



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

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2001-2000**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



MANSFIELD-RICHLAND COUNTY PUBLIC LIBRARY  
RICHLAND COUNTY

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**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, 2001 and 2000. 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 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 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, 2001 and 2000, 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 May 7, 2002 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 audits.

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, appearing to read "Jim Petro", with a large, stylized flourish at the end.

**Jim Petro**  
Auditor of State

May 7, 2002

**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, 2001**

	<u>Governmental Fund Types</u>				<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
<b>Cash Receipts:</b>						
Property and Other Local Taxes	\$1,452,026	\$0	\$344,460	\$0	\$0	\$1,796,486
Other Government Grants-In-Aid	5,001,040		45,981			5,047,021
Patron Fines and Fees	159,269					159,269
Earnings on Investments	129,198		52,345			181,543
Contributions, Gifts and Donations	18,155			129,457		147,612
Miscellaneous	58,735	125		42,430		101,290
<b>Total Cash Receipts</b>	<b>6,818,423</b>	<b>125</b>	<b>442,786</b>	<b>171,887</b>	<b>0</b>	<b>7,433,221</b>
<b>Cash Disbursements:</b>						
Current:						
Salaries and Benefits	3,763,877					3,763,877
Supplies	200,055				20	200,075
Purchased and Contracted Services	889,729	1,463		30,787	1,686	923,665
Library Materials and Information	1,214,170			1,439	7,283	1,222,892
Other	27,608		10,106			37,714
Debt Service:						
Redemption of Principal			320,000			320,000
Interest Payments			167,043			167,043
Capital Outlay	113,923			1,182,018	1,907	1,297,848
<b>Total Cash Disbursements</b>	<b>6,209,362</b>	<b>1,463</b>	<b>497,149</b>	<b>1,214,244</b>	<b>10,896</b>	<b>7,933,114</b>
Total Cash Receipts Over/(Under) Cash Disbursements	609,061	(1,338)	(54,363)	(1,042,357)	(10,896)	(499,893)
<b>Other Financing Receipts/(Disbursements):</b>						
Advances-In			145,000			145,000
Advances-Out	(145,000)					(145,000)
<b>Total Other Financing Receipts/(Disbursements)</b>	<b>(145,000)</b>	<b>0</b>	<b>145,000</b>	<b>0</b>	<b>0</b>	<b>0</b>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	464,061	(1,338)	90,637	(1,042,357)	(10,896)	(499,893)
Fund Cash Balances, January 1	703,697	13,178	1,212,707	2,280,852	13,470	4,223,904
<b>Fund Cash Balances, December 31</b>	<b>\$1,167,758</b>	<b>\$11,840</b>	<b>\$1,303,344</b>	<b>\$1,238,495</b>	<b>\$2,574</b>	<b>\$3,724,011</b>
Reserves for Encumbrances, December 31	\$131,104	\$0	\$0	\$16,459	\$0	\$147,563

*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, 2000**

	<u>Governmental Fund Types</u>				<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
<b>Cash Receipts:</b>						
Property and Other Local Taxes	\$1,150,937	\$0	\$381,531	\$0	\$0	\$1,532,468
Other Government Grants-In-Aid	4,934,741		45,487			4,980,228
Patron Fines and Fees	123,095					123,095
Earnings on Investments	217,193		72,549			289,742
Contributions, Gifts and Donations	18,627				150	18,777
Miscellaneous	79,032	171				79,203
<b>Total Cash Receipts</b>	<u>6,523,625</u>	<u>171</u>	<u>499,567</u>	<u>0</u>	<u>150</u>	<u>7,023,513</u>
<b>Cash Disbursements:</b>						
Current:						
Salaries and Benefits	3,191,036					3,191,036
Supplies	176,211				5	176,216
Purchased and Contracted Services	986,671	706		24,105		1,011,482
Library Materials and Information	1,220,941			1,889	32,563	1,255,393
Other	25,188		6,585			31,773
Debt Service:						
Redemption of Principal			320,000			320,000
Interest Payments			190,644			190,644
Capital Outlay	91,639			1,025,465		1,117,104
<b>Total Cash Disbursements</b>	<u>5,691,686</u>	<u>706</u>	<u>517,229</u>	<u>1,051,459</u>	<u>32,568</u>	<u>7,293,648</u>
<b>Total Cash Receipts Over/(Under) Cash Disbursements</b>	<u>831,939</u>	<u>(535)</u>	<u>(17,662)</u>	<u>(1,051,459)</u>	<u>(32,418)</u>	<u>(270,135)</u>
<b>Other Financing Receipts/(Disbursements):</b>						
Transfers-In				1,609,129		1,609,129
Transfers-Out	(1,609,129)					(1,609,129)
<b>Total Other Financing Receipts/(Disbursements)</b>	<u>(1,609,129)</u>	<u>0</u>	<u>0</u>	<u>1,609,129</u>	<u>0</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(777,190)	(535)	(17,662)	557,670	(32,418)	(270,135)
Fund Cash Balances, January 1	1,480,887	13,713	1,230,369	1,723,182	45,888	4,494,039
<b>Fund Cash Balances, December 31</b>	<u><b>\$703,697</b></u>	<u><b>\$13,178</b></u>	<u><b>\$1,212,707</b></u>	<u><b>\$2,280,852</b></u>	<u><b>\$13,470</b></u>	<u><b>\$4,223,904</b></u>
Reserves for Encumbrances, December 31	\$253,341	\$0	\$0	\$664,957	\$2,853	\$921,151

*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, 2001 AND 2000**

**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. 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.

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

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(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 has 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 has 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 has 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 has the following significant Expendable Trust Funds:

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

Forney Fund – This fund received donations and is used to purchase books and documents for the Genealogy Department.

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

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Budgetary Process**

The Ohio Administrative Code requires budgeting for each fund annually.

**1. Appropriations**

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.

**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.

Effective January 1, 2001, the Ohio Administrative Code amended library budgetary requirements. Libraries are not required to estimate resources or encumber appropriations.

A summary of 2001 and 2000 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.

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

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**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:

	2001	2000
Demand deposits	(\$177,366)	(\$224,385)
Certificates of deposit	1,250,000	1,154,624
Total deposits	1,072,634	930,239
Repurchase agreement sweep account	824,734	0
STAR Ohio	1,826,590	2,877,582
Mutual fund sweep account	53	416,083
Total investments	2,651,377	3,293,665
Total deposits and investments	\$3,724,011	\$4,223,904

**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.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2001 and 2000 follows:

2001 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$6,670,326	\$6,818,423	\$148,097
Special Revenue	500	125	(375)
Debt Service	495,000	442,786	(52,214)
Capital Projects	414,211	171,887	(242,324)
Total	\$7,580,037	\$7,433,221	(\$146,816)

2001 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$7,242,376	\$6,340,466	\$901,910
Special Revenue	13,676	1,463	12,213
Debt Service	499,444	497,149	2,295
Capital Projects	2,566,952	1,230,703	1,336,249
Fiduciary	13,466	10,896	2,570
Total	\$10,335,914	\$8,080,677	\$2,255,237

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

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$6,256,646	\$6,523,625	\$266,979
Special Revenue	500	171	(329)
Debt Service	450,000	499,567	49,567
Capital Projects	1,839,129	1,609,129	(230,000)
Fiduciary	150	150	0
Total	\$8,546,425	\$8,632,642	\$86,217

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$7,739,534	\$7,554,156	\$185,378
Special Revenue	13,800	706	13,094
Debt Service	528,000	517,229	10,771
Capital Projects	2,849,478	1,716,416	1,133,062
Fiduciary	40,474	35,421	5,053
Total	\$11,171,286	\$9,823,928	\$1,347,358

**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, 2001 AND 2000  
(Continued)**

**5. DEBT**

Debt outstanding at December 31, 2001 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
General Obligation Bonds	\$1,945,000	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:	
2002	\$463,444
2003	444,844
2004	420,875
2005	396,906
2006	372,937
2007	348,969
Total	\$2,447,975

**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 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 for 2001 and from January 1, 2000 through June 30, 2000. PERS temporarily reduced the employer contribution rate to 8.13%, effective July 1, 2000 through December 31, 2000. The Library has paid all contributions required through December 31, 2001.

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

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(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;
- Vehicles; and
- Errors and omissions.

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

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**STATE OF OHIO  
OFFICE OF THE AUDITOR**

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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, 2001 and 2000, and have issued our report thereon dated May 7, 2002. We conducted our audits 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 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.

**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. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Library's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying Schedule of Findings as item 2001-00570-001.

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above is not a material weakness.

We also 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 May 7, 2002.

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, appearing to read "Jim Petro", with a large, stylized flourish at the end.

**Jim Petro**  
Auditor of State

May 7, 2002

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

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2001 AND 2000**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2001-00570-001**

**Reportable Condition**

**Accounting System/Monthly Cash Reconciliation Process**

We noted the following issues during our testing of the Library's 2001 and 2000 monthly cash reconciliations:

- Although the Deputy Clerk-Treasurer attempted to reconcile the bank balance to the book balance for each month, those reconciliations were inaccurate and were not performed timely. Numerous reconciling items were not accurately reflected on the reconciliations. Unreconciled differences were noted that could not be explained. Reconciliations during 2001 were completed up to six months late. At December 31, 2001 numerous reconciling adjustments from throughout the year remained uncorrected including deposits not posted to the ledgers, bank service fees not posted throughout the year, and other miscellaneous posting errors. Consequently, the Board of Trustees were unable to adequately monitor the financial condition of the Library.
- The Library used a Certified Public Accountant to provide assistance to the Administrative Assistant on the reconciliation of the Library's accounting records for the period of January 1, 2001 through December 31, 2001.

Since accurate and complete reconciliations were not performed and no independent review was completed by the Board, this exposed the Library to certain risks of loss, required numerous adjustments to the financial statements and required increased audit costs. We recommend the Board implement a policy regarding cash reconciliations. This policy should include:

- Preparing accurate and timely monthly reconciliations between the bank balance and the book balance. These monthly bank reconciliations should include all amounts necessary to reconcile the bank balances to the book balances and should be reviewed and approved by the Board of Trustees.
- Comparing the current month's outstanding checklist to the previous month's outstanding checklist for errors and omissions, and follow-up on outstanding checks listed on the monthly bank reconciliation for more than a year. These checks should be moved to an unclaimed moneys fund.
- Maintaining supporting documentation and explanations for adjustments made to the Library's accounting records; adjustments should be posted to the Library's books in a timely manner. Any bank recording errors should be corrected timely.

Implementation of these procedures will help ensure Library receipt and expenditure activity is properly accounted for; that fund balances reflected on the Library's cash journal are accurately reported; and that all reconciling items are properly supported, as well as minimize the risk of loss.





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140  
Telephone 614-466-4514  
800-282-0370  
Facsimile 614-466-4490

**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  
JUNE 6, 2002**