



**bhm cpa group, inc.**  
CERTIFIED PUBLIC ACCOUNTANTS

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DELAWARE COUNTY DISTRICT LIBRARY  
DELAWARE COUNTY

REGULAR AUDIT

For the Years Ended December 31, 2018 and 2017  
Fiscal Years Audited Under GAGAS: 2018 and 2017



OHIO AUDITOR OF STATE  
KEITH FABER



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Board of Trustees  
Delaware County District Library  
84 East Winter Street  
Delaware, OH 43015

We have reviewed the *Independent Auditor's Report* of the Delaware County District Library, prepared by BHM CPA Group, Inc., for the audit period January 1, 2017 through December 31, 2018. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Delaware County District Library is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads 'Keith Faber'.

Keith Faber  
Auditor of State  
Columbus, Ohio

November 1, 2019

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**Delaware County District Library**  
**Delaware County, Ohio**  
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*For the Fiscal Years Ended December 31, 2018 and 2017*

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**INDEPENDENT AUDITOR'S REPORT**

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

To the Board of Trustees:

***Report on the Financial Statements***

We have audited the accompanying cash-basis 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, 2018 and 2017, 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 such 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 Delaware County District Library, Delaware County, Ohio, as of December 31, 2018 and 2017, 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 Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated May 3, 2019, 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.



BHM CPA Group, Inc.  
Piketon, Ohio  
May 3, 2019



**Delaware County District Library**  
*Statement of Net Position - Cash Basis*  
*December 31, 2018*

	Governmental Activities
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$ 18,985,275
<i>Total Assets</i>	\$ 18,985,275
 <b>Net Position</b>	
Restricted for:	
Permanent Fund Purpose:	
Expendable	\$ 34,136
Nonexpendable	48,298
Unrestricted	18,902,841
<i>Total Net Position</i>	\$ 18,985,275

See accompanying notes to the basic financial statements

**Delaware County District Library**  
*Statement of Activities - Cash Basis*  
*For the Year Ended December 31, 2018*

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Position
Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities	
<b>Governmental Activities</b>				
Current:				
Library Services:				
Salaries and Benefits	\$ 3,304,654	\$ -	\$ -	\$ (3,304,654)
Supplies	479,994	-	-	(479,994)
Purchases and Contracted Services	837,855	-	-	(837,855)
Library Materials and Information	782,101	-	-	(782,101)
Other Objects	19,240	47,049	21,679	49,488
Capital Outlay	484,731	-	-	(484,731)
Debt Service:				
Principal Retirement	285,000	-	-	(285,000)
Interest and Fiscal Charges	292,005	-	-	(292,005)
<i>Total Governmental Activities</i>	<u>\$ 6,485,580</u>	<u>\$ 47,049</u>	<u>\$ 21,679</u>	<u>(6,416,852)</u>
General Receipts:				
				4,732,830
				2,338,303
				595,405
				261,216
				66,461
				<u>7,994,215</u>
				1,577,363
				<u>17,407,912</u>
				<u>\$ 18,985,275</u>

See accompanying notes to the basic financial statements

**Delaware County District Library**  
*Statement of Assets and Fund Balances- Cash Basis*  
*Governmental Funds*  
*December 31, 2018*

	General	Building and Repair Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$ 18,725,413	\$ 177,428	\$ 82,434	\$ 18,985,275
<i>Total Assets</i>	<u>\$ 18,725,413</u>	<u>\$ 177,428</u>	<u>\$ 82,434</u>	<u>\$ 18,985,275</u>
<b>Fund Balances</b>				
Nonspendable	\$ -	\$ -	\$ 48,298	\$ 48,298
Restricted	-	-	34,136	34,136
Assigned	453,670	177,428	-	631,098
Unassigned (Deficit)	18,271,743	-	-	18,271,743
<i>Total Fund Balances</i>	<u>\$ 18,725,413</u>	<u>\$ 177,428</u>	<u>\$ 82,434</u>	<u>\$ 18,985,275</u>

See accompanying notes to the basic financial statements

**Delaware County District Library**  
*Statement of Receipts, Disbursements and Changes in Fund Balances - Cash Basis*  
*Governmental Funds*  
*For the Year Ended December 31, 2018*

	General	Building and Repair Fund	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>				
Property and Other Local Taxes	\$ 4,732,831	\$ -	\$ -	\$ 4,732,831
Public Library Fund	2,338,303	-	-	2,338,303
Intergovernmental	585,405	-	-	585,405
Patron Fines and Fees	47,049	-	-	47,049
Contributions, Gifts and Donations	27,463	-	5,838	33,301
Earnings on Investments	261,216	-	-	261,216
Miscellaneous	64,837	-	-	64,837
<i>Total Receipts</i>	<u>8,057,104</u>	<u>-</u>	<u>5,838</u>	<u>8,062,942</u>
<b>Disbursements</b>				
Current:				
Library Services:				
Salaries and Benefits	3,304,654	-	-	3,304,654
Supplies	479,994	-	-	479,994
Purchases and Contracted Services	837,855	-	-	837,855
Library Materials and Information	782,101	-	-	782,101
Other Objects	19,240	135,193	-	154,433
Capital Outlay	349,537	-	-	349,537
Debt Service:				
Principal Retirement	285,000	-	-	285,000
Interest and Fiscal Charges	292,005	-	-	292,005
<i>Total Disbursements</i>	<u>6,350,386</u>	<u>135,193</u>	<u>-</u>	<u>6,485,579</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>1,706,718</u>	<u>(135,193)</u>	<u>5,838</u>	<u>1,577,363</u>
<i>Net Change in Fund Balances</i>	1,706,718	(135,193)	5,838	1,577,363
<i>Fund Balances Beginning of Year</i>	<u>17,018,695</u>	<u>312,621</u>	<u>76,596</u>	<u>17,407,912</u>
<i>Fund Balances End of Year</i>	<u>\$ 18,725,413</u>	<u>\$ 177,428</u>	<u>\$ 82,434</u>	<u>\$ 18,985,275</u>

See accompanying notes to the basic financial statements

**Delaware County District Library**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual - Budget Basis*  
*General Fund*  
*For the Year Ended December 31, 2018*

	Budgeted Amounts			(Optional)
	Original	Final	Actual	Variance with Final Budget Positive (Negative)
<b>Receipts</b>				
Property and Other Local Taxes	\$ 5,205,755	\$ 5,205,756	\$ 4,732,831	\$ (472,925)
Public Library	2,242,188	2,357,215	2,338,303	(18,912)
Intergovernmental	-	-	585,405	585,405
Patron Fines and Fees	48,000	48,000	47,049	(951)
Contributions, Gifts and Donations	-	5,000	27,463	22,463
Earnings on Investments	100,000	100,000	261,216	161,216
Miscellaneous	50,000	50,000	64,837	14,837
<i>Total Receipts</i>	<u>7,645,943</u>	<u>7,765,971</u>	<u>8,057,104</u>	<u>291,133</u>
<b>Disbursements</b>				
Current:				
Library Services:				
Salaries and Benefits	3,351,944	3,506,679	3,304,654	202,025
Supplies	375,560	408,610	479,994	(71,384)
Purchases and Contracted Services	1,045,485	1,203,012	837,855	365,157
Library Materials and Information	763,050	842,435	782,101	60,334
Other Objects	504,640	28,300	19,240	9,060
Capital Outlay	210,100	396,314	349,537	46,777
Debt Service:				
Principal Retirement	285,000	285,000	285,000	-
Interest and Fiscal Charges	292,005	292,005	292,005	-
<i>Total Disbursements</i>	<u>6,827,784</u>	<u>6,962,355</u>	<u>6,350,386</u>	<u>611,969</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>818,159</u>	<u>803,616</u>	<u>1,706,718</u>	<u>(903,102)</u>
<i>Net Change in Fund Balance</i>	818,159	803,616	1,706,718	(903,102)
<i>Unencumbered Fund Balance Beginning of Year</i>	16,401,481	16,401,481	16,401,481	-
Prior Year Encumbrances Appropriated	<u>617,214</u>	<u>617,214</u>	<u>617,214</u>	<u>-</u>
<i>Unencumbered Fund Balance End of Year</i>	<u>\$ 17,836,854</u>	<u>\$ 17,822,311</u>	<u>\$ 18,725,413</u>	<u>\$ (903,102)</u>

See accompanying notes to the basic financial statements

**Delaware County District Library**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2018*

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**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**

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.

***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**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2018*

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

***Government-wide Financial Statements*** The statement of net position and the statement of activities display information about the Library as a whole. These statements include the financial activities of the primary government. The statements distinguish between those activities of the Library that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts and 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.

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

**Delaware County District Library**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2018*

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

***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.

***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.

***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**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2018*

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

***Cash and Cash Equivalents (Continued)***

During 2018, 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, 2018

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, 2018

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest receipts credited to the general fund during 2018 amounted to \$261,216.

***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.

***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.

***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.

***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.

**Delaware County District Library**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2018*

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

***Fund Balance (Continued)***

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

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

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

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

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

***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.

***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.

***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**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2018*

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

***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 \$453,670 in 2018 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**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2018*

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**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 two 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.

**Delaware County District Library**  
*Notes to the Basic Financial Statements*  
For the Year Ended December 31, 2018

**Note 4 – Deposits and Investments (Continued)**

***Deposits***

Effective July 1, 2017, the Ohio Pooled Collateral System (OPCS) was implemented by the Office of the Ohio Treasurer of State. Financial institutions have the option of participating in OPCS or collateralizing utilizing the specific pledge method. Financial institutions are transitioning to OPCS, but some have been granted extensions that may carry over year end and will be collateralizing with their own collateral pool until they join OPCS.

First Commonwealth Bank is participating in OPCS to collateralize the library deposits.

Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

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, 2018, the Library had the following investments:

Investment Type	Value	Percent of Total	Investment Maturities		
			Within 1 Year	1 to 2 Years	2 to 5 Years
Money Market Funds	\$113,419	1%	\$113,419		
Negotiable Certificates of Deposit	4,104,846	42%	\$1,589,846	\$2,515,000	
Callable Governmental Agencies Bor	5,463,000	56%	\$350,000	\$2,150,000	\$2,963,000
STAR Ohio	113	0%	\$113		
<b>Total</b>	<b>\$9,681,378</b>		<b>\$2,053,378</b>	<b>\$4,665,000</b>	<b>\$2,963,000</b>

***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.

**Delaware County District Library**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2018*

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**Note 4 – Deposits and Investments (Continued)**

**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.”

**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 2018 for real and public utility property taxes represent collections of the 2017 taxes.

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, 2018 was \$0.07 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2018 property tax receipts were based are as follows:

Real Property	\$5,815,521,370
Public Utility Personal Property	224,622,550
12/31/2018 Total	\$6,040,143,920

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**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2018*

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**Note 6 - Risk Management**

The Government belongs to the Ohio Plan Risk Management, Inc. (OPRM) (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. Effective November 1, 2016, the OPRM retained 50% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 764 members as of December 31, 2017.

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, 2017 (Latest information available).

Assets	\$14,853,620
Liabilities	(9,561,108)
Members' Equity	\$ 5,292,512

You can read the complete audited financial statements for OPRM at the Plan's website, [www.ohioplan.org](http://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**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2018*

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**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 2018, 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 2018 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 2018. The portion of the Library's contribution allocated to health care for members in the Combined Plan was 6.05 percent for 2018. Employer contribution rates are actuarially determined.

The Library's required contribution for pension obligations to the Traditional Pension and Combined Plans for the year ended December 31, 2018, was \$342,827. The full amount has been contributed for 2018.

**Note 8 - Postemployment Benefits**

***Ohio Public Employees Retirement System***

Plan Description – The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing multiple-employer defined benefit post-employment health care plan for qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage. The plan includes a medical plan, prescription drug program and Medicare Part B premium reimbursement. In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available.

The Ohio Revised Code permits, but does not mandate, OPERS to provide health care benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.



**Delaware County District Library**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2018*

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**Note 8 - Postemployment Benefits (Continued)**

***Ohio Public Employees Retirement System (Continued)***

Disclosures for the health care plan are presented separately in the OPERS financial report which may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

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

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2018, 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 2018. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05 percent for 2018.

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 benefit for the year ended December 31, 2018, was \$48,975. The full amount has been contributed for 2018.

**Note 9 – Note Payable**

A summary of the note transactions for the years ended December 31, 2018, follows:

	<u>Outstanding</u> <u>December 31, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Outstanding</u> <u>December 31, 2018</u>
2009 Special Obligation Notes	\$6,675,000	\$0	\$285,000	\$6,390,000

***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**  
*Notes to the Basic Financial Statements*  
For the Year Ended December 31, 2018

**Note 9 – Note Payable (Continued)**

Principal and interest requirements to retire long-term liabilities outstanding at December 31, 2018, are as follows:

Year	Principal	Interest	Total
2019	\$290,000	\$282,742	\$572,742
2020	300,000	272,955	572,955
2021	315,000	262,455	577,455
2022	325,000	249,855	574,855
2023	340,000	236,855	576,855
2024-2028	1,905,000	964,405	2,869,405
2029-2033	2,370,000	500,638	2,870,638
2031-2034	545,000	27,250	\$572,250
Total	<u>\$6,390,000</u>	<u>\$2,797,155</u>	<u>\$9,187,155</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, 2018 are presented below

December 31, 2018

<b>2018</b>				Other	Total
<b>Fund Balances</b>	General	Building & Repair Capital Projects	Governmental Funds	Governmental Funds	Governmental Funds
<b>Nonspendable</b>					
Endowment	\$ -	\$ -	\$ 48,298		\$ 48,298
<i>Total Nonspendable</i>	\$ -	\$ -	\$ 48,298		\$ 48,298
<b>Restricted for</b>					
Endowment	\$ -	\$ -	\$ 34,136		\$ 34,136
<i>Total Restricted</i>	\$ -	\$ -	\$ 34,136		\$ 34,136
<b>Assigned to</b>					
Capital Projects	\$ -	\$ 177,428	\$ -		\$ 177,428
Unpaid Obligations	453,670	-	-		453,670
<i>Total Assigned</i>	\$ 453,670	\$ 177,428	-		\$ 631,098
<b>Unassigned</b>					
	\$ 18,271,743	\$ -	\$ -		\$ 18,271,743
<i>Total Fund Balances</i>	<u>\$ 18,725,413</u>	<u>\$ 177,428</u>	<u>\$ 82,434</u>		<u>\$ 18,985,275</u>

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**Delaware County District Library**  
*Statement of Net Position - Cash Basis*  
*December 31, 2017*

	Governmental Activities
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$ 17,407,912
<i>Total Assets</i>	\$ 17,407,912
 <b>Net Position</b>	
Restricted for:	
Permanent Fund Purpose:	
Expendable	\$ 28,298
Nonexpendable	48,298
Unrestricted	17,331,316
<i>Total Net Position</i>	\$ 17,407,912

See accompanying notes to the basic financial statements

**Delaware County District Library**  
*Statement of Activities - Cash Basis*  
*For the Year Ended December 31, 2017*

	Cash Disbursements	Program Cash Receipts		Net (Disbursements) Receipts and Changes in Net Position
		Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
<b>Governmental Activities</b>				
Current:				
Library Services:				
Salaries and Benefits	\$ 3,089,205	\$ -	\$ -	\$ (3,089,205)
Supplies	308,738	-	-	(308,738)
Purchases and Contracted Services	841,007	-	-	(841,007)
Library Materials and Information	729,073	47,143	7,336	(674,594)
Other Objects	18,933	-	-	(18,933)
Capital Outlay	296,895	-	-	(296,895)
Debt Service:				
Principal Retirement	275,000	-	-	(275,000)
Interest and Fiscal Charges	300,599	-	-	(300,599)
<i>Total Governmental Activities</i>	<u>\$ 5,859,450</u>	<u>\$ 47,143</u>	<u>\$ 7,336</u>	<u>(5,804,971)</u>
General Receipts:				
				4,506,431
				2,242,348
				572,906
				100,093
				47,991
				<u>7,469,769</u>
				1,664,798
				<u>15,743,114</u>
				<u>\$ 17,407,912</u>

See accompanying notes to the basic financial statements

**Delaware County District Library**  
*Statement of Assets and Fund Balances- Cash Basis*  
*Governmental Funds*  
*December 31, 2017*

	General	Building and Repair Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$ 17,018,695	\$ 312,621	\$ 76,596	\$ 17,407,912
<i>Total Assets</i>	<u>\$ 17,018,695</u>	<u>\$ 312,621</u>	<u>\$ 76,596</u>	<u>\$ 17,407,912</u>
<b>Fund Balances</b>				
Nonspendable	\$ -	\$ -	\$ 48,298	\$ 48,298
Restricted	-	-	28,298	28,298
Assigned	612,212	312,621	-	\$ 924,833
Unassigned (Deficit)	16,406,483	-	-	16,406,483
<i>Total Fund Balances</i>	<u>\$ 17,018,695</u>	<u>\$ 312,621</u>	<u>\$ 76,596</u>	<u>\$ 17,407,912</u>

See accompanying notes to the basic financial statements

**Delaware County District Library**  
*Statement of Receipts, Disbursements and Changes in Fund Balances - Cash Basis*  
*Governmental Funds*  
*For the Year Ended December 31, 2017*

	General	Building and Repair Fund	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>				
Property and Other Local Taxes	\$ 4,506,431	\$ -	\$ -	\$ 4,506,431
Public Library Fund	2,242,348	-	-	2,242,348
Intergovernmental	561,606	-	-	561,606
Patron Fines and Fees	47,143	-	-	47,143
Contributions, Gifts and Donations	18,998	-	5,386	24,384
Earnings on Investments	99,766	244	84	100,094
Miscellaneous	42,243	-	-	42,243
<i>Total Receipts</i>	<u>7,518,535</u>	<u>244</u>	<u>5,470</u>	<u>7,524,249</u>
<b>Disbursements</b>				
Current:				
Library Services:				
Salaries and Benefits	3,089,205	-	-	3,089,205
Supplies	308,738	-	-	308,738
Purchases and Contracted Services	841,007	-	-	841,007
Library Materials and Information	728,854	-	219	729,073
Other Objects	18,933	-	-	18,933
Capital Outlay	186,947	109,949	-	296,896
Debt Service:				
Principal Retirement	275,000	-	-	275,000
Interest and Fiscal Charges	300,599	-	-	300,599
<i>Total Disbursements</i>	<u>5,749,283</u>	<u>109,949</u>	<u>219</u>	<u>5,859,451</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>1,769,252</u>	<u>(109,705)</u>	<u>5,251</u>	<u>1,664,798</u>
<i>Net Change in Fund Balances</i>	1,769,252	(109,705)	5,251	1,664,798
<i>Fund Balances Beginning of Year</i>	<u>15,249,443</u>	<u>422,326</u>	<u>71,345</u>	<u>15,743,114</u>
<i>Fund Balances End of Year</i>	<u>\$ 17,018,695</u>	<u>\$ 312,621</u>	<u>\$ 76,596</u>	<u>\$ 17,407,912</u>

See accompanying notes to the basic financial statements

**Delaware County District Library**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual - Budget Basis*  
*General Fund*  
*For the Year Ended December 31, 2017*

	Budgeted Amounts			(Optional)
	Original	Final	Actual	Variance with Final Budget Positive (Negative)
<b>Receipts</b>				
Property and Other Local Taxes	\$ 4,816,923	\$ 5,058,430	\$ 4,506,431	\$ (551,999)
Public Library	2,240,000	2,235,114	2,242,348	7,234
Intergovernmental	-	-	561,606	561,606
Patron Fines and Fees	60,000	60,000	47,143	(12,857)
Contributions, Gifts and Donations	-	-	18,998	18,998
Earnings on Investments	77,000	77,000	99,766	22,766
Miscellaneous	45,000	45,000	42,243	(2,757)
<i>Total Receipts</i>	<u>7,238,923</u>	<u>7,475,544</u>	<u>7,518,535</u>	<u>42,991</u>
<b>Disbursements</b>				
Current:				
Library Services:				
Salaries and Benefits	3,287,457	3,342,571	3,089,205	253,366
Supplies	394,769	419,713	308,738	110,975
Purchases and Contracted Services	925,130	1,143,313	841,007	302,306
Library Materials and Information	694,950	855,827	728,854	126,973
Other Objects	504,540	27,313	18,933	8,380
Capital Outlay	349,500	385,384	186,947	198,437
Debt Service:				
Principal Retirement	275,000	275,000	275,000	-
Interest and Fiscal Charges	300,599	300,599	300,599	-
<i>Total Disbursements</i>	<u>6,731,945</u>	<u>6,749,720</u>	<u>5,749,283</u>	<u>1,000,437</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>506,977</u>	<u>725,824</u>	<u>1,769,252</u>	<u>(1,043,428)</u>
<i>Net Change in Fund Balance</i>	506,977	725,824	1,769,252	(1,043,428)
<i>Unencumbered Fund Balance Beginning of Year</i>	14,921,162	14,921,162	14,921,162	-
Prior Year Encumbrances Appropriated	<u>328,281</u>	<u>328,281</u>	<u>328,281</u>	<u>-</u>
<i>Unencumbered Fund Balance End of Year</i>	<u>\$ 15,756,420</u>	<u>\$ 15,975,267</u>	<u>\$ 17,018,695</u>	<u>\$ (1,043,428)</u>

See accompanying notes to the basic financial statements



**Delaware County District Library**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2017*

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**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**

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.

***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**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2017*

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

***Government-wide Financial Statements*** The statement of net position and the statement of activities display information about the Library as a whole. These statements include the financial activities of the primary government. The statements distinguish between those activities of the Library that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts and 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.

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

**Delaware County District Library**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2017*

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

***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.

***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.

***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**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2017*

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

***Cash and Cash Equivalents (Continued)***

During 2017, 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, 2017.

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, 2017.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest receipts credited to the general fund during 2017 amounted to \$99,766.

***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.

***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.

***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.

***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.

**Delaware County District Library**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2017*

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

***Fund Balance (Continued)***

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

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

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

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

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

***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.

***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.

***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**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2017*

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

***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 \$617,214 in 2017 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**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2017*

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**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 two 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.

**Delaware County District Library**  
*Notes to the Basic Financial Statements*  
For the Year Ended December 31, 2017

**Note 4 – Deposits and Investments (Continued)**

***Deposits***

Effective July 1, 2017, the Ohio Pooled Collateral System (OPCS) was implemented by the Office of the Ohio Treasurer of State. Financial institutions have the option of participating in OPCS or collateralizing utilizing the specific pledge method. Financial institutions are transitioning to OPCS, but some have been granted extensions that may carry over year end and will be collateralizing with their own collateral pool until they join OPCS.

First Commonwealth Bank is participating in OPCS to collateralize the library deposits.

Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

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, 2017, the Library had the following investments:

Investment Type	Value	Percent of Total	Investment Maturities		
			Within 1 Year	1 to 2 Years	2 to 5 Years
Money Market Funds	\$616,054	6%	\$616,054		
Negotiable Certificates of Deposit	4,098,846	43%	\$1,870,846	\$1,484,000	\$744,000
Callable Governmental Agencies Bor	4,822,326	51%	\$695,000	\$1,249,213	\$2,878,113
STAR Ohio	110	0%	\$110		
<b>Total</b>	<b>\$9,537,336</b>		<b>\$3,182,010</b>	<b>\$2,733,213</b>	<b>\$3,622,113</b>

***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.



**Delaware County District Library**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2017*

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**Note 4 – Deposits and Investments (Continued)**

**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.”

**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 2017 for real and public utility property taxes represent collections of the 2016 taxes.

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, 2017 was \$0.07 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2017 property tax receipts were based are as follows:

Real Property	\$5,682,985,650
Public Utility Personal Property	205,961,250
12/31/2017 Total	\$5,888,926,900

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**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2017*

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**Note 6 - Risk Management**

The Government belongs to the Ohio Plan Risk Management, Inc. (OPRM) (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. Effective November 1, 2016, the OPRM retained 50% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 764 members as of December 31, 2017.

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, 2017.

Assets	\$14,853,620
Liabilities	(9,561,108)
Members' Equity	\$ 5,292,512

You can read the complete audited financial statements for OPRM at the Plan's website, [www.ohioplan.org](http://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**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2017*

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**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 2017, 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 2017 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 2017. The portion of the Library's contribution allocated to health care for members in the Combined Plan was 6.05 percent for 2017. Employer contribution rates are actuarially determined.

The Library's required contribution for pension obligations to the Traditional Pension and Combined Plans for the year ended December 31, 2017, was \$324,376. The full amount has been contributed for 2017.

**Note 8 - Postemployment Benefits**

***Ohio Public Employees Retirement System***

Plan Description – The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing multiple-employer defined benefit post-employment health care plan for qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage. The plan includes a medical plan, prescription drug program and Medicare Part B premium reimbursement. In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available.

The Ohio Revised Code permits, but does not mandate, OPERS to provide health care benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

**Delaware County District Library**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2017*

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**Note 8 - Postemployment Benefits (Continued)**

***Ohio Public Employees Retirement System (Continued)***

Disclosures for the health care plan are presented separately in the OPERS financial report which may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

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

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2017, 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 2017. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05 percent for 2017.

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 benefit for the year ended December 31, 2017, was \$46,339. The full amount has been contributed for 2017.

**Note 9 – Note Payable**

A summary of the note transactions for the years ended December 31, 2017, follows:

	<u>Outstanding</u> <u>December 31, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Outstanding</u> <u>December 31, 2017</u>
2009 Special Obligation Notes	<u>\$6,950,000</u>	<u>\$0</u>	<u>\$275,000</u>	<u>\$6,675,000</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**  
*Notes to the Basic Financial Statements*  
For the Year Ended December 31, 2017

**Note 9 – Note Payable (Continued)**

Principal and interest requirements to retire long-term liabilities outstanding at December 31, 2017, are as follows:

Year	Principal	Interest	Total
2018	\$285,000	\$292,005	\$577,005
2019	290,000	2,827,423	3,117,423
2020	300,000	272,955	572,955
2021	315,000	262,455	577,455
2022	325,000	249,855	574,855
2023-2027	1,830,000	1,040,235	2,870,235
2028-2032	2,265,000	608,413	2,873,413
2033-2037	1,065,000	80,500	1,145,500
Total	<u>\$6,675,000</u>	<u>\$5,633,841</u>	<u>\$12,308,841</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, 2017 are presented below

December 31, 2017

<b>2017</b>				Other	Total
<b>Fund Balances</b>	General	Building & Repair Capital Projects	Governmental Funds	Governmental Funds	Governmental Funds
<b>Nonspendable</b>					
Endowment	\$ -	\$ -	\$ 48,298	\$ 48,298	\$ 48,298
<i>Total Nonspendable</i>	\$ -	\$ -	\$ 48,298	\$ 48,298	\$ 48,298
<b>Restricted for</b>					
Endowment	\$ -	\$ -	\$ 28,298	\$ 28,298	\$ 28,298
<i>Total Restricted</i>	\$ -	\$ -	\$ 28,298	\$ 28,298	\$ 28,298
<b>Assigned to</b>					
Capital Projects	\$ -	\$ 312,621	\$ -	\$ -	\$ 312,621
Unpaid Obligations	612,212	-	-	-	612,212
<i>Total Assigned</i>	\$ 612,212	\$ 312,621	-	-	\$ 924,833
<b>Unassigned</b>					
	\$ 16,406,483	\$ -	\$ -	\$ -	\$ 16,406,483
<i>Total Fund Balances</i>	\$ 17,018,695	\$ 312,621	\$ 76,596	\$ 76,596	\$ 17,407,912

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**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 East 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 cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Delaware County District Library, Delaware County, (the Library) as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements and have issued our report thereon dated May 3, 2019, wherein we noted the Library 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 report is not suitable for any other purpose.

A handwritten signature in black ink that reads "BHM CPA Group". The letters are cursive and somewhat stylized.

BHM CPA Group, Inc.  
Piketon, Ohio  
May 3, 2019



# OHIO AUDITOR OF STATE KEITH FABER



**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 19, 2019**