



Dave Yost • Auditor of State

**DELAWARE COUNTY DISTRICT LIBRARY
DELAWARE COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Delaware County District Library, Delaware County, Ohio (the Library), as of and for the years ended December 31, 2010 and 2009 which collectively comprise the Library's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Library's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

As discussed in Note 2, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

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 Delaware County District Library, Delaware County, Ohio, as of December 31, 2010 and 2009, and the respective changes in cash financial position, and the budgetary comparison for the General fund thereof for the years then ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 20, 2011, on our consideration of the Library's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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



Robert R. Hinkle
Deputy Chief Auditor

July 20, 2011

**DELAWARE COUNTY DISTRICT LIBRARY
DELAWARE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**

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 years ended December 31, 2010 and 2009, 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 2010 are as follows:

Net assets of governmental activities decreased \$1,945,501, or 27%, a significant change from the prior year. The fund most affected by the decrease in cash and cash equivalents was the Permanent Improvement Fund, which realized the greatest burden of construction costs in 2010.

The Library's general receipts are primarily property taxes and Public Library Fund (PLF) receipts. The library receives Property Taxes that represent 67 percent of the cash received for the Library governmental activities during the year. PLF receipts for 2010 decreased \$100,883, or 6%, from 2009. PLF receipts make up 24% of the Library's total receipts. 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 decrease in net assets. The Library is investing for the future note requirements that continue through 2034 as the PLF continues to decrease each year.

Key highlights for 2009 are as follows:

Net assets of governmental activities increased \$7,267,725, or 79%, from 2008. These changes had an impact 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 decreased \$120,935, or 13% from 2008.

The Library's general income is primarily from Public Library Fund receipts. PLF receipts for 2009 decreased by \$360,988, or 18%, from 2008. PLF receipts make up 15% of the Library's total receipts in 2009. The library also receives Property Taxes that represent 2 percent of the cash received for the Library bond retirement 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. In December 2009 The Library received \$380,000 as an unrestricted estate settlement from a library patron. Taking this together with the Library's cost reduction measures explains the increase in net assets.

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 \$4,714,033 during the first year of collection, first due in calendar year 2010.

**DELAWARE COUNTY DISTRICT LIBRARY
DELAWARE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**

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.

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 Assets – 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 assets and the statement of activities reflect how the Library did financially during 2010 and 2009, within the limitations of the cash basis of accounting. The Statement of Net Assets – 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.

**DELAWARE COUNTY DISTRICT LIBRARY
DELAWARE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**

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. 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 Assets – 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 Fund, 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, 2010 AND 2009**

The Library as a Whole

Table 1 provides a summary of the Library's net assets for 2010 compared to 2009 and 2009 to 2008 on a cash basis:

Net Assets			
	Governmental Activities		
	2010	2009	2008
Assets			
Cash and Cash Equivalents	\$ 7,294,792	\$ 9,240,294	\$ 1,972,568
Total Assets	\$ 7,294,792	\$ 9,240,294	\$ 1,972,568
Net Assets			
Restricted for:			
Permanent Improvement	\$ 3,159,150	\$ 7,995,729	\$ -
Debt Service	24,643	40,966	69,871
Capital Projects	333,250	344,566	872,259
Permanent Fund	54,938	54,867	55,057
Other Purposes	23,572	23,529	73,524
Unrestricted	3,699,239	780,637	901,857
Total Net Assets	\$ 7,294,792	\$ 9,240,294	\$ 1,972,568

As noted in the table above total net assets increased by \$5,322,224 from 2010 to 2008. 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 \$4,714,033 during the first year of collection, first due in calendar year 2010.

**DELAWARE COUNTY DISTRICT LIBRARY
DELAWARE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**

Table 2 reflects the change in net assets in 2010 and provides a comparison to prior year amounts.

	(Table 2) Changes in Net Assets		
	<u>Governmental</u> <u>Activities</u>		
	2010	2009	2008
Receipts:			
Program Receipts:			
Charges for Services and Sales	\$58,828	\$59,176	\$58,256
Operating Grants and Contributions	14,604	22,511	22,775
Total Program Receipts	<u>\$73,432</u>	<u>\$81,687</u>	<u>\$81,031</u>
General Receipts:			
Public Library Fund	1,565,875	1,666,758	2,027,746
Sale of Notes	-	8,500,000	-
Property and Other Local Taxes	4,358,872	167,196	250,082
Grants and Entitlements	578,050	410,135	43,208
Earnings on Investments	3,284	6,642	67,869
Miscellaneous	46,712	20,304	36,574
Total General Receipts	<u>6,552,793</u>	<u>10,771,035</u>	<u>2,425,479</u>
Total Receipts	<u>6,626,225</u>	<u>10,852,722</u>	<u>2,506,510</u>
Disbursements:			
Salaries and Benefits	1,801,158	1,656,217	1,658,828
Supplies	220,539	71,085	97,761
Purchased & Contracted Services	915,707	792,055	298,948
Library Materials and Information	436,769	285,596	365,076
Other Objects	30,027	-	1,213
Capital Outlay	4,435,309	562,418	78,535
Debt Service	732,218	213,285	260,475
Total Disbursements	<u>8,571,727</u>	<u>3,584,996</u>	<u>2,760,836</u>
Increase (Decrease) in Net Assets	(1,945,502)	7,267,726	(254,326)
Net Assets, January 1,	<u>9,240,294</u>	<u>1,972,568</u>	<u>2,226,894</u>
Net Assets, December 31,	<u>\$7,294,792</u>	<u>\$9,240,294</u>	<u>\$1,972,568</u>

**DELAWARE COUNTY DISTRICT LIBRARY
DELAWARE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**

During 2010 & 2009, program receipts represent only 1.11 percent and 0.75 percent, respectively of total receipts and are primarily comprised of fees associated with Library Services and homestead and rollback receipts received for debt service and operating levy.

PLF and property tax receipts respectively represent 23.63 and 65.78 percent of the Library's total receipts received for governmental activities during 2010. PLF and property tax receipts respectively represent 15.36 and 1.54 percent of the Library's total receipts received for governmental activities during 2009.

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.

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 three 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	Net Cost of Services	Total Cost Of Services	Net Cost of Services	Total Cost Of Services	Net Cost of Services
	2010	2010	2009	2009	2008	2008
Library Services:						
Salaries and Benefits	\$1,801,158	\$1,801,158	\$1,656,217	\$1,656,217	\$1,658,828	\$1,658,828
Supplies	220,539	220,539	71,085	71,085	97,761	96,447
Purchased and Contracted Services	915,707	915,707	792,055	783,833	298,948	289,262
Library Materials and Information	436,769	363,337	285,596	212,131	365,076	295,045
Other	30,027	30,027	4,340	4,340	1,213	1,213
Capital Outlay	4,435,309	4,435,309	562,418	562,418	78,535	78,535
Debt Service:						
Principal Retirement	340,000	340,000	195,000	195,000	230,000	199,313
Interest and Fiscal Charges	392,218	392,218	18,285	18,285	30,475	30,475
Total Expenses	\$8,571,727	\$8,498,295	\$3,584,996	\$3,503,309	\$2,760,836	\$2,649,118

**DELAWARE COUNTY DISTRICT LIBRARY
DELAWARE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**

The dependence upon tax receipts and PLF is apparent as over 73 and 75 percent, respectively, of governmental activities are supported through these general receipts for 2010 and 2009.

The Library's Funds

For 2010, Governmental funds had total revenue of \$6,626,225 and expenditures of \$8,571,727. General Fund receipts were more than disbursements by \$2,918,602 indicating the Library's use of voted operating levy funds. The Library began 2010 with a cash balance of \$780,637 in the General Fund. This leaves a balance of \$3,699,239 as of December 31, 2010.

The fund balance of the Debt Service Fund decreased by \$16,323 due to the debt service requirement decreasing and the debt requirements being completed. This leaves a balance of \$24,643 as of December 31, 2010.

The Building and Repair Fund balance decreased by \$11,316 due to necessary repairs to library facilities and low interest on investments.

The Permanent Improvement Fund decreased by \$4,836,579 due to continued construction costs of a new library branch.

For 2009, Governmental funds had total revenue of \$10,852,722 and expenditures of \$3,584,996. General Fund receipts were less than disbursements by \$120,935 indicating the Library's use of it invested reserves and a large estate gift. The Library began 2009 with a cash balance of \$901,572 in the General Fund. This leaves a balance of \$780,637 as of December 31, 2009.

The fund balance of the Debt Service Fund decreased by \$29,190 due to a slight increase in tax collections and a slight decrease in required debt service payments.

The Building and Repair Fund balance decreased by \$527,693 due to land purchase, architects fees and special election costs.

The Permanent Improvement Fund balance increased by \$7,995,729 due to the sale of Notes issued.

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.

During 2010 and 2009, 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 \$5,612,091 while actual disbursements were \$4,225,813 for 2010. Final disbursements were budgeted at \$2,808,931 while actual disbursements were \$2,418,155 for 2009.

**DELAWARE COUNTY DISTRICT LIBRARY
DELAWARE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**

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, 2010 and 2009, the Library's outstanding debt totaled \$8,800,000 and \$8,460,000 respectively in general obligation bonds issued for construction of a main library and two branch libraries and the Notes. The debt service requirements on the Notes are payable solely from the Library's PLF Receipts and total \$13,793,089 for 2011 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.

**DELAWARE COUNTY DISTRICT LIBRARY
DELAWARE COUNTY**

**STATEMENT OF NET ASSETS - CASH BASIS
DECEMBER 31, 2010**

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$ 7,294,792</u>
<i>Total Assets</i>	<u><u>7,294,792</u></u>
Net Assets	
Restricted for:	
Permanent Improvement	3,159,150
Capital Projects	333,250
Debt Service	24,643
Permanent Fund Purpose	
Expendable	1,325
Nonexpendable	53,613
Other Purposes	23,572
Unrestricted	<u>3,699,239</u>
<i>Total Net Assets</i>	<u><u>\$ 7,294,792</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, 2010**

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
Library Services:				
Salaries and Benefits	\$ 1,801,158	\$ -	-	\$ (1,801,158)
Supplies	220,539	-	-	(220,539)
Purchased and Contracted Services	915,707	-	-	(915,707)
Library Materials and Information	436,769	58,828	14,604	(363,337)
Other Objects	30,027	-	-	(30,027)
Capital Outlay	4,435,309	-	-	(4,435,309)
Debt Service:				
Principal Retirement	340,000	-	-	(340,000)
Interest and Fiscal Charges	392,218	-	-	(392,218)
<i>Total Governmental Activities</i>	<u>\$ 8,571,727</u>	<u>\$ 58,828</u>	<u>\$ 14,604</u>	<u>(8,498,295)</u>
		General Receipts		
				1,565,875
				4,231,876
				126,996
				578,050
				3,284
				<u>46,712</u>
				<i>Total General Receipts</i>
				6,552,793
				Change in Net Assets
				(1,945,502)
				<i>Net Assets Beginning of Year</i>
				<u>9,240,294</u>
				<i>Net Assets End of Year</i>
				<u>\$ 7,294,792</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, 2010**

	General	Debt Service	Building & Repair Capital Projects	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
Assets						
Equity in Pooled Cash and Cash Equivalents	\$ 3,699,239	\$ 24,643	\$ 333,250	\$ 3,159,150	\$ 78,510	\$ 7,294,792
<i>Total Assets</i>	<u>3,699,239</u>	<u>24,643</u>	<u>333,250</u>	<u>3,159,150</u>	<u>78,510</u>	<u>7,294,792</u>
Fund Balances						
Reserved:						
Reserved for Encumbrances	678,234	-	1,435	1,566,862	32	2,246,563
Unreserved:						
Undesignated, Reported in:						
General Fund	3,021,005	-	-	-	-	3,021,005
Special Revenue Funds	-	-	-	-	23,572	23,572
Debt Service Fund	-	24,643	-	-	-	24,643
Capital Projects Funds	-	-	331,815	-	-	331,815
Permanent Improvement	-	-	-	1,592,288	-	1,592,288
Permanent Funds	-	-	-	-	54,906	54,906
<i>Total Fund Balances</i>	<u>\$ 3,699,239</u>	<u>\$ 24,643</u>	<u>\$ 333,250</u>	<u>\$ 3,159,150</u>	<u>\$ 78,510</u>	<u>\$ 7,294,792</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, 2010**

	General	Debt Service	Building & Repair Capital Projects	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
Receipts						
Library and Local Government Support Fund	\$ 1,565,875	\$ -	\$ -	\$ -	\$ -	\$ 1,565,875
Property and Other Local Taxes	4,231,876	126,996	-	-	-	4,358,872
Intergovernmental	542,098	15,950	-	-	-	558,048
Patron Fines and Fees	58,827	-	-	-	-	58,827
Contributions, Gifts and Donations	34,607	-	-	-	-	34,607
Earnings on Investments	2,618	-	424	61	181	3,284
Miscellaneous	30,280	-	-	16,432	-	46,712
<i>Total Receipts</i>	6,466,181	142,946	424	16,493	181	6,626,225
Disbursements						
Current:						
Library Services:						
Salaries and Benefits	1,801,158	-	-	-	-	1,801,158
Supplies	210,789	-	-	9,750	-	220,539
Purchased and Contracted Services	437,569	2,661	-	475,477	-	915,707
Library Materials and Information	436,702	-	-	-	67	436,769
Other	25,625	-	-	4,402	-	30,027
Capital Outlay	60,126	-	11,740	4,363,443	-	4,435,309
Debt Service:						
Principal Retirement	190,000	150,000	-	-	-	340,000
Interest and Fiscal Charges	385,610	6,608	-	-	-	392,218
<i>Total Disbursements</i>	3,547,579	159,269	11,740	4,853,072	67	8,571,727
<i>Excess of Receipts Over (Under) Disbursements</i>	2,918,602	(16,323)	(11,316)	(4,836,579)	114	(1,945,502)
<i>Fund Balances Beginning of Year</i>	780,637	40,966	344,566	7,995,729	78,396	9,240,294
<i>Fund Balances End of Year</i>	\$ 3,699,239	\$ 24,643	\$ 333,250	\$ 3,159,150	\$ 78,510	\$ 7,294,792

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, 2010**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Receipts				
Library and Local Government Support Fund	\$ 1,513,243	\$ 1,524,558	\$ 1,565,875	\$ 41,317
Property and Other Local Taxes	4,714,033	4,714,033	4,231,876	(482,157)
Intergovernmental	-	-	542,098	542,098
Patron Fines and Fees	50,000	48,000	58,827	10,827
Contributions, Gifts and Donations	-	-	34,607	34,607
Earnings on Investments	25,000	12,000	2,618	(9,382)
Miscellaneous	13,500	18,000	30,280	12,280
<i>Total receipts</i>	<u>6,315,776</u>	<u>6,316,591</u>	<u>6,466,181</u>	<u>149,590</u>
Disbursements				
Current:				
Library Services:				
Salaries and Benefits	2,143,295	2,207,110	1,919,279	287,831
Supplies	210,450	232,906	225,976	6,930
Purchased and Contracted Services	406,616	512,495	478,387	34,108
Library Materials and Information	1,428,002	1,450,882	936,147	514,735
Other	576,148	562,136	25,625	536,511
Capital Outlay	76,950	70,952	64,789	6,163
Debt Service:				
Principal Retirement	-	190,000	190,000	-
Interest and Fiscal Charges	-	385,610	385,610	-
<i>Total Disbursements</i>	<u>4,841,461</u>	<u>5,612,091</u>	<u>4,225,813</u>	<u>1,386,278</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>1,474,315</u>	<u>704,500</u>	<u>2,240,368</u>	<u>1,535,868</u>
<i>Fund Balance Beginning of Year</i>	636,338	636,338	636,338	-
Prior Year Encumbrances Appropriated	144,299	144,299	144,299	-
<i>Fund Balance End of Year</i>	<u>\$ 2,254,952</u>	<u>\$ 1,485,137</u>	<u>\$ 3,021,005</u>	<u>\$ 1,535,868</u>

See accompanying notes to the basic financial statements

**DELAWARE COUNTY DISTRICT LIBRARY
DELAWARE COUNTY**

**STATEMENT OF NET ASSETS - CASH BASIS
DECEMBER 31, 2009**

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 9,240,294
<i>Total Assets</i>	<u>9,240,294</u>
Net Assets	
Restricted for:	
Permanent Improvement	7,995,729
Capital Projects	344,566
Debt Service	40,966
Permanent Fund Purpose	
Expendable	1,254
Nonexpendable	53,613
Other Purposes	23,529
Unrestricted	<u>780,637</u>
<i>Total Net Assets</i>	<u>\$ 9,240,294</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, 2009**

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
Library Services:				
Salaries and Benefits	\$ 1,656,217	\$ -	\$ -	(1,656,217)
Supplies	71,085	-	-	(71,085)
Purchased and Contracted Services	792,055	-	8,222	(783,833)
Library Materials and Information	285,596	59,176	14,289	(212,131)
Other Objects	4,340	-	-	(4,340)
Capital Outlay	562,418	-	-	(562,418)
Debt Service:				
Principal Retirement	195,000	-	-	(195,000)
Interest and Fiscal Charges	18,285	-	-	(18,285)
<i>Total Governmental Activities</i>	<u>\$ 3,584,996</u>	<u>\$ 59,176</u>	<u>\$ 22,511</u>	<u>(3,503,309)</u>

General Receipts	
Library and Local Government Support Fund (PLF)	1,666,758
Sale of Notes	8,500,000
Property Taxes Levied for Debt Service	167,196
Unrestricted Contributions, Gifts, and Donations	410,135
Earnings on Investments	6,642
Miscellaneous	20,304
<i>Total General Receipts</i>	<u>10,771,035</u>
Change in Net Assets	7,267,726
<i>Net Assets Beginning of Year</i>	<u>1,972,568</u>
<i>Net Assets End of Year</i>	<u>\$ 9,240,294</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, 2009**

	General	Debt Service	Building & Repair Capital Projects	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
Assets						
Equity in Pooled Cash and Cash Equivalents	\$ 780,637	\$ 40,966	\$ 344,566	\$ 7,995,729	\$ 78,396	\$ 9,240,294
<i>Total Assets</i>	<u>780,637</u>	<u>40,966</u>	<u>344,566</u>	<u>7,995,729</u>	<u>78,396</u>	<u>9,240,294</u>
Fund Balances						
Reserved:						
Reserved for Encumbrances	144,299	-	537	174,884	1	319,721
Unreserved:						
Undesignated, Reported in:						
General Fund	636,338	-	-	-	-	636,338
Special Revenue Funds	-	-	-	-	23,529	23,529
Debt Service Fund	-	40,966	-	-	-	40,966
Capital Projects Funds	-	-	344,029	-	-	344,029
Permanent Improvement	-	-	-	7,820,845	-	7,820,845
Permanent Funds	-	-	-	-	54,866	54,866
<i>Total Fund Balances</i>	<u>\$ 780,637</u>	<u>\$ 40,966</u>	<u>\$ 344,566</u>	<u>\$ 7,995,729</u>	<u>\$ 78,396</u>	<u>\$ 9,240,294</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, 2009**

	General	Debt Service	Building & Repair Capital Projects	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
Receipts						
Library and Local Government Support Fund	\$ 1,666,758	\$ -	\$ -	\$ -	\$ -	\$ 1,666,758
Property and Other Local Taxes	-	167,196	-	-	-	167,196
Intergovernmental	9,253	20,882	-	-	8,222	38,357
Patron Fines and Fees	59,176	-	-	-	-	59,176
Contributions, Gifts and Donations	394,289	-	-	-	-	394,289
Earnings on Investments	3,142	-	2,524	-	976	6,642
Miscellaneous	20,304	-	-	-	-	20,304
<i>Total Receipts</i>	<i>2,152,922</i>	<i>188,078</i>	<i>2,524</i>	<i>-</i>	<i>9,198</i>	<i>2,352,722</i>
Disbursements						
Current:						
Library Services:						
Salaries and Benefits	1,602,781	-	-	-	53,437	1,656,218
Supplies	68,392	-	-	-	2,693	71,085
Purchased and Contracted Services	288,141	3,983	-	499,931	-	792,055
Library Materials and Information	284,699	-	-	-	896	285,595
Other	-	-	-	4,340	-	4,340
Capital Outlay	29,844	-	530,217	-	2,357	562,418
Debt Service:						
Principal Retirement	-	195,000	-	-	-	195,000
Interest and Fiscal Charges	-	18,285	-	-	-	18,285
<i>Total Disbursements</i>	<i>2,273,857</i>	<i>217,268</i>	<i>530,217</i>	<i>504,271</i>	<i>59,383</i>	<i>3,584,996</i>
<i>Total Receipts Over (Under) Disbursements</i>	<i>(120,935)</i>	<i>(29,190)</i>	<i>(527,693)</i>	<i>(504,271)</i>	<i>(50,185)</i>	<i>(1,232,274)</i>
Other Financing Receipts / (Disbursements)						
Sale of Notes	-	-	-	8,500,000	-	8,500,000
Excess of Cash Receipts and Other Financing Receipts Over (Under) Cash Disbursements and Other Financing Disbursements	(120,935)	(29,190)	(527,693)	7,995,729	(50,185)	7,267,726
<i>Fund Balances Beginning of Year</i>	<i>901,572</i>	<i>70,156</i>	<i>872,259</i>	<i>-</i>	<i>128,581</i>	<i>1,972,568</i>
<i>Fund Balances End of Year</i>	<i>\$ 780,637</i>	<i>\$ 40,966</i>	<i>\$ 344,566</i>	<i>\$ 7,995,729</i>	<i>\$ 78,396</i>	<i>\$ 9,240,294</i>

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, 2009**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		Positive (Negative)
Receipts				
Library and Local Government Support Fund	\$ 2,032,300	\$ 1,662,214	\$ 1,666,758	\$ 4,544
Intergovernmental	-	-	9,253	9,253
Patron Fines and Fees	50,000	60,000	59,176	(824)
Contributions, Gifts and Donations	-	10,500	394,289	383,789
Earnings on Investments	30,500	30,500	3,142	(27,358)
Miscellaneous	19,500	19,500	20,304	804
<i>Total receipts</i>	<u>2,132,300</u>	<u>1,782,714</u>	<u>2,152,922</u>	<u>370,208</u>
Disbursements				
Current:				
Library Services:				
Salaries and Benefits	1,763,614	1,797,210	1,662,354	134,856
Supplies	106,220	117,756	76,831	40,925
Purchased and Contracted Services	334,101	415,144	336,037	79,107
Library Materials and Information	379,270	405,472	313,090	92,382
Other	64,400	50,008	19,049	30,959
Capital Outlay	29,000	23,341	10,794	12,547
<i>Total Disbursements</i>	<u>2,676,605</u>	<u>2,808,931</u>	<u>2,418,155</u>	<u>390,776</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(544,305)</u>	<u>(1,026,217)</u>	<u>(265,233)</u>	<u>760,984</u>
<i>Fund Balance Beginning of Year</i>	781,281	781,281	781,281	-
Prior Year Encumbrances Appropriated	120,291	120,291	120,291	-
<i>Fund Balance End of Year</i>	<u>\$ 357,267</u>	<u>\$ (124,645)</u>	<u>\$ 636,338</u>	<u>\$ 760,984</u>

See accompanying notes to the basic financial statements

**DELAWARE COUNTY DISTRICT LIBRARY
DELAWARE COUNTY**

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND DECEMBER 31, 2009**

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, and Powell.

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 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. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. 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, 2010 AND DECEMBER 31, 2009
(Continued)**

Note 2 - Summary of Significant Accounting Policies (Continued)

Government-wide Financial Statements

The statement of net assets 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 assets 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 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 monies set aside 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, 2010 AND DECEMBER 31, 2009
(Continued)**

Note 2 – Summary of Significant Accounting Policies (Continued)

B. Fund Accounting (continued)

Permanent Improvement Fund - The permanent improvement fund accounts for receipt from the issue 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 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, 2010 AND DECEMBER 31, 2009
(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 2010, investments were limited to U.S. Savings Bonds, Federal National Mortgage Association Notes, Federal Home Loan Mortgage Corporation Notes, Federal Home Loan Bank Notes, STAR Ohio and nonnegotiable certificates of deposit. Except for STAR Ohio, these investments are recorded at cost.

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, 2010.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest receipt credited to the general fund during 2010 and 2009 amounted to \$2,618 and \$3,142 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 their use. 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. 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.

J. 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, 2010 AND DECEMBER 31, 2009
(Continued)**

Note 2 – Summary of Significant Accounting Policies (Continued)

K. 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.

L. 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.

M. Net Assets

Net assets are 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 assets 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.

N. Fund Balance Reserves

The Library reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances.

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 – 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 reservation of fund balance (cash basis). The encumbrances outstanding at year end (budgetary basis) amounted to \$678,234 and \$144,299 in 2010 and 2009, respectively, for the general fund.

**DELAWARE COUNTY DISTRICT LIBRARY
DELAWARE COUNTY**

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND DECEMBER 31, 2009
(Continued)**

Note 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 State allocates LLGSF 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 any additional revenues the Library receives.

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.

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;

**DELAWARE COUNTY DISTRICT LIBRARY
DELAWARE COUNTY**

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND DECEMBER 31, 2009
(Continued)**

Note 5 - Deposits and Investments (Continued)

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.

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 2010 and 2009, \$780,754 and \$353,894 of the Library's bank balance of \$1,694,309 and \$1,281,610, 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.

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:

	Carrying Value 12/31/2010	Carrying Value 12/31/2009	Maturity
STAR Ohio	\$ 2,026,072	\$ -	Average
Money Market Mutual Fund, invested at Delaware County Bank & Trust	2,933,636	8,000,000	Average
Money Market Mutual Fund, invested at Lincoln Financial Group	716,263	-	Average
Total investments	\$ 5,675,971	\$ 8,000,000	

Interest rate risk arises because the fair value of investment changes as interest rates change. 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.

**DELAWARE COUNTY DISTRICT LIBRARY
DELAWARE COUNTY**

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND DECEMBER 31, 2009
(Continued)**

Note 5 - Deposits and Investments (Continued)

Investments (continued)

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. The Federal National Mortgage Association Notes, Federal Home Loan Mortgage Corporation Notes, and the Federal Home Loan Bank Notes 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."

Note 6 - Property Taxes

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Delaware County District Library. Real Property tax receipts received in 2010 (2009) for real and public utility property taxes represents collections of the 2009 (2008) taxes. Real property taxes received in 2010 (2009) were levied after October 1, 2009 (2008), on the assessed values as of January 1, 2009 (2008), the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. .

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semiannually, 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 is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2010 (2009) public utility property taxes which became a lien on December 31, 2009 (2008), are levied after October 1, 2009 (2008), and are collected in 2010 (2009) with real property taxes.

Tangible personal property taxes have been phased out and the last year for collection was 2008. The rate was reduced to zero in 2009.

The full tax rate for all Library operations for the year ended December 31, 2010 (2009), was \$0.07 per \$1,000 of assessed value. The assessed values of real and personal property upon which property tax receipts were based are as follows:

**DELAWARE COUNTY DISTRICT LIBRARY
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**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND DECEMBER 31, 2009
(Continued)**

Note 6 - Property Taxes (Continued)

	2010	2009
Real Property		
Residential	4,018,142,880	3,993,274,480
Agricultural	62,318,560	63,005,840
Commercial/Industrial/Mineral	625,529,140	623,166,090
Tangible Personal Property Business		5,807,648
Public Utility	115,980,900	109,944,620
Total Assessed Value	4,821,971,480	4,795,198,678

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

Through December 31, 2008, the Library belonged to the Ohio Government 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 was legally separate from its member governments.

On January 1, 2009, through an internal reorganization, the Plan created three separate non-profit corporations including:

- Ohio Plan Risk Management, Inc. (OPRM) - formerly known as the Ohio Risk Management Plan;
- Ohio Plan Healthcare Consortium, Inc. (OPHC) - formerly known as the Ohio Healthcare Consortium; and
- Ohio Plan, Inc. - mirrors the oversight function previously performed by the Board of Directors. The Board of Trustees consists of eleven (11) members that include appointed and elected officials from member organizations.

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. These coverage programs, referred to as Ohio Plan Risk management ("OPRM"), 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 retain 17.5% (15% through October 31, 2009) 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 725 members as of December 31, 2009. The Library participates in this coverage.

**DELAWARE COUNTY DISTRICT LIBRARY
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**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND DECEMBER 31, 2009
(Continued)**

Note 7 - Risk Management (Continued)

The Plan formed the Ohio Plan Healthcare Consortium (“OPHC”), as authorized by Section 9.833 of the Ohio Revised Code. The OPHC was established to provide cost effective employee benefit programs for Ohio political sub-divisions and is a self-funded, group purchasing consortium that offers medical, dental, vision and prescription drug coverage as well as life insurance for its members. The OPHC is sold through seventeen appointed independent agents in the State of Ohio. Coverage programs are developed specific to each member’s healthcare needs and the related premiums for coverage are determined through the application of uniform underwriting criteria. Variable plan options are available to members. These plans vary primarily by deductibles, coinsurance levels, office visit co-pays and out-of-pocket maximums. OPHC had 60 members as of December 31, 2009. The Library does not participate in this coverage.

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, 2010 and 2009, and include amounts for both OPRM and OPHC:

	2010	2009
Assets	\$12,036,541	\$11,176,186
Liabilities	(4,845,056)	(4,852,485)
Members’ Equity	\$7,191,485	\$6,323,701

You can read the complete audited financial statements for OPRM and OPHC at the Plan’s website, 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
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**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND DECEMBER 31, 2009
(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 writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

Funding Policy –The Ohio Revised Code provides 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. For the years ending December 31, 2010 and 2009, 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 2010 and 2009 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 employer contribution allocated to health care for members in the Traditional Plan was 5.5 percent from January 1 through February 28, 2010, and 5 percent from March 1 through December 31, 2010. The portion of employer contributions allocated to health care for members in the Combined Plan was 4.73 percent from January 1 through February 28, 2010, and 4.23 percent from March 1 through December 31, 2010. Employer contribution rates are actuarially determined.

The Library's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2010, 2009, and 2008 were \$188,932, \$161,016, and \$166,203, respectively. The full amount has been contributed for 2010, 2009 and 2008. Contributions to the Member-Directed plan for 2010 were \$8,806 made by the Library and \$6,290 made by plan members.

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

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

**DELAWARE COUNTY DISTRICT LIBRARY
DELAWARE COUNTY**

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND DECEMBER 31, 2009
(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 writing to OPERS, 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 post-retirement health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2010, state and local employers contributed at a rate of 14.0 percent of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units.

Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 5.5 percent from January 1 through February 28, 2010, and 5 percent from March 1 through December 31, 2010. The portion of employer contributions allocated to health care for members in the Combined Plan was 4.73 percent from January 1 through February 28, 2010, and 4.23 percent from March 1 through December 31, 2010.

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

The Library’s contributions allocated to fund post-employment health care benefits for the years ended December 31, 2010, 2009, and 2008 were \$9,598, \$8,856, and \$9,141, respectively; The full amount has been contributed for 2010, 2009 and 2008.

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

Note 10 – Long-term Liabilities

A summary of the note transactions for the year ended December 31, 2010 and 2009, follows:

	Interest Rate	Balance December 31, 2008	Additions	Reductions	Balance December 31, 2009
1990 General Obligation Bonds	5%	\$345,000	0	\$195,000	\$150,000
2009 Special Obligation Notes	2-3.5%	0	\$8,650,000	0	\$8,650,000

**DELAWARE COUNTY DISTRICT LIBRARY
DELAWARE COUNTY**

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND DECEMBER 31, 2009
(Continued)**

Note 10 – Long-term Liabilities (Continued)

	Interest Rate	Balance December 31, 2009	Additions	Reductions	Balance December 31, 2010
1990 General Obligation Bonds	5%	\$150,000	0	\$150,000	0
2009 Special Obligation Notes	2-3.5%	\$ 8,650,000	\$ 0	\$ 190,000	\$ 8,460,000

1990 General Obligation Bonds

These bonds were issued to retire previous bonds that were issued for the construction of a main library in the City of Delaware, a branch library in the Village of Ostrander, and a branch library in the City of Powell.

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, 2010, are as follows:

Fiscal Year Ending December 31	<u>Special Obligation Notes</u>		
	Principal	Interest	Total
2011	240,000	337,280	577,280
2012	245,000	332,480	577,480
2013	245,000	327,580	572,580
2014	255,000	322,068	577,068
2015	260,000	315,374	575,374
2016-2020	1,415,000	1,456,850	2,871,850
2021-2025	1,695,000	1,181,150	2,876,150
2026-2030	2,070,000	800,058	2,870,058
2031-2034	2,035,000	260,250	2,295,250
Total	<u>\$8,460,000</u>	<u>\$5,333,089</u>	<u>\$13,793,089</u>

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' 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 the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Delaware County District Library, Delaware County, Ohio, (the Library) as of and for the years ended December 31, 2010 and 2009, which collectively comprise the Library's basic financial statements and have issued our report thereon dated July 20, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Library's financial statements will not be prevented, or detected and timely corrected.

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

Compliance and Other Matters

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

Delaware County District Library
Delaware County
Independent Accountants' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by Government Auditing Standards
Page 2

We did note a certain matter not requiring inclusion in this report that we reported to the Library's management in a separate letter dated July 20, 2011.

We intend this report solely for the information and use of the management, the finance committee, Board of Trustees and others within the Library. We intend it for no one other than these specified parties.

A handwritten signature in black ink that reads "Robert R. Hinkle". The signature is written in a cursive style with a large initial 'R'.

Robert R. Hinkle
Chief Deputy Auditor

July 20, 2011



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
SEPTEMBER 13, 2011