



Mary Taylor, CPA
Auditor of State

**DELAWARE COUNTY DISTRICT LIBRARY
DELAWARE COUNTY**

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Mary Taylor, CPA

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, 2008 and 2007 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, 2008 and 2007, 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 June 30, 2009, 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.

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

June 30, 2009

**DELAWARE COUNTY DISTRICT LIBRARY
DELAWARE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007
(UNAUDITED)**

This discussion and analysis of the Delaware County District Libraries' (The Library) financial performance provides an overall review of the Library's financial activities for the year ended December 31, 2008 and 2007, within the limitations of the Library's cash basis accounting. The intent of this discussion and analysis is to look at the District'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 2008 are as follows:

Net assets of governmental activities decreased \$254,326, or 11.4% percent, a significant change from the prior year. The fund most affected by the decrease in cash and cash equivalents was the General Fund, which realized the greatest burden of increased costs in 2008.

The Library's general income is primarily from Public Library Fund (PLF) formerly known as Library and Local Government Support Fund (LLGSF) receipts. PLF receipts for 2008 were very similar to 2007, and basically unchanged since 2003. The library also receives Property Taxes that represent 9.98 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. Taking this together with rising costs this year explains the decrease in net assets. PLF receipts make up 93% of the Library's total receipts. The challenge for The Library continues to be living within the means of our current available resources.

Key highlights for 2007 are as follows

Net assets of governmental activities decreased \$119,439, or 5% percent, from 2006. These changes impacted only the General Fund as virtually all activity in 2007 occurred in the General Fund.

The Library's general income is primarily from Library and Local Government Support Fund (LLGSF) receipts. LLGSF receipts for 2007 were identical to 2006. The library also receives Property Taxes that represent 11.53 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. Taking this together with rising costs this year explains the decrease in net assets. LLGSF receipts make up 91% of the Library's total receipts. The challenge for The Library is now to do more with current available resources.

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.

**DELAWARE COUNTY DISTRICT LIBRARY
DELAWARE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007
(UNAUDITED)
(Continued)**

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 2008 and 2007, 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.

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 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.

**DELAWARE COUNTY DISTRICT LIBRARY
DELAWARE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007
(UNAUDITED)
(Continued)**

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, and Building and Repair Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

The Library as a Whole

Table 1 provides a summary of the Library's net assets for 2008 compared to 2007 and 2007 to 2006 on a cash basis:

(Table 1)

Net Assets

	Governmental Activities		
	2008	2007	2006
Assets			
Cash and Cash Equivalents	\$1,972,568	\$2,226,894	\$2,346,333
Total Assets	\$1,972,568	\$2,226,894	\$2,346,333
Net Assets			
Restricted for:			
Debt Service	69,871	53,839	44,482
Capital Projects	872,259	880,190	905,853
Permanent Fund	55,057	53,685	53,484
Other Purposes	73,524	70,188	98,127
Unrestricted	901,857	1,168,992	1,244,387
Total Net Assets	\$1,972,568	\$2,226,894	\$2,346,333

**DELAWARE COUNTY DISTRICT LIBRARY
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**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007
(UNAUDITED)
(Continued)**

As noted in the table above total net assets decreased by \$373,765 from 2008 to 2006. The primary factors contributing to these decreases in cash balances are as follows:

- Revenue from the PLF has declined by \$33,279 from 2008 to 2007.
- Interest rates on the Libraries investments declined to 1.25% December 31, 2008 from 5.10% in January 2007.
- Expenditures for governmental activities increased by \$7,043 during 2008 and by \$143,954 during 2007. For both years, this was primarily due to an increase in expenditures for personnel and benefits, as well as purchased and contracted services.
- Expenditures from the Capital Projects Fund amounted to \$35,840 in 2008 and \$75,568 in 2007. These expenditures were made to purchase furniture and equipment for both years. In 2008, the library had significant elevator repairs, architects fees, and land expenses. In 2007, the library purchased book drops, replaced the boilers, and added an interior office space.

**DELAWARE COUNTY DISTRICT LIBRARY
DELAWARE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007
(UNAUDITED)
(Continued)**

Table 2 reflects the change in net assets in 2008 and provides a comparison to prior year amounts.

(Table 2)
Changes in Net Assets

	Governmental Activities		
	2008	2007	2006
Receipts:			
Program Receipts:			
Charges for Services and Sales	\$58,256	\$56,757	\$56,877
Operating Grants and Contributions	22,775	18,097	50,935
Total Program Receipts	<u>\$81,031</u>	<u>74,854</u>	<u>107,812</u>
General Receipts:			
Library and Local Government Support Fund	2,027,746	2,061,025	2,061,047
Property and Other Local Taxes	250,082	303,810	314,779
Grants and Entitlements	43,208	50,086	77,208
Earnings on Investments	67,869	135,269	107,646
Miscellaneous	36,574	9,310	17,602
Total General Receipts	<u>2,425,479</u>	<u>2,559,500</u>	<u>2,578,282</u>
Total Receipts	<u>2,506,510</u>	<u>2,634,354</u>	<u>2,686,094</u>
Disbursements:			
Salaries and Benefits	1,658,828	1,559,682	1,499,984
Supplies	97,761	95,916	111,089
Purchased & Contracted Services	298,948	293,002	271,096
Library Materials and Information	365,076	382,232	345,282
Other Objects	1,213	16,405	17,405
Capital Outlay	78,535	101,081	44,509
Debt Service	260,475	305,475	320,475
Total Disbursements	<u>2,760,836</u>	<u>2,753,793</u>	<u>2,609,840</u>
Increase (Decrease) in Net Assets	(254,326)	(119,439)	76,254
Net Assets, January 1,	2,226,894	2,346,333	2,270,079
Net Assets, December 31,	<u>1,972,568</u>	<u>\$2,226,894</u>	<u>\$2,346,333</u>

During 2008 & 2007, program receipts represent only 3.27 percent and 2.84 percent, respectively of total receipts and are primarily comprised of fees associated with Library Services and homestead and rollback receipts received for debt service.

LLGSF and property tax receipts respectively represent 78.23 and 11.53 percent of the Library's total receipts received for governmental activities during 2007. PLF and property tax receipts respectively represent 80.90 and 9.98 percent of the Library's total receipts received for governmental activities during 2008.

All other receipts are very insignificant and somewhat unpredictable revenue sources. Overall disbursements for the Library remained consistent for the period.

**DELAWARE COUNTY DISTRICT LIBRARY
DELAWARE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007
(UNAUDITED)
(Continued)**

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 2,008	Net Cost of Services 2,008	Total Cost Of Services 2,007	Net Cost of Services 2,007	Total Cost Of Services 2,006	Net Cost of Services 2,006
Library Services:						
Salaries and Benefits	\$ 1,658,828	\$ 1,658,828	\$ 1,559,682	\$ 1,559,682	\$ 1,499,984	\$ 1,498,984
Supplies	97,761	96,447	95,916	95,916	111,089	111,089
Purchased and Contracted Services	298,948	289,262	293,002	293,002	271,096	271,096
Library Materials and Information	365,076	295,045	382,232	307,378	345,282	272,343
Other	1,213	1,213	16,405	16,405	17,405	17,405
Capital Outlay	78,535	78,535	101,081	101,081	44,509	44,509
Debt Service:						
Principal Retirement	230,000	199,313	13,588	(2,373)	16,718	(17,155)
Interest and Fiscal Charges	30,475	30,475	291,887	291,887	303,757	303,757
Total Expenses	\$ 2,760,836	\$ 2,649,118	\$ 2,753,793	\$ 2,662,978	\$ 2,609,840	\$ 2,502,028

The dependence upon tax receipts and PLF and LLGSF is apparent as over 73 and 75 percent, respectively, of governmental activities are supported through these general receipts for 2008 and 2007.

The Library's Funds

For 2008, Governmental funds had total revenue of \$2,506,510 and expenditures of \$2,760,836. General Fund receipts were less than disbursements by \$267,420 indicating the Library's use of it invested reserves. The Library began 2008 with a cash balance of \$1,168,992 in the General Fund. This leaves a balance of \$901,572 as of December 31, 2008.

The fund balance of the Debt Service Fund increased by \$16,317 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 \$7,931 due to elevator repair, architects fees, and land studies.

**DELAWARE COUNTY DISTRICT LIBRARY
DELAWARE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007
(UNAUDITED)
(Continued)**

For 2007, Governmental funds had total revenue of \$2,634,355 and expenditures of \$2,753,794. General Fund receipts were less than disbursements by \$75,395 indicating the Library's use of its invested reserves. The Library began 2007 with a cash balance of \$1,244,387 in the General Fund. This leaves a balance of \$1,168,992 as of December 31, 2007.

The fund balance of the Debt Service Fund increased by \$9,357 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 \$25,663 due to additional office space, book drop purchase, and boiler replacement.

General Fund Budgeting Highlights

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

During 2008 and 2007, 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 \$2,781,444 while actual disbursements were \$2,569,199 for 2008. Final disbursements were budgeted at \$2,560,149 while actual disbursements were \$2,448,052 for 2007.

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, 2008 and 2007, the Library's outstanding debt included \$345,000 and \$575,000 respectively in general obligation bonds issued for construction of a main library and two branch libraries

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. All departments have been asked to reduce their spending to compensate for the reduction in funding.

Contacting the Library's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Library's finances and to reflect the Library's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Angela Cox, Fiscal Officer, Delaware County District Library, 84 East Winter Street, Delaware, Ohio 43015.

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DELAWARE COUNTY DISTRICT LIBRARY
DELAWARE COUNTY

STATEMENT OF NET ASSETS - CASH BASIS
DECEMBER 31, 2008

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 1,972,568
<i>Total Assets</i>	<u>1,972,568</u>
Net Assets	
Restricted for:	
Capital Projects	872,259
Debt Service	69,871
Permanent Fund Purpose	
Expendable	1,444
Nonexpendable	53,613
Other Purposes	73,524
Unrestricted	<u>901,857</u>
<i>Total Net Assets</i>	<u>\$ 1,972,568</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, 2008**

	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	\$ 1,658,828	\$ -	\$ -	\$ (1,658,828)
Supplies	97,761	-	1,314	(96,447)
Purchased and Contracted Services	298,948	-	9,686	(289,262)
Library Materials and Information	365,076	58,256	11,775	(295,045)
Other Objects	1,213	-	-	(1,213)
Capital Outlay	78,535	-	-	(78,535)
Debt Service:				
Principal Retirement	230,000	-	-	(230,000)
Interest and Fiscal Charges	30,475	-	-	(30,475)
<i>Total Governmental Activities</i>	<u>\$ 2,760,836</u>	<u>\$ 58,256</u>	<u>\$ 22,775</u>	<u>(2,679,805)</u>
General Receipts				
Library and Local Government Support Fund				2,027,746
Property Taxes Levied for Debt Service				250,082
Grants and Entitlements				43,208
Earnings on Investments				67,869
Miscellaneous				36,574
<i>Total General Receipts</i>				<u>2,425,479</u>
Change in Net Assets				(254,326)
<i>Net Assets Beginning of Year</i>				<u>2,226,894</u>
<i>Net Assets End of Year</i>				<u>\$ 1,972,568</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, 2008**

	General	Debt Service	Building & Repair Capital Projects	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$ 901,572	\$ 70,156	\$ 872,259	\$ 128,581	\$ 1,972,568
<i>Total Assets</i>	<u>901,572</u>	<u>70,156</u>	<u>872,259</u>	<u>128,581</u>	<u>1,972,568</u>
Fund Balances					
Reserved:					
Reserved for Encumbrances	120,291	-	4,748	93	125,132
Unreserved:					
Undesignated, Reported in:					
General Fund	781,281	-	-	-	781,281
Special Revenue Funds	-	-	-	73,525	73,525
Debt Service Fund	-	70,156	-	-	70,156
Capital Projects Funds	-	-	867,511	-	867,511
Permanent Funds	-	-	-	54,963	54,963
<i>Total Fund Balances</i>	<u>\$ 901,572</u>	<u>\$ 70,156</u>	<u>\$ 872,259</u>	<u>\$ 128,581</u>	<u>\$ 1,972,568</u>

See accompanying notes to the basic financial statements

**DELAWARE COUNTY DISTRICT LIBRARY
DELAWARE COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN CASH BASIS FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2008**

	General	Debt Service	Building & Repair Capital Projects	Other Governmental Funds	Total Governmental Funds
Receipts					
Library and Local Government Support Fund	\$ 2,027,746	\$ -	\$ -	\$ -	\$ 2,027,746
Property and Other Local Taxes	-	250,082	-	-	250,082
Intergovernmental	12,422	30,687	-	11,000	54,109
Patron Fines and Fees	58,256	-	-	-	58,256
Contributions, Gifts and Donations	10,874	-	-	1,000	11,874
Earnings on Investments	35,616	-	27,909	4,344	67,869
Miscellaneous	36,574	-	-	-	36,574
<i>Total Receipts</i>	<u>2,181,488</u>	<u>280,769</u>	<u>27,909</u>	<u>16,344</u>	<u>2,506,510</u>
Disbursements					
Current:					
Library Services:					
Salaries and Benefits	1,658,828	-	-	-	1,658,828
Supplies	96,447	-	-	1,314	97,761
Purchased and Contracted Services	286,286	3,977	-	8,685	298,948
Library Materials and Information	363,439	-	-	1,637	365,076
Other	1,213	-	-	-	1,213
Capital Outlay	42,695	-	35,840	-	78,535
Debt Service:					
Principal Retirement	-	230,000	-	-	230,000
Interest and Fiscal Charges	-	30,475	-	-	30,475
<i>Total Disbursements</i>	<u>2,448,908</u>	<u>264,452</u>	<u>35,840</u>	<u>11,636</u>	<u>2,760,836</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(267,420)	16,317	(7,931)	4,708	(254,326)
<i>Fund Balances Beginning of Year</i>	<u>1,168,992</u>	<u>53,839</u>	<u>880,190</u>	<u>123,873</u>	<u>2,226,894</u>
<i>Fund Balances End of Year</i>	<u>\$ 901,572</u>	<u>\$ 70,156</u>	<u>\$ 872,259</u>	<u>\$ 128,581</u>	<u>\$ 1,972,568</u>

See accompanying notes to the basic financial statements

**DELAWARE COUNTY DISTRICT LIBRARY
DELAWARE COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts				
Library and Local Government Support Fund	\$ 2,075,146	\$ 2,032,300	\$ 2,027,746	\$ (4,554)
Intergovernmental	-	-	12,422	12,422
Patron Fines and Fees	50,000	35,000	58,256	23,256
Contributions, Gifts and Donations	-	4,000	10,874	6,874
Earnings on Investments	60,000	30,000	35,616	5,616
Miscellaneous	10,500	5,300	36,574	31,274
<i>Total receipts</i>	<u>2,195,646</u>	<u>2,106,600</u>	<u>2,181,488</u>	<u>74,888</u>
Disbursements				
Current:				
Library Services:				
Salaries and Benefits	1,731,461	1,817,485	1,692,179	125,306
Supplies	109,920	122,416	104,110	18,306
Purchased and Contracted Services	340,561	373,560	347,593	25,967
Library Materials and Information	379,270	411,212	380,852	30,360
Other	42,400	19,771	1,213	18,558
Capital Outlay	37,000	37,000	43,252	(6,252)
<i>Total Disbursements</i>	<u>2,640,612</u>	<u>2,781,444</u>	<u>2,569,199</u>	<u>212,245</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(444,966)</u>	<u>(674,844)</u>	<u>(387,711)</u>	<u>287,133</u>
<i>Fund Balance Beginning of Year</i>	1,052,140	1,052,140	1,052,140	-
Prior Year Encumbrances Appropriated	116,852	116,852	116,852	-
<i>Fund Balance End of Year</i>	<u>\$ 724,026</u>	<u>\$ 494,148</u>	<u>\$ 781,281</u>	<u>\$ 287,133</u>

See accompanying notes to the basic financial statements

DELAWARE COUNTY DISTRICT LIBRARY
DELAWARE COUNTY

STATEMENT OF NET ASSETS - CASH BASIS
DECEMBER 31, 2007

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 2,226,894
	<hr/>
<i>Total Assets</i>	<u>2,226,894</u>
Net Assets	
Restricted for:	
Capital Projects	880,190
Debt Service	53,839
Permanent Fund Purpose	
Expendable	3,072
Nonexpendable	50,613
Other Purposes	70,188
Unrestricted	<u>1,168,992</u>
<i>Total Net Assets</i>	<u>\$ 2,226,894</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, 2007**

	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	\$ 1,559,682	\$ -	\$ -	(1,559,682)
Supplies	95,916	-	-	(95,916)
Purchased and Contracted Services	293,002	-	-	(293,002)
Library Materials and Information	382,232	56,757	18,097	(307,378)
Other Objects	16,405	-	-	(16,405)
Capital Outlay	101,081	-	-	(101,081)
Debt Service:				
Principal Retirement	13,588	-	-	(13,588)
Interest and Fiscal Charges	291,887	-	-	(291,887)
<i>Total Governmental Activities</i>	<u>\$ 2,753,793</u>	<u>\$ 56,757</u>	<u>\$ 18,097</u>	<u>(2,678,939)</u>
General Receipts				
Library and Local Government Support Fund				2,061,025
Property Taxes Levied for Debt Service				303,810
Grants and Entitlements				50,086
Earnings on Investments				135,269
Miscellaneous				9,310
<i>Total General Receipts</i>				<u>2,559,500</u>
Change in Net Assets				(119,439)
<i>Net Assets Beginning of Year</i>				<u>2,346,333</u>
<i>Net Assets End of Year</i>				<u>\$ 2,226,894</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, 2007**

	General	Debt Service	Building & Repair Capital Projects	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$ 1,168,992	\$ 53,839	\$ 880,190	\$ 123,873	\$ 2,226,894
<i>Total Assets</i>	<u>1,168,992</u>	<u>53,839</u>	<u>880,190</u>	<u>123,873</u>	<u>2,226,894</u>
Fund Balances					
Reserved:					
Reserved for Encumbrances	116,852	-	-	163	117,015
Reserved for (permanent fund purpose)					
Unreserved:					
Undesignated, Reported in:					
General Fund	1,052,140	-	-	-	1,052,140
Special Revenue Funds	-	-	-	70,188	70,188
Debt Service Fund	-	53,839	-	-	53,839
Capital Projects Funds	-	-	880,190	-	880,190
Permanent Funds	-	-	-	53,522	53,522
<i>Total Fund Balances</i>	<u>\$ 1,168,992</u>	<u>\$ 53,839</u>	<u>\$ 880,190</u>	<u>\$ 123,873</u>	<u>\$ 2,226,894</u>

See accompanying notes to the basic financial statements

**DELAWARE COUNTY DISTRICT LIBRARY
DELAWARE COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN CASH BASIS FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007**

	General	Debt Service	Building & Repair Capital Projects	Other Governmental Funds	Total Governmental Funds
Receipts					
Library and Local Government Support Fund	\$ 2,061,025	\$ -	\$ -	\$ -	\$ 2,061,025
Property and Other Local Taxes	-	303,810	-	-	303,810
Intergovernmental	-	15,961	-	-	15,961
Patron Fines and Fees	56,758	-	-	-	56,758
Contributions, Gifts and Donations	52,222	-	-	-	52,222
Earnings on Investments	76,491	-	49,905	8,873	135,269
Miscellaneous	9,310	-	-	-	9,310
<i>Total Receipts</i>	<u>2,255,806</u>	<u>319,771</u>	<u>49,905</u>	<u>8,873</u>	<u>2,634,355</u>
Disbursements					
Current:					
Library Services:					
Salaries and Benefits	1,525,489	-	-	34,193	1,559,682
Supplies	95,916	-	-	-	95,916
Purchased and Contracted Services	288,063	4,939	-	-	293,002
Library Materials and Information	379,815	-	-	2,418	382,233
Other	16,405	-	-	-	16,405
Capital Outlay	25,513	-	75,568	-	101,081
Debt Service:					
Principal Retirement	-	13,588	-	-	13,588
Interest and Fiscal Charges	-	291,887	-	-	291,887
<i>Total Disbursements</i>	<u>2,331,201</u>	<u>310,414</u>	<u>75,568</u>	<u>36,611</u>	<u>2,753,794</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(75,395)	9,357	(25,663)	(27,738)	(119,439)
<i>Fund Balances Beginning of Year</i>	<u>1,244,387</u>	<u>44,482</u>	<u>905,853</u>	<u>151,611</u>	<u>2,346,333</u>
<i>Fund Balances End of Year</i>	<u>\$ 1,168,992</u>	<u>\$ 53,839</u>	<u>\$ 880,190</u>	<u>\$ 123,873</u>	<u>\$ 2,226,894</u>

See accompanying notes to the basic financial statements

**DELAWARE COUNTY DISTRICT LIBRARY
DELAWARE COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<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	\$ 2,322,510	\$ 2,058,023	\$ 2,061,025	\$ 3,002
Patron Fines and Fees	50,000	35,000	56,758	21,758
Contributions, Gifts and Donations	-	4,000	52,222	48,222
Earnings on Investments	60,000	30,000	76,491	46,491
Miscellaneous	10,500	5,300	9,310	4,010
<i>Total receipts</i>	<u>2,443,010</u>	<u>2,132,323</u>	<u>2,255,806</u>	<u>123,483</u>
Disbursements				
Current:				
Library Services:				
Salaries and Benefits	1,657,828	1,689,833	1,602,000	87,833
Supplies	100,220	100,837	98,860	1,977
Purchased and Contracted Services	270,685	307,578	303,773	3,805
Library Materials and Information	379,220	418,936	401,502	17,434
Other	41,400	16,611	16,405	206
Capital Outlay	23,000	26,354	25,512	842
<i>Total Disbursements</i>	<u>2,472,353</u>	<u>2,560,149</u>	<u>2,448,052</u>	<u>112,097</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(29,343)</u>	<u>(427,826)</u>	<u>(192,246)</u>	<u>235,580</u>
<i>Fund Balance Beginning of Year</i>	1,175,515	1,175,515	1,175,515	-
Prior Year Encumbrances Appropriated	68,871	68,871	68,871	-
<i>Fund Balance End of Year</i>	<u>\$ 1,215,043</u>	<u>\$ 816,560</u>	<u>\$ 1,052,140</u>	<u>\$ 235,580</u>

See accompanying notes to the basic financial statements

**DELAWARE COUNTY DISTRICT LIBRARY
DELAWARE COUNTY**

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007**

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 the 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 2C, 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. Following are the more significant of the Library's accounting policies.

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, 2008 AND 2007
(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, Library and Local Government Support, or other non-exchange transactions. The Library does not have any business type activities.

The statement of net assets presents the cash balance of the governmental activities of the Library at year end. The statement of activities compares disbursements with program receipts of the Library's governmental type 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 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 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. Non-major 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 a fiscal and accounting entity with a self-balancing set of accounts. The Library classifies each fund as governmental.

Governmental Funds

The Library classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants) and other non-exchange transactions as governmental funds. 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 Capital Projects 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, 2008 AND 2007
(Continued)**

Note 2 – Summary of Significant Accounting Policies (continued)

B. Fund Accounting (continued)

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."

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.

**DELAWARE COUNTY DISTRICT LIBRARY
DELAWARE COUNTY**

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

Note 2 – Summary of Significant Accounting Policies (continued)

E. Cash, Cash Equivalents and Investments (continued)

During 2008 and 2007, investments were limited to a sweep account, nonnegotiable certificates of deposit and Certificate of Deposit Account Registry Services (CDARS). Investments are recorded at cost.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest receipt credited to the general fund during 2008 and 2007 amounted to \$35,616 and \$76,491 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. The financial statements do not report these assets.

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, 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.

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 bonds and other long-term obligations. These statements report proceeds of debt when cash is received and debt service disbursements for debt principal payments.

M. Net Assets

The statements report restricted net assets when enabling legislation or creditors, grantors or laws or regulations of other governments have imposed limitations on their use.

**DELAWARE COUNTY DISTRICT LIBRARY
DELAWARE COUNTY**

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

Note 2 – Summary of Significant Accounting Policies (continued)

M. Net Assets

The Library first applies restricted resources when incurring an expense for which both restricted and unrestricted net assets are available. Net assets restricted for other purposes include resources restricted within the special revenue fund.

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 – Accountability and Compliance

Compliance

Expenditures exceeded appropriations in the General Fund Capital Outlay line item at December 31, 2008.

Note 4 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis). The encumbrances outstanding at year end (budgetary basis) 2008 and 2007 amounted to \$120,291 and \$116,852 respectively for the general fund.

Note 5 – 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.

**DELAWARE COUNTY DISTRICT LIBRARY
DELAWARE COUNTY**

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

Note 6 – 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;
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.

**DELAWARE COUNTY DISTRICT LIBRARY
DELAWARE COUNTY**

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

Note 6 – Deposits and Investments (continued)

At year end 2008 and 2007, 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 2008 and 2007, the carrying amount of the Library’s deposits was \$1,972,568 and \$2,226,894, respectively, and the bank balances were \$1,991,480 and \$2,284,749. Of the bank balances, \$169,721 in 2008 and \$325,683 in 2007 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 bank balances represent the Library’s active monies as of December 31, 2008 and 2007.

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:

	2008 Carrying Amount	2007 Carrying Amount	Maturity
Repurchase agreement	\$419,721	\$425,678	30 days

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. The repurchase agreement represents the Library’s interim deposits as of December 31, 2008 and 2007.

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 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.” However, in addition to certificates of deposit, the library only invested a repurchase agreement and investments in external investment pools (i.e. securities underlying repurchase agreements and investment securities) are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form.

**DELAWARE COUNTY DISTRICT LIBRARY
DELAWARE COUNTY**

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

Note 7 - 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 2008(2007) represent the collection of 2007(2006) taxes. Real property taxes received in 2008(07) were levied after October 1, 2007(2006), on the assessed values as of January 1, 2007(2006), 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 semiannually. 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 property tax receipts received in 2008(2007) represent the collection of 2007(2006) taxes. Public utility real and tangible personal property taxes received in 2008(07) became a lien on December 31, 2007(2006), were levied after October 1, 2007(2006), and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax receipts received in 2008(2007) (other than public utility property) represent the collection of 2008(2007) taxes. Tangible personal property taxes received in 2007(2006) were levied after October 1, 2007(2006), on the true value as of December 31, 2006. Tangible personal property is currently assessed at 25 percent of true value for capital assets and 23 percent for inventory. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The full tax rate for all Library operations for the year ended December 31, 2008 and 2007, was \$0.07 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which property tax receipts were based are as follows:

	2008	2007
Real Property		
Residential	\$3,941,663,730	\$3,861,538,901
Agricultural	65,348,120	57,382,310
Commercial/Industrial/Mineral	597,066,390	575,296,240
Tangible Personal Property	10,743,271	63,479,622
Business		
Public Utility	106,295,300	101,023,980
Total Assessed Value	<u>\$4,721,116,811</u>	<u>\$4,658,721,053</u>

**DELAWARE COUNTY DISTRICT LIBRARY
DELAWARE COUNTY**

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

Note 8 - Risk Management

Property and Liability

During fiscal year 2008, the Library contracted with Smith Feike-Minton, Inc for Property (Fire and Extended Coverage) and Boiler and Machinery coverage through Ohio Plan Insurance Company. Commercial Property coverage blanket for building and personal property with a limit of liability of \$5,300,147 and valuable papers limit of liability of \$2,000,000. Also through Ohio Plan Insurance Company a Commercial general liability aggregate limit of \$6,000,000. Ohio Plan Insurance Company covers commercial vehicles and has a \$1,000 deductible for comprehensive and collision. This insurance includes a bodily injury and property damage combined single limit of \$4,000,000.

The Library is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year 2007, the Library contracted with Trimble Company for Property (Fire and Extended Coverage) and Boiler and Machinery coverage through Westfield Insurance Company. Commercial Property coverage blanket for building and personal property with a limit of liability of \$5,170,726 and valuable papers limit of liability of \$1,942,000. Also through Westfield Insurance Company a Commercial general liability aggregate limit of \$2,000,000 and Umbrella liability limit of \$3,000,000. Westfield Insurance Company covers commercial vehicles and has a \$1,000 deductible for comprehensive and collision. This insurance includes a bodily injury and property damage combined single limit of \$1,000,000.

In 2008 the Ohio Plan covered Employment Practices liability policy coverage carrying the policy with a \$4,000,000 limit of liability

Employment Practices liability policy coverage through Trimble Company with American International Group Inc. carrying the policy with a \$1,000,000 limit of liability in 2007.

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

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 9 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

- A. The Library participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans as described below:
 - 1. The Traditional Pension Plan - a cost-sharing, multiple-employer defined benefit pension plan.
 - 2. The Member-Directed Plan - a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of member (vested) employer contributions plus any investment earnings.

**DELAWARE COUNTY DISTRICT LIBRARY
DELAWARE COUNTY**

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

Note 9 - Defined Benefit Pension Plans (continued)

3. The Combined Plan - 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 the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.
- B. OPERS provides retirement, disability, and 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.
- C. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.
- D. 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.
- E. The Ohio Revised Code provides statutory authority for member and employer contributions. For 2007, member and employer contribution rates were consistent across all three plans. Separate divisions for law enforcement and public safety exist only within the Traditional Pension Plan.

The member contribution rates for 2008 and 2007 were 10% and 9.5% respectively for members.

The employer contribution rate for 2008 and 2007 for employers was 14% and 13.85% respectively of covered payroll.

- F. The Library's required contributions for pension obligations to the plan for the years ended December 31, 2008 and 2007 were \$169,933 and \$161,044 respectively; the full amount has been contributed for 2008 and 2007. Contributions to the plan for 2008 were \$121,381 and \$110,464 for 2007 made by the plan members.

Note 10 – Post-employment Benefits

Ohio Public Employees Retirement System

- A. 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 provides retirement, disability, and survivor benefits as well as post-employment health care coverage to 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.

**DELAWARE COUNTY DISTRICT LIBRARY
DELAWARE COUNTY**

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

Note 10 – Post-employment Benefits (continued)

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 health care coverage provided by OPERS meets the definition of an Other Postemployment Benefit (OPEB) as described in GASB Statement 12.

A portion of each employer's contribution to OPERS is set aside for the funding of post-employment health care. The Ohio Revised Code provides statutory authority for employer contributions. In 2007, state employers contributed at a rate of 13.77% of covered payroll, local government employer units contributed at 13.85% of covered payroll and public safety and law enforcement employer units contributed at 17.17%. The portion of employer contributions, for all employers, allocated to health care was 5.00% from January 1 through June 30, 2007 and 6.00% from July 1 through December 31, 2007.

- B. The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS.
- C. Summary of Assumptions:

Actuarial Review—The assumptions and calculations below were based on OPERS' latest actuarial review performed as of December 31, 2006.

Funding Method—The individual entry age actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of unfunded actuarial accrued liability.

Assets Valuation Method—All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach, assets are adjusted to reflect 25% of unrealized market appreciation or depreciation on investment assets annually, not to exceed a 12% corridor.

Investment Return—The investment assumption rate for 2006 was 6.50%.

Active Employee Total Payroll—An annual increase of 4.00%, compounded annually, is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. In addition, annual pay increases over and above the 4.00% base increase, were assumed to range from 0.50% to 6.30%.

Health Care—Health care costs were assumed to increase at the projected wage inflation rate plus an additional factor ranging from 0.50% to 5.00% for the next 8 years. In subsequent years, (9 and beyond) health care costs were assumed to increase at 4.00% (the projected wage inflation rate).

- D. OPEB is advance-funded on an actuarially determined basis. The following disclosures are required:
 - 1. The Traditional Pension and Combined Plans had 374,979 active contributing participants as of December 31, 2007. The number of active contributing participants for both plans used in the December 31, 2006, actuarial valuation was 362,130.

**DELAWARE COUNTY DISTRICT LIBRARY
DELAWARE COUNTY**

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

Note 10 – Post-employment Benefits (continued)

2. The rates stated in Section A, above, are the contractually required contribution rates for OPERS. As part of this disclosure, it will be necessary for the employer to disclose the employer contributions actually made to fund post-employment benefits. The portion of your employer contributions that were used to fund post-employment benefits can be approximated by multiplying actual employer contributions for January 1 through June 30, 2007 by 0.3631 for state employers, 0.3610 for local government employers, and 0.2912 for both law enforcement and public safety employers. For the period July 1 through December 31, 2007, multiply the actual employer contributions by 0.4357 for state employers, 0.4332 for local government employers, and 0.3494 for both law enforcement and public safety employers.
3. The amount of \$12.0 billion represents the actuarial value of OPERS' net assets available for OPEB at December 31, 2006.
4. Based on the actuarial cost method used, the Actuarial Valuation as of December 31, 2006, reported the actuarially accrued liability and the unfunded actuarially accrued liability for OPEB at \$30.7 billion and \$18.7 billion, respectively.

E. OPERS Board of Trustees Implements its Health Care Preservation Plan

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

Note 11 – Long – Term Liabilities

The changes in the Library's long-term obligations during the year consist of the following:

	Principal Outstanding 1/1/07	Additions	Reductions	Principal Outstanding 12/31/07	Amounts Due in One Year
Governmental Activities					
1990 General Obligation Bonds	\$588,587	\$0	\$13,587	\$575,000	\$230,000

	Principal Outstanding 1/1/08	Additions	Reductions	Principal Outstanding 12/31/08	Amounts Due in One Year
Governmental Activities					
1990 General Obligation Bonds	\$575,000	\$0	\$230,000	\$345,000	\$195,000

The 1990 General Obligation Refunding 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.

**DELAWARE COUNTY DISTRICT LIBRARY
DELAWARE COUNTY**

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

Note 11 – Long – Term Liabilities (continued)

Principal and interest requirements to retire long-term liabilities outstanding at December 31, 2008, are as follows:

Fiscal Year Ending December 31	General Obligation Bonds		Total
	Principal	Interest	
2009	\$195,000	\$18,285	\$213,285
2010	150,000	7,950	157,950
Total	\$345,000	\$26,235	\$371,235

Note 12 – Subsequent Events

On January 30, 2009 the Library exchanged a 1.3 acre parcel and paid an additional \$414,139 for five acres of land. The land will be utilized for the construction of a library branch in Orange Township.

In addition, on May 5, 2009 Library District voters passed a ten-year, 1.0 mill levy. The levy will pay to build and run a 30,000-square-foot Orange Township branch, expand the Powell branch with more children's programming, and add items to the library's collection. The levy also will extend hours at all branches and replenish reserves.

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Mary Taylor, CPA

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 43074

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 the Delaware County District Library, Delaware County, Ohio, (the Library) as of and for the year ended December 31, 2008 and 2007, which collectively comprise the Library's basic financial statements and have issued our report thereon dated June 30, 2009, wherein we noted the Library uses a comprehensive accounting basis other than generally accepted accounting principles. 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 expressing our opinion on the financial statements, but not to opine 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 control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Library's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Library's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Library's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be 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.

We noted certain matters that we reported to the Library's management in a separate letter dated June 30, 2009.

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*.

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

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

Mary Taylor, CPA
Auditor of State

June, 30 2009

**DELAWARE COUNTY DISTRICT LIBRARY
DELAWARE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2008 AND 2007**

Finding Number	Finding Summary	Fully Corrected	Not corrected, Partially Corrected: Significantly Different Corrective action Taken; or finding no longer Valid; <i>Explain</i>
2006-01	Reclassification/adjustments were issued in 2006 report.	No	Partially Corrected Re-issued in the management letter.



Mary Taylor, CPA
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
OCTOBER 19, 2009**