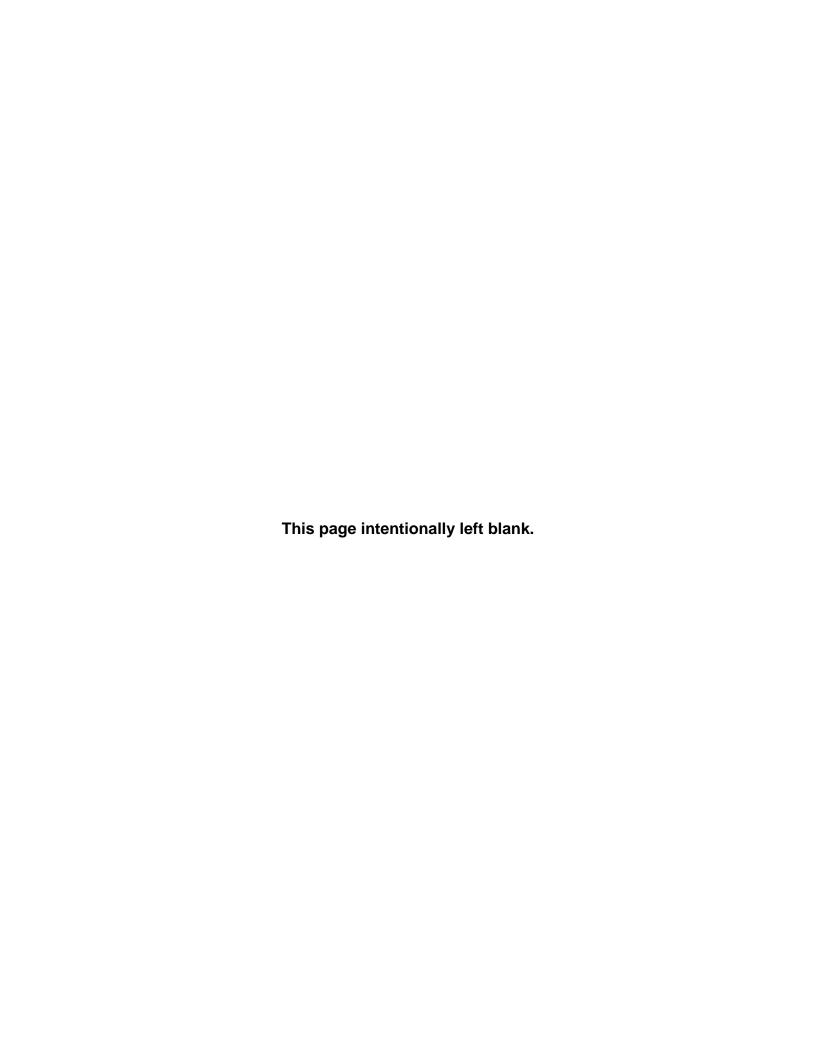




SOUTHEAST REGIONAL LIBRARY SYSTEM JACKSON COUNTY JUNE 30, 2019 AND 2018

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INDEPENDENT AUDITOR'S REPORT

Southeast Regional Library System Jackson County 252 West 13th Street Wellston, Ohio 45692

To the Board of Trustees

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Southeast Regional Library System, Jackson County, Ohio (the Library), as of and for the year ended June 30, 2019 and 2018.

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 such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

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

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Southeast Regional Library System Jackson County Independent Auditor's Report Page 2

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

As described in Note 2 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 June 30, 2019 and 2018, and the respective changes in financial position thereof for the year 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 balances, receipts and disbursements by fund type, and related notes of the Southeast Regional Library System, Jackson County, Ohio, as of June 30, 2019 and 2018, 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 2.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2020 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.

Keith Faber Auditor of State Columbus, Ohio

Keethe John

March 31, 2020

Jackson County Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) All Governmental Fund Types For the Year Ended June 30, 2019

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Intergovernmental	\$0	\$147,084	\$147,084
Patron Fines and Fees	3,465	0	3,465
Services Provided to Other Entities	11,377	0	11,377
Earnings on Investments	688	0	688
Miscellaneous	2,050	140	2,190
Total Cash Receipts	17,580	147,224	164,804
Cash Disbursements			
Current:			
Salaries & Fringe	6,955	89,290	96,245
Facilities Operation and Maintenance	333	36,536	36,869
Purchased & Contracted Services	337	21,558	21,895
Other	1,550	0	1,550
Total Cash Disbursements	9,175	147,384	156,559
Excess of Receipts Over (Under) Disbursements	8,405	(160)	8,245
Other Financing Receipts (Disbursements)			
Advances In	3,000	3,000	6,000
Advances Out	(3,000)	(3,000)	(6,000)
Total Other Financing Receipts (Disbursements)	0	0	0
Net Change in Fund Cash Balances	8,405	(160)	8,245
Fund Cash Balances, July 1	142,195	174	142,369
Fund Cash Balances, June 30			
Restricted	0	14	14
Unassigned (Deficit)	150,600	0	150,600
Fund Cash Balances, June 30	\$150,600	\$14	\$150,614

See accompanying notes to the financial statements

Jackson County Statement of Receipts, Disbursements and Change in Fund Balance (Regulatory Cash Basis) Fiduciary Fund Type For the Year Ended June 30, 2019

	Fiduciary Fund
Operating Cash Receipts	Agency
Services Provided to Other Entities	\$14,399
Total Operating Cash Receipts	14,399
Operating Cash Disbursements Purchased and Contracted Services	14,145
Total Operating Cash Disbursements	14,145
Operating Income (Loss)	254
Income (Loss) before Capital Contributions, Special Item, Extraordinary Item, Transfers and Advances	254
Net Change in Fund Cash Balance	254
Fund Cash Balance, July1	5,226
Fund Cash Balance, June 30	\$5,480
See accompanying notes to the financial statements	

Jackson County Notes to the Financial Statements For the Year Ended June 30, 2019

Note 1 - Reporting Entity

The Southeast Regional Library System, Jackson County (the Library), is an area regional library system created and governed according to the provisions of the Ohio Rev. Code § 3375.90. An area regional library system is subject to the record keeping procedures prescribed by the Auditor of State and is subject to audit.

The Library is composed of libraries in the Ohio counties of Athens, Belmont, Delaware, Fairfield, Franklin, Gallia, Guernsey, Hocking, Jackson, Jefferson, Lawrence, Licking, Meigs, Monroe, Morgan, Muskingum, Noble, Perry, Pickaway, Pike, Ross, Scioto, Vinton, and Washington, and derives its power from Ohio Rev. Code § 3375.90, and other relevant sections.

The Library appoints a fifteen member Board of Trustees to govern the Library. Public libraries (maximum of 12 seats) board members will be comprised of pay members and rotational by alphabetical order of legal library name with the seats divided equally between three size categories (small, medium, large) determined by FTE's using the most current statistical report provided by the State Library of Ohio. All trustees serve for three year terms. The Board can also include three additional members: one member from the collective member school libraries; one member from the collective member academic libraries; and one member from the collective member special libraries. These members are appointed for one year terms.

The Library utilizes the Standards of Governmental Accounting Standards Board Statement 14 for determining the reporting entity.

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 statement of receipts, disbursements and change in fund balance (regulatory cash basis) for the fiduciary fund type 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:

State Fund – This fund accounts for money received from the State Library of Ohio's budget for operating expense for the Library.

Jackson County Notes to the Financial Statements For the Year Ended June 30, 2019

Note 2 - Summary of Significant Accounting Policies (Continued)

Fund Accounting (Continued)

Agency Funds - These funds are purely custodial in nature and are used to hold resources for individuals, organizations, or other governments. The Library's agency fund accounts for money received from participating member libraries to pay insurance expenses of the user group and to pay for group purchases 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 (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 may not exceed appropriations at the fund, function, and object level of control.

A summary of 2019 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.

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 three 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:

Jackson County Notes to the Financial Statements For the Year Ended June 30, 2019

Note 2 - Summary of Significant Accounting Policies (Continued)

Fund Balance (Continued)

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.

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 June 30, 2019 follows:

2019 Budgeted vs. Actual Budgetary Basis Expenditures				
	Appropriation	Budgetary		
Fund Type	Authority	Expenditures	Variance	
General	\$149,471	\$9,175	\$140,296	
Special Revenue	147,398	147,384	14	
Agency	14,145	14,145	0	
Total	\$311,014	\$170,704	\$140,310	

Note 4 - Deposits

The Library maintains a deposit pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits at June 30 was as follows:

Jackson County Notes to the Financial Statements For the Year Ended June 30, 2019

Note 4 – Deposits (Continued)	
	2019
Demand deposits	\$156,094

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation

Note 5 - Risk Management

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;
- Errors and omissions.

Note 6 - 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 June 30, 2019.

Note 7 - 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 plan was 0 percent during calendar year 2019. The portion of employer contributions allocated to health care for members in the member-directed plan was 4.0 percent during calendar year 2019.

Jackson County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended June 30, 2018

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts	40	Φ1.4.4.00. <i>c</i>	φo	¢1.44.00 <i>c</i>
Intergovernmental P. C. F. F. C. F.	\$0	\$144,996	\$0	\$144,996
Patron Fines and Fees	2,620	0	0	2,620
Services Provided to Other Entities	5,810	0	0	5,810
Earnings on Investments	657	0	0	657
Miscellaneous	21	455	0	476
Total Cash Receipts	9,108	145,451	0	154,559
Cash Disbursements				
Current:				
Salaries & Fringe	0	96,888	0	96,888
Facilities Operation and Maintenance	1,712	33,140	303	35,155
Purchased & Contracted Services	7,463	21,038	0	28,501
Total Cash Disbursements	9,175	151,066	303	160,544
Excess of Receipts Over (Under) Disbursements	(67)	(5,615)	(303)	(5,985)
Other Financing Receipts (Disbursements)				
Transfers In	0	0	38	38
Transfers Out	(38)	0	0	(38)
Transfeld Gut	(30)			(30)
Total Other Financing Receipts (Disbursements)	(38)	0	38	0
Net Change in Fund Cash Balances	(105)	(5,615)	(265)	(5,985)
Fund Cash Balances, July 1	142,300	5,789	265	148,354
Fund Cash Balances, June 30				
Restricted	0	174	0	174
Committed	0	0	0	0
Unassigned (Deficit)	142,195	0	0	142,195
Fund Cash Balances, June 30	\$142,195	\$174	\$0	\$142,369

See accompanying notes to the financial statements

Jackson County Statement of Receipts, Disbursements and Change in Fund Balance (Regulatory Cash Basis) Fiduciary Fund Type For the Year Ended June 30, 2018

	Fiduciary Fund
Operating Cash Receipts	Agency
Services Provided to Other Entities	\$22,199
Total Operating Cash Receipts	22,199
Operating Cash Disbursements Purchased and Contracted Services	20,898
Total Operating Cash Disbursements	20,898
Operating Income (Loss)	1,301
Net Change in Fund Cash Balance	1,301
Fund Cash Balance, January 1	3,925
Fund Cash Balance, December 31	\$5,226
See accompanying notes to the financial statements	

Jackson County Notes to the Financial Statements For the Year Ended June 30, 2018

Note 1 - Reporting Entity

The Southeast Regional Library System, Jackson County (the Library), is an area regional library system created and governed according to the provisions of the Ohio Rev. Code § 3375.90. An area regional library system is subject to the record keeping procedures prescribed by the Auditor of State and is subject to audit.

The Library is composed of libraries in the Ohio counties of Athens, Belmont, Delaware, Fairfield, Franklin, Gallia, Guernsey, Hocking, Jackson, Jefferson, Lawrence, Licking, Meigs, Monroe, Morgan, Muskingum, Noble, Perry, Pickaway, Pike, Ross, Scioto, Vinton, and Washington, and derives its power from Ohio Rev. Code § 3375.90, and other relevant sections.

The Library appoints a fifteen member Board of Trustees to govern the Library. Public libraries (maximum of 12 seats) board members will be comprised of pay members and rotational by alphabetical order of legal library name with the seats divided equally between three size categories (small, medium, large) determined by FTE's using the most current statistical report provided by the State Library of Ohio. All trustees serve for three year terms. The Board can also include three additional members: one member from the collective member school libraries; one member from the collective member academic libraries; and one member from the collective member special libraries. These members are appointed for one year terms.

The Library utilizes the Standards of Governmental Accounting Standards Board Statement 14 for determining the reporting entity.

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 statement of receipts, disbursements and change in fund balance (regulatory cash basis) for the fiduciary fund type 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:

State Fund – This fund accounts for money received from the State Library of Ohio's budget for operating expense for the Library.

Jackson County Notes to the Financial Statements For the Year Ended June 30, 2018

Note 2 - Summary of Significant Accounting Policies (Continued)

Fund Accounting (Continued)

Capital Project Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Library had the following significant capital project fund:

Building Fund – This fund accounts for monies set aside by the Board of Library Trustees specifically for major capital and technology improvements.

Agency Funds - These funds are purely custodial in nature and are used to hold resources for individuals, organizations, or other governments. The Library's agency fund accounts for money received from participating member libraries to pay insurance expenses of the user group and to pay for group purchases 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 (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 may not exceed appropriations at the fund, function, and object level of control.

A summary of 2018 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.

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.

Jackson County Notes to the Financial Statements For the Year Ended June 30, 2018

Note 2 - Summary of Significant Accounting Policies (Continued)

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 three 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.

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 June 30, 2018 follows:

Jackson County Notes to the Financial Statements For the Year Ended June 30, 2018

2018 Budgeted vs. Actual Budgetary Basis Expenditures Appropriation Budgetary Fund Type Authority **Expenditures** Variance General \$147,403 \$138,228 \$9,175 Special Revenue 174 151,240 151,066 0 Capital Projects 303 303 Agency 20,898 20,898 0 Total \$319,844 \$181,442 \$138,402

Note 4 - Deposits

The Library maintains a deposit pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits at June 30 was as follows:

	2018
Demand deposits	\$147,595

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation

Note 5 - Risk Management

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;
- Errors and omissions.

Note 6 - 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 June 30, 2018.

Jackson County Notes to the Financial Statements For the Year Ended June 30, 2018

Note 7 - 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 plan was 0 percent during calendar year 2018. The portion of employer contributions allocated to health care for members in the member-directed plan was 4.0 percent during calendar year 2018.

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

Southeast Regional Library System Jackson County 252 West 13th Street Wellston, Ohio 45692

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 cash balances, receipts, and disbursements by fund type of the Southeast Regional Library System, Jackson County, Ohio, (the Library), as of and for the years ended June 30, 2019 and 2018, and the related notes to the financial statements, and have issued our report thereon dated March 31, 2020, wherein we noted the Government 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*.

Efficient • Effective • Transparent

Southeast Regional Library System
Jackson County
Independent Auditor's Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by Government Auditing Standards
Page 2

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 Government's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Library's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

Keith Faber Auditor of State Columbus, Ohio

March 31, 2020



SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS June 30, 2019 and 2018

Finding Number	Finding Summary	Status	Additional Information
2017-001	Material Weakness for incorrect postings of receipts and disbursements.	Fully Corrected	





SOUTHEAST REGIONAL LIBRARY SYSTEM

JACKSON 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.

CLERK OF THE BUREAU

Susan Babbitt

CERTIFIED APRIL 16, 2020