



**DELAWARE COUNTY DISTRICT LIBRARY
DELAWARE COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013



Dave Yost • Auditor of State

**DELAWARE COUNTY DISTRICT LIBRARY
DELAWARE COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

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

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Delaware County District Library, Delaware County, Ohio, (the Library), as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Delaware County District Library, Delaware County, Ohio, as of December 31, 2014 and 2013, and the respective changes in cash financial position and the budgetary comparison for the General Fund thereof for the years then ended in accordance with the accounting basis described in Note 2.

Accounting Basis

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

Other Matters

Supplemental and Other Information

We audited to opine on the Library's financial statements that collectively comprise its basic financial statements.

We applied no procedures to the Management's Discussion & Analysis presented on pages 3-8 of the report, and accordingly, we express no opinion or any other assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 1, 2015, on our consideration of the Library's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Library's internal control over financial reporting and compliance.



Dave Yost
Auditor of State
Columbus, Ohio

October 1, 2015

**DELAWARE COUNTY DISTRICT LIBRARY
DELAWARE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(UNAUDITED)**

This discussion and analysis of the Delaware County District Library's (Library) financial performance provides an overall review of the Library's financial activities for the year ended December 31, 2014 and 2013, 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 2014 are as follows:

Net position of governmental activities increased \$1,850,188, or 19%, a significant change from the prior year. The fund most affected by the increase in cash and cash equivalents was the General Fund.

The Library's general receipts are primarily property taxes and Public Library Fund (PLF) receipts. The library receives Property Taxes that represent 62% of the cash received for the Library governmental activities during the year. PLF receipts for 2014 decreased \$33,902, or 2%, from 2013. The remaining revenue received by the Library comes from fines and fees levied on patrons, interest earned on funds invested, donations to the Library, and other miscellaneous sources. PLF receipts make up 27% of the Library's total receipts. The Library is investing for the future note requirements that continue through 2034 as the PLF continues to decrease each year.

Key highlights for 2013 are as follows:

Net position of governmental activities increased \$1,400,609, or 17%, from 2012. These changes impacted the Permanent Improvement Fund as the Library issued Notes for the purpose of constructing a branch library located in Orange Township, Delaware County, Ohio; improving and renovating existing library facilities; and paying the costs of other property referred to in Section 3375.40(C), Ohio Revised Code. The Notes will be Special Obligations of the Library and the principal of and interest on the Notes is payable solely from the Library's PLF receipts. The Permanent Improvement Fund was spent to zero as renovations to the Powell and Ostrander Branches were completed. The General Fund increased \$1,899,348, or 20% from 2012.

The Library's general receipts are primarily from the Public Library Fund and Property Taxes. PLF receipts for 2013 increased by \$46,012, or 2%, from 2012. The Library also receives Property Taxes that represent 61 percent of the cash received for Library operations during the year. The remaining revenue received by the Library comes from fines and fees levied on patrons, interest earned on funds invested, donations to the Library, and other miscellaneous sources. Taking this together with rising costs this year explains the increase in net position. PLF receipts make up 27% of the Library's total receipts.

The voters in the Library's service area passed a tax levy in May of 2009 for the purpose of current expenses at a rate not to exceed one mill for ten years. The Delaware County Auditor has certified the tax will generate \$4,708,132 during calendar year 2014 and \$4,636,290 during calendar year 2013.

Using the Basic Financial Statements

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

**DELAWARE COUNTY DISTRICT LIBRARY
DELAWARE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(UNAUDITED)
(Continued)**

Report Components

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the Library as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities and conditions on a cash basis of accounting.

The Statement of Net Position – Cash Basis and Statement of Activities – Cash Basis provide information about the activities of the whole Library, presenting both an aggregate view of the Library's finances and a longer-term view of those finances. Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Library as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

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

Basis of Accounting

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

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

Reporting the Library as a Whole

The Statement of Net Position and the Statement of Activities reflect how the Library did financially during 2014 and 2013, within the limitations of the cash basis of accounting. The Statement of Net Position – Cash Basis presents the cash balances of the governmental activities of the Library at year-end. The Statement of Activities – Cash Basis compares disbursements with program receipts for each governmental activity. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of disbursements with program receipts identifies how each governmental function draws from the Library's general receipts.

**DELAWARE COUNTY DISTRICT LIBRARY
DELAWARE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(UNAUDITED)
(Continued)**

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

Reporting the Library's Most Significant Funds

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

Governmental Funds — The Library's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Library's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Library's programs. The Library's significant governmental funds are presented on the financial statements in separate columns. The information for non-major funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Library's major governmental funds are the General Fund, Building and Repair Fund and Permanent Improvement Fund. In 2013 the Permanent Improvement Fund was expensed to zero as renovations to the Powell and Ostrander Branches were completed. 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, 2014 AND 2013
(UNAUDITED)
(Continued)**

The Library as a Whole

Table 1 provides a summary of the Library's net position for 2014 compared to 2013 and 2013 to 2012 on a cash basis:

	Governmental Activities		
	2014	2013	2012
Assets			
Cash and Cash Equivalents	\$11,715,791	\$9,865,603	\$8,464,994
<i>Total Assets</i>	\$11,715,791	\$9,865,603	\$8,464,994
 Net Assets			
Restricted for:			
Capital Improvements			404,351
Debt Service			
Permanent Fund Purpose			
Expendable	11,911	6,460	6,546
Nonexpendable	48,298	48,298	48,298
Other Purposes			
Unrestricted	11,655,582	9,810,845	8,005,799
<i>Total Net Position</i>	\$11,715,791	\$9,865,603	\$8,464,994

As noted in the table above, total net position increased by \$3,250,797 from 2012 to 2014. 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 \$4,708,132 during calendar year 2014 and \$4,636,290 during calendar year 2013.

**DELAWARE COUNTY DISTRICT LIBRARY
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**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(UNAUDITED)
(Continued)**

Table 2 reflects the change in net position in 2014 and provides a comparison to prior year amounts.

(Table 2)
Changes in Net Position

Governmental Activities

	2014	2013	2012
Receipts:			
Program Receipts:			
Charges for Services and Sales	\$81,437	\$81,431	\$79,353
Operating Grants and Contributions	4,655	5,898	18,676
Total Program Receipts	<u>\$86,092</u>	<u>\$87,329</u>	<u>\$98,029</u>
General Receipts:			
Public Library Fund	1,813,687	1,847,589	1,801,577
Property and Other Local Taxes	4,212,836	4,121,096	4,057,549
Grants and Entitlements	559,833	550,812	545,329
Earnings on Investments	64,677	70,018	46,119
Miscellaneous	45,582	114,910	52,890
Total General Receipts	<u>6,696,615</u>	<u>6,704,425</u>	<u>6,503,464</u>
Total Receipts	<u>6,782,707</u>	<u>6,791,754</u>	<u>6,601,493</u>
Disbursements:			
Salaries and Benefits	2,676,250	2,685,818	2,670,074
Supplies	178,229	212,124	177,874
Purchased & Contracted Services	713,813	685,439	671,567
Library Materials and Information	592,450	580,018	551,308
Other Objects	18,472	18,406	21,566
Capital Outlay	176,237	636,760	188,929
Debt Service	577,068	572,580	577,480
Total Disbursements	<u>4,932,519</u>	<u>5,391,144</u>	<u>4,858,798</u>
Increase in Net Position	1,850,188	1,400,609	1,742,695
Net Position, January 1,	9,865,603	8,464,994	6,722,299
Net Position, December 31,	<u>\$11,715,791</u>	<u>\$9,865,603</u>	<u>\$8,464,994</u>

**DELAWARE COUNTY DISTRICT LIBRARY
DELAWARE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(UNAUDITED)
(Continued)**

PLF and property tax receipts respectively represent 27 and 62 percent of the Library's total receipts received for governmental activities during 2014. PLF and property tax receipts respectively represent 27 and 61 percent of the Library's total receipts received for governmental activities during 2013.

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	Net Cost	Total Cost	Net Cost	Total Cost	Net Cost
	Of Services	of Services	Of Services	of Services	Of Services	of Services
	2014	2014	2013	2013	2012	2012
Library Services:						
Salaries and Benefits	\$2,676,250	(\$2,676,250)	\$2,685,818	(\$2,685,818)	\$2,670,074	(\$2,670,074)
Supplies	178,229	(178,229)	212,124	(212,124)	177,874	(177,874)
Purchased and Contracted Services	713,813	(713,813)	685,439	(685,439)	671,567	(671,567)
Library Materials and Information	592,450	(506,358)	580,018	(492,689)	551,308	(453,279)
Other	18,472	(18,472)	18,406	(18,406)	21,566	(21,566)
Capital Outlay	176,237	(176,237)	636,760	(636,760)	188,929	(188,929)
Debt Service:						
Principal Retirement	255,000	(255,000)	245,000	(245,000)	245,000	(245,000)
Interest and Fiscal Charges	322,068	(322,068)	327,580	(327,580)	332,480	(332,480)
Total Disbursements	\$4,932,519	(\$4,846,427)	\$5,391,145	(\$5,303,816)	\$4,858,798	(\$4,760,769)

**DELAWARE COUNTY DISTRICT LIBRARY
DELAWARE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(UNAUDITED)
(Continued)**

The Library's Funds

For 2014, Governmental funds had total revenue of \$6,782,707 and expenditures of \$4,932,519. General Fund receipts were more than disbursements by \$1,855,044 indicating the Library's use of voted operating levy funds. The Library began 2014 with a cash balance of \$9,661,546 in the General Fund. This leaves a balance of \$11,516,590 as of December 31, 2014.

For 2013, Governmental funds had total revenue of \$6,791,754 and expenditures of \$5,391,145. General Fund receipts were more than disbursements by \$1,899,348 indicating the Library's use of voted operating levy funds. The Library began 2013 with a cash balance of \$7,762,198 in the General Fund. This leaves a balance of \$9,661,546 as of December 31, 2013.

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 2014 and 2013, 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 \$6,060,094 while actual disbursements were \$5,450,305 for 2014. Final disbursements were budgeted at \$5,965,056 while actual disbursements were \$5,222,025 for 2013.

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, 2014 the Library's outstanding debt was \$7,475,000 for principal note retirement and \$4,013,681 interest note retirement. The Note obligations for December 31, 2013 were \$7,720,000 for principal note retirement and \$4,335,749 interest note retirement. The debt service requirements on the Notes are payable solely from the Library's PLF Receipts and continue through 2034.

Current Issues

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

Contacting the Library's Financial Management

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

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**DELAWARE COUNTY DISTRICT LIBRARY
DELAWARE COUNTY**

**STATEMENT OF NET POSITION - CASH BASIS
DECEMBER 31, 2014**

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 11,715,791
<i>Total Assets</i>	<u>11,715,791</u>
Net Position	
Restricted for:	
Permanent Fund Purpose:	
Expendable	11,911
Nonexpendable	48,298
Unrestricted	<u>11,655,582</u>
<i>Total Net Position</i>	<u>\$ 11,715,791</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, 2014**

	Cash Disbursements	Program Cash Receipts		Net (Disbursements) Receipts and Changes in Net Position
		Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
Current:				
Library Services:				
Salaries and Benefits	\$ 2,676,250	\$ -	\$ -	\$ (2,676,250)
Supplies	178,229			(178,229)
Purchased and Contracted Services	713,813			(713,813)
Library Materials and Information	592,450	81,437	4,655	(506,358)
Other Objects	18,472			(18,472)
Capital Outlay	176,237			(176,237)
Debt Service:				
Principal Retirement	255,000			(255,000)
Interest and Fiscal Charges	322,068			(322,068)
<i>Total Governmental Activities</i>	<u>\$ 4,932,519</u>	<u>\$ 81,437</u>	<u>\$ 4,655</u>	<u>(4,846,427)</u>
General Receipts:				
				1,813,687
				4,212,836
				559,833
				64,677
				45,582
				<u>6,696,615</u>
				1,850,188
				<u>9,865,603</u>
				<u>\$ 11,715,791</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, 2014**

	General	Building & Repair Capital Projects	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 11,516,359	\$ 138,992	\$ 60,440	\$ 11,715,791
<i>Total Assets</i>	<u>11,516,359</u>	<u>138,992</u>	<u>60,440</u>	<u>11,715,791</u>
Fund Balances				
Nonspendable	-	-	48,298	48,298
Restricted	-	-	11,911	11,911
Committed	-	-	-	-
Assigned	533,004	138,992	-	671,996
Unassigned	10,983,586	-	-	10,983,586
<i>Total Fund Balances</i>	<u>\$ 11,516,590</u>	<u>\$ 138,992</u>	<u>\$ 60,209</u>	<u>\$ 11,715,791</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, 2014**

	General	Building & Repair Capital Projects	Other Governmental Funds	Total Governmental Funds
Receipts				
Property and Other Local Taxes	\$ 4,212,836	\$ -	\$ -	\$ 4,212,836
Public Library	1,813,687	-	-	1,813,687
Intergovernmental	557,333	-	-	557,333
Patron Fines and Fees	81,437	-	-	81,437
Contributions, Gifts and Donations	9,440	-	5,618	15,058
Earnings on Investments	64,202	390	86	64,678
Miscellaneous	37,678	-	-	37,678
<i>Total Receipts</i>	<u>6,776,613</u>	<u>390</u>	<u>5,704</u>	<u>6,782,707</u>
Disbursements				
Current:				
Library Services:				
Salaries and Benefits	2,676,250			2,676,250
Supplies	178,229			178,229
Purchased and Contracted Services	713,813			713,813
Library Materials and Information	592,428		22	592,450
Other	18,472			18,472
Capital Outlay	65,540	110,697		176,237
Debt Service:				
Principal Retirement	255,000			255,000
Interest and Fiscal Charges	322,068			322,068
<i>Total Disbursements</i>	<u>4,821,800</u>	<u>110,697</u>	<u>22</u>	<u>4,932,519</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>1,954,813</u>	<u>(110,307)</u>	<u>5,682</u>	<u>1,850,188</u>
Other Financing Sources (Uses)				
Transfers In	-	100,000	-	100,000
Transfers Out	(100,000)			(100,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(100,000)</u>	<u>100,000</u>	<u>-</u>	<u>-</u>
<i>Net Change in Fund Balances</i>	1,854,813	(10,307)	5,682	1,850,188
<i>Fund Balances Beginning of Year</i>	<u>9,661,546</u>	<u>149,299</u>	<u>54,758</u>	<u>9,865,603</u>
<i>Fund Balances End of Year</i>	<u>\$ 11,516,359</u>	<u>\$ 138,992</u>	<u>\$ 60,440</u>	<u>\$ 11,715,791</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, 2014**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$ 4,636,290	\$ 4,708,132	\$ 4,212,836	\$ (495,296)
Public Library	1,873,645	1,795,526	1,813,687	18,161
Intergovernmental	-	-	557,333	557,333
Patron Fines and Fees	75,000	75,000	81,437	6,437
Contributions, Gifts and Donations	5,000	5,000	6,940	1,940
Earnings on Investments	30,000	30,000	64,202	34,202
Miscellaneous	27,500	27,500	37,678	10,178
<i>Total Receipts</i>	<u>6,647,435</u>	<u>6,641,158</u>	<u>6,774,113</u>	<u>132,955</u>
Disbursements				
Current:				
Library Services:				
Salaries and Benefits	2,831,370	2,987,794	2,924,057	63,737
Supplies	240,450	271,802	219,058	52,744
Purchased and Contracted Services	793,550	910,352	839,055	71,297
Library Materials and Information	600,410	672,864	673,389	(525)
Other	553,350	428,605	18,472	410,133
Capital Outlay	111,000	111,609	99,206	12,403
Debt Service:				
Principal Retirement	255,000	255,000	255,000	-
Interest and Fiscal Charges	322,068	322,068	322,068	-
<i>Total Disbursements</i>	<u>5,707,198</u>	<u>5,960,094</u>	<u>5,350,305</u>	<u>609,789</u>
<i>Excess of Receipts Over Disbursements</i>	<u>940,237</u>	<u>681,064</u>	<u>1,423,808</u>	<u>742,744</u>
Other Financing Uses				
Transfers-Out	-	(100,000)	(100,000)	-
<i>Changes in Fund Balances</i>	940,237	581,064	1,323,808	742,744
<i>Fund Balance Beginning of Year</i>	9,320,339	9,320,339	9,320,339	-
Prior Year Encumbrances Appropriated	339,207	339,207	339,207	-
<i>Fund Balance End of Year</i>	<u>\$ 10,599,783</u>	<u>\$ 10,240,610</u>	<u>\$ 10,983,354</u>	<u>\$ 742,744</u>

See accompanying notes to the basic financial statements

**DELAWARE COUNTY DISTRICT LIBRARY
DELAWARE COUNTY**

**STATEMENT OF NET POSITION - CASH BASIS
DECEMBER 31, 2013**

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$ 9,865,603</u>
<i>Total Assets</i>	<u><u>9,865,603</u></u>
Net Position	
Restricted for:	
Permanent Fund Purpose:	
Expendable	6,460
Nonexpendable	48,298
Unrestricted	<u>9,810,845</u>
<i>Total Net Position</i>	<u><u>\$ 9,865,603</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, 2013**

	Cash Disbursements	Program Cash Receipts		Net (Disbursements) Receipts and Changes in Net Position
		Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
Current:				
Library Services:				
Salaries and Benefits	\$ 2,685,818	\$ -	\$ -	\$ (2,685,818)
Supplies	212,124			(212,124)
Purchased and Contracted Services	685,439			(685,439)
Library Materials and Information	580,018	81,431	5,898	(492,689)
Other Objects	18,406			(18,406)
Capital Outlay	636,760			(636,760)
Debt Service:				
Principal Retirement	245,000			(245,000)
Interest and Fiscal Charges	327,580			(327,580)
<i>Total Governmental Activities</i>	<u>\$ 5,391,145</u>	<u>\$ 81,431</u>	<u>\$ 5,898</u>	(5,303,816)
General Receipts:				
				1,847,589
Library and Local Government Support Fund(PLF)				4,121,096
Property Taxes Levied for Current Expenses				550,812
Grants and Entitlements				70,018
Earnings on Investments				114,910
Miscellaneous				
<i>Total General Receipts</i>				<u>6,704,425</u>
Change in Net Position				1,400,609
<i>Net Position Beginning of Year</i>				<u>8,464,994</u>
<i>Net Position End of Year</i>				<u>\$ 9,865,603</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, 2013**

	<u>General</u>	<u>Building & Repair Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 9,661,546	\$ 149,299	\$ 54,758	\$ 9,865,603
<i>Total Assets</i>	<u>9,661,546</u>	<u>149,299</u>	<u>54,758</u>	<u>9,865,603</u>
Fund Balances				
Nonspendable	-	-	48,298	48,298
Restricted	-	-	6,460	6,460
Committed	2,000	-	-	2,000
Assigned	339,207	149,299	-	488,506
Unassigned	9,320,339	-	-	9,320,339
<i>Total Fund Balances</i>	<u>\$ 9,661,546</u>	<u>\$ 149,299</u>	<u>\$ 54,758</u>	<u>\$ 9,865,603</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, 2013**

	General	Building & Repair Capital Projects	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
Receipts					
Property and Other Local Taxes	\$ 4,121,096	\$ -	\$ -	\$ -	\$ 4,121,096
Public Library	1,847,589	-	-	-	1,847,589
Intergovernmental	533,752	-	-	-	533,752
Patron Fines and Fees	81,431	-	-	-	81,431
Contributions, Gifts and Donations	7,295	-	-	-	7,295
Earnings on Investments	69,502	437	13	66	70,018
Miscellaneous	130,573	-	-	-	130,573
<i>Total Receipts</i>	<u>6,791,238</u>	<u>437</u>	<u>13</u>	<u>66</u>	<u>6,791,754</u>
Disbursements					
Current:					
Library Services:					
Salaries and Benefits	2,685,818				2,685,818
Supplies	212,124				212,124
Purchased and Contracted Services	684,419		1,020		685,439
Library Materials and Information	579,866			152	580,018
Other	18,407				18,407
Capital Outlay	88,676	144,739	403,344		636,759
Debt Service:					
Principal Retirement	245,000				245,000
Interest and Fiscal Charges	327,580				327,580
<i>Total Disbursements</i>	<u>4,841,890</u>	<u>144,739</u>	<u>404,364</u>	<u>152</u>	<u>5,391,145</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>1,949,348</u>	<u>(144,302)</u>	<u>(404,351)</u>	<u>(86)</u>	<u>1,400,609</u>
Other Financing Sources (Uses)					
Transfers In	-	50,000	-	-	50,000
Transfers Out	(50,000)				(50,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(50,000)</u>	<u>50,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net Change in Fund Balances</i>	1,899,348	(94,302)	(404,351)	(86)	1,400,609
<i>Fund Balances Beginning of Year</i>	<u>7,762,198</u>	<u>243,601</u>	<u>404,351</u>	<u>54,844</u>	<u>8,464,994</u>
<i>Fund Balances End of Year</i>	<u>\$ 9,661,546</u>	<u>\$ 149,299</u>	<u>\$ -</u>	<u>\$ 54,758</u>	<u>\$ 9,865,603</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, 2013**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$ 4,600,042	\$ 4,636,290	\$ 4,121,096	\$ (515,194)
Public Library	1,885,323	1,885,323	1,847,589	(37,734)
Intergovernmental	-	-	543,662	543,662
Patron Fines and Fees	75,000	75,000	81,431	6,431
Contributions, Gifts and Donations	5,000	5,000	7,295	2,295
Earnings on Investments	30,000	30,000	69,499	39,499
Miscellaneous	20,000	20,000	113,513	93,513
<i>Total Receipts</i>	<u>6,615,365</u>	<u>6,651,613</u>	<u>6,784,085</u>	<u>132,472</u>
Disbursements				
Current:				
Library Services:				
Salaries and Benefits	2,722,013	2,775,631	2,817,215	(41,584)
Supplies	256,995	289,989	239,844	50,145
Purchased and Contracted Services	721,400	854,450	788,458	65,992
Library Materials and Information	586,410	680,709	646,520	34,189
Other	700,980	626,008	18,123	607,885
Capital Outlay	118,165	110,689	89,285	21,404
Debt Service:				
Principal Retirement	250,000	250,000	245,000	5,000
Interest and Fiscal Charges	327,580	327,580	327,580	-
<i>Total Disbursements</i>	<u>5,683,543</u>	<u>5,915,056</u>	<u>5,172,025</u>	<u>743,031</u>
<i>Excess of Receipts Over Disbursements</i>	<u>931,822</u>	<u>736,557</u>	<u>1,612,060</u>	<u>875,503</u>
Other Financing Uses				
Transfers-Out	-	(50,000)	(50,000)	-
<i>Changes in Fund Balances</i>	931,822	686,557	1,562,060	875,503
<i>Fund Balance Beginning of Year</i>	7,556,792	7,556,792	7,556,792	-
Prior Year Encumbrances Appropriated	201,487	201,487	201,487	-
<i>Fund Balance End of Year</i>	<u>\$ 8,690,101</u>	<u>\$ 8,444,836</u>	<u>\$ 9,320,339</u>	<u>\$ 875,503</u>

See accompanying notes to the basic financial statements

**DELAWARE COUNTY DISTRICT LIBRARY
DELAWARE COUNTY**

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND DECEMBER 31, 2013**

Note 1 – Description of the Library and Reporting Entity

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

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

Reporting Entity

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

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

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

Note 2 - Summary of Significant Accounting Policies

As discussed further in Note 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. 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 position 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, 2014 AND DECEMBER 31, 2013
(Continued)**

Note 2 - Summary of Significant Accounting Policies (Continued)

A. Basis of Presentation (Continued)

Government-wide Financial Statements

The statement of net position and the statement of activities display information about the Library as a whole. These statements include the financial activities of the primary government. The statements distinguish between those activities of the Library that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts and other non-exchange transactions. The Library does not have any business type activities.

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

Fund Financial Statements

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

B. Fund Accounting

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

Governmental Funds

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

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

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

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

**DELAWARE COUNTY DISTRICT LIBRARY
DELAWARE COUNTY**

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND DECEMBER 31, 2013
(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, committed or assigned to a particular purpose.

C. Basis of Accounting

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

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

D. Budgetary Process

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

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

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

E. Cash and Cash Equivalents

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, 2014 AND DECEMBER 31, 2013
(Continued)**

Note 2 - Summary of Significant Accounting Policies (Continued)

E. Cash and Cash Equivalents (Continued)

During 2014 and 2013, investments were limited to U.S. Savings Bonds, Federal National Mortgage Association Notes, Federal Home Loan Mortgage Corporation Notes, Federal Home Loan Bank Notes, money market mutual funds, STAR Ohio and nonnegotiable certificates of deposit. Except for STAR Ohio, these investments are recorded at cost.

The Library's money market mutual fund investment is recorded at amounts reported by Fifth Third Securities on December 31, 2014 and 2013.

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, 2014 and 2013.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest receipts credited to the general fund during 2014 and 2013 amounted to \$64,202 and \$69,502 respectively.

F. Restricted Assets

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

G. Inventory and Prepaid Items

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

H. Capital Assets

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

I. Fund Balance

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

Nonspendable The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

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

**DELAWARE COUNTY DISTRICT LIBRARY
DELAWARE COUNTY**

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND DECEMBER 31, 2013
(Continued)**

Note 2 - Summary of Significant Accounting Policies (Continued)

I. Fund Balance (Continued)

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

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

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

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

J. Interfund Receivables/Payables

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

K. Accumulated Leave

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

L. Employer Contributions to Cost-Sharing Pension Plans

The Library recognizes the disbursement for their employer contributions to cost-sharing pension plans when they are paid. As described in Notes 7 and 8, the employer contributions include portions for pension benefits and for postretirement health care benefits.

M. Long-Term Obligations

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

**DELAWARE COUNTY DISTRICT LIBRARY
DELAWARE COUNTY**

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND DECEMBER 31, 2013
(Continued)**

Note 2 - Summary of Significant Accounting Policies (Continued)

N. Net Position

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

O. Interfund Transactions

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

Note 3 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as a restricted, committed, or assigned fund balance (cash basis). The encumbrances outstanding at year end (budgetary basis) amounted to \$533,004 and \$339,207 in 2014 and 2013, respectively, for the general fund.

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

Note 4 – Deposits and Investments

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

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

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

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

**DELAWARE COUNTY DISTRICT LIBRARY
DELAWARE COUNTY**

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND DECEMBER 31, 2013
(Continued)**

Note 4 – Deposits and Investments (Continued)

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

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

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Library, and must be purchased with the expectation that it will be held to maturity.

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

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

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the Library will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end 2014 and 2013, \$4,235,249 and \$2,947,540 of the Library's bank balance of \$4,485,249 and \$3,197,540, respectively was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Library's name.

**DELAWARE COUNTY DISTRICT LIBRARY
DELAWARE COUNTY**

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND DECEMBER 31, 2013
(Continued)**

Note 4 – Deposits and Investments (Continued)

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

Investments

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

	Fair Value 12/31/2014	Fair Value 12/31/2013	Maturity
U.S. Government Money Market	\$198,322	\$135,926	6 Months or less
Negotiable CD's	3,069,000	3,069,000	5 years or less
Municipal Bonds	786,540	1,721,618	5 years or less
Callable Governmental Agencies Bonds	3,231,150	1,817,150	5 years or less
STAR Ohio	109	109	6 months or less
Total Portfolio	<u>\$7,285,121</u>	<u>\$6,743,803</u>	

Investment Type	Fair Value 12/31/2014	Investment Maturities (in Years)		
		Less than 1	1-2	3-5
U.S. Government Money Market	\$198,322	\$198,322		
Negotiable CD's	3,069,000	136,000	\$1,000,000	\$1,933,000
Municipal Bonds	786,540		437,674	348,866
Callable Governmental Agencies Bonds	3,231,150			3,231,150
STAR Ohio	109	109		
Total Investments	<u>\$7,285,121</u>	<u>\$334,431</u>	<u>\$1,437,674</u>	<u>\$5,513,016</u>

Investment Type	Fair Value 12/31/2013	Investment Maturities (in Years)		
		Less than 1	1-2	3-5
U.S. Government Money Market	\$135,926	135,926		
Negotiable CD's	3,069,000	\$250,000	\$136,000	\$2,683,000
Municipal Bonds	1,721,618	424,803	510,275	786,540
Callable Governmental Agencies Bonds	1,817,150			1,817,150
STAR Ohio	109	109		
Total Investments	<u>\$6,743,803</u>	<u>\$810,838</u>	<u>\$646,275</u>	<u>\$5,286,690</u>

**DELAWARE COUNTY DISTRICT LIBRARY
DELAWARE COUNTY**

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND DECEMBER 31, 2013
(Continued)**

Note 4 – Deposits and Investments (Continued)

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

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

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

Concentration of Credit Risk The Library places no limit on the amount it may invest in any one issuer. The following investments represent five percent or more of total investments as of December 31, 2014 and 2013:

2014 Investment Issuer	Percentage of Investments
U.S. Government Money Market	3%
Negotiable CD's	42%
Municipal Bonds	11%
Callable Governmental Agencies Bonds	44%
STAR Ohio	0%
Total	100%

**DELAWARE COUNTY DISTRICT LIBRARY
DELAWARE COUNTY**

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND DECEMBER 31, 2013
(Continued)**

Note 4 – Deposits and Investments (Continued)

2013 Investment Issuer	Percentage of Investments
U.S. Government Money Market	2%
Negotiable CD's	45%
Municipal Bonds	26%
Callable Governmental Agencies Bonds	27%
STAR Ohio	0%
Total	100%

Note 5 - Property Taxes

Property taxes include amounts levied against all real and public utility property located in the Delaware County District Library's service area. Property tax revenue received during 2014 and 2013 for real and public utility property taxes represents collections of the 2013 and 2012 taxes, respectively.

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

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

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

The full tax rate for all Library operations for the year ended December 31, 2014 and 2013 was \$0.07 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2014 and 2013 property tax receipts were based are as follows:

Real Property	\$4,882,726,340
Public Utility Personal Property	134,231,230
12/31/2014 Total	\$5,016,957,570
Real Property	4,606,267,250
Public Utility Personal Property	130,172,300
12/31/2013 Total	\$4,736,439,550

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.

**DELAWARE COUNTY DISTRICT LIBRARY
DELAWARE COUNTY**

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND DECEMBER 31, 2013
(Continued)**

Note 6 - Risk Management

The Library belongs to the Ohio Plan Risk Management, Inc. (OPRM) - formerly known as 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 is legally separate from its member governments.

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

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss, except OPRM retains 41.5% (effective November 1, 2011) of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Effective November 1, 2012 (and through October 2014) the plan increased its retention to 50% of the first \$250,000 casualty treaty. The Plan's property retention remained unchanged from prior years. This change was made to balance the reinsurance market conditions. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 774 and 783 members as of December 31, 2013 and 2014 respectively.

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

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

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2013 and 2014

	2013	2014
Assets	\$13,774,304	\$14,830,185
Liabilities	(7,968,395)	(8,942,504)
Members' Equity	\$5,805,909	\$5,887,681

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

Note 7 - 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 Pension 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.

**DELAWARE COUNTY DISTRICT LIBRARY
DELAWARE COUNTY**

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND DECEMBER 31, 2013
(Continued)**

Note 7 - Defined Benefit Pension Plan (Continued)

Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost-of-living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/investments/cafr.shtml>, writing to OPERS, 277 East Town Street, Columbus, Ohio 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. For 2014 and 2013, member and employer contribution rates were consistent across all three plans. Member contribution rates, as set in the Ohio Revised Code, were 10 percent of earnable salary for members in the state and local classifications.

The Library's contribution rate for 2014 and 2013 was 14 percent of earnable salary. The portion of the Library's contribution used to fund pension benefits is net of postemployment health care benefits. The portion of the Library's contribution allocated to health care for members in the Traditional Plan was 4 percent for 2014 and 2013. The portion of the Library's contribution allocated to health care for members in the Combined Plan was 6.05 percent for 2014 and 2013. Employer contribution rates are actuarially determined.

The Library's required contribution for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2014, 2013, and 2012 were \$240,560, \$237,413, and \$192,196, respectively. The full amount has been contributed for 2014, 2013, and 2012. Contributions to the Member-Directed plan for the years ended December 31, 2014, 2013, and 2012 were \$5,548, \$6,937, and \$7,601, respectively.

Note 8 - 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.

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.

**DELAWARE COUNTY DISTRICT LIBRARY
DELAWARE COUNTY**

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND DECEMBER 31, 2013
(Continued)**

Note 8 - Postemployment Benefits (Continued)

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 2014, 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 postemployment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 4 percent for 2014. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05 percent for 2014.

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 postemployment health care benefits for the years ended December 31, 2014, 2013, and 2012 were \$40,074, \$39,550, and \$77,450, respectively. The full amount has been contributed for 2014, 2013, and 2012.

Note 9 - Notes Payable

A summary of the note transactions for the years ended December 31, 2014 and 2013, follows:

	<u>Outstanding December 31, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Outstanding December 31, 2013</u>
2009 Speical Obligation Notes	<u>\$7,975,000</u>	<u>\$0</u>	<u>\$245,000</u>	<u>\$7,730,000</u>
	<u>Outstanding December 31, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Outstanding December 31, 2014</u>
2009 Speical Obligation Notes	<u>\$7,730,000</u>	<u>\$0</u>	<u>\$255,000</u>	<u>\$7,475,000</u>

2009 Special Obligation Notes

In 2009, the Library issued notes in order to construct a branch library in Orange Township. The Library utilizes general fund revenue as a source of repayment for the debt. The notes will mature on December 1, 2034.

**DELAWARE COUNTY DISTRICT LIBRARY
DELAWARE COUNTY**

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND DECEMBER 31, 2013
(Continued)**

Note 9 - Notes Payable (Continued)

Principal and interest requirements to retire long-term liabilities outstanding at December 31, 2014, are as follows:

Fiscal Year Ending December 31	Special Obligation Notes		
	Principal	Interest	Total
2015	\$ 260,000	\$ 315,374	\$ 575,374
2016	265,000	308,549	573,549
2017	275,000	300,599	575,599
2018	285,000	292,005	577,005
2019	290,000	282,742	572,742
2020-2024	1,630,000	1,245,375	2,875,375
2025-2029	1,985,000	884,538	2,869,538
2030-2034	2,485,000	384,500	2,869,500
Total	<u>\$ 7,475,000</u>	<u>\$ 4,013,682</u>	<u>\$ 11,488,682</u>

Note 10 – Fund Balances

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Library is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds at December 31, 2014 and 2013 are presented below:

**DELAWARE COUNTY DISTRICT LIBRARY
DELAWARE COUNTY**

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND DECEMBER 31, 2013
(Continued)**

Note 10 – Fund Balances (Continued)

2014				
Fund Balances	General	Building & Repair	Other Governmental Funds	Total
Nonspendable				
Endowment			48,298	48,298
<i>Total Nonspendable</i>	0	0	48,298	48,298
Restricted for				
Endowment			11,911	11,911
<i>Total Restricted</i>	0	0	11,911	11,911
Assigned to				
Capital Projects		138,992		138,992
Unpaid Obligations	533,004			533,004
<i>Total Assigned</i>	533,004	138,992	0	671,996
Unassigned (Deficit)	10,983,586			10,983,586
<i>Total Fund Balances</i>	<u>\$11,516,590</u>	<u>\$138,992</u>	<u>\$60,209</u>	<u>\$11,715,791</u>

2013				
Fund Balances	General	Building & Repair	Other Governmental Funds	Total
Nonspendable				
Endowment			48,298	48,298
<i>Total Nonspendable</i>	0	0	48,298	48,298
Restricted for				
Endowment			6,460	6,460
<i>Total Restricted</i>	0	0	6,460	6,460
Committed to				
Termination Benefits	2,000			2,000
<i>Total Committed</i>	2,000	0	0	2,000
Assigned to				
Capital Projects		149,299		149,299
Unpaid Obligations	339,207			339,207
<i>Total Assigned</i>	339,207	149,299	0	488,506
Unassigned (Deficit)	9,320,339			9,320,339
<i>Total Fund Balances</i>	<u>\$9,661,546</u>	<u>\$149,299</u>	<u>\$54,758</u>	<u>\$9,865,603</u>

**DELAWARE COUNTY DISTRICT LIBRARY
DELAWARE COUNTY**

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND DECEMBER 31, 2013
(Continued)**

Note 11 – Interfund Transfers

In 2014 and 2013, the general fund transferred \$100,000 and \$50,000, respectively, to the building and repair capital projects fund for the acquisition, construction, or improvement of capital assets.



Dave Yost • Auditor of State

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

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

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Delaware County District Library, Delaware County, Ohio, (the Library) as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements and have issued our report thereon dated October 1, 2015, wherein we noted the District uses a special purpose framework other than generally accepted accounting principles.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping initial "D".

Dave Yost
Auditor of State
Columbus, Ohio

October 1, 2015



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
NOVEMBER 5, 2015**