



OHIO AUDITOR OF STATE
KEITH FABER



**DORCAS CAREY PUBLIC LIBRARY
WYANDOT COUNTY
DECEMBER 31, 2019 AND 2018**

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One Government Center, Suite 1420
Toledo, Ohio 43604-2246
(419) 245-2811 or (800) 443-9276
NorthwestRegion@ohioauditor.gov

INDEPENDENT AUDITOR'S REPORT

Dorcas Carey Public Library
Wyandot County
236 East Findlay Street
Carey, Ohio 43316

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 Dorcas Carey Public Library, Wyandot County, Ohio (the Library) as of and for the years ended December 31, 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 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 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.

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 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 (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 Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Library as of December 31, 2019 and 2018, and the respective changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of Dorcas Carey Public Library, Wyandot County, Ohio as of December 31, 2019 and 2018, 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 2.

Emphasis of Matter

As discussed in Note 10 to the financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Library. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 19, 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

August 19, 2020

Dorcas Carey Public Library
Wyandot County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2019

	General	Capital Projects	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$144,247		\$144,247
Public Library	286,967		286,967
Intergovernmental	19,484		19,484
Patron Fines and Fees	4,817		4,817
Contributions, Gifts and Donations	12,011		12,011
Earnings on Investments	1,087		1,087
<i>Total Cash Receipts</i>	<u>468,613</u>		<u>468,613</u>
Cash Disbursements			
Current:			
Library Services:			
Public Services and Programs	157,584		157,584
Collection Development and Processing	44,909		44,909
Support Services:			
Facilities Operation and Maintenance	44,703		44,703
Information Services	31,620		31,620
Business Administration	138,005		138,005
Capital Outlay	20,006		20,006
Interest and Fiscal Charges	113		113
<i>Total Cash Disbursements</i>	<u>436,940</u>		<u>436,940</u>
<i>Net Change in Fund Cash Balances</i>	31,673		31,673
<i>Fund Cash Balances, January 1</i>	<u>132,818</u>	<u>\$350,224</u>	<u>483,042</u>
Fund Cash Balances, December 31			
Assigned	<u>164,491</u>	<u>350,224</u>	<u>514,715</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$164,491</u></u>	<u><u>\$350,224</u></u>	<u><u>\$514,715</u></u>

See accompanying notes to the basic financial statements

Dorcas Carey Public Library
Wyandot County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 1 – Reporting Entity

Dorcas Carey Public Library, Wyandot County, Ohio (the Library), is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. Carey Exempted Village School District appoints a seven member Board of Trustees to govern the Library. 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.

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, 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.

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:

Capital Project Fund This fund accounts for and reports amounts set aside for improvements and repairs throughout the Library.

Basis of Accounting

These financial statements follow 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). 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 Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

Dorcas Carey Public Library
Wyandot County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Budgetary Process

The Board must annually approve appropriation measures and subsequent amendments. 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 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 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.

Dorcas Carey Public Library
Wyandot County
Notes to the Financial Statements
For the Year Ended December 31, 2019

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 2019 follows:

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$492,812	\$468,613	(\$24,199)

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$625,630	\$436,940	\$188,690
Capital Projects	350,224		350,224
Total	\$975,854	\$436,940	\$538,914

Note 4 – Deposits

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

	2019
Demand deposits	\$464,695
Certificates of deposit	50,000
Cash on hand	20
Total deposits	\$514,715

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Library.

Dorcas Carey Public Library
Wyandot County
Notes to the Financial Statements
For the Year Ended December 31, 2019

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.

Property Taxes

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 non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental receipts. 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.

Public utilities are also taxed on personal and real property located within the taxing district.

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

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:

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

Dorcas Carey Public Library
Wyandot County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 7 – 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 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, 2019.

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 and 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.

Note 9 – Leases

The Library leases equipment under noncancelable leases. The Library disbursed \$1,096 to pay lease costs for the year ended December 31, 2019.

Note 10 – Subsequent Events

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Library. In addition, the impact on the Library's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

Dorcas Carey Public Library
Wyandot County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2018

	General	Capital Projects	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$140,896		\$140,896
Public Library	275,471		275,471
Intergovernmental	19,409		19,409
Patron Fines and Fees	5,132		5,132
Contributions, Gifts and Donations	15,674	\$35,000	50,674
Earnings on Investments	1,229		1,229
<i>Total Cash Receipts</i>	<u>457,811</u>	<u>35,000</u>	<u>492,811</u>
Cash Disbursements			
Current:			
Library Services:			
Public Services and Programs	150,192		150,192
Collection Development and Processing	40,378		40,378
Support Services:			
Facilities Operation and Maintenance	39,077	26,328	65,405
Information Services	62,148		62,148
Business Administration	134,719		134,719
Capital Outlay	83,352	35,000	118,352
Interest and Fiscal Charges	113		113
<i>Total Cash Disbursements</i>	<u>509,979</u>	<u>61,328</u>	<u>571,307</u>
<i>Net Change in Fund Cash Balances</i>	(52,168)	(26,328)	(78,496)
<i>Fund Cash Balances, January 1</i>	<u>184,986</u>	<u>376,552</u>	<u>561,538</u>
Fund Cash Balances, December 31			
Assigned	<u>132,818</u>	<u>350,224</u>	<u>483,042</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$132,818</u></u>	<u><u>\$350,224</u></u>	<u><u>\$483,042</u></u>

See accompanying notes to the basic financial statements

Dorcas Carey Public Library
Wyandot County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 1 – Reporting Entity

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Basis of Accounting

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These statements include 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 (D) permit.

Dorcas Carey Public Library
Wyandot County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Budgetary Process

The Board must annually approve appropriation measures and subsequent amendments. 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.

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

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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.

Dorcas Carey Public Library
Wyandot County
Notes to the Financial Statements
For the Year Ended December 31, 2018

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 2018 follows:

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$421,743	\$457,811	\$36,068
Capital Projects	35,000	35,000	
Total	\$456,743	\$492,811	\$36,068

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$649,841	\$509,979	\$139,862
Capital Projects	376,552	61,328	315,224
Total	\$1,026,393	\$571,307	\$455,086

Note 4 – Deposits

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

	2018
Demand deposits	\$433,022
Certificates of deposit	50,000
Cash on hand	20
Total deposits	\$483,042

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Library.

Dorcas Carey Public Library
Wyandot County
Notes to the Financial Statements
For the Year Ended December 31, 2018

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.

Property Taxes

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 non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental receipts. 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.

Public utilities are also taxed on personal and real property located within the taxing district.

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

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:

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

Dorcas Carey Public Library
Wyandot County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 7 – 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 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, 2018.

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 and 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.

Note 9 – Leases

The Library leases equipment under noncancelable leases. The Library disbursed \$1,405 to pay lease costs for the year ended December 31, 2018.

Note 10 – Subsequent Events

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Library. In addition, the impact on the Library's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

OHIO AUDITOR OF STATE KEITH FABER



One Government Center, Suite 1420
Toledo, Ohio 43604-2246
(419) 245-2811 or (800) 443-9276
NorthwestRegion@ohioauditor.gov

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

Dorcas Carey Public Library
Wyandot County
236 East Findlay Street
Carey, Ohio 43316

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 Dorcas Carey Public Library, Wyandot County, Ohio (the Library) as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements, and have issued our report thereon dated August 19, 2020 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. We also noted the financial impact of COVID-19 and the ensuing emergency measures that will impact subsequent periods of the Library.

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 opinions 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. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings that we consider material weaknesses. We consider findings 2019-001 and 2019-002 to be material weaknesses.

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 an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2019-002.

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 report is not suitable for any other purpose.



Keith Faber
Auditor of State

Columbus, Ohio

August 19, 2020

**DORCAS CAREY PUBLIC LIBRARY
WYANDOT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2019 AND 2018**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2019-001

Material Weakness

Financial Reporting

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; 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 as discussed in AU-C Section 210 paragraphs .A14 & .A16.

In addition, Governmental Accounting Standards Board (GASB) Statement No. 54 requires in part, as codified at GASB Cod 1800.165 - .179, fund balance be divided into one of five classifications based on the extent to which constraints are imposed upon the resources.

Errors were noted in the financial statements, resulting in the following audit adjustments:

- Ending fund balance within the General Fund in the amounts of \$164,491 and \$132,818 was improperly accounted for as unassigned rather than assigned in 2019 and 2018, respectively.
- Ending fund balance within the Capital Projects Fund in the amount of \$350,224 was improperly accounted for as unassigned rather than assigned in 2018.

These errors were the result of inadequate policies and procedures in reviewing the financial statements. The accompanying financial statements have been adjusted to correct these errors. Failure to complete accurate financial statements could lead the Board making misinformed decisions. Additional errors were noted in smaller relative amounts.

To help ensure the Library's financial statements and notes to the financial statements are complete and accurate, the Library should adopt policies and procedures, including a final review of the financial statements and notes to the financial statements by the Director and Board, to identify and correct errors and omissions. The Fiscal Officer can refer to Auditor of State Bulletin 2011-004 for information on GASB Statement No. 54.

FINDING NUMBER 2019-002

Noncompliance and Material Weakness

Ohio Rev. Code § 5705.10(D) provides in part that all revenue derived from a source other than the general property tax and which the law prescribes shall be used for a particular purpose, shall be paid into a special fund for such purpose.

In 2018, the Library inappropriately recorded a donation of \$35,000 in the General fund. The donation was received from the Upper's Winter Fantasy of Light and was to be used for a storage barn, meeting room renovation, and replacement of Library window treatments. Given the restrictions on this receipt, it should have been recorded in a Capital Projects fund.

This error was the result of inadequate policies and procedures over monitoring receipts for proper fund posting. Audit adjustments are reflected in the financial statements correcting the misstatement. Because the full amount was expended in 2018, the accompanying disbursements of \$35,000 improperly accounted for within the General fund were also adjusted to a Capital Projects fund in the financial statements.

The lack of controls over the posting of financial transactions decreases the reliability of financial data at year-end and can result in undetected errors and irregularities. The Library should implement controls to help ensure all transactions are reviewed to help ensure posting to the proper funds.

Officials' Response:

We did not receive a response from Officials to the findings reported above.

OHIO AUDITOR OF STATE KEITH FABER



DORCAS CAREY PUBLIC LIBRARY

WYANDOT 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 9/1/2020

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

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