



**DELAWARE COUNTY DISTRICT LIBRARY  
DELAWARE COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**



**Dave Yost • Auditor of State**



**DELAWARE COUNTY DISTRICT LIBRARY  
DELAWARE COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Delaware County District Library  
Delaware County  
84 E. Winter Street  
Delaware, Ohio 43015

To the Board of Trustees:

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Delaware County District Library, Delaware County, Ohio (the Library), as of and for the year ended December 31, 2012 and 2011, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements as listed in the table of contents.

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

Management is responsible for preparing and fairly presenting these financial statements in accordance with the cash accounting basis Note 2 describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Delaware County District Library, Delaware County, Ohio, as of December 31, 2012 and 2011, and the respective changes in cash financial position and the budgetary comparison for the General fund thereof for the years then ended in accordance with the accounting basis described in Note 2.

**Accounting Basis**

We draw attention to Note 2 of the financial statements, which describes the accounting basis, which differs from generally accepted accounting principles. We did not modify our opinion regarding this matter.

**Emphasis of Matter**

As discussed in Note 3 to the financial statements, during 2011, the Library adopted new accounting guidance in Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. We did not modify our opinion regarding this matter.

**Other Matters**

*Supplemental and Other Information*

We audited to opine on the Library's financial statements that collectively comprise its basic financial statements. *Management's Discussion & Analysis* includes tables of net assets, changes in net assets, and governmental activities. These tables provide additional analysis and are not a required part of the basic financial statements.

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

Other than the aforementioned procedures applied to the tables, we applied no procedures to any other information in Management's Discussion & Analysis, and we express no opinion or any other assurance on it.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated April 23, 2013, on our consideration of the Library's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Library's internal control over financial reporting and compliance.



**Robert R. Hinkle, CPA, CGFM**  
Chief Deputy Auditor

April 23, 2013

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**DELAWARE COUNTY DISTRICT LIBRARY  
DELAWARE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011  
(UNAUDITED)**

This discussion and analysis of the Delaware County District Library's (The Library) financial performance provides an overall review of the Library's financial activities for the year ended December 31, 2012 and 2011, within the limitations of the Library's cash basis accounting. The intent of this discussion and analysis is to look at the Library's financial performance as a whole. Readers should also review the basic financial statements and notes to enhance their understanding of the Library's financial performance.

**Highlights**

Key highlights for 2012 are as follows:

Net position of governmental activities increased \$1,742,695, or 26%, a significant change from the prior year. The fund most affected by the increase in cash and cash equivalents was the General Fund.

The Library's general receipts are primarily property taxes and Public Library Fund (PLF) receipts. The library receives Property Taxes that represent 61% of the cash received for the Library governmental activities during the year. PLF receipts for 2012 decreased \$107,380, or 6%, from 2011. The remaining revenue received by the Library comes from fines and fees levied on patrons, interest earned on funds invested, donations to the Library, and other miscellaneous sources. PLF receipts make up 27% of the Library's total receipts. The Library is investing for the future note requirements that continue through 2034 as the PLF continues to decrease each year.

Key highlights for 2011 are as follows:

Net position of governmental activities decreased \$572,493, or 8%, from 2010. These changes impacted the Permanent Improvement Fund as The Library issued Notes for the purpose of constructing a branch library located in Orange Township, Delaware County, Ohio; improving and renovating existing library facilities; and paying the costs of other property referred to in Section 3375.40(C), Ohio Revised Code. The Notes will be Special Obligations of the Library and the principal of and interest on the Notes is payable solely from the Library's PLF receipts. The General Fund increased \$2,176,836, or 58% from 2010.

The Library's general receipts are primarily from the Public Library Fund, Property Taxes, and Intergovernmental. PLF receipts for 2011 increased by \$343,082, or 6%, from 2010. The library also receives Property Taxes that represent 61 percent of the cash received for Library operations during the year. The remaining revenue received by the Library comes from fines and fees levied on patrons, interest earned on funds invested, donations to the Library, and other miscellaneous sources. Taking this together with rising costs this year explains the increase in net assets. PLF receipts make up 27% of the Library's total receipts. The challenge for The Library is now to do more with current available resources.

The voters in The Library's service area passed a tax levy in May of 2009 for the purpose of current expenses at a rate not to exceed one mill for ten years. The Delaware County Auditor has certified the tax will generate \$4,600,042 during calendar year 2012.

**Using the Basic Financial Statements**

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Library's cash basis of accounting.

**DELAWARE COUNTY DISTRICT LIBRARY  
DELAWARE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011  
(UNAUDITED)**

**Report Components**

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 as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities and conditions on a cash basis of accounting.

The Statement of Net Position – Cash Basis and Statement of Activities – Cash Basis 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 a greater level of detail. Funds are created and maintained on the financial records of the Library as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

**Basis of Accounting**

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Library has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Library's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

**Reporting the Library as a Whole**

The Statement of Net Position and the Statement of Activities reflect how the Library did financially during 2012 and 2011, within the limitations of the cash basis of accounting. The Statement of Net Position – Cash Basis presents the cash balances of the governmental activities of the Library at year-end. The Statement of Activities – Cash Basis compares disbursements with program receipts for each governmental activity. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of disbursements with program receipts identifies how each governmental function draws from the Library's general receipts.

These statements report the Library's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Library's financial health. Over time, increases or decreases in the Library's cash position is one indication of whether the Library's financial health is improving or deteriorating.

**DELAWARE COUNTY DISTRICT LIBRARY  
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**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011  
(UNAUDITED)**

When evaluating the Library's financial condition, you should also consider other non-financial factors as well such as the reliance on Public Library Fund funding, the Library's tax base, the condition of the Library's capital assets, and the extent of the Library's debt obligations.

The Statement of Net Position – Cash Basis and the Statement of Activities – Cash Basis present governmental activities, which include all the Library's services. The Library has no business-type activities.

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

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

Governmental Funds — The Library's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Library's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Library's programs. The Library's significant governmental funds are presented on the financial statements in separate columns. The information for non-major funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Library's major governmental funds are the General Fund, Debt Service (in 2011), Building and Repair Fund and Permanent Improvement Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

**DELAWARE COUNTY DISTRICT LIBRARY  
DELAWARE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011  
(UNAUDITED)**

**The Library as a Whole**

Table 1 provides a summary of the Library's net position for 2012 compared to 2011 and 2011 to 2010 on a cash basis:

	<b>Net Position</b>		
	2012	Governmental Activities 2011	2010
<b>Assets</b>			
Cash and Cash Equivalents	\$ 8,464,994	\$ 6,722,299	\$ 7,294,792
Total Assets	<u>\$ 8,464,994</u>	<u>\$ 6,722,299</u>	<u>\$ 7,294,792</u>
<b>Net Position</b>			
Restricted for:			
Capital Projects	\$ -	\$ -	\$ 333,250
Permanent Improvement	404,351	445,350	3,159,150
Debt Service	-	-	24,643
Permanent Fund Purpose			
Expendable	6,546	6,580	1,325
Nonexpendable	48,298	48,298	53,613
Other Purposes	-	-	23,572
Unrestricted	8,005,799	6,222,071	3,699,239
Total Net Position	<u>\$ 8,464,994</u>	<u>\$ 6,722,299</u>	<u>\$ 7,294,792</u>

As noted in the table above total net position increased by \$1,170,202 from 2012 to 2010. The primary factors contributing to these increases in cash balances are as follows:

- The Library issued \$8,650,000 Library Fund Library Facilities Notes, Series 2009.
- The voters in The Library's service area passed a tax levy in May of 2009 for the purpose of current expenses at a rate not to exceed one mill for ten years. The Delaware County Auditor has certified that such tax will generate \$4,600,042 during calendar year 2012.

**DELAWARE COUNTY DISTRICT LIBRARY  
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**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011  
(UNAUDITED)**

Table 2 reflects the change in net position in 2012 and provides a comparison to prior year amounts.

(Table 2)  
Changes in Net Position

	Governmental Activities		
	2012	2011	2010
<b>Receipts:</b>			
Program Receipts:			
Charges for Services & Sales	\$ 79,353	\$ 65,980	\$ 58,828
Operating Grants & Contributions	18,676	19,802	14,604
<b>Total Program Receipts</b>	<b>98,029</b>	<b>85,782</b>	<b>73,432</b>
General Receipts:			
Public Library Fund	1,801,577	1,908,957	1,565,875
Property & Other Local Taxes	4,057,549	4,261,342	4,358,872
Grants & Entitlements	545,329	550,048	578,050
Earnings on Investments	46,119	37,513	3,284
Miscellaneous	52,890	129,026	46,712
<b>Total General Receipts</b>	<b>6,503,464</b>	<b>6,886,886</b>	<b>6,552,793</b>
<b>Total Receipts</b>	<b>6,601,493</b>	<b>6,972,668</b>	<b>6,626,225</b>
<b>Disbursements:</b>			
Salaries & Benefits	2,670,074	2,254,866	1,801,158
Supplies	177,874	197,171	220,539
Purchased & Contracted Services	671,567	721,646	915,707
Library Materials & Information	551,308	1,084,024	436,769
Other Objects	21,565	24,118	30,027
Capital Outlay	188,930	2,686,056	4,435,309
Debt Service	577,480	577,280	732,218
<b>Total Disbursements</b>	<b>4,858,798</b>	<b>7,545,161</b>	<b>8,571,727</b>
Increase (Decrease) in Net Position	1,742,695	(572,493)	(1,945,502)
Net Position, January 1	6,722,299	7,294,792	9,240,294
<b>Net Position, December 31</b>	<b>\$ 8,464,994</b>	<b>\$ 6,722,299</b>	<b>\$ 7,294,792</b>

During 2012 & 2011, program receipts represent only 1.5 percent and 1.2 percent, respectively of total receipts and are primarily comprised of fees associated with Library Services and restricted donations.

PLF and property tax receipts respectively represent 27 and 61 percent of the Library's total receipts received for governmental activities during 2012. PLF and property tax receipts respectively represent 27 and 62 percent of the Library's total receipts received for governmental activities during 2011.

All other receipts are very insignificant and somewhat unpredictable revenue sources. Overall disbursements for the Library increased for permanent improvement with the addition of a new branch as well as additional staff and library materials.

**DELAWARE COUNTY DISTRICT LIBRARY  
DELAWARE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011  
(UNAUDITED)**

**Governmental Activities**

If you look at the Statement of Activities - Cash Basis, 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 majority of program disbursements for Library Services are the costs for operating the Library. The next two columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Library that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from the money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)

Governmental Activities

	Total Cost Of Services 2012	Net Cost of Services 2012	Total Cost Of Services 2011	Net Cost of Services 2011	Total Cost Of Services 2010	Net Cost of Services 2010
Library Services:						
Salaries and Benefits	\$2,670,074	(2,670,074 )	\$2,254,866	(\$2,254,866)	\$1,801,158	(\$1,801,158)
Supplies	177,874	(177,874)	197,171	(197,171)	220,539	(220,539)
Purchased and Contracted Services	671,567	(671,567)	721,646	(721,646)	915,707	(915,707)
Library Materials and Information	551,308	(453,279)	1,084,024	(998,243)	436,769	(363,336)
Other	21,566	(21,566)	24,118	(24,118)	30,027	(605,637)
Capital Outlay	188,929	(188,929)	2,686,056	(2,686,056)	4,435,309	(4,435,309)
Debt Service:						
Principal Retirement	245,000	(245,000)	240,000	(240,000)	340,000	(340,000)
Interest and Fiscal Charges	332,480	(332,480)	337,280	(337,280)	392,218	(392,218)
<b>Total Expenses</b>	<b>\$4,858,798</b>	<b>(\$4,760,769)</b>	<b>\$7,569,520</b>	<b>(\$7,483,738)</b>	<b>\$8,571,727</b>	<b>(\$8,498,295)</b>

The dependence upon tax receipts and PLF is apparent as over 98 and 99 percent of governmental activities are supported through these general receipts for 2012 and 2011, respectively.

**The Library's Funds**

For 2012, Governmental funds had total revenue of \$6,601,493 and expenditures of \$4,858,798. General Fund receipts were more than disbursements by \$1,862,551 indicating the Library's use of voted operating levy funds. The Library began 2012 with a cash balance of \$5,899,647 in the General Fund. This leaves a balance of \$7,762,198 as of December 31, 2012.

For 2011, Governmental funds had total revenue of \$6,997,026 and expenditures of \$7,545,161. General Fund receipts were more than disbursements by \$2,152,478 indicating the Library's use of voted operating levy funds. The Library began 2011 with a cash balance of \$3,722,811 in the General Fund. This leaves a balance of \$5,899,647 as of December 31, 2011.

**DELAWARE COUNTY DISTRICT LIBRARY  
DELAWARE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011  
(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.

During 2012 and 2011, the Library amended its General Fund budget several times to reflect changing circumstances. Final budgeted receipts were equivalent to original budgeted receipts due to little change in budgeted receipts.

Final disbursements were budgeted at \$5,730,999 while actual disbursements were \$4,916,457 for 2012. Final disbursements were budgeted at \$6,406,331 while actual disbursements were \$5,094,154 for 2011.

**Capital Assets and Debt Administration**

**Capital Assets**

The Library does not currently keep track of its limited amount of capital assets and does not have intent to do so.

**Debt**

As of December 31, 2012 the Library's outstanding debt was \$7,975,000 for principal note retirement and \$4,673,332 interest note retirement. The Note obligations for 2011 were \$8,220,000 for principal note retirement and \$5,005,812 interest note retirement. The debt service requirements on the Notes are payable solely from the Library's PLF Receipts and continue through 2034.

**Current Issues**

The challenge for all Governments is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. We rely heavily on State funding for the Note payments.

**Contacting the Library's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors, 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 Angela Cox, Fiscal Officer, Delaware County District Library, 84 East Winter Street, Delaware, Ohio 43015.

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**DELAWARE COUNTY DISTRICT LIBRARY  
DELAWARE COUNTY**

**STATEMENT OF NET POSITION - CASH BASIS  
DECEMBER 31, 2012**

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	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$ 8,464,994</u>
<i>Total Assets</i>	<u><u>\$ 8,464,994</u></u>
<b>Net Position</b>	
Restricted for:	
Permanent Improvements	\$ 404,351
Permanent Fund Purpose	
Expendable	6,546
Nonexpendable	48,298
Unrestricted	<u>8,005,799</u>
<i>Total Net Position</i>	<u><u>\$ 8,464,994</u></u>

See accompanying notes to the basic financial statements

**DELAWARE COUNTY DISTRICT LIBRARY  
DELAWARE COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Position
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
<b>Governmental Activities</b>				
Library Services:				
Salaries and Benefits	\$ 2,670,074	\$ -	\$ -	(2,670,074)
Supplies	177,874	-	-	(177,874)
Purchased and Contracted Services	671,567	-	-	(671,567)
Library Materials and Information	551,308	79,353	18,676	(453,279)
Other Objects	21,566	-	-	(21,566)
Capital Outlay	188,929	-	-	(188,929)
Principal Retirement	245,000	-	-	(245,000)
Interest and Fiscal Charges	332,480	-	-	(332,480)
<i>Total Governmental Activities</i>	<b>\$ 4,858,798</b>	<b>\$ 79,353</b>	<b>\$ 18,676</b>	<b>(4,760,769)</b>
		<b>General Receipts</b>		
		Library and Local Government Support Fund (PLF)	1,801,577	
		Property Taxes Levied for Currant Expenses	4,057,549	
		Grants and Entitlements	545,329	
		Earnings on Investments	46,119	
		Miscellaneous	52,890	
		<i>Total General Receipts</i>	6,503,464	
		Change in Net Position		1,742,695
		<i>Net Position Beginning of Year</i>		6,722,299
		<i>Net Position End of Year</i>		<b>\$ 8,464,994</b>

See accompanying notes to the basic financial statements

**DELAWARE COUNTY DISTRICT LIBRARY  
DELAWARE COUNTY**

**STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2012**

	General	Building & Repair Capital Projects	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Equity in Pooled Cash and Cash Equivalents	\$ 7,762,198	\$ 243,601	\$ 404,351	\$ 54,844	\$ 8,464,994
<i>Total Assets</i>	<u>\$ 7,762,198</u>	<u>\$ 243,601</u>	<u>\$ 404,351</u>	<u>\$ 54,844</u>	<u>\$ 8,464,994</u>
<b>Fund Balances</b>					
Nonspendable	\$ -	\$ -	\$ -	\$ 48,298	\$ 48,298
Restricted	-	-	404,351	6,546	410,897
Committed	300	3,300	-	-	3,600
Assigned	201,487	240,301	-	-	441,788
Unassigned (Deficit)	7,560,411	-	-	-	7,560,411
<i>Total Fund Balances</i>	<u>\$ 7,762,198</u>	<u>\$ 243,601</u>	<u>\$ 404,351</u>	<u>\$ 54,844</u>	<u>\$ 8,464,994</u>

See accompanying notes to the basic financial statements

**DELAWARE COUNTY DISTRICT LIBRARY  
DELAWARE COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BASIS FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	General	Building & Repair Capital Projects	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>					
Library and Local Government Support Fund	\$ 1,801,577	\$ -	\$ -	\$ -	\$ 1,801,577
Property and Other Local Taxes	4,057,549	-	-	-	4,057,549
Intergovernmental	526,935	-	-	-	526,935
Patron Fines and Fees	79,353	-	-	-	79,353
Contributions, Gifts and Donations	19,907	-	-	-	19,907
Earnings on Investments	45,068	962	15	74	46,119
Miscellaneous	70,053	-	-	-	70,053
<i>Total Receipts</i>	<u>6,600,442</u>	<u>962</u>	<u>15</u>	<u>74</u>	<u>6,601,493</u>
<b>Disbursements</b>					
Current:					
Library Services:					
Salaries and Benefits	2,670,074	-	-	-	2,670,074
Supplies	177,874	-	-	-	177,874
Purchased and Contracted Services	659,574	-	11,993	-	671,567
Library Materials and Information	551,200	-	-	108	551,308
Other	18,647	-	2,919	-	21,566
Capital Outlay	83,042	79,785	26,102	-	188,929
Debt Service:					
Principal Retirement	245,000	-	-	-	245,000
Interest and Fiscal Charges	332,480	-	-	-	332,480
<i>Total Disbursements</i>	<u>4,737,891</u>	<u>79,785</u>	<u>41,014</u>	<u>108</u>	<u>4,858,798</u>
<i>Net Change in Fund Balances</i>	<u>1,862,551</u>	<u>(78,823)</u>	<u>(40,999)</u>	<u>(34)</u>	<u>1,742,695</u>
<i>Fund Balances Beginning of Year</i>	<u>5,899,647</u>	<u>322,424</u>	<u>445,350</u>	<u>54,878</u>	<u>6,722,299</u>
<i>Fund Balances End of Year</i>	<u>\$ 7,762,198</u>	<u>\$ 243,601</u>	<u>\$ 404,351</u>	<u>\$ 54,844</u>	<u>\$ 8,464,994</u>

See accompanying notes to the basic financial statements

**DELAWARE COUNTY DISTRICT LIBRARY  
DELAWARE COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
<b>Receipts</b>				
Library and Local Government Support Fund	\$ 1,807,799	\$ 1,804,828	\$ 1,801,577	\$ (3,251)
Property and Other Local Taxes	4,782,879	4,600,042	4,057,549	(542,493)
Intergovernmental	-	-	534,684	534,684
Patron Fines and Fees	55,000	72,000	79,353	7,353
Contributions, Gifts and Donations	5,000	-	19,907	19,907
Earnings on Investments	2,500	2,000	45,055	43,055
Miscellaneous	28,000	18,000	51,659	33,659
<i>Total receipts</i>	<u>6,681,178</u>	<u>6,496,870</u>	<u>6,589,784</u>	<u>92,914</u>
<b>Disbursements</b>				
Current:				
Library Services:				
Salaries and Benefits	2,583,764	2,744,382	2,710,714	33,668
Supplies	207,855	239,283	203,753	35,530
Purchased and Contracted Services	649,483	770,079	711,942	58,137
Library Materials and Information	562,210	653,892	610,355	43,537
Other	1,258,110	660,942	18,647	642,295
Capital Outlay	71,000	84,941	83,566	1,375
Debt Service:				
Principal Retirement	-	245,000	245,000	-
Interest and Fiscal Charges	-	332,480	332,480	-
<i>Total Disbursements</i>	<u>5,332,422</u>	<u>5,730,999</u>	<u>4,916,457</u>	<u>814,542</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>1,348,756</u>	<u>765,871</u>	<u>1,673,327</u>	<u>907,456</u>
<i>Fund Balance Beginning of Year</i>	5,578,130	5,578,130	5,578,130	-
Prior Year Encumbrances Appropriated	<u>305,335</u>	<u>305,335</u>	<u>305,335</u>	-
<i>Fund Balance End of Year</i>	<u>\$ 7,232,221</u>	<u>\$ 6,649,336</u>	<u>\$ 7,556,792</u>	<u>\$ 907,456</u>

See accompanying notes to the basic financial statements

**DELAWARE COUNTY DISTRICT LIBRARY  
DELAWARE COUNTY**

**STATEMENT OF NET POSITION - CASH BASIS  
DECEMBER 31, 2011**

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	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$ 6,722,299
<i>Total Assets</i>	<u>\$ 6,722,299</u>
<b>Net Position</b>	
Restricted for:	
Permanent Improvement	\$ 445,350
Permanent Fund Purpose	
Expendable	6,580
Nonexpendable	48,298
Unrestricted	<u>6,222,071</u>
<i>Total Net Position</i>	<u>\$ 6,722,299</u>

See accompanying notes to the basic financial statements

**DELAWARE COUNTY DISTRICT LIBRARY  
DELAWARE COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2011**

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Position
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
<b>Governmental Activities</b>				
Library Services:				
Salaries and Benefits	\$ 2,254,866	\$ -	\$ -	(2,254,866)
Supplies	197,171	-	-	(197,171)
Purchased and Contracted Services	721,646	-	-	(721,646)
Library Materials and Information	1,084,024	65,980	19,802	(998,242)
Other Objects	24,118	-	-	(24,118)
Capital Outlay	2,686,056	-	-	(2,686,056)
Debt Service:				
Principal Retirement	240,000	-	-	(240,000)
Interest & Fiscal Charges	337,280	-	-	(337,280)
<i>Total Governmental Activities</i>	<u>\$ 7,545,161</u>	<u>\$ 65,980</u>	<u>\$ 19,802</u>	<u>(7,459,379)</u>

<b>General Receipts</b>	
Library and Local Government Support Fund (PLF)	1,908,957
Property Taxes Levied for Current Expenses	4,261,342
Grants and Entitlements	550,048
Earnings on Investments	37,513
Miscellaneous	129,026
<i>Total General Receipts</i>	<u>6,886,886</u>
Change in Net Position	(572,493)
<i>Net Position Beginning of Year</i>	<u>7,294,792</u>
<i>Net Position End of Year</i>	<u>\$ 6,722,299</u>

See accompanying notes to the basic financial statements

**DELAWARE COUNTY DISTRICT LIBRARY  
DELAWARE COUNTY**

**STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2011**

	General	Building & Repair Capital Projects	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Equity in Pooled Cash and Cash Equivalents	\$ 5,899,647	\$ 322,424	\$ 445,350	\$ 54,878	\$ 6,722,299
<i>Total Assets</i>	<u>\$ 5,899,647</u>	<u>\$ 322,424</u>	<u>\$ 445,350</u>	<u>\$ 54,878</u>	<u>\$ 6,722,299</u>
<b>Fund Balances</b>					
Nonspendable	\$ -	\$ -	\$ -	\$ 48,298	\$ 48,298
Restricted	-	-	445,350	6,580	451,930
Committed	15,898	-	-	-	15,898
Assigned	305,335	322,424	-	-	627,759
Unassigned (Deficit)	5,578,414	-	-	-	5,578,414
<i>Total Fund Balances</i>	<u>\$ 5,899,647</u>	<u>\$ 322,424</u>	<u>\$ 445,350</u>	<u>\$ 54,878</u>	<u>\$ 6,722,299</u>

See accompanying notes to the basic financial statements



**DELAWARE COUNTY DISTRICT LIBRARY  
DELAWARE COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BASIS FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2011**

	General	Debt Service	Building & Repair Capital Projects	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>						
Library and Local Government Support Fund	\$ 1,908,957	\$ -	\$ -	\$ -	\$ -	\$ 1,908,957
Property and Other Local Taxes	4,261,342	-	-	-	-	4,261,342
Intergovernmental	550,048	-	-	-	-	550,048
Patron Fines and Fees	65,980	-	-	-	-	65,980
Contributions, Gifts and Donations	116,471	-	-	-	-	116,471
Earnings on Investments	13,600	-	959	22,817	137	37,513
Miscellaneous	32,357	-	-	-	-	32,357
<b>Total Receipts</b>	<b>6,948,755</b>	<b>-</b>	<b>959</b>	<b>22,817</b>	<b>137</b>	<b>6,972,668</b>
<b>Disbursements</b>						
Current:						
Library Services:						
Salaries and Benefits	2,254,866	-	-	-	-	2,254,866
Supplies	189,520	-	-	7,651	-	197,171
Purchased and Contracted Services	646,525	-	-	75,121	-	721,646
Library Materials and Information	1,083,827	-	-	-	197	1,084,024
Other	19,856	285	-	3,977	-	24,118
Capital Outlay	24,403	-	11,785	2,649,868	-	2,686,056
Debt Service:						
Principal Retirement	240,000	-	-	-	-	240,000
Interest and Fiscal Charges	337,280	-	-	-	-	337,280
<b>Total Disbursements</b>	<b>4,796,277</b>	<b>285</b>	<b>11,785</b>	<b>2,736,617</b>	<b>197</b>	<b>7,545,161</b>
<b>Excess of Receipts Over (Under) Disbursements</b>	<b>2,152,478</b>	<b>(285)</b>	<b>(10,826)</b>	<b>(2,713,800)</b>	<b>(60)</b>	<b>(572,493)</b>
<b>Other Financing Sources / (Uses)</b>						
Transfers In	24,358	-	-	-	-	24,358
Transfers Out	-	(24,358)	-	-	-	(24,358)
<b>Total Other Financing Sources / (Uses)</b>	<b>24,358</b>	<b>(24,358)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balance</b>	<b>2,176,836</b>	<b>(24,643)</b>	<b>(10,826)</b>	<b>(2,713,800)</b>	<b>(60)</b>	<b>(572,493)</b>
<b>Fund Balances Beginning of Year - Restated</b>	<b>3,722,811</b>	<b>24,643</b>	<b>333,250</b>	<b>3,159,150</b>	<b>54,938</b>	<b>7,294,792</b>
<b>Fund Balances End of Year</b>	<b>\$ 5,899,647</b>	<b>\$ -</b>	<b>\$ 322,424</b>	<b>\$ 445,350</b>	<b>\$ 54,878</b>	<b>\$ 6,722,299</b>

See accompanying notes to the basic financial statements

**DELAWARE COUNTY DISTRICT LIBRARY  
DELAWARE COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS  
GENERAL FUND**

**FOR THE YEAR ENDED DECEMBER 31, 2011**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
<b>Receipts</b>				
Library and Local Government Support Fund	\$ 2,221,381	\$ 1,900,809	\$ 1,908,957	\$ 8,148
Property and Other Local Taxes	4,766,145	4,782,879	4,261,342	(521,537)
Intergovernmental	-	-	550,048	550,048
Patron Fines and Fees	50,000	60,000	65,980	5,980
Contributions, Gifts and Donations	-	-	116,471	116,471
Earnings on Investments	2,500	2,400	13,531	11,131
Miscellaneous	5,500	12,000	32,357	20,357
<i>Total receipts</i>	<u>7,045,526</u>	<u>6,758,088</u>	<u>6,948,686</u>	<u>190,598</u>
<b>Disbursements</b>				
Current:				
Library Services:				
Salaries and Benefits	2,694,194	2,812,315	2,347,028	465,287
Supplies	248,176	271,686	221,040	50,646
Purchased and Contracted Services	685,536	787,327	741,320	46,007
Library Materials and Information	558,170	1,207,970	1,162,183	45,787
Other	1,294,612	705,379	20,241	685,138
Capital Outlay	39,710	44,374	25,061	19,313
Debt Service:				
Principal Retirement	-	240,000	240,000	-
Interest and Fiscal Charges	-	337,280	337,280	-
<i>Total Disbursements</i>	<u>5,520,398</u>	<u>6,406,331</u>	<u>5,094,153</u>	<u>1,312,178</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>1,525,128</u>	<u>351,757</u>	<u>1,854,533</u>	<u>1,502,776</u>
<b>Other Financing Sources</b>				
Transfers In	-	24,358	24,358	-
<i>Total Other Financing Sources</i>	<u>-</u>	<u>24,358</u>	<u>24,358</u>	<u>-</u>
<i>Net Change in Fund Balance</i>	1,525,128	376,115	1,878,891	1,502,776
<i>Fund Balance Beginning of Year</i>	3,021,005	3,021,005	3,021,005	-
Prior Year Encumbrances Appropriated	678,234	678,234	678,234	-
<i>Fund Balance End of Year</i>	<u>\$ 5,224,367</u>	<u>\$ 4,075,354</u>	<u>\$ 5,578,130</u>	<u>\$ 1,502,776</u>

**DELAWARE COUNTY DISTRICT LIBRARY  
DELAWARE COUNTY**

**NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND DECEMBER 31, 2011**

**Note 1 – Description of the Library and Reporting Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Delaware County District Library, Delaware County, Ohio (the Library) as a body corporate and politic.

A seven member Board governs the Library, which provides the community with various educational and literacy resources. Of the seven Board members, three are appointed by the Judge of the Court of Common Pleas and four are appointed by the Board of County Commissioners. All Board members are qualified electors of the Library District. Each trustee serves a term of seven years. The officers of the Board are the president, vice president and secretary who are all elected and serve a term of one year. The Delaware County District Library has branches located in Delaware, Ostrander, Powell, and Orange Township.

**Reporting Entity**

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

The Friends of the Delaware County District Library, Inc. is a not-for-profit organization with a self-appointing board. The Library is not financially accountable for the organization, nor does the Library approve the budget or the issuance of debt of the organization. The Library is not entitled to nor has the ability to otherwise access a majority of the resources held by the Friends. In addition, the economic resources held by the Friends are not significant to the Library. Therefore, this organization has been excluded from the reporting entity of the Library.

The Library's management believes these financial statements present all activities for which the Library is financially accountable.

**Note 2 - Summary of Significant Accounting Policies**

As discussed further in Note 2.C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. The most significant of the Library's accounting policies are described below.

**A. Basis of Presentation**

The Library's basic financial statements consist of government-wide statements, including a statement of net assets and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

**DELAWARE COUNTY DISTRICT LIBRARY  
DELAWARE COUNTY**

**NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND DECEMBER 31, 2011  
(Continued)**

**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. These statements include the financial activities of the primary government. The statements distinguish between those activities of the Library that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts and Local Government Support, other non-exchange transactions. The Library does not have any business type activities.

The statement of net position presents the cash and investment balances of the governmental activities of the Library at year end. The statement of activities compares disbursements with program receipts of the Library's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Library is responsible. Program receipts include grants and contributions restricted to meeting the operational requirements of a particular program, and receipts of interest earned on grants that are required to be used to support a particular program and charges for services. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a cash basis or draws from the Library's general receipts.

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 the 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 fiscal year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. The Library's funds are all classified as governmental.

Governmental Funds

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

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

Debt Service Fund – The debt service fund accounts for resources the Library accumulates to pay a bond issue.

Building and Repair Fund - The building and repair fund accounts for and reports resources assigned by the Board of Library Trustees specifically for major capital and technology improvements.

**DELAWARE COUNTY DISTRICT LIBRARY  
DELAWARE COUNTY**

**NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND DECEMBER 31, 2011  
(Continued)**

**Note 2 – Summary of Significant Accounting Policies** (Continued)

**B. Fund Accounting** (Continued)

Permanent Improvement Fund - The permanent improvement fund accounts for and reports receipt from the issuance of notes specifically set aside for the planned construction of the Orange Township Library branch.

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

**C. Basis of Accounting**

The Library's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the Library's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued liabilities and the related expenses) are not recorded in these financial statements.

**D. Budgetary Process**

All funds are legally required to be appropriated. The appropriations resolution is the Trustee's authorization to spend resources and sets limits on cash disbursements plus encumbrances at the level of control selected by the Trustees. The legal level of control has been established at the fund and major category of the function code level for all funds. Budgetary modifications at the legal level of control may only be made by resolution of the Board of Library Trustees.

For control purposes, the Library estimates cash receipts for the year. These estimated receipts, together with the unencumbered carry-over balances from the prior year, set a limit on the amount the Trustees may appropriate. The estimated receipts may be revised during the year if projected increases or decreases in receipts are identified by the Fiscal Officer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts of estimated resources at the time final appropriations were enacted by the Trustees.

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

**E. Cash, Cash Equivalents and Investments**

To improve cash management, cash received by the Library is pooled and invested. Individual fund integrity is maintained through the Library's records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents."

**DELAWARE COUNTY DISTRICT LIBRARY  
DELAWARE COUNTY**

**NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND DECEMBER 31, 2011  
(Continued)**

**Note 2 – Summary of Significant Accounting Policies** (Continued)

**E. Cash, Cash Equivalents and Investments** (Continued)

Investments with original maturities of three months or less at the time they are purchased and investments of the cash management pool are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

During 2011 and 2012, investments were limited to U.S. Savings Bonds, Federal National Mortgage Association Notes, Federal Home Loan Mortgage Corporation Notes, Federal Home Loan Bank Notes, money market mutual funds, STAR Ohio and nonnegotiable certificates of deposit. Except for STAR Ohio, these investments are recorded at cost.

The Library's money market mutual fund investment is recorded at amounts reported by Fifth Third Securities and the Delaware County Bank and Trust on December 31, 2011 and 2012.

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 does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31, 2011 and 2012.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest receipt credited to the general fund during 2012 and 2011 amounted to \$45,068 and \$13,600 respectively.

**F. Restricted Assets**

Cash, cash equivalents, and investments are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. The Library had no restricted assets.

**G. Inventory and Prepaid Items**

The Library reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

**H. Capital Assets**

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying 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 the governmental funds. The classifications are as follows:

**DELAWARE COUNTY DISTRICT LIBRARY  
DELAWARE COUNTY**

**NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND DECEMBER 31, 2011  
(Continued)**

**Note 2 – Summary of Significant Accounting Policies** (Continued)

**I. Fund Balance** (Continued)

***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” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

***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

***Committed*** The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (resolution) of Library Trustees. Those committed amounts cannot be used for any other purpose unless the Library Trustees remove or change the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

***Assigned*** Amounts in the assigned fund balance classification are intended to be used by the Library for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by the Library Trustees or a Library official delegated that authority by resolution, or by State Statute.

***Unassigned*** Unassigned fund balance is the residual classification for the general fund and includes amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

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

**J. Interfund Receivables/Payables**

The Library reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

**K. Accumulated Leave**

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Library’s cash basis of accounting.

**DELAWARE COUNTY DISTRICT LIBRARY  
DELAWARE COUNTY**

**NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND DECEMBER 31, 2011  
(Continued)**

**Note 2 – Summary of Significant Accounting Policies** (Continued)

**L. Employer Contributions to Cost-Sharing Pension Plans**

The Library recognizes the disbursement for their employer contributions to cost-sharing pension plans when they are paid. As described in Notes 9 and 10, the employer contributions include portions for pension benefits and for postretirement health care benefits.

**M. Long-Term Obligations**

The Library's cash basis financial statements do not report liabilities for long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid.

**N. Net Position**

Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes include resources restricted within the special revenue fund.

The Library's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

**O. Interfund Transactions**

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies 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 disbursements to the funds that initially paid for them are not presented in the financial statements.

**Note 3 – Change in Accounting Principle and Restatement of Fund Equity**

For 2011, the Library implemented Governmental Accounting Standard Board (GASB) Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." GASB Statement No. 54 enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The implementation of GASB Statement No. 54 had the following effect on fund balances of the major governmental funds and all other governmental funds as previously reported:



**DELAWARE COUNTY DISTRICT LIBRARY  
DELAWARE COUNTY**

**NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND DECEMBER 31, 2011  
(Continued)**

**Note 3 – Change in Accounting Principle and Restatement of Fund Equity (Continued)**

	General	Debt Service	Building & Repair Capital Projects	Permanent Improvement	Other Governmental Funds	Total
Fund Balance at December 31, 2010	\$3,699,239	\$24,643	\$332,250	\$3,159,150	\$78,510	\$7,293,792
GASB 54 Change in in Fund Structure	23,572	-	-	-	(23,572)	-
Adjusted Fund Balance at December 31, 2010	<u>\$3,722,811</u>	<u>\$24,643</u>	<u>\$332,250</u>	<u>\$3,159,150</u>	<u>\$54,938</u>	<u>\$7,293,792</u>

The Library implemented Governmental Accounting Standard Board (GASB) Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position." GASB Statement No. 63 identifies net position, rather than net assets, as the residual of all other elements presented in a statement of financial position. This change was incorporated in the Library's 2011 and 2012 financial statements; however, there was no effect on beginning net position/fund balance.

**Note 4 – Budgetary Basis of Accounting**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as a restricted, committed, or assigned fund balance (cash basis). The encumbrances outstanding at year end (budgetary basis) amounted to \$201,487 and \$305,335 in 2012 and 2011, respectively, for the general fund.

Certain funds that are legally budgeted as separate special revenue funds are considered part of the general fund under the cash basis in accordance with GASB 54.

**Note 5 – Deposits and Investments**

Monies held by the Library are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Library treasury. Active 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 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.

**DELAWARE COUNTY DISTRICT LIBRARY  
DELAWARE COUNTY**

**NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND DECEMBER 31, 2011  
(Continued)**

**Note 5 – Deposits and Investments (Continued)**

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

1. United States Treasury bills, bonds, notes, 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 obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

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. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Library, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Fiscal Officer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

At year end, the Library had \$165 in undeposited cash on hand which is included as part of "Equity in Pooled Cash and Cash Equivalents" on the financial statements.

**Deposits**

Custodial credit risk for deposits is the risk that in the event of bank failure, the Library will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end 2012 and 2011, \$2,352,127 and \$1,306,663 of the Library's bank balance of \$2,602,127 and \$1,556,663, respectively was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Library's name.

**DELAWARE COUNTY DISTRICT LIBRARY  
DELAWARE COUNTY**

**NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND DECEMBER 31, 2011  
(Continued)**

**Note 5 – Deposits and Investments (Continued)**

Deposits (continued)

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

Investments

As of December 31, the Library had the following investments:

2012 Investment Type	Fair Value 12/31/2012	Investment Maturities (in Years)		
		Less than 1	1-2	3-5
U.S. Government money market	\$ 1,522,153	\$ 1,522,153	-	-
Negotiable CD's	3,592,862	1,523,862	500,000	1,569,000
Municipal Bonds	720,257	627,795	-	92,462
STAR Ohio	109	109	-	-
<b>Total Investments</b>	<b>\$5,835,381</b>	<b>\$3,673,919</b>	<b>\$500,000</b>	<b>\$1,661,462</b>

2011 Investment Type	Fair Value 12/31/2011	Investment Maturities (in Years)		
		Less than 1	1-2	3-5
U.S. Government money market	\$ 486,689	\$ 486,689	-	-
Negotiable CD's	4,394,847	2,020,985	1,373,862	1,000,000
Municipal Bonds	262,768	72,848.00	189,920	-
STAR Ohio	109	109	-	-
<b>Total Investments</b>	<b>\$5,144,413</b>	<b>\$2,580,631</b>	<b>\$1,563,782</b>	<b>\$1,000,000</b>

**DELAWARE COUNTY DISTRICT LIBRARY  
DELAWARE COUNTY**

**NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND DECEMBER 31, 2011  
(Continued)**

**Note 5 – Deposits and Investments (Continued)**

Investments (continued)

**Interest Rate Risk** Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The Library's investment policy addresses interest rate risk by requiring that the Library's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments, thereby avoiding that need to sell securities on the open market prior to maturity, and by investing operating funds primarily in short-term investments.

**Credit Risk** STAR Ohio carries a rating of AAAM by Standard and Poor's. The money market fund invested at Delaware County Bank & Trust carries a rating of Aaa by Moody's. The money market funds invested at Fifth Third Securities carry a rating of Aaa by Moody's. Municipal Bonds invested at Fifth Third Securities carry ratings of Aa2, Aa1, and Aaa. The Library has no investment policy dealing with investment credit risk beyond the requirements in state statutes. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money market fund be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service.

**Custodial Credit Risk** For an investment, 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. STAR Ohio and the money market mutual funds are exposed to custodial credit risk as they are uninsured, unregistered, and held by the counterparty's trust department or agent but not in the Library's name. The Library has no investment policy dealing with investment custodial risk beyond the requirements in ORC 135.14(M)(2) which states, "Payment for investments shall be made only upon the delivery of securities representing such investments to the treasurer, investing authority, or qualified trustee. If the securities transferred are not represented by a certificate, payment shall be made only upon receipt of confirmation of transfer from the custodian by the treasurer, governing board, or qualified trustee."

**Concentration of Credit Risk** The Library places no limit on the amount it may invest in any one issuer. The following investments represent five percent or more of total investments as of December 31, 2012 and 2011:

Investment Type	Percentage of Investments at 12/31/2012
U.S. Government money market	26.1 %
Negotiable CD's	61.6
Municipal Bonds	12.3
	100.0 %

Investment Type	Percentage of Investments at 12/31/2011
U.S. Government money market	9.5 %
Negotiable CD's	85.4
Municipal Bonds	5.1
	100.0 %

**DELAWARE COUNTY DISTRICT LIBRARY  
DELAWARE COUNTY**

**NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND DECEMBER 31, 2011  
(Continued)**

**Note 6 - Property Taxes**

Property taxes include amounts levied against all real and public utility property located in the Delaware County District Library. Property tax revenue received during 2012 (2011) for real and public utility property taxes represents collections of the 2011 (2010) taxes.

2012 (2011) real property taxes are levied after October 1, 2011 (2010), on the assessed value as of January 1, 2011 (2010), the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2012 (2011) real property taxes are collected in and intended to finance 2012.

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. 2012 (2011) public utility property taxes which became a lien on December 31, 2011 (2010), are levied after October 1, 2012 (2011), and are collected in 2013 (2012) with real property taxes.

The full tax rate for all Library operations for the year ended December 31, 2012 (2011), was \$0.07 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2012 (2011) property tax receipts were based are as follows:

	2012	2011
Real Property		
Residential	3,861,119,780	3,819,512,140
Agricultural	81,433,130	84,653,470
Commercial/Industrial/Mineral	596,253,630	601,452,910
Public Utility	123,982,870	123,222,130
Total Assessed Value	<u>4,662,789,410</u>	<u>4,628,840,650</u>

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the Library. The County Auditor periodically remits to the Library its portion of the taxes collected.

**Note 7 - Risk Management**

**Risk Pool Membership**

The Library belongs to the Ohio Plan Risk Management, Inc. (OPRM) - formerly known as the Ohio Risk Management Plan, (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

**DELAWARE COUNTY DISTRICT LIBRARY  
DELAWARE COUNTY**

**NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND DECEMBER 31, 2011  
(Continued)**

**Note 7 - Risk Management (Continued)**

**Risk Pool Membership (Continued)**

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss, except OPRM retains 41.5% (41.5% effective November 1, 2011, 40% through October 31, 2011 and 17.5% through October 31, 2010) of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 782 and 761 members as of December 31, 2011 and 2010 respectively.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2011 and 2010 (the latest information available):

	<u>2011</u>	<u>2010</u>
Assets	\$12,501,280	\$12,036,541
Liabilities	(5,328,761)	(4,845,056)
Members' Equity	<u>\$7,172,519</u>	<u>\$7,191,485</u>

You can read the complete audited financial statements for OPRM and OPHC at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).

**Health Care Benefits**

The Library purchases commercial medical, dental, and vision coverage for all full time employees of the Library through a private carrier.

**Note 8 - Defined Benefit Pension Plan**

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

**DELAWARE COUNTY DISTRICT LIBRARY  
DELAWARE COUNTY**

**NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND DECEMBER 31, 2011  
(Continued)**

**Note 8 - Defined Benefit Pension Plan (Continued)**

OPERS provides retirement, disability, survivor and death benefits, and annual cost-of-living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/investments/cafr.shtml>, by writing to the Ohio Public Employees Retirement System, 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 statutory authority for member and employer contributions and currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units and 18.1 percent of covered payroll for law and public safety employer units. Member contribution rates, as set in the Ohio Revised Code, are not to exceed 10 percent of covered payroll for members in the state and local classifications. For the years ending December 31, 2012 and 2011, members in state and local classifications contributed 10 percent of covered payroll. For 2010 and 2009, member and employer contribution rates were consistent across all three plans.

The Library's contribution rate for 2012 and 2011 was 14 percent of covered payroll. The portion of employer contributions used to fund pension benefits is net of post-employment health care benefits. The portion of the Library's contribution used to fund pension benefits is net of postemployment health care benefits. The portion of the Library's contribution allocated to health care for members in the Traditional Plan was 4 percent for 2012 and 2011. The portion of the Library's contribution allocated to health care for members in the Combined Plan was 6.05 percent for 2012 and 2011. Employer contribution rates are actuarially determined.

The Library's required contribution for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2012, 2011, and 2010 were \$192,196, \$166,567, and \$188,932, respectively. The full amount has been contributed for 2012, 2011 and 2010. Contributions to the Member-Directed plan for the years ended December 31, 2012, 2011, and 2010 were \$7,601, \$10,065, and \$8,806, respectively.

**Note 9 - Postemployment Benefits**

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

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

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

**DELAWARE COUNTY DISTRICT LIBRARY  
DELAWARE COUNTY**

**NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND DECEMBER 31, 2011  
(Continued)**

**Note 9 - Postemployment Benefits (Continued)**

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

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

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2012, state and local employers contributed 14 percent of covered payroll. This is the maximum employer contribution rates permitted by the Ohio Revised Code.

Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of postemployment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 4 percent for 2012. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05 percent for 2012.

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

The Library’s contributions allocated to fund postemployment health care benefits for the years ended December 31, 2012, 2011, and 2010 were \$77,450, \$66,833, and \$9,598, respectively; The full amount has been contributed for 2012, 2011 and 2010.

**Note 10 – Note Payable**

A summary of the note transactions for the year ended December 31, 2012 and 2011 follows:

	<u>Interest Rate</u>	<u>Balance December 31, 2010</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance December 31, 2011</u>	<u>Due in One Year</u>
2009 Special Obligation Notes	2-3.5 %	\$ 8,460,000	\$ -	\$ 240,000	\$8,220,000	\$ 245,000

	<u>Interest Rate</u>	<u>Balance December 31, 2011</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance December 31, 2012</u>	<u>Due in One Year</u>
2009 Special Obligation Notes	2-3.5 %	\$ 8,220,000	\$ -	\$ 245,000	\$7,975,000	\$ 245,000



**DELAWARE COUNTY DISTRICT LIBRARY  
DELAWARE COUNTY**

**NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND DECEMBER 31, 2011  
(Continued)**

**Note 10 – Note Payable (Continued)**

**2009 Special Obligation Notes**

In 2009, the Library issued notes in order to construct a branch library in Orange Township.

Principal and interest requirements to retire long-term liabilities outstanding at December 31, 2012, are as follows:

<b>Fiscal Year Ending December 31</b>	<b>Special Obligation Notes</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2013	245,000	327,580	572,580
2014	255,000	332,068	587,068
2015	260,000	315,374	575,374
2016	265,000	308,549	573,549
2017	275,000	300,599	575,599
2018-2022	1,515,000	1,360,013	2,875,013
2023-2027	1,830,000	1,040,236	2,870,236
2028-2032	2,265,000	608,413	2,873,413
2033-2034	1,065,000	80,500	1,145,500
Total	<u>\$7,975,000</u>	<u>\$4,673,332</u>	<u>\$12,648,332</u>

**Note 11 – Fund Balances**

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Library is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds at December 31, 2012 and 2011 are presented below:

**DELAWARE COUNTY DISTRICT LIBRARY  
DELAWARE COUNTY**

**NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND DECEMBER 31, 2011  
(Continued)**

**Note 11 – Fund Balances (Continued)**

12/31/2012 Fund Balances	General	Building & Repair Capital Projects	Permanent Improvement	Other Governmental Funds	Total
<b>Nonspendable</b>					
Endowment	-	-	-	48,298	48,298
<i>Total Nonspendable</i>	-	-	-	48,298	48,298
<b>Restricted for</b>					
Endowment	-	-	-	6,546	6,546
Permanent Improvements	-	-	404,351	-	404,351
<i>Total Restricted</i>	-	-	404,351	6,546	410,897
<b>Committed</b>					
Branch Renovations	-	3,300	-	-	3,300
Termination Payments	300	-	-	-	300
<i>Total Committed</i>	300	3,300	-	-	3,600
<b>Assigned</b>					
Capital Projects	-	240,301	-	-	240,301
Unpaid Obligations	201,487	-	-	-	201,487
<i>Total Assigned</i>	201,487	240,301	-	-	441,788
<b>Unassigned (Deficit)</b>	7,560,411	-	-	-	7,560,411
<b>Total Fund Balances</b>	<b>\$7,762,198</b>	<b>\$243,601</b>	<b>\$404,351</b>	<b>\$54,844</b>	<b>\$8,464,994</b>

**DELAWARE COUNTY DISTRICT LIBRARY  
DELAWARE COUNTY**

**NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND DECEMBER 31, 2011  
(Continued)**

**Note 11 – Fund Balances (Continued)**

12/31/2011 Fund Balances	General	Building & Repair Capital Projects	Permanent Improvement	Other Governmental Funds	Total
<b>Nonspendable</b>					
Endowment	-	-	-	48,298	48,298
<i>Total Nonspendable</i>	-	-	-	48,298	48,298
<b>Restricted for</b>					
Endowment	-	-	-	6,580	6,580
Permanent Improvements	-	-	445,350	-	445,350
<i>Total Restricted</i>	-	-	445,350	6,580	451,930
<b>Committed</b>					
Termination Payments	15,898	-	-	-	15,898
<i>Total Committed</i>	15,898	-	-	-	15,898
<b>Assigned</b>					
Capital Projects	-	322,424	-	-	322,424
Unpaid Obligations	305,335	-	-	-	305,335
<i>Total Assigned</i>	305,335	322,424	-	-	627,759
<b>Unassigned (Deficit)</b>	5,578,414	-	-	-	5,578,414
<i>Total Fund Balances</i>	<u>\$5,899,647</u>	<u>\$322,424</u>	<u>\$445,350</u>	<u>\$54,878</u>	<u>\$6,722,299</u>

**Note 12 – Interfund Transfers**

The debt service fund transferred \$24,358 to the general fund for the unexpended balance of the debt service after all indebtedness, interest, and other obligations of the fund had been met.

**Note 13 – Contractual Commitments**

As a result of renovations to the Powell library branch, the Library had the following outstanding contractual commitments at December 31, 2012:

<u>Vendor</u>	<u>Contract Amount</u>	<u>Amount Expended</u>	<u>Amount Outstanding</u>
Builderscape	\$ 68,713	\$ -	\$ 68,713

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# Dave Yost • Auditor of State

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

Delaware County District Library  
Delaware County  
84 E. Winter Street  
Delaware, Ohio 43015

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, each major fund, and the aggregate remaining fund information of the Delaware County District Library, Delaware County, Ohio (the Library) as of and for the years ended December 31, 2012 and 2011, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements and have issued our report thereon dated April 23, 2013, wherein we noted the Library uses a special purpose framework other than generally accepted accounting principles. We also noted that in 2011 the Library adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

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

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

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

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

***Compliance and Other Matters***

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

***Purpose of this Report***

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



**Robert R. Hinkle, CPA, CGFM**  
Chief Deputy Auditor

April 23, 2013



# Dave Yost • Auditor of State

**DELAWARE COUNTY DISTRICT LIBRARY**

**DELAWARE 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  
JUNE 25, 2013**