

DORCAS CAREY PUBLIC LIBRARY
WYANDOT COUNTY
REPORT ON FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012



Dave Yost • Auditor of State

Board of Trustees
Dorcas Public Library
236 Findlay Street
Carey, Ohio 43316

We have reviewed the *Independent Auditors' Report* of the Dorcas Public Library, Wyandot County, prepared by Holbrook & Manter, for the audit period January 1, 2012 through December 31, 2013. 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 Dorcas Public Library is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

August 7, 2014

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Dorcas Carey Public Library
Wyandot County

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of the Dorcas Carey Public Library, Wyandot County, Ohio, (the Library) as of and for the years ended December 31, 2013 and 2012.

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 Section 117.38 and Ohio Administrative Code Section 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 Government'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 Government'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 Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy these requirements.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

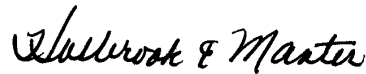
In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Library as of December 31, 2013 and 2012, 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 combined cash balances of the Dorcas Carey Public Library, Wyandot County as of December 31, 2013 and 2012, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 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 June 26, 2014 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 Government's internal control over financial reporting and compliance.



Certified Public Accountants

June 26, 2014
Marion, Ohio

DORCAS CAREY PUBLIC LIBRARY
WYANDOT COUNTY
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN
FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES -
FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>Governmental Fund Types</u>		<u>Total (Memorandum Only)</u>
	<u>General</u>	<u>Capital Projects</u>	
CASH RECEIPTS:-			
Property and other local taxes	\$ 150,970	\$ 0	\$ 150,970
Library local government support	243,496	0	243,496
Patrons fines and fees	8,019	0	8,019
Earnings on investments	943	0	943
Contributions, gifts and donations	16,597	0	16,597
	<u>420,025</u>	<u>0</u>	<u>420,025</u>
Total cash receipts	420,025	0	420,025
CASH DISBURSEMENTS:-			
Current:-			
Library services:			
Public services and programs	138,846	0	138,846
Collection development and processing	33,611	0	33,611
Support services:			
Facilities operation and maintenance supplies	32,414	0	32,414
Information services	19,112	0	19,112
Business administration	130,833	0	130,833
Capital outlay	16,450	0	16,450
	<u>371,266</u>	<u>0</u>	<u>371,266</u>
Total cash disbursements	371,266	0	371,266
Total receipts over (under) cash disbursements	48,759	0	48,759
Transfers-in	0	62,988	62,988
Transfers-out	(62,988)	0	(62,988)
	<u>14,229</u>	<u>62,988</u>	<u>48,759</u>
Total receipts over (under) cash disbursements	(14,229)	62,988	48,759
Fund cash balances, January 1, 2012	<u>206,971</u>	<u>213,564</u>	<u>420,535</u>
Fund cash balances, December 31, 2013			
Assigned	0	276,552	276,552
Unassigned	192,742	0	192,742
	<u>192,742</u>	<u>276,552</u>	<u>469,294</u>
Fund cash balances, December 31, 2013	<u>\$ 192,742</u>	<u>\$ 276,552</u>	<u>\$ 469,294</u>

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

DORCAS CAREY PUBLIC LIBRARY
WYANDOT COUNTY
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN
FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES -
FOR THE YEAR ENDED DECEMBER 31, 2012

	Governmental Fund Types		Total (Memorandum Only)
	General	Capital Projects	
CASH RECEIPTS:-			
Property and other local taxes	\$ 146,807	\$ 0	\$ 146,807
Library local government support	238,029	0	238,029
Patrons fines and fees	7,789	0	7,789
Earnings on investments	1,726	0	1,726
Contributions, gifts and donations	20,248	0	20,248
Total cash receipts	414,599	0	414,599
CASH DISBURSEMENTS:-			
Current:-			
Library services:			
Public services and programs	127,884	0	127,884
Collection development and processing	33,570	0	33,570
Support services:			
Facilities operation and maintenance supplies	35,780	0	35,780
Information services	15,926	0	15,926
Business administration	122,234	0	122,234
Capital outlay	13,391	0	13,391
Total cash disbursements	348,785	0	348,785
Total receipts over (under) cash disbursements	65,814	0	65,814
Transfers-in	0	50,000	50,000
Transfers-out	(50,000)	0	(50,000)
Total receipts over (under) cash disbursements	15,814	50,000	65,814
Fund cash balances, January 1, 2011	191,157	163,564	354,721
Fund cash balances, December 31, 2012			
Assigned	0	213,564	213,564
Unassigned	206,971	0	206,971
Fund cash balances, December 31, 2012	\$ 206,971	\$ 213,564	\$ 420,535

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

DORCAS CAREY PUBLIC LIBRARY
WYANDOT COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:-

- A. **Description of the Entity** - The Dorcas Carey Public Library, Wyandot County, Ohio, (the Library) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Library is directed by a seven-member Board of Trustees appointed by the Carey Exempted Village School District Board of Education. The Library provides the community with various educational and literary resources.

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

- B. **Basis of Accounting** - These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized 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 prescribed or permitted by the Auditor of State.

- C. **Cash and Investments** - The Library maintains its cash deposits in an interest-bearing checking account and certificates of deposit. The Library's accounting basis includes investments as assets. This basis does not report disbursements for investment purchases or receipts for investment sales. The Library reports gains or losses at the time of sale as receipts or disbursements, respectively. The Library values certificates of deposit at cost.

- D. **Fund Accounting** - The Library uses fund accounting to segregate cash and investments that are restricted as to use. The Library classifies its funds into the following types:

General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required by law or contract to be accounted for in another fund.

Capital Projects Fund

This fund is used to account for receipts that are restricted for the acquisition or construction of major capital projects.

- E. **Budgetary Process** - The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function, or object level of control, and appropriations may not exceed estimated resources. The Library's Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure and subsequent amendments. Unencumbered appropriations lapse at year-end.

DORCAS CAREY PUBLIC LIBRARY
WYANDOT COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:- (continued)

Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The County Budget Commission must also approve estimated resources and amendments.

A summary of 2013 and 2012 budgetary activity appears in Note 3.

- F. Fund Balance** - For December 31, 2013, fund balance is divided into five classifications based primarily on the extent to which the Library must observe constraints imposed upon the use of its governmental fund resources. The classifications are as follows:

Nonspendable

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

Restricted

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

Committed

Trustees can commit amounts via formal action (resolution). The Library must adhere to these commitments unless the Trustees amend 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 Library Trustees or a Library official delegated that authority by resolution, or by State Statute.

Unassigned

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

- G. Property, Plant and Equipment** - Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

DORCAS CAREY PUBLIC LIBRARY
WYANDOT COUNTY
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2013 AND 2012

NOTE 2 - EQUITY IN POOLED CASH AND INVESTMENTS:-

The Library maintains a cash and investments pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 was as follows:

	2013	2012
Demand deposits	\$ 419,274	\$ 374,515
Certificates of Deposit	50,000	0
Cash on hand	20	20
Investments - stock	0	46,000
Total fund cash balances	\$ 469,294	\$ 420,535

Deposits - The Library's deposits are either insured by the Federal Depository Insurance Corporation, collateralized by securities specifically pledged by the financial institution to the Library, or collateralized by the financial institution's public entity deposit pool.

Investments - In 2006, stock was donated to the Library and it was recorded at the market value at the time of the donation. Actual gain or loss will be recorded at time of sale. During the year ended December 31, 2013, the Library sold the stock for \$46,149, resulting in a gain of \$149 recognized in the financial statements.

DORCAS CAREY PUBLIC LIBRARY
WYANDOT COUNTY
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2013 AND 2012

NOTE 3 - BUDGETARY ACTIVITY :-

Budgetary activity for the years ending December 31, 2013 and 2012 was as follows:

2013 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 372,074	\$ 420,025	\$ 47,951
Capital projects	<u>0</u>	<u>62,988</u>	<u>62,988</u>
Total	\$ <u>372,074</u>	\$ <u>483,013</u>	\$ <u>110,939</u>

2013 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 482,455	\$ 434,254	\$ 48,201
Capital projects	<u>213,564</u>	<u>0</u>	<u>213,564</u>
Total	\$ <u>696,019</u>	\$ <u>434,254</u>	\$ <u>261,765</u>

2012 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 356,346	\$ 414,599	\$ 58,253
Capital projects	<u>0</u>	<u>50,000</u>	<u>50,000</u>
Total	\$ <u>356,346</u>	\$ <u>464,599</u>	\$ <u>108,253</u>

2012 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 501,496	\$ 398,785	\$ 102,711
Capital projects	<u>163,564</u>	<u>0</u>	<u>163,564</u>
Total	\$ <u>665,060</u>	\$ <u>398,785</u>	\$ <u>266,275</u>

**DORCAS CAREY PUBLIC LIBRARY
WYANDOT COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012**

NOTE 4 - LIBRARY LOCAL GOVERNMENT SUPPORT:-

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. The County Budget Commission bases the amount for distribution on the needs of such library for the construction of new library buildings, parts of buildings, improvements, operation, maintenance, or other expenses. The County Budget Commission cannot reduce its allocation of these funds to the Library based on any additional revenues the Library receives.

Real property taxes become a lien on January 1 preceding the October 1 date for which the taxing authority of the subdivision to whose jurisdiction the Library is subject adopts rates. The State Department of Taxation, Division of Tax Equalization, adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Other Governments' Grants In Aid. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Library.

NOTE 5 - RETIREMENT SYSTEMS:-

The Library's employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants, as prescribed by the Ohio Revised Code.

Contribution rates are prescribed by the Ohio Revised Code. For 2013 and 2012, the Library's employees contributed 10% of their gross salaries. The Library contributed an amount equal to 14% of participants' gross salaries for 2013 and 2012. The Library has paid all contributions required through December 31, 2013.

NOTE 6 - RISK MANAGEMENT:-

Commercial Insurance

The Library has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Errors and omissions.

NOTE 7 - SUBSEQUENT EVENTS:

Management has evaluated subsequent events as of June 26, 2014, the date the financial statements were available to be issued.



Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Required by *Government Auditing Standards*

Board of Trustees
Dorcas Carey Public Library
Wyandot County

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Governmental Auditing Standards*, the financial statements of the Dorcas Carey Public Library, Wyandot County, (the Library) as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements and have issued our report thereon dated June 26, 2014 wherein we noted the Library followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 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*.

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.

Shullbrook & Manta

Certified Public Accountants

June 26, 2014
Marion, Ohio

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Dave Yost • Auditor of State

DORCAS CAREY PUBLIC LIBRARY

WYANDOT 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
AUGUST 19, 2014**