



**MOLO REGIONAL LIBRARY SYSTEM
TUSCARAWAS COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED JUNE 30, 2000-1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**MOLO REGIONAL LIBRARY SYSTEM
TUSCARAWAS COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Board of Trustees
MOLO Regional Library System
Tuscarawas County
1260 Monroe Avenue
New Philadelphia, Ohio 44663-4147

To the Board Trustees:

We have audited the accompanying financial statements of MOLO Regional Library System, Tuscarawas County, Ohio, (the Library System) as of and for the years ended June 30, 2000 and 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 audits.

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

As discussed in Note 1, the Library System 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 combined fund cash balances of the Library System as of June 30, 2000 and 1999, 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 August 18, 2000 on our consideration of the Library System's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

This report is intended solely for the information and use of the audit committee, 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.

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is fluid and cursive, with a large loop at the end.

Jim Petro
Auditor of State

August 18, 2000

**MOLO REGIONAL LIBRARY SYSTEM
TUSCARAWAS COUNTY**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2000

	<u>General</u>	<u>Special Revenue</u>	<u>(Memorandum Only) Total</u>
Cash Receipts:			
Government Grants-In-Aid			
State Grants-In-Aid		\$210,798	\$210,798
Services to Other Libraries	\$253,984		253,984
Interest	8,712		8,712
Total Cash Receipts	<u>262,696</u>	<u>210,798</u>	<u>473,494</u>
Cash Disbursements:			
Current			
Salaries	28,352	135,829	164,181
Fringe Benefits	5,718	24,147	29,865
Supplies	14,057		14,057
Purchased and Contracted Services	85,301	50,822	136,123
Library Materials & Information	4,777		4,777
Other	9,864	10,747	20,611
Capital Outlay	1,391		1,391
Total Cash Disbursements	<u>149,460</u>	<u>221,545</u>	<u>371,005</u>
Total Cash Receipts Over/(Under) Cash Disbursements	113,236	(10,747)	102,489
Other Financing Receipts (Disbursements):			
Transfers-In	1,286		1,286
Transfers-Out		(1,286)	(1,286)
Total Other Financing Receipts (Disbursements)	<u>1,286</u>	<u>(1,286)</u>	<u>0</u>
Total Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	114,522	(12,033)	102,489
Fund Cash Balances, July 1, 1999	<u>100,788</u>	<u>12,033</u>	<u>112,821</u>
Fund Cash Balances, June 30, 2000	<u>\$215,310</u>	<u>\$0</u>	<u>\$215,310</u>

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

**MOLO REGIONAL LIBRARY SYSTEM
TUSCARAWAS COUNTY**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED JUNE 30, 1999

	General	Special Revenue	(Memorandum Only) Total
Cash Receipts:			
Government Grants-In-Aid			
Federal Grants-In-Aid		\$79,845	\$79,845
State Grants-In-Aid		127,357	127,357
Local Government Grants-In-Aid		79,845	79,845
Services to Other Libraries	\$81,422		81,422
Interest	3,655		3,655
Miscellaneous	1,954		1,954
Total Cash Receipts	87,031	287,047	374,078
Cash Disbursements:			
Current			
Salaries	1,000	165,262	166,262
Fringe Benefits	1,497	27,117	28,614
Supplies	1,492	5,901	7,393
Purchased and Contracted Services	52,568	80,208	132,776
Library Materials & Information	4,884	3,852	8,736
Other	4,964	18,157	23,121
Capital Outlay		2,674	2,674
Total Cash Disbursements	66,405	303,171	369,576
Total Cash Receipts Over/(Under) Cash Disbursements	20,626	(16,124)	4,502
Fund Cash Balances, July 1, 1998	80,162	28,157	108,319
Fund Cash Balances, June 30, 1999	\$100,788	\$12,033	\$112,821

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

**MOLO REGIONAL LIBRARY SYSTEM
TUSCARAWAS COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2000 AND 1999**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The MOLO Regional Library System, Tuscarawas County, Ohio, (the Library System) is comprised of public, academic, special, school, institutional, and other libraries and information services established to provide cooperative information services and programs within the geographical area of Carroll, Coshocton, Harrison, Holmes, Stark, Tuscarawas, and Wayne Counties. The Library System is chartered as a metropolitan library system, created and governed according to the provisions of Sections 3375.90 through 3375.93, Revised Code, and does not overlap with any other legally state chartered system.

The Library System is governed by an appointed Board of Trustees (the Board) comprised of eleven members which have the right to exercise all powers pursuant to Revised Code Section 3375.91. The Board composition includes seven members representing public libraries and four members representing non-public libraries. Board members serve a term of three years and cannot serve longer than two consecutive terms.

The Library System's management believes these financial statements present all activities for which the Library System 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.

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash and Investments

The Library System deposits monies into two checking accounts with a financial institution eligible to maintain the Library System's monies. The financial institution provides securities sufficient to cover the monies deposited with it.

D. Fund Accounting

The Library System uses fund accounting to segregate cash and investments that are restricted as to use. The Library System 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.

**MOLO REGIONAL LIBRARY SYSTEM
TUSCARAWAS COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2000 AND 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Library System had the following significant Special Revenue Funds:

LSCA Grant Fund - This fund receives federal grant funding for operational and administrative costs, continuing education, and library resources.

State Fund - This fund receives state funded monies for operational and administrative costs, continuing education, and library resources.

E. Budgetary Process

The Library System is required to file a budget with the State Library Board during May of the preceding fiscal year.

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 in the financial statements.

G. Unpaid Vacation and Sick Leave

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

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Library System maintains a cash and investment pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at June 30 follows:

	<u>2000</u>	<u>1999</u>
Demand deposits	\$56,845	\$62,030
STAR Ohio	<u>158,465</u>	<u>50,791</u>
Total deposits and investments	<u><u>\$215,310</u></u>	<u><u>\$112,821</u></u>

**MOLO REGIONAL LIBRARY SYSTEM
TUSCARAWAS COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2000 AND 1999
(Continued)**

2. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)

A. Deposits: Deposits are fully insured by the Federal Depository Insurance Corporation.

B. Investments: StarOhio (an investment operated by the Ohio State Treasurer) is an unclassified investment since it is not evidenced by securities that exist in physical or book entry form.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended June 30, 2000 and 1999 follows:

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 190,600	\$ 263,982	\$ 73,382
Special Revenue	210,798	210,798	0
Total	\$ 401,398	\$ 474,780	\$ 73,382

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 402,438	\$ 149,460	\$ 252,978
Special Revenue	223,532	222,831	701
Total	\$ 625,970	\$ 372,291	\$ 253,679

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 54,500	\$ 87,031	\$ 32,531
Special Revenue	287,047	287,047	0
Total	\$ 341,547	\$ 374,078	\$ 32,531

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 166,322	\$ 66,405	\$ 99,917
Special Revenue	287,812	303,171	(15,359)
Total	\$ 454,134	\$ 369,576	\$ 84,558

**MOLO REGIONAL LIBRARY SYSTEM
TUSCARAWAS COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2000 AND 1999
(Continued)**

4. RETIREMENT SYSTEM

The Library System's appointed officials and full-time employees belong to the Public Employees Retirement System of Ohio (PERS). PERS is a cost-sharing, multiple-employer retirement plan. This plan provides retirement benefits, including post retirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2000 and 1999, members of PERS contributed 8.5% of their wages to the PERS. The Library System contributed an amount equal to 13.55% of participants' gross salaries. The Library System has paid all contributions required through June 30, 2000.

5. RISK MANAGEMENT

The Library System has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- General liability
- Appointed officials' liability

The Library System also provides full health insurance coverage to full-time employees through Aultcare.

6. CONTINGENT LIABILITY

Amounts received from the grantor agencies are subject to audit and adjustments by the grantor. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.



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

Board of Trustees
MOLO Regional Library System
Tuscarawas County
1260 Monroe Avenue
New Philadelphia, Ohio 44663-4147

To the Board of Trustees:

We have audited the accompanying financial statements of MOLO Regional Library System, Tuscarawas County, Ohio, (the Library System) as of and for the years ended June 30, 2000 and 1999, and have issued our report there on dated August 18, 2000. We conducted our audits 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 System'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 audits and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

However, we noted an immaterial instance of noncompliance that we have reported to management of the Library System in a separate letter dated August 18, 2000.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered the Library System'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 certain matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Library System in a separate letter dated August 18, 2000.

This report is intended for the information and use of management, the audit committee 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, appearing to read "Jim Petro", written in a cursive style.

Jim Petro
Auditor of State

August 18, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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MOLO REGIONAL LIBRARY SYSTEM

TUSCARAWAS 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 17, 2000**