



**Auditor of State
Betty Montgomery**

MANSFIELD-RICHLAND COUNTY PUBLIC LIBRARY
RICHLAND COUNTY

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

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, 2003 and 2002. 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. 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 combined fund cash balances and reserves for encumbrances of the Library as of December 31, 2003 and 2002, 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 October 8, 2004 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 the audit committee, management, 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 that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

October 8, 2004

**MANSFIELD-RICHLAND COUNTY PUBLIC LIBRARY
RICHLAND 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>Governmental Fund Types</u>			<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property and Other Local Taxes	\$1,318,598	\$449,332		\$1,767,930
Other Government Grants-In-Aid	4,568,203	49,939		4,618,142
Patron Fines and Fees	190,315			190,315
Earnings on Investments	27,218	32,810		60,028
Contributions, Gifts and Donations	20,416			20,416
Miscellaneous Receipts	106,964			106,964
Total Cash Receipts	<u>6,231,714</u>	<u>532,081</u>		<u>6,763,795</u>
Cash Disbursements:				
Current:				
Salaries and Benefits	4,595,969			4,595,969
Supplies	142,351			142,351
Purchased and Contracted Services	794,935		\$564	795,499
Library Materials and Information	911,400			911,400
Other Objects	30,577		13,733	44,310
Debt Service:				
Redemption of Principal		325,000		325,000
Interest Payments and Other Financing Fees and Costs		128,520		128,520
Capital Outlay	14,360		4,017	18,377
Total Cash Disbursements	<u>6,489,592</u>	<u>453,520</u>	<u>18,314</u>	<u>6,961,426</u>
Total Cash Receipts (Under)/Over Cash Disbursements	<u>(257,878)</u>	<u>78,561</u>	<u>(18,314)</u>	<u>(197,631)</u>
Fund Cash Balances, January 1	1,007,384	1,210,778	832,962	3,051,124
Fund Cash Balances, December 31	<u>\$749,506</u>	<u>\$1,289,339</u>	<u>\$814,648</u>	<u>\$2,853,493</u>
Reserves for Encumbrances, December 31	<u>\$165,427</u>	<u>\$0</u>	<u>\$2,250</u>	<u>\$167,677</u>

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

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

**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, 2002**

	Governmental Fund Types				Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
Cash Receipts:						
Property and Other Local Taxes	\$1,289,679		\$419,977			\$1,709,656
Other Government Grants-In-Aid	4,616,797		46,750			4,663,547
Patron Fines and Fees	168,128					168,128
Earnings on Investments	49,352		57,200			106,552
Contributions, Gifts and Donations	56,629	\$50				56,679
Miscellaneous Receipts	84,834					84,834
Total Cash Receipts	6,265,419	50	523,927			6,789,396
Cash Disbursements:						
Current:						
Salaries and Benefits	4,337,340					4,337,340
Supplies	200,439				\$235	200,674
Purchased and Contracted Services	861,224	1,702		\$11,025	2,314	876,265
Library Materials and Information	1,122,011			50,997	25	1,173,033
Other Objects	24,064					24,064
Debt Service:						
Redemption of Principal			320,000			320,000
Interest Payments and Other Financing Fees and Costs			151,493			151,493
Capital Outlay	35,903			343,511		379,414
Total Cash Disbursements	6,580,981	1,702	471,493	405,533	2,574	7,462,283
Total Cash Receipts (Under)/Over Cash Disbursements	(315,562)	(1,652)	52,434	(405,533)	(2,574)	(672,887)
Other Financing Receipts/(Disbursements):						
Transfers-In	10,188					10,188
Advances-In	145,000					145,000
Transfers-Out		(10,188)				(10,188)
Advances-Out			(145,000)			(145,000)
Total Other Financing Receipts/(Disbursements)	155,188	(10,188)	(145,000)			0
Cash Receipts and Other Financing Receipts (Under) Cash Disbursements and Other Financing Disbursements	(160,374)	(11,840)	(92,566)	(405,533)	(2,574)	(672,887)
Fund Cash Balances, January 1	1,167,758	11,840	1,303,344	1,238,495	2,574	3,724,011
Fund Cash Balances, December 31	<u>\$1,007,384</u>	<u>\$0</u>	<u>\$1,210,778</u>	<u>\$832,962</u>	<u>\$0</u>	<u>\$3,051,124</u>
Reserves for Encumbrances, December 31	<u>\$225,238</u>	<u>\$0</u>	<u>\$0</u>	<u>\$4,581</u>	<u>\$0</u>	<u>\$229,819</u>

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

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Mansfield-Richland County Public Library, Richland 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; 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 balances. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

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.

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.

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting

2. Special Revenue Fund

This fund is 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 Special Revenue Fund:

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

3. Debt Service Fund

This fund is used to accumulate resources for the payment of bond indebtedness. The Library had the following Debt Service Fund:

Bond Retirement Fund – This fund is used to pay Library debt relating to the expansion and improvement of the Library facilities.

4. Capital Project 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 project funds:

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

Technology Fund – This fund is used to account for transfers from the General Fund and is used for computer related services. In addition, this fund received a contribution from the Gates Foundation which is also used for computer related purposes.

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 Expendable Trust Fund:

Sheely Fund – This fund is used to account for donations received from the Sheely family and is used to purchase art supplies and art related materials.

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(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 2003 and 2002 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 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:

	2003	2002
Demand deposits	\$531,548	\$693,325
Certificates of deposit	1,125,000	1,025,000
Total deposits	1,656,548	1,718,325
 STAR Ohio	 1,196,945	 1,332,799
Total investments	1,196,945	1,332,799
Total deposits and investments	\$2,853,493	\$3,051,124

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation, or (2) collateralized by securities specifically pledged by the financial institution to the Library, or (3) collateralized by the financial institution's public entity deposit pool.

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

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2003 and 2002 follows:

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$7,767,430	\$6,655,019	\$1,112,411
Debt Service	500,000	453,520	46,480
Capital Projects	779,581	20,564	759,017
Total	<u>\$9,047,011</u>	<u>\$7,129,103</u>	<u>\$1,917,908</u>

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$7,609,015	\$6,806,219	\$802,796
Special Revenue	12,004	11,890	114
Debt Service	645,000	616,493	28,507
Capital Projects	1,238,495	410,114	828,381
Fiduciary	2,574	2,574	0
Total	<u>\$9,507,088</u>	<u>\$7,847,290</u>	<u>\$1,659,798</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 based on of any additional revenues the Library receives.

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the taxing authority of the subdivision to whose jurisdiction the Library is subject. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Other Governments Grants In Aid. Payments are due to the County by December 31. If the property owner elects to make semiannual payments, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the taxing district.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Library.

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

5. DEBT

Debt outstanding at December 31, 2003 was as follows:

	Principal	Interest Rate
General Obligation Bonds	\$1,300,000	7.375%

The General Obligation Bonds were issued in the amount of \$6,425,000 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. The bonds will be repaid in varying annual installments with interest through December 1, 2007.

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

	General Obligation Bonds
Year ending December 31:	
2004	\$420,875
2005	396,906
2006	372,937
2007	348,969
Total	\$1,539,687

6. RETIREMENT SYSTEM

The Library's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement 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 2003 and 2002, members of OPERS 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, 2003.

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

7. RISK MANAGEMENT

Commercial Insurance

The Mansfield-Richland County Public Library has obtained commercial insurance for the following risks:

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

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



Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT 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, 2003 and 2002, and have issued our report thereon dated October 8, 2004. 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 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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

However, we noted an immaterial instance of non-compliance that we have reported to management of the Library in a separate letter dated October 8, 2004.

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 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 October 8, 2004.

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

October 8, 2004

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

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2003 AND 2002**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2001-00570-001	The Library did not perform accurate and complete reconciliations	Yes	



**Auditor of State
Betty Montgomery**

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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
NOVEMBER 9, 2004**