



**Auditor of State
Betty Montgomery**

**MOHAWK COMMUNITY LIBRARY
WYANDOT COUNTY**

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Mohawk Community Library
Wyandot County
200 South 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, 2004, and December 31, 2003. 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 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 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. The Library processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Library because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code §117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. 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 accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserve for encumbrances of the Mohawk Community Library, Wyandot County, Ohio, as of December 31, 2004, and December 31, 2003, and its combined 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 7, 2005, 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 testing of internal control over financial reporting and compliance and the results of that testing. It does not opine on the internal control over financial reporting or on compliance. 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.

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 Section 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

February 7, 2005

**MOHAWK COMMUNITY 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, 2004**

	<u>General</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:			
Library Local Government Support	\$247,502	\$0	\$247,502
Intergovernmental	1,250	0	1,250
Patrons Fines and Fees	8,011	0	8,011
Earnings on Investments	633	731	1,364
Contributions, Gifts and Donations	389	50	439
Other Receipts	420	0	420
	<u>258,205</u>	<u>781</u>	<u>258,986</u>
Total Cash Receipts			
Cash Disbursements:			
Current:			
Salaries and Benefits	125,495	0	125,495
Purchased and Contracted Services	32,201	0	32,201
Library Materials	60,221	0	60,221
Supplies	12,107	0	12,107
Other Objects	6,153	0	6,153
Capital Outlay	5,721	0	5,721
	<u>241,898</u>	<u>0</u>	<u>241,898</u>
Total Cash Disbursements			
Excess of Cash Receipts Over Cash Disbursements	<u>16,307</u>	<u>781</u>	<u>17,088</u>
Other Financing Receipts/(Disbursements):			
Transfer In	0	90,000	90,000
Transfer Out	(90,000)	0	(90,000)
	<u>(90,000)</u>	<u>90,000</u>	<u>0</u>
Total Other Financing Receipts/(Disbursements)			
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(73,693)	90,781	17,088
Fund Cash Balances, January 1	<u>\$121,923</u>	<u>\$58,447</u>	<u>180,370</u>
Fund Cash Balances, December 31	<u>\$48,230</u>	<u>\$149,228</u>	<u>\$197,458</u>
Reserve for Encumbrances, December 31	<u>\$1,000</u>	<u>\$0</u>	<u>\$1,000</u>

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

**MOHAWK COMMUNITY 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, 2003**

	<u>General</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:			
Library Local Government Support	\$227,396	\$0	\$227,396
Intergovernmental	1,000	0	1,000
Patrons Fines and Fees	8,327	0	8,327
Earnings on Investments	957	750	1,707
Contributions, Gifts and Donations	2,860	0	2,860
Other Receipts	897	0	897
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	241,437	750	242,187
Cash Disbursements:			
Current:			
Salaries and Benefits	100,262	0	100,262
Purchased and Contracted Services	33,338	0	33,338
Library Materials	36,412	0	36,412
Supplies	6,740	0	6,740
Other Objects	6,725	0	6,725
Capital Outlay	4,805	0	4,805
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	188,282	0	188,282
Excess of Cash Receipts Over Cash Disbursements	53,155	750	53,905
Fund Cash Balances, January 1	68,768	57,697	126,465
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	<u>\$121,923</u>	<u>\$58,447</u>	<u>\$180,370</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, 2004 AND 2003**

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 Ohio. The Library is directed by a seven-member Board of Trustees appointed by the Mohawk Local School District Board of Education. The Library provides the community with various educational and literary resources.

The Mohawk Community Library Foundation (the Foundation) is a legally separate not-for-profit entity associated with the Library. The Library Board of Trustees appointed the Board of Trustees of the Foundation. The Foundation receives donations which are provided to the Library as needed and approved by the Foundation's Board of Trustees.

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

The Library maintains an interest bearing check account and two money market depository accounts.

D. Fund Accounting

The Library uses fund accounting to segregate cash that is restricted as to use. The Library classifies its funds into the following fund types:

1. General Fund

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

2. Capital Projects 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 capital project fund:

Building Fund – this fund is used to accumulate monies for future capital projects at the Library.

**MOHAWK COMMUNITY LIBRARY
WYANDOT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process

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

A summary of 2004 and 2003 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. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the basis of accounting the Library uses.

2. EQUITY IN POOLED CASH

The Library maintains a cash pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash was \$197,458 and \$180,370 at December 31, 2004, and December 31, 2003, respectively.

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 ending December 31, 2004 and December 31, 2003 follows:

2004 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$259,233	\$258,205	(\$1,028)
Capital Projects	1,500	90,781	89,281
Total	\$260,733	\$348,986	\$88,253

**MOHAWK COMMUNITY LIBRARY
WYANDOT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2004 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$381,155	\$332,898	\$48,257
Capital Projects	59,947	0	59,947
Total	\$441,102	\$332,898	\$108,204

2003 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$257,032	\$241,437	(\$15,595)
Capital Projects	1,700	750	(950)
Total	\$258,732	\$242,187	(\$16,545)

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$317,259	\$188,282	\$128,977
Capital Projects	59,251	0	59,251
Total	\$376,510	\$188,282	\$188,228

4. 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.

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 prescribed by the Ohio Revised Code. For 2004 and 2003, PERS members contributed 8.5% of their gross salaries. The Library contributed an amount equal to 13.55% of participants' gross salaries. The Library has paid all contributions required through December 31, 2004.

**MOHAWK COMMUNITY LIBRARY
WYANDOT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

6. RISK MANAGEMENT

Commercial Insurance

The Library has obtained commercial insurance for the following risks:

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



Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Mohawk Community Library
Wyandot County
200 South 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, 2004, and December 31, 2003, and have issued our report thereon dated February 7, 2005, wherein we noted the Library's financial transactions were processed using the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to conduct the audit of the Library because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. 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.

Compliance

As part of obtaining reasonable assurance about whether the Library's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could directly and materially affect 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 we must report under *Government Auditing Standards*.

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 a certain other matter involving the internal control over financial reporting that does not require inclusion in this report that we have reported to the Library's management in a separate letter dated February 7, 2005.

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Mohawk Community Library
Wyandot County
Independent Accountants' Report On Compliance And On Internal
Control Required By *Government Auditing Standards*
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This report is intended solely 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.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

February 7, 2005



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
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800-282-0370
Facsimile 614-466-4490

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

MARCH 29, 2005