

# **HIGHLAND COUNTY DISTRICT LIBRARY**

**HIGHLAND COUNTY, OHIO**

**REGULAR AUDIT**

**FOR THE YEARS ENDED  
DECEMBER 31, 2023 & 2022**





65 East State Street  
Columbus, Ohio 43215  
ContactUs@ohioauditor.gov  
800-282-0370

Members of the Board of Trustees  
Highland County District Library  
10 Willettsville Pike  
Hillsboro, OH 45133

We have reviewed the *Independent Auditor's Report* of the Highland County District Library, prepared by Julian & Grube, Inc., for the audit period January 1, 2022 through December 31, 2023. 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 Highland 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

September 18, 2024

**This page intentionally left blank.**

**HIGHLAND COUNTY DISTRICT LIBRARY  
HIGHLAND COUNTY, OHIO**

TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditor’s Report .....	1 - 3
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) - All Governmental Fund Types For the Year Ended December 31, 2023 .....	4
Notes to the Financial Statement – For the Year Ended December 31, 2023 .....	5 - 11
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) - All Governmental Fund Types For the Year Ended December 31, 2022 .....	12
Notes to the Financial Statement – For the Year Ended December 31, 2022 .....	13 - 18
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> .....	19 - 20

**This page intentionally left blank.**

**Independent Auditor's Report**

Highland County District Library  
Highland County  
10 Willettsville Pike  
Hillsboro, Ohio 45133

To the Members of the Board of Trustees:

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

We have audited the accompanying financial statements of the Highland County District Library, Highland County, Ohio, which comprises the cash balances, receipts, and disbursements for each governmental fund type as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements.

***Unmodified Opinions 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 of the Highland County District Library, as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements, in accordance with the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) as 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 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 Highland County District Library, as of December 31, 2023 and 2022, or changes in net 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 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 Highland County District 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 Highland County District Library on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is a basis of accounting 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 GAAP, 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 these financial statements in accordance with the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C). 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 misstatements, 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 Highland County District 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 generally accepted auditing standards and *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 generally accepted auditing standards 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 Highland County District 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 Highland County District Library's ability to continue as a going concern for a reasonable period of time.



Highland County District Library  
Highland County  
Independent Auditor's Report

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 22, 2024 on our consideration of the Highland County District Library's internal control over financial reporting and on 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 Highland County District 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 Highland County District Library's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Julian & Grube, Inc.".

Julian & Grube, Inc.  
July 22, 2024

**Highland County District Library**  
*Highland County*  
*Combined Statement of Receipts, Disbursements*  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
*All Governmental Fund Types*  
*For the Year Ended December 31, 2023*

	General	Special Revenue	Permanent	Combined Total
<b>Cash Receipts</b>				
Public Library	\$ 1,759,485	\$ -	\$ -	\$ 1,759,485
Intergovernmental	27,642	-	-	27,642
Patron Fines and Fees	15,504	-	-	15,504
Contributions, Gifts and Donations	9,011	5,375	-	14,386
Earnings on Investments	87,015	-	67	87,082
Miscellaneous	21,675	-	-	21,675
<i>Total Cash Receipts</i>	<u>1,920,332</u>	<u>5,375</u>	<u>67</u>	<u>1,925,774</u>
<b>Cash Disbursements</b>				
Current:				
Library Services:				
Public Services and Programs	826,704	5,375	-	832,079
Collection Development and Processing	161,980	10,674	12	172,666
Support Services:				
Facilities Operation and Maintenance	239,737	-	-	239,737
Information Services	55,871	-	-	55,871
Business Administration	209,505	-	-	209,505
Capital Outlay	210	-	-	210
<i>Total Cash Disbursements</i>	<u>1,494,007</u>	<u>16,049</u>	<u>12</u>	<u>1,510,068</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>426,325</u>	<u>(10,674)</u>	<u>55</u>	<u>415,706</u>
<b>Other Financing Receipts (Disbursements)</b>				
Other Financing Uses	(1,359)	-	-	(1,359)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(1,359)</u>	<u>-</u>	<u>-</u>	<u>(1,359)</u>
<i>Net Change in Fund Cash Balances</i>	424,966	(10,674)	55	414,347
<i>Fund Cash Balances, January 1</i>	<u>3,197,475</u>	<u>48,314</u>	<u>9,269</u>	<u>3,255,058</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 3,622,441</u>	<u>\$ 37,640</u>	<u>\$ 9,324</u>	<u>\$ 3,669,405</u>

*See accompanying notes to the financial statement*

# HIGHLAND COUNTY DISTRICT LIBRARY

*Highland County*

*Notes to the Financial Statement*

*For the Year Ended December 31, 2023*

---

## **Note 1 – Reporting Entity**

The Highland County District Library (the Library) was organized as a district public library under the laws of the State of Ohio in 1878. The Library has locations in Hillsboro, Greenfield, Leesburg, Lynchburg and Rocky Fork. All of the libraries are governed by a Board of Trustees (hereafter referred to as the Board) which consists of seven members, three appointed by the Highland County Court of Common Pleas and four appointed by the Highland County Commissioners. Appointments are for seven-year terms, and members serve without compensation. Under Ohio statutes, the Library is a body politic and corporate capable of suing and being sued, contracting, acquiring, holding, possessing, and disposing of real property, and of exercising such other powers and privileges conferred upon it by law. The Library also determines and operates under its own budget. Control and management of the Library is governed by sections 3375.33 to 3375.39 of the Ohio Revised Code with the administration of the day-to-day operations of the Library being the responsibility of the Director and financial accountability being that of the Fiscal Officer.

There is no potential for the Library to provide a financial benefit to or to impose a financial burden on the County Commissioners, nor can the County Commissioners significantly influence the programs, activities, or level of service performed or provided by the Library. The Library is fiscally independent of the County, although the County Commissioners serve in a ministerial capacity as the taxing authority. The determination to request approval of a tax, the rate, and the purpose(s) of the levy are discretionary decisions made solely by the Board. Once these decisions are made, the County Commissioners must place the levy on the ballot.

Component units are legally separate organizations for which the Library is financially accountable. The Library has no component units.

The Library's management believes this financial statement presents all activities for which the Library is financially accountable.

## **Note 2 – Summary of Significant Accounting Policies**

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

The Library's financial statement consists of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types which is 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.

# HIGHLAND COUNTY DISTRICT LIBRARY

*Highland County*

*Notes to the Financial Statement*

*For the Year Ended December 31, 2023*

---

## **Note 2 – Summary of Significant Accounting Policies (Continued)**

***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 Special Revenue Funds:

***Summer Reading Fund*** - The Library established a new special revenue fund in 2023. The summer reading fund accounts for and reports donated monies restricted for summer reading programming within the Library.

***Technology Fund*** – Established to set aside funding for the purchase and upgrading of technology equipment.

***Permanent Funds*** - These funds account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the Library’s programs (for the benefit of the Library or its citizenry). The Library had the following permanent fund:

***Helen L. Lemon Trust Fund*** One-third of the net income from the trust shall be used by said trustees and their successors in office for the purchase of fiction books for said library; one-third of said net income from the trust shall be used to purchase non-fiction books; and one-third of said net income shall be used to purchase children’s books, one of which book shall be the Newberry Medal Book and also the current edition of the Caldecott Medal picture book shall be purchased.

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

This financial statement follows the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C). This basis is similar to the cash receipts and disbursements accounting basis. The Library 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).

This statement includes adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C) 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 2023 budgetary activity appears in Note 3.

# HIGHLAND COUNTY DISTRICT LIBRARY

*Highland County*

*Notes to the Financial Statement*

*For the Year Ended December 31, 2023*

---

## **Note 2 – Summary of Significant Accounting Policies (Continued)**

### ***Deposits and Investments***

The Library's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value.

### ***Capital Assets***

The Library records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statement does 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 statement does not include a liability for unpaid leave.

### ***Leases and SBITAs***

The Library is the lessee related to copiers at each branch under noncancelable leases. Lease revenue/disbursements are recognized when they are received/paid.

The Library has entered into noncancelable Subscription-Based Information Technology Arrangements (SBITA) contracts (as defined by GASB 96) for several types of software. Subscription disbursements are recognized when they are paid.

### ***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. For regulatory purposes, nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Library and the nonspendable portion of the corpus in permanent funds.

***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.

**HIGHLAND COUNTY DISTRICT LIBRARY**

*Highland County*

*Notes to the Financial Statement*

*For the Year Ended December 31, 2023*

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

**Committed** The Board 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*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

**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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 10.

**Note 3 – Budgetary Activity**

Budgetary activity for the year ending December 31, 2023 follows:

2023 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,771,700	\$1,920,332	\$148,632
Special Revenue	5,375	5,375	0
Permanent	65	67	2
<b>Total</b>	<b>\$1,777,140</b>	<b>\$1,925,774</b>	<b>\$148,634</b>

2023 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,790,379	\$1,509,045	\$281,334
Special Revenue	20,375	16,049	4,326
Permanent	200	12	188
<b>Total</b>	<b>\$1,810,954</b>	<b>\$1,525,106</b>	<b>\$285,848</b>

**HIGHLAND COUNTY DISTRICT LIBRARY**

*Highland County*

*Notes to the Financial Statement*

*For the Year Ended December 31, 2023*

---

---

**Note 4 – Deposits and Investments**

To improve cash management, cash received by the Library is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Library’s deposit and investment accounts are as follows:

	<u>2023</u>
<b><i>Cash Management Pool:</i></b>	
Demand deposits	\$378,056
Non-negotiable certificate of deposit	7,000
Total deposits	<u>385,056</u>
STAR Ohio	1,884,349
Negotiable certificates of deposit	<u>1,400,000</u>
Total investments	<u>3,284,349</u>
<i>Total carrying amount of deposits and investments held in the Pool</i>	<u><u>\$3,669,405</u></u>

The Library does not use a separate payroll clearing account. The disbursements included in the accompanying financial statement reflects net payroll plus all remitted payroll withholdings. At December 31, 2023, the Library is holding \$2,965 in unremitted employee payroll withholdings.

***Deposits***

The Library maintains one regular checking account and one certificate of deposit with Merchant’s National Bank. Through an agreement with Merchant’s National Bank, the bank places the Library’s funds that exceed \$240,000 in the regular checking account into insured cash sweep accounts at other depository institutions for the sole purpose of making sure all library funds are insured by the Federal Deposit Insurance Corporation (FDIC). The regular checking account is also always FDIC insured as the balance stays below \$250,000.

***Investments***

Investment in STAR Ohio is not evidenced by securities that exist in physical or book-entry form.

The Library has negotiable certificates of deposit that are split amongst multiple banks at \$200,000 each to maximize depository insurance coverage. Stifel, Nicolaus & Company, Incorporated (Stifel) works with the Library as an eligible investment advisor to move funding as the Library requests. Stifel has signed the Library’s “Investment Policy.” The investment advisor is authorized to manage the investment funds of the Library, which includes the selection of eligible investment assets as defined under ORC 135.14.

**HIGHLAND COUNTY DISTRICT LIBRARY**

*Highland County*

*Notes to the Financial Statement*

*For the Year Ended December 31, 2023*

---

**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.

***Commercial Insurance***

The Library has obtained commercial insurance for the following risks; commercial property coverage, commercial general liability, commercial automobile coverage, inland marine coverage, and crime and fidelity coverage.

**Note 7 – Defined Benefit Pension Plan**

***Ohio Public Employees Retirement System***

Library 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 health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Library contributed an amount equaling 14 percent of participants’ gross salaries. The Library has paid all contributions required through December 31, 2023.



**HIGHLAND COUNTY DISTRICT LIBRARY**

*Highland County*

*Notes to the Financial Statement*

*For the Year Ended December 31, 2023*

---

---

**Note 8 – Postemployment Benefits**

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan. OPERS offers a health reimbursement arrangement (HRA) allowance to benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax-free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents. For calendar year 2023, the portion of employer contributions allocated to health care was 0 percent for members in the traditional pension plan and 2 percent for members in the combined plan. For 2023, the portion of employer contributions allocated to health care for members in the member-directed plan was 4 percent; however, a portion of the health care rate was funded with reserves.

**Note 9 – Related Party Transactions**

The Library hired Weller’s Plumbing & Heating Inc. to perform maintenance to the Library’s air conditioning/heating systems, and for two new HVAC units. A member of the Library’s Board is associated with the company. The Library follows the “Purchasing Policy” when making large purchases, like HVAC units. Bids are obtained to compare pricing from multiple companies. The Library may award a bid to the lowest, responsible bidder. The Board member is not involved with the quote/bidding process. The Board member abstained from all Board decisions and approvals related to the company. The Library paid Weller’s Plumbing & Heating Inc., \$20,406 in 2023.

**Note 10 – Fund Balances**

Included in fund balance are amounts the Library cannot spend, including the unexpendable corpus of the permanent fund. 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 balances of these amounts were as follows:

<u>Fund Balances</u>	<u>General</u>	<u>Permanent</u>	<u>Total</u>
Nonspendable:			
Corpus	\$ -	\$ 7,000	\$ 7,000
Outstanding Encumbrances	<u>13,679</u>	<u>-</u>	<u>13,679</u>
Total	<u>\$ 13,679</u>	<u>\$ 7,000</u>	<u>\$ 20,679</u>

The fund balance of special revenue funds is either restricted or committed. The fund balance of the permanent fund that is not part of the nonspendable corpus is either restricted or committed. These restricted, committed, and assigned amounts in the special revenue and permanent funds would include the outstanding encumbrances, if any. In the general fund, outstanding encumbrances are considered assigned.

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

	General	Special Revenue	Permanent	Combined Total
<b>Cash Receipts</b>				
Public Library	\$ 1,459,820	\$ -	\$ -	\$ 1,459,820
Intergovernmental	6,000	-	-	6,000
Patron Fines and Fees	16,354	-	-	16,354
Contributions, Gifts and Donations	9,750	-	-	9,750
Earnings on Investments	10,414	-	11	10,425
Miscellaneous	42,513	-	-	42,513
<i>Total Cash Receipts</i>	<u>1,544,851</u>	<u>-</u>	<u>11</u>	<u>1,544,862</u>
<b>Cash Disbursements</b>				
Current:				
Library Services	23,652	-	-	23,652
Public Services and Programs	106,879	674	-	107,553
Collection Development and Processing	134,496	2,973	-	137,469
Support Services:				
Facilities Operation and Maintenance	223,062	-	-	223,062
Business Administration	934,542	2,185	-	936,727
Capital Outlay	164,650	-	-	164,650
<i>Total Cash Disbursements</i>	<u>1,587,281</u>	<u>5,832</u>	<u>-</u>	<u>1,593,113</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(42,430)</u>	<u>(5,832)</u>	<u>11</u>	<u>(48,251)</u>
<i>Net Change in Fund Cash Balances</i>	<u>(42,430)</u>	<u>(5,832)</u>	<u>11</u>	<u>(48,251)</u>
<i>Fund Cash Balances, January 1</i>	<u>3,239,905</u>	<u>54,146</u>	<u>9,258</u>	<u>3,303,309</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 3,197,475</u>	<u>\$ 48,314</u>	<u>\$ 9,269</u>	<u>\$ 3,255,058</u>

*See accompanying notes to the financial statement*

# HIGHLAND COUNTY DISTRICT LIBRARY

*Highland County*

*Notes to the Financial Statement*

*For the Year Ended December 31, 2022*

---

## **Note 1 – Reporting Entity**

The Highland County District Library (the Library) was organized as a district public library under the laws of the State of Ohio in 1878. The Library has locations in Hillsboro, Greenfield, Leesburg, Lynchburg and Rocky Fork. All of the libraries are governed by a Board of Trustees (hereafter referred to as the Board) which consists of seven members, three appointed by the County Court of Common Pleas and four appointed by the County Commissioners. Appointments are for seven-year terms and members serve without compensation. Under Ohio statutes, the Library is a body politic and corporate capable of suing and being sued, contracting, acquiring, holding, possessing, and disposing of real property, and of exercising such other powers and privileges conferred upon it by law. The Library also determines and operates under its own budget. Control and management of the Library is governed by sections 3375.33 to 3375.39 of the Ohio Revised Code with the administration of the day-to-day operations of the Library being the responsibility of the Director and financial accountability being that of the Fiscal Officer.

The Library is fiscally independent of the Board, although the Board serves in a ministerial capacity as the taxing authority for the Library. The determination to request approval of a tax levy, the role and purpose(s) of the levy, are discretionary decisions made solely by the Board. The Library has no component units.

The Library's management believes this financial statement presents all activities for which the Library is financially accountable.

## **Note 2 – Summary of Significant Accounting Policies**

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

The Library's financial statement consists of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types which is 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 Fund:

***Technology Fund*** - Established to set aside funding for the purchase and upgrading of technology equipment.

# HIGHLAND COUNTY DISTRICT LIBRARY

*Highland County*

*Notes to the Financial Statement*

*For the Year Ended December 31, 2022*

---

## **Note 2 – Summary of Significant Accounting Policies (continued)**

***Permanent Funds*** These funds account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the Library’s programs (for the benefit of the Library or its citizenry). The Library had the following permanent fund:

***Helen L. Lemon Trust Fund*** One-third of the net income from the trust shall be used by said trustees and their successors in office for the purchase of fiction books for said library; one-third of said net income from the trust shall be used to purchase non-fiction books; and one-third of said net income shall be used to purchase children’s books, one of which book shall be the Newberry Medal Book and also the current edition of the Caldecott Medal picture book shall be purchased.

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

This financial statement follows the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C). This basis is similar to the cash receipts and disbursements accounting basis. The Library 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).

This statement includes adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C) 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 2022 budgetary activity appears in Note 3.

### ***Deposits and Investments***

The Library’s accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively. As of December 31, 2022, the Library did not have any investments.

### ***Capital Assets***

The Library records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statement does 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 statement does not include a liability for unpaid leave.

**HIGHLAND COUNTY DISTRICT LIBRARY**

*Highland County*

*Notes to the Financial Statement*

*For the Year Ended December 31, 2022*

---

---

**Note 2 – Summary of Significant Accounting Policies (continued)**

***Leases***

The Library is the lessee related to copiers at each branch under noncancelable leases. Lease revenue/disbursements are recognized when they are received/paid.

***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. For regulatory purposes, nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Library and the nonspendable portion of the corpus in permanent funds.

***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*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

***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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 10.

**HIGHLAND COUNTY DISTRICT LIBRARY**

*Highland County*

*Notes to the Financial Statement*

*For the Year Ended December 31, 2022*

**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	\$1,400,000	\$1,544,851	\$144,851
Special Revenue	-	-	-
Permanent	10	11	1
Total	<u>\$1,400,010</u>	<u>\$1,544,862</u>	<u>\$144,852</u>

2022 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,869,781	\$1,603,712	\$266,069
Special Revenue	32,185	5,832	26,353
Permanent	2,242	-	2,242
Total	<u>\$1,904,208</u>	<u>\$1,609,544</u>	<u>\$294,664</u>

**Note 4 – Deposits**

To improve cash management, cash received by the Library is pooled. The Library maintains one regular checking account and one certificate of deposit. Through an agreement with Merchant’s National Bank, the bank places the Library’s funds that exceed \$240,000 in the regular checking account into insured cash sweep accounts at other depository institutions for the sole purpose of making sure all Library funds are insured by the Federal Deposit Insurance Corporation (FDIC). The regular checking account is also always FDIC insured as the balance stays below \$250,000. Monies for all funds are maintained in this pool.

	2022
<b>Cash Management Pool:</b>	
Demand deposits	\$3,248,058
Non-negotiable certificate of deposit	7,000
Total deposits	<u>3,255,058</u>
<i>Total carrying amount of deposits held in the Pool</i>	<u>\$3,255,058</u>

The Library does not use a separate payroll clearing account. The disbursements included in the accompanying financial statement reflects net payroll plus all remitted payroll withholdings. At December 31, 2022, the Library is holding \$2,989 in unremitted employee payroll withholdings.

## HIGHLAND COUNTY DISTRICT LIBRARY

*Highland County*

*Notes to the Financial Statement*

*For the Year Ended December 31, 2022*

---

### **Note 5 – Grants in Aid and Taxes**

#### ***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.

#### ***Commercial Insurance***

The Library has obtained commercial insurance for the following risks; commercial property coverage, commercial general liability, commercial automobile coverage, inland marine coverage, and crime and fidelity coverage.

### **Note 7 – Defined Benefit Pension Plan**

#### ***Ohio Public Employees Retirement System***

Library 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 health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Library contributed an amount equaling 14 percent 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 was 0 percent, and the 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 percent during calendar year 2022.

# HIGHLAND COUNTY DISTRICT LIBRARY

*Highland County*

*Notes to the Financial Statement*

*For the Year Ended December 31, 2022*

---

---

## 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 – Related Party Transactions

The Library hired Weller’s Plumbing & Heating, Inc., for repairs and maintenance to the Library’s air conditioning/heating systems and plumbing. A member of the Library’s Board is associated with the company. The air conditioning and heating system was installed by Weller’s Plumbing & Heating, Inc. several years before this Trustee was appointed to the Board. The Library has utilized other plumbing contractors as well as Weller’s Plumbing & Heating, Inc. The Board member abstained from all decisions and approvals when working with the business. The Library paid Weller’s Plumbing & Heating Inc., \$466 in 2022.

## Note 10 – Fund Balances

Included in fund balance are amounts the Library cannot spend, including the unexpendable corpus of the permanent fund. 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 balances of these amounts were as follows:

<u>Fund Balances</u>	<u>General</u>	<u>Permanent</u>	<u>Total</u>
Nonspendable:			
Corpus	\$ -	\$ 7,000	\$ 7,000
Outstanding Encumbrances	<u>16,431</u>	<u>-</u>	<u>16,431</u>
Total	<u>\$ 16,431</u>	<u>\$ 7,000</u>	<u>\$ 23,431</u>

The fund balance of special revenue funds is either restricted or committed. The fund balance of the permanent fund that is not part of the nonspendable corpus is either restricted or committed. These restricted, committed, and assigned amounts in the special revenue and permanent funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

## Note 11 – 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 ended in April of 2023. During 2022, the Library received COVID-19 funding. 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.



**Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other  
Matters Based on an Audit of Financial Statements Performed in Accordance With  
*Government Auditing Standards***

Highland County District Library  
Highland County  
10 Willettsville Pike  
Hillsboro, Ohio 45133

To the Members of 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, the financial statements of the cash balances, receipts, and disbursements for each governmental fund type of the Highland County District Library, Highland County, Ohio, as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements and have issued our report thereon dated July 22, 2024, wherein we noted the Highland County District Library followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 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 Highland County District 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 Highland County District Library's internal control. Accordingly, we do not express an opinion on the effectiveness of the Highland County District 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 Highland County District 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Highland County District 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Highland County District Library

Highland County

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters

Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

**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 Highland County District 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 Highland County District Library's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Julian & Grube, Inc.".

Julian & Grube, Inc.

July 22, 2024

# OHIO AUDITOR OF STATE KEITH FABER



**HIGHLAND COUNTY DISTRICT LIBRARY**

**HIGHLAND 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 10/1/2024**

65 East State 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)