



**MOHAWK COMMUNITY LIBRARY  
WYANDOT COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



**MOHAWK COMMUNITY LIBRARY  
WYANDOT COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Report of Independent Accountants .....	1
Statement of Receipts, Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types For the Year Ended December 31, 2000 .....	3
Statement of Receipts, Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types For the Year Ended December 31, 1999 .....	4
Notes to the Financial Statements .....	5
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i> .....	11
Schedule of Findings .....	13

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## REPORT OF INDEPENDENT ACCOUNTANTS

Mohawk Community Library  
Wyandot County  
200 S. Sycamore Street  
P.O. Box 9  
Sycamore, Ohio 44882

To the Board of Trustees:

We have audited the accompanying financial statements of the Mohawk Community Library, Wyandot County, Ohio, (the Library) as of and for the years ended December 31, 2000 and December 31, 1999. 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 audit.

We conducted our audit in accordance with generally accepted auditing standards 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 audit 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 audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Library prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the fund cash balances and reserves for encumbrances of the Library as of December 31, 2000 and December 31, 1999, and its cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 20, 2001 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of management, the Board of Trustees and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

**JIM PETRO**  
Auditor of State

February 20, 2000

**MOHAWK COMMUNITY LIBRARY  
WYANDOT COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
DECEMBER 31, 2000**

	<b>Governmental Fund Types</b>		<b>Total (Memorandum Only)</b>
	<b>General Fund</b>	<b>Capital Project</b>	
<b>Cash Receipts:</b>			
Taxes	\$203,152	\$0	\$203,152
Government Grants-In-Aid	1,236	0	1,236
Patron Fines and Fees	5,651	0	5,651
Earnings on Investments	4,621	0	4,621
Contributions, Gifts and Donations	5,202	0	5,202
Miscellaneous Revenue	756	0	756
<b>Total Cash Receipts</b>	<b>220,618</b>	<b>0</b>	<b>220,618</b>
<b>Cash Disbursements:</b>			
Salaries	89,158	0	89,158
Supplies	8,714	0	8,714
Purchased and Contracted Services	34,207	0	34,207
Library Materials and Information	38,703	0	38,703
Other Objects	3,520	0	3,520
Capital Outlay	11,157	0	11,157
<b>Total Cash Disbursements</b>	<b>185,459</b>	<b>0</b>	<b>185,459</b>
<b>Total Cash Receipts Over Cash Disbursements</b>	<b>35,159</b>	<b>0</b>	<b>35,159</b>
<b>Fund Cash Balances, January 1, 2000</b>	<b>35,005</b>	<b>50,000</b>	<b>85,005</b>
<b>Fund Cash Balances, December 31, 2000</b>	<b>\$70,164</b>	<b>\$50,000</b>	<b>\$120,164</b>
Reserve for Encumbrances, December 31, 2000	\$939	\$0	\$939

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

**MOHAWK COMMUNITY LIBRARY  
WYANDOT COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>		<u>Total (Memorandum Only)</u>
	<u>General Fund</u>	<u>Capital Project</u>	
<b>Cash Receipts:</b>			
Taxes	\$191,915	\$0	\$191,915
Government Grants-In-Aid	15,000	0	15,000
Patron Fines and Fees	5,971	0	5,971
Earnings on Investments	2,242	0	2,242
Contributions, Gifts and Donations	960	0	960
Miscellaneous Revenue	460	0	460
Total Cash Receipts	<u>216,548</u>	<u>0</u>	<u>216,548</u>
<b>Cash Disbursements:</b>			
Salaries	89,280	0	89,280
Supplies	6,762	0	6,762
Purchased and Contracted Services	25,983	0	25,983
Library Materials and Information	28,266	0	28,266
Other Objects	11,956	0	11,956
Capital Outlay	27,295	0	27,295
Total Cash Disbursements	<u>189,542</u>	<u>0</u>	<u>189,542</u>
Total Cash Receipts Over Cash Disbursements	<u>27,006</u>	<u>0</u>	<u>27,006</u>
<b>Other Financing Sources (Uses):</b>			
Operating Transfers In	0	49,087	49,087
Operating Transfers Out	<u>(49,087)</u>	<u>0</u>	<u>(49,087)</u>
Total Other Financing Sources (Uses)	<u>(49,087)</u>	<u>49,087</u>	<u>0</u>
Total Cash Receipts and Other Financing Sources Over (Under) Cash Disbursements and Other Financing Uses	<u>(22,081)</u>	<u>49,087</u>	<u>27,006</u>
<b>Fund Cash Balances, January 1, 1999</b>	<u>57,086</u>	<u>913</u>	<u>57,999</u>
<b>Fund Cash Balances, December 31, 1999</b>	<u>\$35,005</u>	<u>\$50,000</u>	<u>\$85,005</u>
Reserve For Encumbrances, December 31, 1999	<u>\$8,371</u>	<u>\$0</u>	<u>\$8,371</u>

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



**MOHAWK COMMUNITY LIBRARY  
WYANDOT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Mohawk Community 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 local 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**

Certificates of deposit are valued 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:

**1. General Fund**

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

**2. Capital Project Fund**

This fund is used to account for receipts that are restricted for the acquisition or construction of major capital projects. The Library had the following significant capital project fund.

Building and Repair Fund - This fund is used for capital projects at the Library.

**MOHAWK COMMUNITY LIBRARY  
WYANDOT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Budgetary Process**

The Ohio Administrative Code requires that each fund be budgeted annually.

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function, and object level of control. The Board of Trustees must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

Expenditures exceeded appropriations for several line items in the General fund.

**2. Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1.

**3. Encumbrances**

The Ohio Administrative Code requires the Library to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

The Library did not always encumber funds prior to making commitments.

A summary of 2000 and 1999 budgetary activity appears in Note 3.

**F. Property, Plant and Equipment**

Acquisitions of property, plant and equipment are recorded as capital outlay disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

**G. Unpaid Vacation and Sick Leave**

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the Library.

**MOHAWK COMMUNITY LIBRARY  
WYANDOT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

**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 follows:

	<u>2000</u>	<u>1999</u>
Deposits	\$67,071	\$35,005
Certificates of deposit	<u>53,093</u>	<u>50,000</u>
Total deposits	<u><u>\$120,164</u></u>	<u><u>\$85,005</u></u>

**Deposits:** Deposits are either insured by the Federal Depository Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Library

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ended December 31, 2000 and December 31, 1999 follows:

**2000 Budgeted vs. Actual Receipts**

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$203,026	\$220,618	\$17,592
Capital Projects	<u>3,000</u>	<u>0</u>	<u>(3,000)</u>
Total	<u><u>\$206,026</u></u>	<u><u>\$220,618</u></u>	<u><u>\$14,592</u></u>

**2000 Budgeted vs. Actual Budgetary Basis Expenditures**

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$238,981	\$186,398	\$52,583
Capital Projects	<u>53,000</u>	<u>0</u>	<u>53,000</u>
Total	<u><u>\$291,981</u></u>	<u><u>\$186,398</u></u>	<u><u>\$105,583</u></u>

**MOHAWK COMMUNITY LIBRARY  
WYANDOT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

**1999 Budgeted vs. Actual Receipts**

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$217,263	\$216,548	(\$715)
Capital Projects	20,000	49,087	29,087
Total	<u>\$237,263</u>	<u>\$265,635</u>	<u>\$28,372</u>

**1999 Budgeted vs. Actual Budgetary Basis Expenditures**

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$245,908	\$247,000	(\$1,092)
Capital Projects	20,913	0	20,913
Total	<u>\$266,821</u>	<u>\$247,000</u>	<u>\$19,821</u>

**4. GRANTS-IN-AID AND TAX RECEIPTS**

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 on account of any additional revenues realized by the Library.

**5. RETIREMENT SYSTEM**

The Public Employees Retirement System of Ohio (PERS) is a state operated, cost-sharing, multiple employer public employee retirement system. PERS provides retirement benefits to vested employees who are eligible to retire based upon years of service. PERS also provides survivor and disability benefits to vested employees.

Contribution rates are also prescribed by the Ohio Revised Code. The Library's PERS members contributed 8.5% of their gross salaries. The Library contributed an amount equal to 13.55% of participants' gross salaries from January 1, 1999 through June 30, 2000. Due to a rollback in employer contribution rates, this amount was reduced to 8.13% from July 1, 2000 through December 31, 2000. The Library has paid all contributions required through December 31, 2000.

**MOHAWK COMMUNITY LIBRARY  
WYANDOT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

**6. RISK MANAGEMENT**

The Library has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Errors and omissions

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## REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS

Mohawk Community Library  
Wyandot County  
200 S. Sycamore Street  
P.O. Box 9  
Sycamore, Ohio 44882

To the Board of Trustees:

We have audited the accompanying financial statements of the Mohawk Community Library, Wyandot County, Ohio, (the Library), as of and for the years ended December 31, 2000 and December 31, 1999, and have issued our report thereon dated February 20, 2001. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Compliance

As part of obtaining reasonable assurance about 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 grants, 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 instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2000-00288-001 and 2000-00288-002.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Library's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted one matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the Library in a separate letter dated February 20, 2001.

Mohawk Community Library  
Wyandot County  
Report of Independent Accountants on Compliance and on  
Internal Control Required by *Government Auditing Standards*  
Page 2

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

**JIM PETRO**  
Auditor of State

February 20, 2001



**MOHAWK COMMUNITY LIBRARY  
WYANDOT COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2000 AND 1999**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

**FINDING NUMBER 2000-00288-001**

**Noncompliance Citation**

Ohio Admin. Code Section 117-4-14 requires that each Board of Library trustees shall execute a purchase order when offering to buy goods or services. The amount of each purchase order shall be encumbered as set forth in rule 117-4-07 of the Administrative Code before it is used.

The Clerk/Treasurer did not encumber funds prior to making the order or contract for twenty percent of the transactions tested.

Not encumbering every expenditure increases the likelihood that expenditures will exceed appropriations.

We recommend the Clerk/Treasurer of the Library complete and approve the purchase order before the expenditure is made.

This citation was also reported in the prior audit.

Ohio Admin. Code Section 117-4-14 is currently renumbered with the recommendations listed under Ohio Admin. Code Section 117-2-02(C).

**FINDING NUMBER 2000-00288-002**

**Noncompliance Citation**

Ohio Admin. Code Section 117-4-07 requires that each disbursement of the Library's money be drawn against an appropriate fund and appropriation account. Each disbursement or an encumbrance charged against an appropriation account shall be posted to and subtracted from the appropriated balance producing a declining unencumbered balance. The amount of the disbursement at no time should exceed the appropriation.

As of December 31, 1999, expenditures exceeded appropriations for the following line-items in the General fund:

**MOHAWK COMMUNITY LIBRARY  
WYANDOT COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2000-00288-002  
(Continued)**

**Noncompliance Citation (Continued)**

Line-item Number	Line-item Name	FY 1999 Appropriations	Expenditures	Variance
1000-100-110-0000	Salaries and Leave Benefits	65,000	78,031	(13,031)
1000-100-211-0000	PERS	8,775	9,787	(1,012)
1000-100-213-0000	Medicare	1,243	1,463	(220)
1000-100-413-0000	Audiovisual Materials	6,000	6,824	(824)
1000-100-416-0000	Library Material Repair and Restoration	300	394	(94)
1000-100-550-0000	Refunds and Reimbursements	25	8,335	(8,310)
1000-100-590-0000	Other Misc. Expenses	3,000	3,786	(786)
1000-910-910-0000	Transfers Out	20,000	49,087	(29,087)

As of December 31, 2000, expenditures exceeded appropriations for the following line-items in the General fund:

Line-item Number	Line-item Name	FY 2000 Appropriations	Expenditures	Variance
1000-100-311-0000	Dues and Fees	10,381	15,724	(5,343)
1000-100-361-0000 1000-100-362-0000 1000-100-363-0000	Utilities	6,000	6,082	(82)
1000-100-411-0000	Books and Pamphlets	16,822	25,835	(9,013)
1000-100-412-0000	Periodicals	3,000	3,394	(394)
1000-100-413-0000	Audiovisual Materials	7,500	10,154	(2,654)

**MOHAWK COMMUNITY LIBRARY  
WYANDOT COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

<p><b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b></p>
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The Clerk/Treasurer should deny payments exceeding appropriations. The Clerk/Treasurer should determine whether sufficient resources are available to support an increase to appropriations, and should inquire whether the Board wishes to approve additional appropriations for the payments.

This citation was reported in the prior audit.

Ohio Admin. Code Section 117-4-07 is now numbered under Ohio Admin. Code 117-2-02(D)(3) which provides the requirement for an appropriations ledger.





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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**MOHAWK COMMUNITY 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  
APRIL 17, 2001**