



**MOHAWK COMMUNITY LIBRARY  
WYANDOT COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005**



**Mary Taylor, CPA**  
Auditor of State



**MOHAWK COMMUNITY LIBRARY  
WYANDOT COUNTY**

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# Mary Taylor, CPA

Auditor of State

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

To the Board of Trustees:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your Library 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. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

A handwritten signature in cursive script that reads "Mary Taylor".

**Mary Taylor, CPA**  
Auditor of State

August 31, 2007

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# Mary Taylor, CPA

Auditor of State

## 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, 2006, and December 31, 2005. 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Library has prepared these financial statements using accounting practices the Auditor of State 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.

Revisions to GAAP would require the Library to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2006, and December 31, 2005. 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 GAAP presentation requirements. The Auditor of State permits, but does not require Libraries to reformat their statements. The Library has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

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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, 2006, and December 31, 2005, 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, 2006, and December 31, 2005, 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 fund cash balances and reserves for encumbrances of the Mohawk Community Library, Wyandot County, Ohio, as of December 31, 2006, and December 31, 2005, and its cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

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 August 31, 2007, 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.



**Mary Taylor, CPA**  
Auditor of State

August 31, 2007



**MOHAWK COMMUNITY LIBRARY  
WYANDOT COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>General</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
<b>Cash Receipts:</b>			
Library and Local Government Support	\$ 226,001	\$ -	\$ 226,001
Patron Fines and Fees	8,804	-	8,804
Earnings on Investments	295	960	1,255
Contributions, Gifts and Donations	7,808	-	7,808
Miscellaneous Receipts	719	-	719
	<u>243,627</u>	<u>960</u>	<u>244,587</u>
<b>Cash Disbursements:</b>			
Current:			
Salaries and Benefits	136,364	-	136,364
Purchased and Contracted Services	37,423	-	37,423
Library Materials and Information	74,547	-	74,547
Supplies	11,737	-	11,737
Other Objects	6,889	-	6,889
Capital Outlay	2,498	25,032	27,530
	<u>269,458</u>	<u>25,032</u>	<u>294,490</u>
Total Cash Receipts Under Cash Disbursements	<u>(25,831)</u>	<u>(24,072)</u>	<u>(49,903)</u>
<b>Other Financing Receipts/(Disbursements):</b>			
Transfers-In	-	1,026	1,026
Transfers-Out	(1,026)	-	(1,026)
	<u>(1,026)</u>	<u>1,026</u>	<u>-</u>
Excess of Cash Receipts and Other Financing Receipts Under Cash Disbursements and Other Financing Disbursements	(26,857)	(23,046)	(49,903)
Fund Cash Balances, January 1	<u>49,192</u>	<u>150,351</u>	<u>199,543</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$ 22,335</u></b>	<b><u>\$ 127,305</u></b>	<b><u>\$ 149,640</u></b>

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

**MOHAWK COMMUNITY LIBRARY  
WYANDOT COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>General</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
<b>Cash Receipts:</b>			
Library and Local Government Support	\$ 251,461	\$ -	\$ 251,461
Patron Fines and Fees	8,261	-	8,261
Earnings on Investments	395	1,123	1,518
Contributions, Gifts and Donations	7,058	-	7,058
Miscellaneous Receipts	359	-	359
	<u>267,534</u>	<u>1,123</u>	<u>268,657</u>
<b>Total Cash Receipts</b>			
<b>Cash Disbursements:</b>			
Current:			
Salaries and Benefits	132,882	-	132,882
Purchased and Contracted Services	38,006	-	38,006
Library Materials and Information	71,096	-	71,096
Supplies	11,839	-	11,839
Other Objects	5,957	-	5,957
Capital Outlay	6,792	-	6,792
	<u>266,572</u>	<u>-</u>	<u>266,572</u>
<b>Total Cash Disbursements</b>			
Total Cash Receipts Over Cash Disbursements	962	1,123	2,085
Fund Cash Balances, January 1	<u>48,230</u>	<u>149,228</u>	<u>197,458</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$ 49,192</u></b>	<b><u>\$ 150,351</u></b>	<b><u>\$ 199,543</u></b>
Reserves for Encumbrances, December 31	<u>\$ 6,018</u>	<u>\$ 20,000</u>	<u>\$ 26,018</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, 2006 AND 2005**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Mohawk Community Library, Wyandot County, Ohio, (the Library) as a body corporate and politic. The Mohawk Local School District Board of Education appoints a seven-member Board of Trustees to govern the Library. 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 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 the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Library 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 Auditor of State prescribes or permits.

**C. Cash and Investments**

The Library's maintains an interest bearing checking account and a money market depository account.

**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 types:

**1. General Fund**

The General Fund reports all financial resources except those required to be accounted for in another fund.

**2. Capital Project Funds**

This fund accounts for receipts restricted to acquiring or constructing 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, 2006 AND 2005  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**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 2006 and 2005 budgetary activity appears in Note 3.

**F. Property, Plant, and Equipment**

The Library records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

**G. 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.

**2. EQUITY IN POOLED CASH**

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

	2006	2005
Demand deposits	\$149,640	\$199,543

**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 ending December 31, 2006, and December 31, 2005 follows:

2006 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$236,357	\$243,627	\$7,270
Capital Projects	800	1,986	1,186
Total	\$237,157	\$245,613	\$8,456

**MOHAWK COMMUNITY LIBRARY  
WYANDOT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2006 AND 2005  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

2006 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$285,549	\$270,484	\$15,065
Capital Projects	151,151	25,032	126,119
Total	<u>\$436,700</u>	<u>\$295,516</u>	<u>\$141,184</u>

2005 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$286,884	\$267,534	(\$19,350)
Capital Projects	900	1,123	223
Total	<u>\$287,784</u>	<u>\$268,657</u>	<u>(\$19,127)</u>

2005 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$317,527	\$272,590	\$44,937
Capital Projects	150,128	20,000	130,128
Total	<u>\$467,655</u>	<u>\$292,590</u>	<u>\$175,065</u>

**4. GRANTS-IN-AID**

The primary source of revenue for Ohio public libraries is the State Library and Local Government Support Fund (LLGSF). The State allocates LLGSF 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 of any additional revenues the Library receives.

**5. 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 healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2006 and 2005, OPERS members contributed 9% and 8.5%, respectively, of their gross salaries and the Library contributed an amount equaling 13.70% and 13.55%, respectively, of participants' gross salaries. The Library has paid all contributions required through December 31, 2006.

**MOHAWK COMMUNITY LIBRARY  
WYANDOT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2006 AND 2005  
(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.



# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS 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 financial statements of the Mohawk Community Library, Wyandot County, Ohio, (the Library) as of and for the years ended December 31, 2006, and December 31, 2005, and have issued our report thereon dated August 31, 2007, 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 also noted the Library uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Library. 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 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 the Comptroller General of the United States' *Government Auditing Standards*.

### 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 audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Library's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Library's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Library's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Library's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

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We consider the following deficiency described in the accompanying schedule of findings to be a significant deficiency in internal control over financial reporting: 2006-001.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Library's internal control will not prevent or detect a material financial statement misstatement.

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 and accordingly would not necessarily disclose all significant deficiencies that are also material weaknesses. However, we believe the significant deficiency described above as finding number 2006-001 is also a material weakness.

We also noted certain internal control matters that we reported to the Library's management in a separate letter dated August 31, 2007.

#### **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, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We intend this report solely for the information and use of management and the Board of Trustees. We intend it for no one other than these specified parties.



**Mary Taylor, CPA**  
Auditor of State

August 31, 2007



**MOHAWK COMMUNITY LIBRARY  
WYANDOT COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2006 AND 2005**

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

**FINDING NUMBER 2006-001**

**Significant Deficiency/Material Weakness  
Financial Reporting**

Sound financial reporting is the responsibility of the Clerk/Treasurer and the Board of Trustees and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

The following audit adjustments were made to the December 31, 2006 financial statements:

1. Adjustments of \$960 to remove Capital Project Fund interest from the General Fund and the related transfers to move interest to the Capital Projects Fund.
2. Adjustment of \$20,000 to increase posted appropriations to agree with the Board approved appropriations resolution.
3. Adjustment of \$1,000 to decrease posted estimated receipts to agree with those approved by the Budget Commission.

The following audit adjustments were made to the December 31, 2005 financial statements:

1. Adjustments of \$1,123 to remove Capital Project Fund interest from the General Fund and the related transfers to move interest to the Capital Projects Fund.
2. Adjustment of \$16,587 to increase posted estimated receipts to agree with those approved by the Budget Commission.

The adjustments identified above should be reviewed by the Clerk/Treasurer and Board of Trustees to ensure that similar errors are not reported on financial statements in subsequent years. In addition, the Library should develop procedures for the periodic review of the activity posted to the accounting records, as well as, for the review of the financial statement information to ensure it accurately reflects the Library's activity.

**Officials' Response**

We did not receive a response from Officials to this finding.





**Mary Taylor, CPA**  
Auditor of State

**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  
OCTOBER 18, 2007**