

**DORCAS CAREY PUBLIC LIBRARY**  
**WYANDOT COUNTY**  
REPORT ON FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010





# Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditors' Report* of the Dorcas Carey Public Library, Wyandot County, prepared by Holbrook & Manter, for the audit period January 1, 2010 through December 31, 2011. 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.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Auditors' Report* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Auditors' Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

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 Carey 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

October 1, 2012

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## INDEPENDENT AUDITORS' REPORT

Board of Trustees  
Dorcas Carey Public Library  
Wyandot County

We have audited the accompanying financial statements of the Dorcas Carey Public Library, Wyandot County, Ohio, (the Library) as of and for the years ended December 31, 2011 and 2010. These financial statements are the responsibility of the Library's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 1, the Library has prepared these financial statements using accounting practices the Auditor of State of Ohio prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present for 2011 and 2010, GAAP requires presenting entity wide statements and also presenting the Library's larger (i.e. major) funds separately. While the Library does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State of Ohio permits, but does not require, governments to reformat their statements. The Library has elected not to reformat its statements. Since this Library does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State of Ohio permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

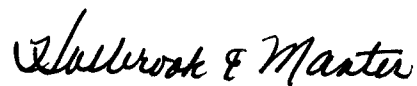
In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2011 and 2010 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Library as of December 31, 2011 and 2010, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Dorcas Carey Public Library, Wyandot County, as of December 31, 2011 and 2010, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

As described in Note 2, the Library adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

The Library has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 21, 2012 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

A handwritten signature in black ink that reads "Shullbrook & Mante". The signature is written in a cursive, flowing style.

Certified Public Accountants

June 21, 2012



**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, 2011

	<u>Governmental Fund Types</u>		<u>Total (Memorandum Only)</u>
	<u>General</u>	<u>Capital Projects</u>	
<b>Cash receipts:-</b>			
Property and other local taxes	\$ 141,137	\$ 0	\$ 141,137
Library local government support	251,139	0	251,139
Patrons fines and fees	9,216	0	9,216
Earnings on investments	1,772	0	1,772
Contributions, gifts and donations	15,070	0	15,070
Total cash receipts	418,334	0	418,334
<b>Cash disbursements:-</b>			
<b>Current:-</b>			
Library services:			
Public services and programs	115,992	0	115,992
Collection development and processing	36,571	0	36,571
Support services:			
Facilities operation and maintenance supplies	31,961	0	31,961
Information services	14,045	0	14,045
Business administration	113,737	0	113,737
Capital outlay	21,258	0	21,258
Total cash disbursements	333,564	0	333,564
Total receipts over (under) cash disbursements	84,770	0	84,770
Transfers-In	0	50,000	50,000
Transfers-Out	( 50,000)	0	( 50,000)
Total receipts over (under) cash disbursements	34,770	50,000	84,770
Fund cash balances, January 1, 2011	156,387	113,564	269,951
<b>Fund cash balances, December 31, 2011</b>			
Assigned	0	163,564	163,564
Unassigned	191,157	0	191,157
<b>Fund cash balances, December 31, 2011</b>	<u>\$ 191,157</u>	<u>\$ 163,564</u>	<u>\$ 354,721</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, 2010

	<u>Governmental Fund Types</u>		<u>Total (Memorandum Only)</u>
	<u>General</u>	<u>Capital Projects</u>	
<b>Cash receipts:-</b>			
Library local government support	\$ 232,780	\$ 0	\$ 232,780
Patrons fines and fees	11,157	0	11,157
Earnings on investments	2,360	0	2,360
Contributions, gifts and donations	39,168	0	39,168
	<hr/>	<hr/>	<hr/>
Total cash receipts	285,465	0	285,465
<b>Cash disbursements:-</b>			
<b>Current:-</b>			
Salaries	144,306	0	144,306
Employee fringe benefits	62,504	0	62,504
Purchased and contracted services	37,408	0	37,408
Library materials	26,245	0	26,245
Supplies	3,672	0	3,672
Other objects	9,607	0	9,607
Capital Outlay	2,134	0	2,134
	<hr/>	<hr/>	<hr/>
Total cash disbursements	285,876	0	285,876
Total receipts over (under) cash disbursements	( 411)	0	( 411)
Transfers-In	50,000	0	50,000
Transfers-Out	0	( 50,000)	( 50,000)
	<hr/>	<hr/>	<hr/>
Total receipts over (under) cash disbursements	49,589	( 50,000)	( 411)
Fund cash balances, January 1, 2010	106,798	163,564	270,362
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<b>Fund cash balances, December 31, 2010</b>	<u>\$ 156,387</u>	<u>\$ 113,564</u>	<u>\$ 269,951</u>

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, 2011 AND 2010

**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, 2011 AND 2010

**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 2011 and 2010 budgetary activity appears in Note 4.

- F. Fund Balance** - For December 31, 2011, 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, 2011 AND 2010**

**NOTE 2 - CHANGE IN ACCOUNTING PRINCIPLE:-**

For fiscal year 2011, the Library implemented Governmental Accounting Standards Board (GASB) Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." GASB Statement No. 54 enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a governmental is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The implementation of GASB Statement No. 54 had no effect on the fund balance of the Library's funds.

**NOTE 3 - 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:

	<b>2011</b>	<b>2010</b>
Demand deposits	\$ 308,701	\$ 223,931
Cash on hand	20	20
Investments - stock	46,000	46,000
Total fund cash balances	\$ 354,721	\$ 269,951

**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 is recorded at the market value at the time of the donation. Actual gain or loss will be recorded at time of sale.

**DORCAS CAREY PUBLIC LIBRARY**  
**WYANDOT COUNTY**  
 NOTES TO THE FINANCIAL STATEMENTS  
 DECEMBER 31, 2011 AND 2010

**NOTE 4 - BUDGETARY ACTIVITY :-**

Budgetary activity for the years ending December 31, 2011 and 2010 was as follows:

**2011 Budgeted vs. Actual Receipts**

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 372,074	\$ 418,334	\$ 46,260
Capital projects	<u>0</u>	<u>50,000</u>	<u>50,000</u>
<b>Total</b>	<b>\$ <u>372,074</u></b>	<b>\$ <u>468,334</u></b>	<b>\$ <u>96,260</u></b>

**2011 Budgeted vs. Actual Budgetary Basis Expenditures**

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 482,455	\$ 383,564	\$ 98,891
Capital projects	<u>113,564</u>	<u>0</u>	<u>113,564</u>
<b>Total</b>	<b>\$ <u>596,019</u></b>	<b>\$ <u>383,564</u></b>	<b>\$ <u>212,455</u></b>

**2010 Budgeted vs. Actual Receipts**

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 230,759	\$ 335,465	\$ 104,706
Capital projects	<u>0</u>	<u>0</u>	<u>0</u>
<b>Total</b>	<b>\$ <u>230,759</u></b>	<b>\$ <u>335,465</u></b>	<b>\$ <u>104,706</u></b>

**2010 Budgeted vs. Actual Budgetary Basis Expenditures**

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 291,551	\$ 285,876	\$ 5,675
Capital projects	<u>163,564</u>	<u>50,000</u>	<u>113,564</u>
<b>Total</b>	<b>\$ <u>455,115</u></b>	<b>\$ <u>335,876</u></b>	<b>\$ <u>119,239</u></b>

**DORCAS CAREY PUBLIC LIBRARY  
WYANDOT COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010**

**NOTE 5 - LIBRARY LOCAL GOVERNMENT SUPPORT:-**

The primary source of revenue for Ohio public libraries is the State Library and Local Government Support Fund (LLGSF). The LLGSF is allocated to each county based on the county's prior intangibles tax of LLGSF revenues and its population. The County Budget Commission allocates these funds to the Library based on its needs such as for the construction of new library buildings, improvements, operation, maintenance, or other expenses. The Budget Commission cannot reduce its allocation of these funds to the Library based on any additional revenues the Library receives.

**NOTE 6 - 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 2011 and 2010, the Library's employees contributed 10% of their gross salaries. The Library contributed an amount equal to 14% of participants' gross salaries for 2011 and 2010. The Library has paid all contributions required through December 31, 2011.

**NOTE 7 - RISK MANAGEMENT:-**

***Commercial Insurance***

The Library has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Errors and omissions.

**NOTE 8 - INTERFUND TRANSFERS:-**

During 2010, the Library transferred monies out of the capital projects fund and into the general fund to fund general operations. In previous years, these undesignated funds were properly set aside by the Board for future capital projects by a transfer from the general fund into the capital projects fund. The current release of funds were completed by a transfer and were properly approved by the board of trustees. During 2011, the Library transferred the monies back into the capital projects fund.

**NOTE 9 - SUBSEQUENT EVENTS:**

Management has evaluated subsequent events as of June 21, 2012, 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 the financial statements of the Dorcas Carey Public Library, Wyandot County, (the Library) as of and for the years ended December 31, 2011 and 2010, and have issued our report thereon dated June 21, 2012, wherein we noted the Library followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. 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.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Library's internal control over financial reporting as a basis for designing our auditing procedures for expressing our opinions on the financial statements, but not to opine on the effectiveness of the Library's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Library's internal control over financial reporting.

*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 significant deficiencies in internal control such that there is a reasonable possibility that a material financial statement misstatement will not be prevented, or detected and timely corrected.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting as described above that we consider material weaknesses.

**Compliance and Other Matters**

As part of reasonably assuring whether the Library's financial statements are free of 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 determination of financial statement amounts. 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*.



This report is intended solely for the information and use of management, Board of Trustees, and the Auditor of State of Ohio and is not intended to be and should not be used by anyone other than these specified parties.

*Shullbrook & Mante*

Certified Public Accountants

June 21, 2012

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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  
OCTOBER 11, 2012**