



Dave Yost • Auditor of State

**MONROE COUNTY DISTRICT LIBRARY
MONROE COUNTY**

TABLE OF CONTENTS

| TITLE | PAGE |
|--|-------------|
| Independent Auditor's Report | 1 |
| Statement of Receipts, Disbursements, and Changes in Balance (Cash Basis) - For the Year Ended December 31, 2014 | 3 |
| Statement of Receipts, Disbursements, and Changes in Balance (Cash Basis) - For the Year Ended December 31, 2013 | 4 |
| Notes to the Financial Statements | 5 |
| Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> | 9 |

This page intentionally left blank.



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Monroe County District Library
Monroe County
96 Home Avenue
Woodsfield, Ohio 43793

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of the Monroe County District Library, Monroe County, Ohio (the Library), as of and for the years ended December 31, 2014 and 2013.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code §117.38 and Ohio Administrative Code §117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

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

As described in Note 1 of the financial statements, the Library prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code §117.38 and Ohio Administrative Code §117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Library does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code §117.38 and Ohio Administrative Code §117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

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* paragraph, the financial statements referred to above 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, 2014 and 2013, or changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balance of Monroe County District Library, Monroe County, Ohio of December 31, 2014 and 2013, and its cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code §117.38 and Ohio Administrative Code §117-2-03(D) permit, described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2015, on our consideration of the Library's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Library's internal control over financial reporting and compliance.



Dave Yost
Auditor of State
Columbus, Ohio

October 30, 2015.

**MONROE COUNTY DISTRICT LIBRARY
MONROE COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN BALANCE (CASH BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2014**

| | |
|--|-------------------------|
| Cash Receipts | |
| Public Library | \$427,832 |
| Patron Fines and Fees | 12,834 |
| Contributions, Gifts and Donations | 873 |
| Earnings on Investments | 130 |
| Miscellaneous | <u>3,625</u> |
| <i>Total Cash Receipts</i> | <u>445,294</u> |
| Cash Disbursements | |
| Current: | |
| Library Services: | |
| Public Services and Programs | <u>444,308</u> |
| <i>Total Cash Disbursements</i> | <u>444,308</u> |
| <i>Excess of Cash Receipts Over Cash Disbursements</i> | <u>986</u> |
| <i>Cash Balance, January 1</i> | <u>119,055</u> |
| Cash Balance, December 31 | |
| Unassigned | <u>120,041</u> |
| <i>Cash Balance, December 31</i> | <u><u>\$120,041</u></u> |

The notes to the financial statements are an integral part of this statement.

**MONROE COUNTY DISTRICT LIBRARY
MONROE COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN BALANCE (CASH BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2013**

| | |
|---|------------------|
| Cash Receipts | |
| Public Library | \$424,308 |
| Patron Fines and Fees | 13,787 |
| Contributions, Gifts and Donations | 2,657 |
| Earnings on Investments | 136 |
| Miscellaneous | 4,541 |
| | <hr/> |
| <i>Total Cash Receipts</i> | <i>445,429</i> |
| | <hr/> |
| Cash Disbursements | |
| Current: | |
| Library Services: | |
| Public Services and Programs | 436,485 |
| Capital Outlay | 11,174 |
| | <hr/> |
| <i>Total Cash Disbursements</i> | <i>447,659</i> |
| | <hr/> |
| <i>Excess of Cash Receipts (Under) Cash Disbursements</i> | <i>(2,230)</i> |
| | <hr/> |
| <i>Cash Balance, January 1</i> | <i>121,285</i> |
| | <hr/> |
| Cash Balance, December 31 | |
| Unassigned | 119,055 |
| | <hr/> |
| <i>Cash Balance, December 31</i> | <i>\$119,055</i> |
| | <hr/> <hr/> |

The notes to the financial statements are an integral part of this statement.

**MONROE COUNTY DISTRICT LIBRARY
MONROE COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Monroe County District Library, Monroe County (the Library), as a body corporate and politic. 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 7.

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

B. Accounting Basis

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.

C. Deposits

Certificates of deposit are valued at cost.

D. 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 2014 and 2013 budgetary activity appears in Note 3.

E. Cash Balance

Cash 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:

**MONROE COUNTY DISTRICT LIBRARY
MONROE COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Cash Balance

1. Nonspendable

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

2. Restricted

Cash 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.

3. Committed

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

4. Assigned

Assigned cash 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 cash balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Library Trustees or a Library official delegated that authority by resolution, or by State Statute.

5. Unassigned

Unassigned cash 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 cash 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 cash balance classifications could be used.

F. Property, Plant, and Equipment

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

**MONROE COUNTY DISTRICT LIBRARY
MONROE COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. 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.

2. EQUITY IN DEPOSITS

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

| | 2014 | 2013 |
|-------------------------|-----------|-----------|
| Demand deposits | \$100,041 | \$99,055 |
| Certificates of deposit | 20,000 | 20,000 |
| Total deposits | \$120,041 | \$119,055 |

Deposits: Deposits are insured by the Federal Deposit Insurance Corporation.

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2014 and 2013, follows:

| 2014 Budgeted vs. Actual Receipts | | |
|-----------------------------------|-----------|-----------|
| Budgeted | Actual | |
| Receipts | Receipts | Variance |
| \$450,000 | \$445,294 | (\$4,706) |

| 2014 Budgeted vs. Actual Budgetary Basis | | |
|--|--------------|-----------|
| Expenditures | | |
| Appropriation | Budgetary | |
| Authority | Expenditures | Variance |
| \$569,055 | \$447,108 | \$121,947 |

| 2013 Budgeted vs. Actual Receipts | | |
|-----------------------------------|-----------|-----------|
| Budgeted | Actual | |
| Receipts | Receipts | Variance |
| \$450,000 | \$445,429 | (\$4,571) |

| 2013 Budgeted vs. Actual Budgetary Basis | | |
|--|--------------|-----------|
| Expenditures | | |
| Appropriation | Budgetary | |
| Authority | Expenditures | Variance |
| \$562,149 | \$454,883 | \$107,266 |

**MONROE COUNTY DISTRICT LIBRARY
MONROE COUNTY**

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

4. 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. This method of distribution is called the "percentage of revenue" method. This method was not used for August 2011 through June 2013. During that 23 month period PLF received a designated percentage of the dollar amounts received by the fund during the corresponding month of the fiscal year 2011 "base-year" period. Effective July 2013 the statutory allocation method reverted to the "percentage of revenue" method for PLF distribution. The fund received an amount equal to a specified percentage of the amount of GRF tax revenue received during the previous month. Beginning with the July 2013 distribution the "statutory allocation method" was implemented. The calendar year 2013 entitlements were used in the computation as the basis of each county's allocation percentage. Those percentages were used through December 2013. In December 2013 the actual calendar year entitlement was computed. Any difference was adjusted evenly to the PLF distributions from January-June 2014. In calendar year 2014 the statutory entitlement computation method continued. Estimated entitlement figures were issued to County Auditors in July 2013, December 2013 and June 2014. The actual 2014 entitlements will be computed in December 2014. The difference between the estimate and actual will be adjusted evenly in the PLF distributions made from January-June 2015.

5. 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 includes postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2014 and 2013, 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, 2014.

6. RISK MANAGEMENT

Commercial Insurance

The Library has obtained commercial insurance for the following risks:

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

7. JOINTLY GOVERNED ORGANIZATION

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's 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.



Dave Yost • Auditor of State

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

Monroe County District Library
Monroe County
96 Home Avenue
Woodsfield, Ohio 43793

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Monroe County District Library, Monroe County, Ohio (the Library), as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements and have issued our report thereon dated October 30, 2015 wherein we noted the Library followed financial reporting provisions Ohio Revised Code §117.38 and Ohio Administrative Code §117-2-03(D) permit.

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*.

743 East State Street, Athens Mall Suite B, Athens, Ohio 45701-2157
Phone: 740-594-3300 or 800-441-1389 Fax: 740-594-2110

www.ohioauditor.gov

Purpose of this Report

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

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

Dave Yost
Auditor of State
Columbus, Ohio

October 30, 2015



Dave Yost • Auditor of State

MONROE COUNTY DISTRICT LIBRARY

MONROE 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 17, 2015**