



**MANSFIELD-RICHLAND COUNTY PUBLIC LIBRARY
RICHLAND COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999-1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

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REPORT OF INDEPENDENT ACCOUNTANTS

Mansfield-Richland County Public Library
Richland County
43 West Third Street
Mansfield, Ohio 44902

To the Board of Trustees:

We have audited the accompanying financial statements of the Mansfield-Richland County Public Library, Richland County, Ohio, (the Library) as of and for the years ended December 31, 1999 and 1998. 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 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 and reserves for encumbrances of the Library as of December 31, 1999 and 1998, 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 April 3, 2000 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.

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.

A handwritten signature in black ink, appearing to read "Jim Petro".

Jim Petro
Auditor of State

April 3, 2000

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999**

	Governmental Fund Types				Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
Cash Receipts:						
Taxes:						
State Income	\$4,455,196	\$0	\$0	\$0	\$0	\$4,455,196
General Property	1,221,678		\$346,382			1,568,060
Government Grants-In-Aid	127,426		37,008			164,434
Patron Fines and Fees	129,826					129,826
Earnings on Investments	178,823		56,079			234,902
Contributions, Gifts and Donations	44,773				30,000	74,773
Miscellaneous	46,693	400				47,093
Total Cash Receipts	6,204,415	400	439,469	0	30,000	6,674,284
Cash Disbursements:						
Current:						
Salaries and Benefits	2,847,083					2,847,083
Supplies	142,838				39	142,877
Purchased and Contracted Services	765,189	4,249		4,250	280	773,968
Library Materials and Information	1,211,627			3,476	25,657	1,240,760
Other Objects	30,579					30,579
Debt Service:						
Redemption of Principal			320,000			320,000
Interest Payments			214,244			214,244
Other Debt Service Payments			3,412			3,412
Capital Outlay	141,013			710,894	41	851,948
Total Cash Disbursements	5,138,329	4,249	537,656	718,620	26,017	6,424,871
Total Cash Receipts Over/(Under) Cash Disbursements	1,066,086	(3,849)	(98,187)	(718,620)	3,983	249,413
Other Financing Receipts/(Disbursements):						
Transfers-In				800,405		800,405
Transfers-Out	(800,405)					(800,405)
Total Other Financing Receipts/(Disbursements)	(800,405)	0	0	800,405	0	0
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	265,681	(3,849)	(98,187)	81,785	3,983	249,413
Fund Cash Balances, January 1, 1999	1,215,206	17,562	1,328,556	1,641,397	41,905	4,244,626
Fund Cash Balances, December 31, 1999	\$1,480,887	\$13,713	\$1,230,369	\$1,723,182	\$45,888	\$4,494,039
Reserves for Encumbrances, December 31, 1999	\$279,025	\$0	\$0	\$253,109	\$1,844	\$533,978

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

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1998**

	Governmental Fund Types				Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
Cash Receipts:						
Taxes:						
State Income	\$4,120,648	\$0	\$0	\$0	\$0	\$4,120,648
General Property	1,227,565		373,055			1,600,620
Government Grants-In-Aid	125,988		39,285			165,273
Patron Fines and Fees	121,264					121,264
Earnings on Investments	139,004		67,011			206,015
Contributions, Gifts and Donations	8,076			25	25,000	33,101
Miscellaneous	36,550	670				37,220
Total Cash Receipts	<u>5,779,095</u>	<u>670</u>	<u>479,351</u>	<u>25</u>	<u>25,000</u>	<u>6,284,141</u>
Cash Disbursements:						
Current:						
Salaries and Benefits	2,431,426					2,431,426
Supplies	117,279				12	117,291
Purchased and Contracted Services	684,869	4,549		59,282		748,700
Library Materials and Information	949,580				28,292	977,872
Other Objects	17,040					17,040
Debt Service:						
Redemption of Principal			320,000			320,000
Interest Payments			237,844			237,844
Other Debt Service Payments			6,922			6,922
Capital Outlay	76,336			305,102	786	382,224
Total Cash Disbursements	<u>4,276,530</u>	<u>4,549</u>	<u>564,766</u>	<u>364,384</u>	<u>29,090</u>	<u>5,239,319</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>1,502,565</u>	<u>(3,879)</u>	<u>(85,415)</u>	<u>(364,359)</u>	<u>(4,090)</u>	<u>1,044,822</u>
Other Financing Receipts/(Disbursements):						
Transfers-In		15,000		1,439,242		1,454,242
Transfers-Out	(1,454,242)					(1,454,242)
Total Other Financing Receipts/(Disbursements)	<u>(1,454,242)</u>	<u>15,000</u>	<u>0</u>	<u>1,439,242</u>	<u>0</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	48,323	11,121	(85,415)	1,074,883	(4,090)	1,044,822
Fund Cash Balances, January 1, 1998	<u>1,166,883</u>	<u>6,441</u>	<u>1,413,971</u>	<u>566,514</u>	<u>45,995</u>	<u>3,199,804</u>
Fund Cash Balances, December 31, 1998	<u>\$1,215,206</u>	<u>\$17,562</u>	<u>\$1,328,556</u>	<u>\$1,641,397</u>	<u>\$41,905</u>	<u>\$4,244,626</u>
Reserves for Encumbrances, December 31, 1998	<u>\$512,984</u>	<u>\$0</u>	<u>\$0</u>	<u>\$24,232</u>	<u>\$266</u>	<u>\$537,482</u>

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Mansfield-Richland County Public Library, Richland County, (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; four are appointed by the Richland County Commissioners and three are appointed by the Richland County Common Pleas Court Judge. The Library provides educational, informational, cultural and social services to the community by maintaining an up-to-date inventory of print and non-print materials, current information services, and a facility conveniently located to meet the community's needs.

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

Investments are included in the cash fund balance. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts.

Certificates of deposit are valued at cost. The investment in STAR Ohio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer. Mutual funds are recorded at share values reported by the mutual fund.

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. Special Revenue Fund

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 had the following significant Special Revenue Fund:

Richland Freenet - This fund is used to account for an initial grant and gifts and donations to purchase and maintain a freenet communication system.

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

3. Debt Service Fund

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of bond indebtedness. The Library maintains the activity for the collection of taxes and payment of the bonds in the Bond Retirement Fund.

4. Capital Projects Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects . The Library had the following significant Capital Projects Fund:

Building Fund - This fund is used to account for transfers from the General Fund and is used for construction and building repairs.

5. Fiduciary Fund (Trust Fund)

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Library to maintain the corpus of the trust, the fund is classified as a Nonexpendable Trust Fund. Other trust funds are classified as Expendable. The Library had the following significant Expendable Trust Fund:

Freeman Fund - This fund is used to account for donations received from Mrs. Freeman and is used to purchase audio books and pamphlets.

E. Budgetary Process

The Ohio Administrative Code requires that each Library 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.

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.

A summary of 1999 and 1998 budgetary activity appears in Note 3.

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

In certain circumstances, employees are entitled to cash payments for unused vacation and sick leave, 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.

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Library 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 December 31 follows:

	<u>1999</u>	<u>1998</u>
Demand deposits	\$153,191	\$208,661
Certificates of deposit	<u>1,100,000</u>	<u>1,100,000</u>
Total deposits	<u>1,253,191</u>	<u>1,308,661</u>
Mutual fund sweep account	337,868	571,509
STAR Ohio	<u>2,902,980</u>	<u>2,364,456</u>
Total investments	<u>3,240,848</u>	<u>2,935,965</u>
Total deposits and investments	<u>\$4,494,039</u>	<u>\$4,244,626</u>

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation, or (2) collateralized by the financial institution's public entity deposit pool.

Investments: Investments in STAR Ohio and mutual funds are not evidenced by securities that exist in physical or book-entry form.

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 1999 and 1998 follows:

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$5,785,878	\$6,204,415	\$418,537
Special Revenue	700	400	(300)
Debt Service	480,000	439,469	(40,531)
Capital Projects	0	800,405	800,405
Fiduciary	0	30,000	30,000
Total	<u>\$6,266,578</u>	<u>\$7,474,689</u>	<u>\$1,208,111</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$7,001,081	\$6,217,759	\$783,322
Special Revenue	16,800	4,249	12,551
Debt Service	580,000	537,656	42,344
Capital Projects	1,822,300	971,729	850,571
Fiduciary	32,266	27,861	4,405
Total	<u>\$9,452,447</u>	<u>\$7,759,254</u>	<u>\$1,693,193</u>

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$5,508,550	\$5,779,095	\$270,545
Special Revenue	1,000	15,670	14,670
Debt Service	500,000	479,351	(20,649)
Capital Projects	623,996	1,439,267	815,271
Fiduciary	0	25,000	25,000
Total	<u>\$6,633,546</u>	<u>\$7,738,383</u>	<u>\$1,104,837</u>

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$6,675,437	\$6,243,756	\$431,681
Special Revenue	7,000	4,549	2,451
Debt Service	649,000	564,766	84,234
Capital Projects	1,283,768	388,616	895,152
Fiduciary	34,039	29,356	4,683
Total	<u>\$8,649,244</u>	<u>\$7,231,043</u>	<u>\$1,418,201</u>

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

4. STATE INCOME TAX

Effective January 1, 1986, the primary source of revenue for Ohio public libraries is the State Library and Local Government Support Fund (LLGSF) created by the State Legislature to replace the intangible tax. The distribution formula for the LLGSF consists of two parts: the guaranteed share and the share of the excess.

The County Budget Commission allocates these funds to each qualified public library board based on the needs of such library for the construction of new library buildings, improvements, maintenance or other expenses. The Budget Commission cannot reduce its allocation of these funds to any library because of any additional revenues the respective library received.

5. DEBT

Debt outstanding at December 31, 1999 was as follows:

	Principal	Interest Rate
General Obligation Bonds	\$2,585,000	5%

The General Obligation Bonds were issued in the amount of \$6,500,000 for the purpose of expanding and improving the Library facilities of the Mansfield-Richland County Public Library by expanding, remodeling and renovating the main Library, acquiring and remodeling a building for the Lexington Branch Library, renovating and remodeling the Butler Branch Library, renovating and remodeling the existing or a new facility for the Bellville Branch Library, by furnishing and equipping those library facilities, and by making necessary site improvements.

Amortization of the above debt, including interest, is scheduled as follows:

Year ending December 31:	General Obligation Bonds
2000	\$510,644
2001	487,044
2002	463,444
2003	444,844
2004	420,875
Subsequent	1,118,812
Total	\$3,445,663

6. 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. The Library has paid all contributions required through December 31, 1999.

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

7. RISK MANAGEMENT

The Library has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Errors and omissions

The Library also provides health insurance coverage to full-time employees through a private carrier.



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

Mansfield-Richland County Public Library
Richland County
43 West Third Street
Mansfield, Ohio 44902

To the Board of Trustees:

We have audited the accompanying financial statements of the Mansfield-Richland County Public Library, Richland County, Ohio, (the Library) as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated April 3, 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'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 in a separate letter dated April 3, 2000.

Internal Control Over Financial Reporting

In planning and performing our audits, 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 other 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 in a separate letter dated April 3, 2000.

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.

A handwritten signature in black ink, appearing to read "Jim Petro", with a large, stylized flourish at the end.

Jim Petro
Auditor of State

April 3, 2000



STATE OF OHIO
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MANSFIELD-RICHLAND COUNTY PUBLIC LIBRARY

RICHLAND 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
MAY 9, 2000**