<u>12,923,458</u>	<u>15,956,351</u>
<i>Total Governmental</i>				
<i>Activities Net Position</i>	<u>\$19,163,686</u>	<u>\$20,406,074</u>	<u>\$21,894,313</u>	<u>\$24,737,517</u>



2011	2012	2013	2014	2015	2016
\$8,572,236	\$8,417,136	\$8,724,364	\$8,691,518	\$8,444,400	\$8,258,812
9,380	9,775	15,096	10,827	5,740	17,950
<u>17,692,236</u>	<u>19,211,984</u>	<u>19,667,762</u>	<u>19,919,057</u>	<u>19,014,868</u>	<u>20,748,634</u>
<u>\$26,273,852</u>	<u>\$27,638,895</u>	<u>\$28,407,222</u>	<u>\$28,621,402</u>	<u>\$27,465,008</u>	<u>\$29,025,396</u>

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

	2007	2008	2009	2010
<b>Expenses:</b>				
Library Services:				
Public Services and Programs	\$3,038,715	\$4,781,710	\$3,736,517	\$3,564,762
Collection Development and Processing	1,689,935	2,157,159	1,894,589	2,033,738
Support Services:				
Facilities Operations and Maintenance	574,752	737,269	723,911	762,761
Information Services Support	659,351	806,923	874,146	970,701
Business Administration	1,392,180	1,366,640	1,380,683	1,385,264
<i>Total Expenses</i>	7,354,933	9,849,701	8,609,846	8,717,226
<b>Program Revenues:</b>				
Charges for Services:				
Library Services:				
Public Services and Programs	1,031,340	1,101,263	1,074,701	1,011,213
Operating Grants, Contributions, and Interest	0	0	0	26,965
<i>Total Program Revenues</i>	1,031,340	1,101,263	1,074,701	1,038,178
<i>Net Expenses</i>	(6,323,593)	(8,748,438)	(7,535,145)	(7,679,048)
<b>General Revenues:</b>				
Governmental Activities:				
Property Taxes	6,670,931	6,286,953	6,005,216	6,149,886
Grants and Entitlements not				
Restricted to Specific Programs	3,543,453	3,405,030	2,961,045	4,276,501
Unrestricted Gifts and Donations	18,828	3,661	5,222	2,582
Earnings on Investments	496,133	276,844	33,384	15,674
Gain on Sale of Capital Assets	0	0	0	0
Miscellaneous	4,735	18,338	18,517	77,609
<i>Total General Revenues</i>	10,734,080	9,990,826	9,023,384	10,522,252
<i>Change in Net Position</i>	\$4,410,487	\$1,242,388	\$1,488,239	\$2,843,204

2011	2012	2013	2014	2015	2016
\$3,703,955	\$3,750,218	\$3,836,827	\$3,910,711	\$3,989,685	\$4,309,204
1,925,179	1,943,464	1,910,823	2,300,663	2,270,992	2,265,023
1,049,211	977,008	1,068,275	1,242,306	1,190,404	1,178,978
802,472	931,896	1,071,654	895,868	854,888	1,010,847
1,307,710	1,372,469	1,416,663	1,532,428	1,683,163	1,825,217
8,788,527	8,975,055	9,304,242	9,881,976	9,989,132	10,589,269
1,277,288	1,282,481	1,215,716	1,256,972	1,237,886	1,193,779
32,079	43,552	53,509	42,300	35,245	56,244
1,309,367	1,326,033	1,269,225	1,299,272	1,273,131	1,250,023
(7,479,160)	(7,649,022)	(8,035,017)	(8,582,704)	(8,716,001)	(9,339,246)
6,071,068	6,134,283	6,039,306	5,988,639	7,647,050	7,882,190
2,916,271	2,817,570	2,685,043	2,655,969	2,799,018	2,721,475
8,062	30,588	32,197	6,645	7,086	5,729
9,405	23,717	24,795	68,908	93,863	109,036
0	0	0	0	0	173,197
10,689	7,907	22,003	76,723	21,007	8,007
9,015,495	9,014,065	8,803,344	8,796,884	10,568,024	10,899,634
\$1,536,335	\$1,365,043	\$768,327	\$214,180	\$1,852,023	\$1,560,388

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

	2007	2008	2009 (1)	2010
<b>General Fund</b>				
Nonspendable	\$0	\$0	\$76,541	\$75,903
Committed	0	0	84,394	36,047
Assigned	0	0	202,535	151,805
Unassigned	0	0	10,710,135	13,884,037
Reserved	277,022	259,972	0	0
Unreserved	6,591,556	8,819,085	0	0
<i>Total General Fund</i>	<u>6,868,578</u>	<u>9,079,057</u>	<u>11,073,605</u>	<u>14,147,792</u>
<b>All Other Governmental Funds</b>				
Nonspendable	0	0	0	0
Restricted	0	0	56,053	6,882
Committed	0	0	0	0
Assigned	0	0	687,004	565,043
Reserved	1,576,682	120,405	0	0
Unreserved, Undesignated				
Reported in:				
Special Revenue Fund	112,933	103,610	0	0
Capital Projects Funds	1,583,686	843,998	0	0
<i>Total All Other Governmental Funds</i>	<u>3,273,301</u>	<u>1,068,013</u>	<u>743,057</u>	<u>571,925</u>
<i>Total Governmental Funds</i>	<u>\$10,141,879</u>	<u>\$10,147,070</u>	<u>\$11,816,662</u>	<u>\$14,719,717</u>

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

2011	2012	2013	2014	2015	2016
\$60,723	\$74,236	\$84,066	\$78,990	\$67,151	\$86,482
30,422	28,222	38,598	87,436	126,489	119,676
211,559	207,060	289,860	229,171	227,394	217,279
15,790,758	17,328,046	18,013,767	18,386,091	20,295,478	21,782,210
0	0	0	0	0	0
0	0	0	0	0	0
16,093,462	17,637,564	18,426,291	18,781,688	20,716,512	22,205,647
18,475	19,024	10,864	18,870	24,230	28,470
9,380	9,775	15,096	10,827	5,740	13,950
0	0	0	0	0	377,883
502,510	431,978	204,213	222,705	253,821	260,128
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
530,365	460,777	230,173	252,402	283,791	680,431
\$16,623,827	\$18,098,341	\$18,656,464	\$19,034,090	\$21,000,303	\$22,886,078

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

	2007	2008	2009	2010
<b>Revenues:</b>				
Property Taxes	\$6,613,736	\$6,278,922	\$5,949,645	\$6,183,063
Other Government Grants-in-Aid	3,429,348	3,515,269	3,142,356	4,110,971
Patron Fines and Fees	282,729	297,960	292,687	311,105
Services Provided to Other Entities	748,611	803,303	782,014	700,108
Contributions, Gifts, and Donations	18,828	3,661	5,222	29,547
Earnings on Investments	496,133	276,844	33,384	15,674
Miscellaneous	4,735	18,338	18,517	77,609
<i>Total Revenues</i>	<u>11,594,120</u>	<u>11,194,297</u>	<u>10,223,825</u>	<u>11,428,077</u>
<b>Expenditures:</b>				
Current:				
Library Services:				
Public Services and Programs	2,919,557	4,645,550	3,568,028	3,428,167
Collection Development and Processing	1,686,625	2,159,378	1,891,188	2,030,005
Support Services:				
Facilities Operations and Maintenance	543,840	711,032	686,709	718,718
Information Services Support	632,951	778,463	858,650	902,607
Business Administration	1,359,094	1,351,301	1,343,441	1,381,822
Capital Outlay	1,601,557	1,543,382	206,217	63,703
<i>Total Expenditures</i>	<u>8,743,624</u>	<u>11,189,106</u>	<u>8,554,233</u>	<u>8,525,022</u>
<i>Excess of Revenues Over Expenditures</i>	<u>2,850,496</u>	<u>5,191</u>	<u>1,669,592</u>	<u>2,903,055</u>
<b>Other Financing Sources (Uses):</b>				
Proceeds from Sale of Fixed Assets	0	0	0	0
Transfers - In	3,856,220	601,800	358,770	31,483
Transfers - Out	(3,856,220)	(601,800)	(358,770)	(31,483)
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	<u>\$2,850,496</u>	<u>\$5,191</u>	<u>\$1,669,592</u>	<u>\$2,903,055</u>

2011	2012	2013	2014	2015	2016
\$6,113,964	\$6,114,780	\$6,088,379	\$6,063,442	\$7,679,165	\$7,831,784
3,025,083	2,782,995	2,703,995	2,692,035	2,741,190	2,709,140
295,878	262,858	223,001	224,929	185,450	153,672
981,410	1,019,623	992,715	1,032,043	1,052,436	1,040,107
40,141	74,140	85,706	48,945	42,331	61,973
9,405	23,717	24,795	59,124	95,084	106,181
10,689	7,907	22,003	33,382	19,007	8,007
<u>10,476,570</u>	<u>10,286,020</u>	<u>10,140,594</u>	<u>10,153,900</u>	<u>11,814,663</u>	<u>11,910,864</u>
3,578,784	3,618,414	3,671,463	3,747,951	3,883,496	3,936,281
1,920,779	1,941,337	1,907,258	2,286,637	2,261,148	2,253,948
709,612	722,816	1,021,383	820,597	895,192	956,310
740,572	868,779	1,012,244	825,556	774,190	936,408
1,271,048	1,348,101	1,399,449	1,504,000	1,689,898	1,813,322
351,665	312,059	570,674	643,994	346,526	509,120
<u>8,572,460</u>	<u>8,811,506</u>	<u>9,582,471</u>	<u>9,828,735</u>	<u>9,850,450</u>	<u>10,405,389</u>
1,904,110	1,474,514	558,123	325,165	1,964,213	1,505,475
0	0	0	52,461	2,000	380,300
330,912	237,915	695,516	668,219	391,695	932,630
(330,912)	(237,915)	(695,516)	(668,219)	(391,695)	(932,630)
<u>0</u>	<u>0</u>	<u>0</u>	<u>52,461</u>	<u>2,000</u>	<u>380,300</u>
<u>\$1,904,110</u>	<u>\$1,474,514</u>	<u>\$558,123</u>	<u>\$377,626</u>	<u>\$1,966,213</u>	<u>\$1,885,775</u>

**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
2007	1,324,905,840	454,215,230	5,083,203,057	50,757,700	57,679,205	86,444,451	345,777,804
2008	1,341,080,840	442,283,210	5,095,325,857	29,157,310	33,133,307	49,073,694	196,294,776
2009	1,356,112,130	444,618,780	5,144,945,457	29,914,350	33,993,580	8,593,327	34,373,308
2010	1,365,780,710	439,688,670	5,158,483,943	30,224,580	34,346,114	4,296,663	17,186,652
2011	1,372,120,560	433,783,410	5,159,725,629	34,228,570	38,896,102	0	0
2012	1,325,524,970	415,586,560	4,974,604,371	37,985,760	43,165,636	0	0
2013	1,333,230,330	414,567,350	4,993,707,657	37,884,090	43,050,102	0	0
2014	1,336,091,930	408,558,320	4,984,715,000	35,896,610	40,791,602	0	0
2015	1,390,188,880	397,473,620	5,107,607,143	38,964,780	44,278,159	0	0
2016	1,396,134,530	403,130,660	5,140,757,686	42,594,160	48,402,455	0	0

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

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

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



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Totals			Weighted Average Total Direct Tax Rate
Assessed Value	Estimated Actual Value	Ratio	
1,916,323,221	5,486,660,066	34.93%	3.73
1,861,595,054	5,324,753,940	34.96%	3.71
1,839,238,587	5,213,312,345	35.28%	3.68
1,839,990,623	5,210,016,709	35.32%	3.68
1,840,132,540	5,198,621,731	35.40%	3.81
1,779,097,290	5,017,770,007	35.46%	3.81
1,785,681,770	5,036,757,759	35.45%	3.82
1,780,546,860	5,025,506,602	35.43%	4.43
1,826,627,280	5,151,885,302	35.46%	4.44
1,841,859,350	5,189,160,141	35.49%	3.64

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

Collection Year	Current Tax Levy	Current Tax Collections (1)	Percent of Current Tax Collections to Current Tax Levy	Delinquent Tax Collections (2)	Total Tax Collections	Percent of Total Tax Collections to Current Tax Levy
2007	7,231,825	6,959,989	96.24%	186,182	7,146,171	98.82%
2008	7,048,734	6,278,922	89.08%	144,930	6,423,852	91.13%
2009	6,757,747	6,255,053	92.56%	149,765	6,404,818	94.78%
2010	6,803,660	6,596,945	96.96%	202,942	6,799,887	99.94%
2011	6,799,383	6,581,360	96.79%	171,390	6,752,750	99.31%
2012	6,841,073	6,621,483	96.79%	148,906	6,770,389	98.97%
2013	6,840,662	6,588,689	96.32%	157,802	6,746,491	98.62%
2014	6,833,017	6,511,978	95.30%	133,330	6,645,308	97.25%
2015	8,119,979	7,890,529	97.17%	141,959	8,032,488	98.92%
2016	8,192,677	8,002,496	97.68%	128,177	8,130,673	99.24%

Source: Franklin County Auditor

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

**Worthington Libraries**  
*Worthington, Ohio*  
*Principal Property Taxpayers*  
*2007 and 2016*

2007			2016		
Name of Taxpayer	Assessed Value	Percent of Total Assessed Value	Name of Taxpayer	Assessed Value	Percent of Total Assessed Value
<b>Public Utilities</b>			<b>Public Utilities</b>		
1 Columbus Southern Power Company	\$23,422,580	1.26%	1 Ohio Power Company	\$34,612,550	1.87%
2 Sprintcom Inc	9,349,040	0.50%			
3 Ohio Bell Telephone Company	7,812,630	0.42%			
<b>Real Estate</b>			<b>Real Estate</b>		
1 Anheuser-Busch Inc	18,706,350	1.01%	1 Anheuser-Busch Inc	18,375,290	0.99%
2 Eastrich No 167 Corp	10,623,970	0.57%	2 Worthington Industries Inc	7,758,270	0.42%
3 EOP-Community Corporate	8,610,000	0.46%	3 Fieldstone Trace Partnership	7,700,000	0.42%
4 Columbus Retail Inc	7,903,110	0.43%	4 Worthington Meadows	7,533,770	0.41%
5 Fieldstone Trace Partnership	7,805,010	0.42%	5 445 Hutchinson LP	6,755,000	0.36%
6 Worthington Industries	7,665,040	0.41%	6 District Two LLC	6,045,940	0.33%
7 Crosswoods Central Park	6,664,540	0.36%	7 Stratford Chase	5,250,000	0.28%
8 Corporate Hill LLC	6,568,180	0.35%	8 Columbus Park Club	5,183,120	0.28%
9 Regency Centers LP	6,300,040	0.34%	9 BRG Liberty Crossing LLC	4,987,510	0.27%
10 TCC 1105 Schrock LLP	6,090,000	0.33%	10 Alexander Square LLC	4,865,000	0.26%
All Others	<u>1,726,623,800</u>	<u>93.12%</u>	All Others	<u>1,745,734,850</u>	<u>94.12%</u>
Total Assessed Valuation	<u><u>\$1,854,144,290</u></u>	<u><u>100.00%</u></u>	Total Assessed Valuation	<u><u>\$1,854,801,300</u></u>	<u><u>100.00%</u></u>

Source: Office of the Auditor, Franklin County, Ohio

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

	2007	2008	2009	2010
<b>Voted Millage - By Levy</b>				
1992 Current Expense				
Residential/Agricultural Real	\$1.20	\$1.20	\$1.20	\$1.20
Commercial/Industrial and Public Utility Real	1.84	1.87	1.86	1.88
General Business and Public Utility Personal	2.20	2.20	2.20	2.20
2005 Current Expense				
Residential/Agricultural Real	2.19	2.19	2.19	2.19
Commercial/Industrial and Public Utility Real	2.57	2.60	2.59	2.60
General Business and Public Utility Personal	2.60	2.60	2.60	2.60
<b>Total Voted Millage By Type of Property</b>				
Residential/Agricultural Real	3.39	3.39	3.39	3.39
Commercial/Industrial and Public Utility Real	4.41	4.47	4.45	4.48
General Business and Public Utility Personal	4.80	4.80	4.80	4.80
<b>Overlapping Rates By Taxing District</b>				
<b>Franklin County</b>				
General Fund	1.47	1.47	1.47	1.47
Children Services	5.05	5.05	5.05	5.00
ADAMH Board	2.20	2.20	2.20	2.20
MRDD	7.47	7.47	7.00	7.00
Metro Park	0.65	0.65	0.65	0.75
Zoological Park	0.75	0.75	0.75	0.75
Office on Aging	0.85	0.90	0.90	0.90
<b>Total Franklin County</b>	<b>18.44</b>	<b>18.49</b>	<b>18.02</b>	<b>18.07</b>
<b>School District</b>				
Worthington City School District	83.23	83.23	83.14	87.04
<b>Townships</b>				
Sharon Township	23.50	23.50	23.50	23.50
Perry Township	21.20	21.20	18.10	17.60
<b>Cities</b>				
City of Worthington	5.00	5.00	5.00	5.00
City of Columbus	3.14	3.14	3.14	1.57

**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.

2011	2012	2013	2014	2015	2016
\$1.25	\$1.25	\$1.25	\$2.13	\$2.12	\$2.12
2.00	2.00	2.06	2.20	2.20	2.20
2.20	2.20	2.20	2.20	2.20	2.20
2.28	2.28	2.28	2.21	2.21	2.21
2.60	2.60	2.60	2.60	2.60	2.60
2.60	2.60	2.60	2.60	2.60	2.60
3.53	3.53	3.53	4.34	4.33	4.33
4.60	4.60	4.66	4.80	4.80	4.80
4.80	4.80	4.80	4.80	4.80	4.80
1.47	1.47	1.47	1.47	1.47	1.47
5.00	5.00	5.00	5.00	5.00	5.00
2.20	2.20	2.20	2.20	2.20	2.20
7.00	7.00	7.00	7.00	7.00	7.00
0.75	0.75	0.75	0.75	0.75	0.75
0.75	0.75	0.75	0.75	0.75	0.75
0.90	1.30	1.30	1.30	1.30	1.30
18.07	18.47	18.47	18.47	18.47	18.47
88.54	94.94	95.94	96.94	96.94	96.94
23.50	23.50	23.50	1.57	1.57	23.50
18.10	21.60	21.60	21.60	21.60	23.10
5.00	5.00	5.00	5.00	5.00	5.00
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, 2016*

	Net Long-term Debt Outstanding		Amount Applicable to Library
<b>Direct:</b>			
Worthington Libraries	\$0	100.00%	\$0
<b>Overlapping:</b>			
Worthington City School District (2)			
Certificates of Participation	2,230,000	100.00%	2,230,000
General Obligation Bonds and Notes	59,333,739	100.00%	59,333,739
Energy Conservation Notes	776,000	100.00%	776,000
City of Worthington			
General Obligation Bonds and Notes	5,340,000	100.00%	5,340,000
Franklin County			
General Obligation Bonds	212,975,000	6.80%	14,492,115
Other Exempt Limited Tax	32,580,000	6.80%	2,216,941
Revenue Bonds	87,245,000	6.80%	5,936,681
Recreation Facility Bonds	26,305,000	6.80%	1,789,952
City of Columbus			
Revenue Obligations	407,215,000	7.51%	30,576,255
General Obligation Bonds	2,763,763,000	7.51%	207,520,654
Ohio Water Development Authority Loans	1,025,969,000	7.51%	77,036,185
TIF Long Term Notes	9,556,000	7.51%	717,524
Short Term Notes	11,800,000	7.51%	886,018
RiverSouth Lease Revenue Bonds (Component Unit)	76,440,000	7.51%	5,739,594
Total Overlapping Debt	4,721,527,739		414,591,658
Total Direct and Overlapping Debt	\$4,721,527,739		\$414,591,658

**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 2015 collection year.
- (2) The debt outstanding for Worthington School District is at June 30, 2015.

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

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

Year	Capital Lease Payable	Percentage of Personal Income (1)	Per Capita (1)
2007	0	0.00%	0.00
2008	0	0.00%	0.00
2009	0	0.00%	0.00
2010	0	0.00%	0.00
2011	0	0.00%	0.00
2012	0	0.00%	0.00
2013	0	0.00%	0.00
2014	0	0.00%	0.00
2015	0	0.00%	0.00
2016	0	0.00%	0.00

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

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

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

Year	Population (1)	Personal Income (2)	Per Capita Personal Income (4)	Unemployment Rate (3)
2007	57,550	2,011,084,750	34,945	5.3%
2008	61,153	2,120,786,040	34,680	5.7%
2009	61,492	2,246,610,220	36,535	9.0%
2010	59,374	2,169,229,090	36,535	9.2%
2011	59,501	2,197,193,427	36,927	7.6%
2012	59,529	2,335,560,786	39,234	6.1%
2013	59,689	2,456,560,484	41,156	6.2%
2014	59,978	2,609,402,868	43,506	4.8%
2015	60,012	2,845,769,040	47,420	4.0%
2016	60,725	2,956,578,800	48,688	4.0%

**Sources:** (1) Mid Ohio Regional Planning Commission  
(2) Calculated based on per capita income and population  
(3) Ohio Bureau of Employment Services, not available for Worthington  
Public Libraries. Figures presented are for Franklin County.  
(4) MORPC through 2013, Ohio Department of Education 2014 - 2016



**Worthington Libraries**  
*Worthington, Ohio*  
*Principal Employers*  
*2007 and 2016*

Employer	Nature of Business	2007		2016	
		Number of Employees	Rank	Number of Employees	Rank
Worthington Industries Inc	Steel Industry	1,100	2	1,350	1
Worthington School District	Education	1,152	1	1,173	2
Emerson Network Power (formerly Liebert Corporation)	Energy/Power	1,000	3	1,000	3
Anthem Blue Cross	Insurance	853	5	825	4
Anheuser-Busch Inc	Production Plant	892	4	621	5
Huntington Bank	Mortgage/Banking	535	6	510	6
Sandvik Hyperion (formerly Diamond Innovations)	Diamond Products	401	7	369	7
Medvet Medical Center	Animal Care	239	9	326	8
The Laurels Healthcare	Automotive	290	8	240	9
American Automobile Association	Automotive	200	10	240	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 Library. Actual information was not available. Percentage of total employment is not available.

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

Function/Program	2007	2008	2009	2010
<b>Governmental Activities:</b>				
Library Services:				
Public Services and Programs	120	118	116	117
Collection Development and Processing	7	9	9	9
Support Services:				
Facilities Operations and Maintenance	1	1	1	1
Information Services Support	5	5	5	5
Business Administration	15	14	14	14
<i>Total Number of Employees</i>	<u>148</u>	<u>147</u>	<u>145</u>	<u>146</u>

Note: Figures include both full and part time employees.

**Source:** Worthington Public Library Records

2011	2012	2013	2014	2015	2016
117	119	123	120	121	121
9	9	9	9	9	9
1	1	1	1	1	1
5	5	5	5	5	7
13	14	14	15	16	16
<u>145</u>	<u>148</u>	<u>152</u>	<u>150</u>	<u>152</u>	<u>154</u>

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

<b>Function/Program</b>	2007	2008	2009	2010
Library Services:				
Public Services and Programs				
Number of Materials Circulated	2,957,725	3,237,654	3,561,742	3,554,451
Number of Registered Borrowers	62,605	62,571	70,202	83,784
Collection Development and Processing				
Number of Materials Owned	377,847	409,060	498,773	502,685
Support Services:				
Facilities Operations and Maintenance				
Square footage of Facility Maintained:				
Old Worthington Library	41,668	42,446	42,446	42,446
Northwest Library	23,635	25,481	25,481	25,481
Worthington Park Library	0	5,280	5,280	5,280
Information Services Support				
Number of Computers	225	347	348	356
Number of Web Site Visits	1,268,262	1,858,073	1,348,505	1,451,305

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

2011	2012	2013	2014	2015	2016
3,417,074	3,308,392	3,397,947	3,657,979	4,024,184	3,963,942
89,368	89,247	93,047	97,839	79,522	75,794
491,733	468,667	548,598	556,636	808,739	808,122
42,446	42,446	42,446	42,446	42,446	42,446
25,481	25,481	25,481	25,481	25,481	25,481
5,280	5,280	8,680	8,680	8,680	8,680
359	368	410	408	443	456
1,071,611	1,049,421	1,055,779	1,047,878	1,136,306	1,016,310

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

Function/Class	2007	2008	2009	2010
<b>Library Services:</b>				
Public Services and Programs				
Land	\$697,350	\$697,350	\$697,350	\$697,350
Construction in Progress	1,261,891	2,233,909	0	0
Buildings and Improvements	5,150,819	5,150,819	7,533,449	7,533,449
Machinery and Equipment	266,794	471,025	471,025	471,025
Collection Development and Processing				
Land	17,206	17,206	17,206	17,206
Construction in Progress	31,135	55,119	0	0
Buildings and Improvements	126,966	126,966	185,754	185,754
<b>Support Services:</b>				
Facilities Operations and Maintenance				
Land	120,443	120,443	120,443	120,443
Construction in Progress	217,948	385,830	0	21,674
Buildings and Improvements	1,166,919	1,184,115	1,595,632	1,604,209
Machinery and Equipment	0	12,800	18,367	24,847
Information Services Support				
Land	8,558	8,558	8,558	8,558
Construction in Progress	15,485	27,414	0	0
Buildings and Improvements	63,147	63,147	92,386	92,386
Machinery and Equipment	149,804	143,834	143,834	149,088
Business Administration				
Land	66,822	66,822	66,822	66,822
Construction in Progress	120,917	214,058	0	0
Buildings and Improvements	493,085	493,085	721,394	721,394
Machinery and Equipment	187,792	197,965	204,462	204,462
Vehicles	18,300	18,300	18,300	18,300
<i>Total Governmental Activities</i>	<u>\$10,181,381</u>	<u>\$11,688,765</u>	<u>\$11,894,982</u>	<u>\$11,936,967</u>

**Source:** Library capital assets records.

Amounts presented are actual costs of assets.

2011	2012	2013	2014	2015	2016
\$697,350	\$697,350	\$697,350	\$693,992	\$693,992	\$535,372
0	66,655	23,771	0	30,800	52,480
7,564,905	7,564,905	7,942,335	8,228,692	8,228,692	8,228,692
492,346	492,346	492,346	505,499	533,156	592,817
17,206	17,206	17,206	17,123	17,123	13,164
0	0	0	0	0	0
185,754	185,754	185,754	135,314	135,314	135,314
120,443	120,443	120,443	119,863	119,863	92,440
0	0	0	0	21,149	0
1,604,209	1,620,250	1,620,250	1,436,958	1,436,958	1,524,729
24,847	31,609	31,609	243,277	243,277	313,926
8,558	8,558	8,558	8,516	8,516	6,582
0	0	138,874	0	0	0
92,386	92,386	115,672	400,617	400,617	400,617
174,085	187,274	250,986	251,508	251,508	266,601
66,822	66,822	66,822	66,500	66,500	51,333
0	0	0	0	0	62,000
721,394	721,394	721,394	527,679	527,679	527,679
204,462	204,462	214,718	215,199	66,041	86,744
18,300	18,300	18,300	18,300	18,300	18,300
<u>\$11,993,067</u>	<u>\$12,095,714</u>	<u>\$12,666,388</u>	<u>\$12,869,037</u>	<u>\$12,799,485</u>	<u>\$12,908,790</u>

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**WORTHINGTON LIBRARIES  
FRANKLIN COUNTY, OHIO**

*SUPPLEMENTAL REPORT*

FOR THE YEAR ENDED  
DECEMBER 31, 2016

**MARGARET DOONE, CFO/BUSINESS MANAGER**

**WORTHINGTON LIBRARIES  
FRANKLIN COUNTY, OHIO**

TABLE OF CONTENTS

PAGES

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	1 - 2
--	-------



## **Julian & Grube, Inc.**

*Serving Ohio Local Governments*

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

### **Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Required by *Government Auditing Standards***

Worthington Libraries  
Franklin County  
820 High Street  
Worthington, Ohio 43085

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, its major fund, and the aggregate remaining fund information of the Worthington Libraries, Franklin County, Ohio, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Worthington Libraries' basic financial statements and have issued our report thereon dated May 23, 2017.

#### ***Internal Control Over Financial Reporting***

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

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

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

Board of Trustees  
Worthington Libraries

***Compliance and Other Matters***

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

***Purpose of this Report***

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

A handwritten signature in cursive script that reads "Julian & Grube, Inc." The signature is written in black ink and is positioned above the printed name of the firm.

Julian & Grube, Inc.  
May 23, 2017



# Dave Yost • Auditor of State

**WORTHINGTON LIBRARIES**

**FRANKLIN COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JULY 25, 2017**