



**Auditor of State
Betty Montgomery**

**DELAWARE COUNTY DISTRICT LIBRARY
DELAWARE COUNTY**

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Delaware County District Library
Delaware County
84 East Winter Street
Delaware, Ohio 43015

To the Board of Trustees:

We have audited the accompanying financial statements of the Delaware County District Library, Delaware County, Ohio (the Library) as of and for the years ended December 31, 2002, and December 31, 2001. These financial statements are the responsibility of the Library's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As discussed in Note 1, the Library prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Library as of December 31, 2002, and December 31, 2001, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 19, 2003, 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Delaware County District Library
Delaware County
Independent Accountants' Report
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This report is intended solely for the information and use of the management, the Board of Trustees, and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

BETTY MONTGOMERY
Auditor of State

March 19, 2003

**DELAWARE COUNTY DISTRICT LIBRARY
DELAWARE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
Cash Receipts:					
Property and Other Local Taxes	\$2,057,069	\$0	\$484,932	\$0	\$2,542,001
Patron Fines and Fees	28,713	0	0	0	28,713
Earnings on Investments	44,454	2,140	0	3,401	49,994
Contributions, Gifts, and Donations	10,887	0	0	0	10,887
Miscellaneous Receipts	5,039	0	0	0	5,039
Total Cash Receipts	<u>2,146,161</u>	<u>2,140</u>	<u>484,932</u>	<u>3,401</u>	<u>2,636,634</u>
Cash Disbursements:					
Current:					
Salaries and Benefits	1,093,904	0	0	0	1,093,904
Purchased and Contracted Services	215,853	0	8,060	0	223,913
Supplies	86,403	0	0	0	86,403
Library Materials and Information	357,306	0	0	0	357,306
Miscellaneous	31,745	0	0	0	31,745
Debt Service:					
Redemption of Principal	0	0	385,000	0	385,000
Interest Payments	0	0	63,750	0	63,750
Capital Outlay	78,693	0	0	26,463	105,156
Total Cash Disbursements	<u>1,863,904</u>	<u>0</u>	<u>456,810</u>	<u>26,463</u>	<u>2,347,177</u>
Total Cash Receipts Over/(Under) Cash Disbursements	282,257	2,140	28,122	(23,062)	289,457
Fund Cash Balances, January 1, 2002	<u>2,458,507</u>	<u>112,933</u>	<u>(10,939)</u>	<u>210,921</u>	<u>2,771,421</u>
Fund Cash Balances, December 31, 2002	<u>\$2,740,764</u>	<u>\$115,072</u>	<u>\$17,183</u>	<u>\$187,858</u>	<u>\$3,060,878</u>
Reserves for Encumbrances, December 31, 2002	<u><u>\$1,205,056</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$1,205,056</u></u>

The notes to the financial statements are an integral part of this statement.

DELAWARE COUNTY DISTRICT LIBRARY
DELAWARE COUNTY

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCE
NONEXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>Nonexpendable Trust</u>
Operating Cash Receipts:	
Interest on Earnings	<u>\$1,027</u>
Total Operating Cash Receipts	<u>1,027</u>
Operating Income	1,027
Fund Cash Balance, January 1, 2002	<u>50,043</u>
Fund Cash Balance, December 31, 2002	<u><u>\$50,043</u></u>

The notes to the financial statements are an integral part of this statement.

DELAWARE COUNTY DISTRICT LIBRARY
DELAWARE COUNTY

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Governmental Fund Types</u>				<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
Cash Receipts:					
Property and Other Local Taxes	\$2,236,971	\$0	\$480,127	\$0	\$2,717,098
Other Government Grants-In-Aid	0	30,989	0	0	30,989
Patron Fines and Fees	29,700	0	0	0	29,700
Earnings on Investments	63,591	4,347	0	12,351	80,289
Refunds and Reimbursements	5,836	0	0	0	5,836
Contributions, gifts, and Donations	16,314	0	0	0	16,314
Miscellaneous Receipts	655	0	0	0	655
	<u>2,353,067</u>	<u>35,336</u>	<u>480,127</u>	<u>12,351</u>	<u>2,880,880</u>
Total Cash Receipts					
Cash Disbursements:					
Current:					
Salaries and Benefits	1,000,911	0	0	0	1,000,911
Purchased and Contracted Services	208,052	0	25,438	0	233,490
Supplies	58,390	757	0	0	59,147
Library Materials and Information	327,638	0	0	0	327,638
Miscellaneous	19,955	0	0	0	19,955
Debt Service:					
Redemption of Principal	0	0	390,000	0	390,000
Interest Payments	0	0	80,130	0	80,130
Capital Outlay	97,855	29,889	0	43,360	171,104
	<u>1,712,800</u>	<u>30,646</u>	<u>495,568</u>	<u>43,360</u>	<u>2,282,374</u>
Total Cash Disbursements					
Total Cash Receipts Over/(Under) Cash Disbursements	640,266	4,690	(15,441)	(31,009)	598,507
Fund Cash Balances, January 1, 2001	<u>1,818,240</u>	<u>108,243</u>	<u>4,501</u>	<u>241,930</u>	<u>2,172,914</u>
Fund Cash Balances, December 31, 2001	<u>\$2,458,507</u>	<u>\$112,933</u>	<u>(\$10,939)</u>	<u>\$210,921</u>	<u>\$2,771,421</u>
Reserves for Encumbrances, December 31, 2001	<u>\$121,974</u>	<u>\$0</u>	<u>\$0</u>	<u>\$3,717</u>	<u>\$125,691</u>

The notes to the financial statements are an integral part of this statement.

DELAWARE COUNTY DISTRICT LIBRARY
DELAWARE COUNTY

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCE
NONEXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2001

	<u>Nonexpendable Trust</u>
Operating Cash Receipts:	
Interest on Earnings	<u>\$1,609</u>
Total Operating Cash Receipts	<u>1,609</u>
Operating Cash Disbursements:	
Current:	
Library Materials and Information	<u>1,485</u>
Total Operating Cash Disbursements	<u>1,485</u>
Operating Income	124
Fund Cash Balance, January 1, 2001	<u>49,919</u>
Fund Cash Balance, December 31, 2001	<u><u>\$49,919</u></u>

The notes to the financial statements are an integral part of this statement.

**DELAWARE COUNTY DISTRICT LIBRARY
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Delaware County District Library, Delaware 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 Ohio. The Library is directed by a seven member Board of Trustees. As described in Note 8 to the financial statements, four Trustees are appointed by the Common Pleas Court Judge and three Trustees are appointed by the County Commissioners. The Library provides the community with various educational and literary resources.

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash and Investments

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

Certificates of deposit and Repurchase agreements are valued at cost

D. Fund Accounting

The Library uses fund accounting to segregate cash and investments that are restricted as to use. The Library classifies its funds into the following types:

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Library had the following significant Special Revenue fund.

Grant Fund - This fund receives state grants for various projects initiated by the Library.

**DELAWARE COUNTY DISTRICT LIBRARY
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

3. Debt Service Fund

The Library's debt service fund is used to accumulate resources for the payment of bonds.

4. Capital Project Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Library had the following significant capital project funds:

Building Fund – This fund is used to account for capital outlay for the library.

Permanent Improvement Fund – This fund is used to account for improvements to the Library.

5. Fiduciary Fund

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Library to maintain the corpus of the trust, the fund is classified as a nonexpendable trust fund. The Library had the following significant fiduciary fund:

Endowment Fund – Interest earned on the corpus of the Trust is used to purchase Library Materials.

E. Budgetary Process

The Board must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end. Budgetary expenditures may not exceed appropriations at the fund, function, and object level of control.

A summary of 2002 and 2001 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as capital outlay disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

G. Accumulated Leave

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

**DELAWARE COUNTY DISTRICT LIBRARY
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Library maintains a cash and investments pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 follows:

	2002	2001
Demand deposits	\$14,575	\$31,003
Certificates of deposit	2,232,065	2,190,461
Total deposits	2,246,640	2,221,464
Repurchase agreement	865,308	600,000
Total investments	865,308	600,000
Total deposits and investments	\$3,111,948	\$2,821,464

Deposits: Deposits are either insured by the Federal Depository Insurance Corporation, or collateralized by securities specifically pledged by the financial institution to the Library.

Investments:

The Library's financial institution transfers the securities to the Library's agent to collateralize repurchase agreements. The securities are not in the Library's name.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2002 and December 31, 2001 follows:

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,215,707	\$3,068,960	(\$853,253)
Special Revenue	103,000	0	103,000
Debt Service	465,230	456,810	8,420
Capital Projects	43,717	26,463	17,254
Non-Expendable Trust	1,500	0	1,500
Total	\$2,829,154	\$3,552,233	(\$723,079)

**DELAWARE COUNTY DISTRICT LIBRARY
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,799,334	\$1,834,774	\$964,560
Special Revenue	115,857	30,646	85,211
Debt Service	486,130	495,568	(9,438)
Capital Projects	216,238	47,077	169,161
Non-Expendable Trust	2,000	1,485	515
Total	\$3,619,559	\$2,409,550	\$1,210,009

4. GRANTS-IN-AID AND TAX RECEIPTS

The primary source of revenue for Ohio public libraries is the State Library and Local Government Support Fund (LLGSF). The LLGSF is allocated to each county based on the county's prior intangibles tax of LLGSF revenues, and its population. The County Budget Commission allocates these funds to the Library based on its needs such as for the construction of new library buildings, improvements, operation, maintenance, or other expenses. The Budget Commission cannot reduce its allocation of these funds to the Library based on of any additional revenues the Library receives.

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the taxing authority of the subdivision to whose jurisdiction the Library is subject. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State. Payments are due to the County by December 31. If the property owner elects to make semiannual payments, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the taxing district.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Library.

5. DEBT

Debt outstanding at December 31, 2002 was as follows:

	Principal	Interest Rate
General Obligation Bonds	1,034,517	5.30% to 9.75%

The bonds were issued for the construction of the Library.

**DELAWARE COUNTY DISTRICT LIBRARY
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

5. DEBT (Continued)

Amortization of the above debt, including interest, is scheduled as follows:

Year ending December 31:	<u>General Obligation Bonds</u>
2003	\$427,195
2004	405,475
2005	365,475
2006	320,475
2007	305,475
2008-2010	<u>631,710</u>
Total	<u><u>\$2,455,805</u></u>

6. RETIREMENT SYSTEM

The Public Employees Retirement System of Ohio (PERS) is a state operated, cost-sharing, multiple employer public employee retirement system. PERS provides retirement benefits to vested employees who are eligible to retire based upon years of service. PERS also provides survivor and disability benefits to vested employees.

Contribution rates are prescribed by the Ohio Revised Code. The Library's PERS members contributed 8.5% of their gross salaries. The Library contributed an amount equal to 13.55% of participants' gross salaries for 2001 and 2002. The Library has paid all contributions required through December 31, 2002.

7. RISK MANAGEMENT

Commercial Insurance

The Library has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Public official's liability

8. RELATED ORGANIZATION

Delaware County- The District Library is statutorily created as a separate and distinct political subdivision of the State. Four Trustees of the District Library are appointed by the Commissioners and three Trustees are appointed by the judges of the Common Pleas Court. The District Library Board of Trustees possesses its own contracting and budgeting authority, handles its own personnel actions, and does not depend on the County for operational subsidies.

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**Auditor of State
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

Delaware County District Library
Delaware County
84 East Winter Street
Delaware, Ohio 43015

To the Board of Trustees:

We have audited the accompanying financial statements of the Delaware County District Library, Delaware County, Ohio, (the Library) as of and for the years ended December 31, 2002, and December 31, 2001, and have issued our report thereon dated March 19, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Library's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Library's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Library in a separate letter dated March 19, 2003.

Delaware County District Library
Delaware County
Independent Accountants' Report on Compliance and on Internal Control
Required by *Government Auditing Standards*
Page 2

This report is intended solely for the information and use management, the finance committee, and the Board of Trustees, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

BETTY MONTGOMERY
Auditor of State

March 19, 2003



**Auditor of State
Betty Montgomery**

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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 3, 2003**