



OHIO AUDITOR OF STATE  
**KEITH FABER**





**MONROE COUNTY DISTRICT LIBRARY  
MONROE COUNTY  
DECEMBER 31, 2022 AND 2021**

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**INDEPENDENT AUDITOR'S REPORT**

Monroe County District Library  
Monroe County  
96 Home Avenue  
Woodsfield, Ohio 43973

To the Governing Body:

***Report on the Audit of the Financial Statements***

***Unmodified and Adverse Opinions***

We have audited the financial statements of the Monroe County District Library, Monroe County, Ohio (the Library), which comprises the cash balances, receipts and disbursements for each governmental fund type as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements.

***Unmodified Opinion on Regulatory Basis of Accounting***

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental fund type as of and for the year ended December 31, 2022 and 2021, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code § 117.38 and Ohio Administrative Code 117-2-03(C) permit, described in Note 2.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Library, as of December 31, 2022 and 2021, or the changes in financial position thereof for the years then ended.

***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Library, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As described in Note 2 of the financial statements, the financial statements are prepared by the Library on the basis of the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code 117-2-03(C) permit. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Library's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Library's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Library's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated July 17, 2023, 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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Library's 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.



Keith Faber  
Auditor of State  
Columbus, Ohio

July 17, 2023

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**Monroe County District Library**  
*Monroe County*  
*Statement of Receipts, Disbursements*  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
*Governmental Fund Type*  
*For the Year Ended December 31, 2022*

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	<u>General</u>
<b>Cash Receipts</b>	
Public Library	\$619,818
Patron Fines and Fees	7,668
Contributions, Gifts and Donations	3,781
Earnings on Investments	325
Miscellaneous	<u>4,374</u>
<i>Total Cash Receipts</i>	<u>635,966</u>
<b>Cash Disbursements</b>	
Current:	
Library Services:	
Public Services and Programs	509,855
Capital Outlay	<u>35,605</u>
<i>Total Cash Disbursements</i>	<u>545,460</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>90,506</u>
<i>Fund Cash Balances, January 1</i>	<u>262,500</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$353,006</u></u>

*See accompanying notes to the basic financial statements*

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# MONROE COUNTY DISTRICT LIBRARY

## MONROE COUNTY

*Notes to the Financial Statements  
For the Year Ended December 31, 2022*

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### **Note 1 - Reporting Entity**

The Monroe County District Library (the Library), Monroe County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Monroe County Commissioners and the Monroe County Common Pleas Judge appoint a seven-member Board of Trustees to govern the Library. The Library provides the community with various educational and literary resources. The Library is currently a member by default of the Southeastern Regional Library System (SERLS), which is defined as a jointly governed organization. Additional information concerning the jointly governed organizations is presented in Note 9.

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**

#### ***Basis of Presentation***

The Library's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary and fiduciary fund types which are organized on a fund type basis.

#### ***Fund Accounting***

The Library uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Library are presented below:

#### ***General Fund***

The general fund accounts for and reports all financial resources not accounted for and reported 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.

#### ***Basis of Accounting***

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code 117-2-03 (C). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code 117-2-03 (C) permit.

**MONROE COUNTY DISTRICT LIBRARY**  
**MONROE COUNTY**  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*  
*(Continued)*

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

***Budgetary Process***

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

A summary of 2022 budgetary activity appears in Note 3.

***Deposits***

The Library has an interest-bearing checking account and a Certificate of Deposit.

***Capital Assets***

The Library records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

***Accumulated Leave***

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

***Fund Balance***

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

***Nonspendable*** The Library classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

***Restricted*** Fund balance is *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 Board of Trustees can *commit* amounts via formal action (resolution). The Library must adhere to these commitments unless the Board amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

***Assigned*** Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by the Library Board or a Library official delegated that authority by resolution, or by State Statute.

**MONROE COUNTY DISTRICT LIBRARY**  
**MONROE COUNTY**  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*  
*(Continued)*

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

***Fund Balance (Continued)***

***Unassigned*** Unassigned fund balance is the residual classification for the general fund and includes amounts not included 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.

**Note 3 - Budgetary Activity**

Budgetary activity for the year ending December 31, 2022, follows:

2022 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$564,700	\$635,966	\$71,266

  

2022 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$807,200	\$546,653	\$260,547

**Note 4 – Deposits**

The Library maintains deposits. The Ohio Revised Code prescribes allowable deposits. The carrying amount of deposits at December 31 was as follows:

Demand deposits	2022 \$333,006
Certificates of deposit	20,000
Total deposits	\$353,006

The Library does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings.

***Deposits***

Deposits are insured by the Federal Deposit Insurance Corporation.

At December 31, 2022, \$112,544 of deposits were not insured or collateralized, contrary to Ohio law.

**MONROE COUNTY DISTRICT LIBRARY**  
**MONROE COUNTY**  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*  
*(Continued)*

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**Note 5 – Grants in Aid**

***Grants in Aid***

The primary source of revenue for Ohio public libraries is the Public Library Fund (PLF). The State allocates PLF to each county based on the total tax revenue credited to the State's general revenue fund during the preceding month using the statutory allocation method. Estimated entitlement figures were issued to County Auditors. The actual current year entitlements were computed in December of the current year. The difference between the estimate and actual will be adjusted evenly in the PLF distributions made from January-June of the subsequent year.

**Note 6 - Risk Management**

***Workers' Compensation***

Workers' Compensation coverage is provided by the State of Ohio. The Library pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs (if material).

***Commercial Insurance***

The Library has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

**Note 7 - Defined Benefit Pension Plan**

***Ohio Public Employees Retirement System***

The Library's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10%, of their gross salaries and the Library contributed an amount equaling 14%, of participants' gross salaries. The Library has paid all contributions required through December 31, 2022.

**Note 8 - Postemployment Benefits**

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, which includes multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for members in the traditional pension plan and combined plan was 0 percent during calendar year 2022. The portion of employer contributions allocated to health care for members in the member-directed plan was 4.0 percent during calendar year 2022.

**MONROE COUNTY DISTRICT LIBRARY**  
**MONROE COUNTY**  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*  
*(Continued)*

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

Effective January 1, 2022, OPERS discontinued the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses.

**Note 9 – Jointly Governed Organizations**

The Library is a member by default in the Southeastern Regional Library System (SERLS). The Library has chosen not to be a dues paying member and has no voting authority or representation on the SERLS Board of Trustees. SERLS is governed by a Board of Trustees selected by the Librarians Council which consists of the library administrators or a representative from each member library. SERLS provides annual training workshops for member library employees, technical training and assistance, a general graphics center, and coordinates the delivery of intra-library book loans.

**Note 10 – COVID-19**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio’s state of emergency ended in June, 2021 while the national state of emergency continues. During 2022, the Library did not receive COVID-19 funding. Although the funds were set aside for Emergency Connectivity Funding, the library did not receive those funds in 2022. Those funds are expected in 2023. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Library. The impact on the Library’s future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

**Note 11 – Fund Balances**

Included in fund balance are amounts the Library cannot spend, including the balance of unclaimed monies, which cannot be spent for five years and the unexpendable corpus of the permanent funds. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balance of this amount was as follows:

Fund Balances	General
Outstanding Encumbrances	1,193
Total	\$1,193

In the general fund, outstanding encumbrances are considered assigned.

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**Monroe County District Library***Monroe County**Combined Statement of Receipts, Disbursements  
and Changes in Fund Balances (Regulatory Cash Basis)**All Governmental Fund Types**For the Year Ended December 31, 2021*

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	<u>General</u>	<u>Special Revenue</u>	<u>Combined Total</u>
<b>Cash Receipts</b>			
Public Library	\$572,958	\$0	\$572,958
Patron Fines and Fees	7,273	0	7,273
Contributions, Gifts and Donations	3,274	0	3,274
Earnings on Investments	222	3	225
Miscellaneous	594	0	594
	<hr/>	<hr/>	<hr/>
<i>Total Cash Receipts</i>	<i>584,321</i>	<i>3</i>	<i>584,324</i>
	<hr/>	<hr/>	<hr/>
<b>Cash Disbursements</b>			
Current:			
Library Services:			
Public Services and Programs	478,969	6,594	485,563
Capital Outlay	4,249	0	4,249
	<hr/>	<hr/>	<hr/>
<i>Total Cash Disbursements</i>	<i>483,218</i>	<i>6,594</i>	<i>489,812</i>
	<hr/>	<hr/>	<hr/>
<i>Excess of Receipts Over (Under) Disbursements</i>	<i>101,103</i>	<i>(6,591)</i>	<i>94,512</i>
	<hr/>	<hr/>	<hr/>
<i>Fund Cash Balances, January 1</i>	<i>161,397</i>	<i>6,591</i>	<i>167,988</i>
	<hr/>	<hr/>	<hr/>
<i>Fund Cash Balances, December 31</i>	<i>\$262,500</i>	<i>\$0</i>	<i>\$262,500</i>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

*See accompanying notes to the basic financial statements*

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# MONROE COUNTY DISTRICT LIBRARY

## MONROE COUNTY

*Notes to the Financial Statements  
For the Year Ended December 31, 2021*

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### **Note 1 - Reporting Entity**

The Monroe County District Library (the Library), Monroe County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Monroe County Commissioners and the Monroe County Common Pleas Judge appoint a seven-member Board of Trustees to govern the Library. The Library provides the community with various educational and literary resources. The Library is currently a member by default of the Southeastern Regional Library System (SERLS), which is defined as a jointly governed organization. Additional information concerning the jointly governed organizations is presented in Note 9.

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**

#### ***Basis of Presentation***

The Library's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary and fiduciary fund types which are organized on a fund type basis.

#### ***Fund Accounting***

The Library uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Library are presented below:

#### ***General Fund***

The general fund accounts for and reports all financial resources not accounted for and reported 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.

#### ***Special Revenue Funds***

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Library had the following significant Special Revenue Funds:

***Coronavirus Relief Fund.*** This fund accounts for and reports grant monies restricted for various supplies and upgrades to help combat the Covid-19 pandemic.

**MONROE COUNTY DISTRICT LIBRARY**  
**MONROE COUNTY**  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*  
*(Continued)*

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

***Basis of Accounting***

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code 117-2-03 (D) permit.

***Budgetary Process***

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

A summary of 2021 budgetary activity appears in Note 3.

***Deposits***

The Library has an interest-bearing checking account and a Certificate of Deposit.

***Capital Assets***

The Library records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

***Accumulated Leave***

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

***Fund Balance***

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

***Nonspendable*** The Library classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

***Restricted*** Fund balance is *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.

**MONROE COUNTY DISTRICT LIBRARY**  
**MONROE COUNTY**  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*  
*(Continued)*

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

***Fund Balance (Continued)***

***Committed*** The Board of Trustees can *commit* amounts via formal action (resolution). The Library must adhere to these commitments unless the Board amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

***Assigned*** Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by the Library Board 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 included 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.

**Note 3 - Budgetary Activity**

Budgetary activity for the year ending December 31, 2021, follows:

2021 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$515,200	\$584,321	\$69,121
Special Revenue	3	3	0
Total	\$515,203	\$584,324	\$69,121

2021 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$674,297	\$484,558	\$189,739
Special Revenue	6,595	6,594	1
Total	\$680,892	\$491,152	\$189,740

**MONROE COUNTY DISTRICT LIBRARY**  
**MONROE COUNTY**  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*  
*(Continued)*

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**Note 4 – Deposits**

The Library maintains deposits. The Ohio Revised Code prescribes allowable deposits. The carrying amount of deposits and investments at December 31 was as follows:

	2021
Demand deposits	\$242,500
Certificates of deposit	20,000
Total deposits	262,500

The Library does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings.

***Deposits***

Deposits are insured by the Federal Deposit Insurance Corporation.

At December 31, 2021, \$18,812 of deposits were not insured or collateralized, contrary to Ohio law.

**Note 5 – Grants in Aid**

***Grants in Aid***

The primary source of revenue for Ohio public libraries is the Public Library Fund (PLF). The State allocates PLF to each county based on the total tax revenue credited to the State’s general revenue fund during the preceding month using the statutory allocation method. Estimated entitlement figures were issued to County Auditors. The actual current year entitlements were computed in December of the current year. The difference between the estimate and actual will be adjusted evenly in the PLF distributions made from January-June of the subsequent year.

**Note 6 - Risk Management**

***Workers’ Compensation***

Workers’ Compensation coverage is provided by the State of Ohio. The Library pays the State Workers’ Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs (if material).

***Commercial Insurance***

The Library has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

**MONROE COUNTY DISTRICT LIBRARY**

**MONROE COUNTY**

*Notes to the Financial Statements  
For the Year Ended December 31, 2021  
(Continued)*

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**Note 7 - Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

The Library's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10%, of their gross salaries and the Library contributed an amount equaling 14%, of participants' gross salaries. The Library has paid all contributions required through December 31, 2021.

**Note 8 - Postemployment Benefits**

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients of both the traditional pension and the combined plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 4.0 percent during calendar year 2021. The portion of employer contributions allocated to health care for members in the member-directed plan was 4.0 percent during calendar year 2021.

**Note 9 – Jointly Governed Organizations**

The Library is a member by default in the Southeastern Regional Library System (SERLS). The Library has chosen not to be a dues paying member and has no voting authority or representation on the SERLS Board of Trustees. SERLS is governed by a Board of Trustees selected by the Librarians Council which consists of the library administrators or a representative from each member library. SERLS provides annual training workshops for member library employees, technical training and assistance, a general graphics center, and coordinates the delivery of intra-library book loans.

**Note 10 – COVID-19**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency continues. During 2020, the Library received COVID-19 funding and completed expenditure of that funding in 2021. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Library. The impact on the Library's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

**Note 11 – Fund Balances**

Included in fund balance are amounts the Library cannot spend, including the balance of unclaimed monies, which cannot be spent for five years and the unexpendable corpus of the permanent funds. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balance of this amount was as follows:

**MONROE COUNTY DISTRICT LIBRARY**  
**MONROE COUNTY**  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*  
*(Continued)*

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**Note 11 – Fund Balances (Continued)**

<u>Fund Balances</u>	<u>General</u>
Outstanding Encumbrances	<u>1,340</u>
Total	<u><u>\$1,340</u></u>

The fund balance of special revenue funds is either restricted or committed. In the general fund, outstanding encumbrances are considered assigned.





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

Monroe County District Library  
Monroe County  
96 Home Avenue  
Woodsfield, Ohio 43973

To the Board of Trustees:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the cash balances, receipts, and disbursements for each governmental fund type combined total as of and for the years ended December 31, 2022 and 2021 and the related notes to the financial statements of the Monroe County District Library, Monroe County, Ohio (the Library), and have issued our report thereon dated July 17, 2023, wherein we noted the Library followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit.

***Report on Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the Library's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Library's internal control. Accordingly, we do not express an opinion on the effectiveness of the Library's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Library's financial statements will not be prevented, or detected and corrected, on a timely basis. 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 deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying Schedule of Findings as item 2022-001 that we consider to be a significant deficiency.

***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Library's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and is described in the accompanying Schedule of Findings as item 2022-001.

***Library's Response to Finding***

*Government Auditing Standards* requires the auditor to perform limited procedures on the Library's response to the finding identified in our audit and described in the accompanying Schedule of Findings. The Library's response was not subject to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

***Purpose of This Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Library's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Library's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Keith Faber  
Auditor of State  
Columbus, Ohio

July 17, 2023

**MONROE COUNTY DISTRICT LIBRARY  
MONROE COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2022 AND 2021**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2020-001**

**Noncompliance/Significant Deficiency**

Ohio Rev. Code § 135.18(A) states that each institution designated as a public depository and awarded public deposits under §§ 135.01 to 135.21 of the Revised Code, except as provided in § 135.44 or 135.145 of the Revised Code, shall provide security for the repayment of all public deposits by selecting one of the following methods:

1. Securing all uninsured public deposits of each public depositor separately as set forth in divisions (B) to (J) of this section;
2. Securing all uninsured public deposits of every public depositor pursuant to § 135.181 or § 135.182 of the Revised Code, as applicable, by establishing and pledging to the treasurer of state a single pool of collateral for the benefit of every public depositor at the public depository.

The Library had a depository agreement with Citizens National Bank during 2022 and 2021. Citizens National Bank is not a member of the Ohio Pooled Collateral System (OPCS) provided by the Treasurer of State, nor did the bank provide specific pledged collateral for the Library. This caused the Library to be under collateralized for six out of twelve months or 50% during 2022 and for three out of twelve months or 25% during 2021. Without proper collateral, the Library is at risk of losing funds.

The Library should ensure proper and adequate collateral is obtained to cover account balances in excess of the FDIC insured amount of \$250,000.

**Officials' Response:** We, the Board of Trustees of the Monroe County District Library in Woodsfield, Ohio, acknowledge the receipt of the independent audit draft report of the Monroe County District Library for the years ended December 31, 2021 and December 31, 2022.

First, we want to express our unequivocal confidence in Susan Smith's competence in her work as our fiscal officer and her dedication to the ongoing success of this institution.

We also acknowledge the Noncompliance/Significant Deficiency finding number 2020-001 as stated on page 23 of the draft report, and hereby state that the Board of Trustees for the Monroe County District Library will proactively exercise closer monitoring of fund balances in order to guarantee no such noncompliance/deficiency shall occur in the future.

We appreciate the audit information provided and will move forward as a board to rectify this citation.

# OHIO AUDITOR OF STATE KEITH FABER



**MONROE COUNTY DISTRICT LIBRARY**

**MONROE COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



**Certified for Release 8/8/2023**

88 East Broad Street, Columbus, Ohio 43215  
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)