



**MANSFIELD/RICHLAND COUNTY PUBLIC LIBRARY  
RICHLAND COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**



**Dave Yost • Auditor of State**



MANSFIELD/RICHLAND COUNTY PUBLIC LIBRARY  
RICHLAND COUNTY

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

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

To the Board of Trustees:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Mansfield/Richland County Public Library, Richland County, Ohio, (the Library) as of and for the years ended December 31, 2017 and 2016.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Library's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Library's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As described in Note 1 of the financial statements, the Library prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Library does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Library as of December 31, 2017 and 2016, and the respective changes in financial position thereof for the years then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of the Mansfield/Richland County Public Library, Richland County, Ohio, as of December 31, 2017 and 2016, and for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 2, 2018, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Library's internal control over financial reporting and compliance.



**Dave Yost**  
Auditor of State  
Columbus, Ohio

October 2, 2018

**Mansfield-Richland County Public Library**  
*Richland County*  
*Combined Statement of Receipts, Disbursements*  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
*All Governmental Fund Types*  
*For the Year Ended December 31, 2017*

	General	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$ 5,858,263	\$ -	\$ 5,858,263
Intergovernmental	861,524	-	861,524
Public Library	3,667,952	-	3,667,952
Patron Fines and Fees	169,348	-	169,348
Contributions, Gifts and Donations	22,272	-	22,272
Earnings on Investments	72,209	-	72,209
Miscellaneous	262,833	-	262,833
<i>Total Cash Receipts</i>	<u>10,914,401</u>	<u>-</u>	<u>10,914,401</u>
<b>Cash Disbursements</b>			
Current:			
Library Services:			
Public Services and Programs	5,133,206	-	5,133,206
Collection Development and Processing	1,850,289	-	1,850,289
Support Services:			
Facilities Operation and Maintenance	829,239	-	829,239
Information Services	245,717	337,877	583,594
Business Administration	856,064	-	856,064
Capital Outlay	120,946	327,057	448,003
<i>Total Cash Disbursements</i>	<u>9,035,461</u>	<u>664,934</u>	<u>9,700,395</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>1,878,940</u>	<u>(664,934)</u>	<u>1,214,006</u>
<b>Other Financing Receipts (Disbursements)</b>			
Transfers In	-	775,000	775,000
Transfers Out	(775,000)	-	(775,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(775,000)</u>	<u>775,000</u>	<u>-</u>
<i>Net Change in Fund Cash Balances</i>	1,103,940	110,066	1,214,006
<i>Fund Cash Balances, January 1</i>	<u>9,473,854</u>	<u>328,662</u>	<u>9,802,516</u>
<b>Fund Cash Balances, December 31</b>			
Assigned	447,396	-	447,396
Committed	-	438,728	438,728
Unassigned	10,130,398	-	10,130,398
<i>Fund Cash Balances, December 31</i>	<u>\$ 10,577,794</u>	<u>\$ 438,728</u>	<u>\$ 11,016,522</u>

*See accompanying notes to the basic financial statements*

# Mansfield/Richland County Public Library - Notes to the Financial Statements for the Year Ended December 31, 2017

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## Note 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 Mansfield-Richland County Public Library, Richland County, (the Library) as a body corporate and politic. 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 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. Accounting Basis

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board 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 financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

### C. Deposits and Investments

The Library's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

### D. Fund Accounting

The Library uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Library are presented below:

1. General Fund - The General Fund accounts for and reports all financial resources not accounted for in another fund. The general fund balance is available to the Library for any purpose provided it is expended or transferred according to the general laws of Ohio.
2. Capital Project Funds - These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Library had the following significant Capital Projects 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.



# Mansfield/Richland County Public Library - Notes to the Financial Statements for the Year Ended December 31, 2017

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## Note 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 2017 budgetary activity appears in Note 3.

### F. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Library must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

1. Nonspendable - The Library classified assets as nonspendable when legally or contractually required to maintain the amounts intact.
2. Restricted - Fund balance is restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.
3. Committed - Trustees can commit amounts via formal action (resolution). The Library must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements
4. Assigned - Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as restricted or committed. Governmental funds other than the general fund report all fund balances as assigned unless they are restricted or committed. In the general fund, assigned amount represent intended uses established by Library Trustees or a Library official delegated that authority by resolution, or by State Statute.
5. Unassigned - Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Library applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

### G. Capital assets

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

### H. 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.

# Mansfield/Richland County Public Library - Notes to the Financial Statements for the Year Ended December 31, 2017

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## Note 2 - DEPOSITS AND INVESTMENTS (Continued)

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

<b>2017</b>	
Demand Deposits	3,410,167
Certificates of Deposits	2,049,431
Cash on Hand	300
CDARS	4,056,624
<b>Total Deposits</b>	<b>9,516,522</b>
Money Market Mutual Fund	1,500,000
<b>Total Investments</b>	<b>1,500,000</b>
<b>Total Deposits and Investments</b>	<b>11,016,522</b>

Deposits: Deposits are insured by the Federal Deposit Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS).

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

## Note 3 - BUDGETARY ACTIVITY

Budgetary activity for the year ended December 31, 2017 is as follows:

<b>2017 Budgeted Vs Actual Receipts</b>			
<b>Fund Type</b>	<b>Budgeted Receipts</b>	<b>Actual Receipts</b>	<b>Variance</b>
General	11,398,078	10,914,401	(483,677)
Capital Projects	775,000	775,000	-
Total	12,173,078	11,689,401	(483,677)
<b>2017 Budgeted vs Actual Budgetary Basis Expenditures</b>			
<b>Fund Type</b>	<b>Appropriation Authority</b>	<b>Budgetary Expenditure</b>	<b>Variance</b>
General	11,043,641	10,257,857	785,784
Capital Projects	962,662	702,123	260,539
Total	12,006,303	10,959,980	1,046,323

## Note 4 - GRANTS-IN-AID AND TAX RECEIPTS

The primary source of revenue for Ohio public libraries is the Public Library Fund (PLF). The State allocates PLF to each county based on the total tax revenue credited to the State's general revenue fund during the preceding month using the statutory allocation method. Estimated entitlement figures were issued to County Auditors. The actual current year entitlements were computed in December of the current year. The difference between the estimate and actual will be adjusted evenly in the PLF distributions made from January-June of the subsequent year.

# Mansfield/Richland County Public Library - Notes to the Financial Statements for the Year Ended December 31, 2017

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## Note 4 - GRANTS-IN-AID AND TAX RECEIPTS (Continued)

Real property taxes become a lien on January 1 preceding the October 1 date for which the taxing authority of the subdivision to whose jurisdiction the Library is subject adopts rates. The State Department of Taxation, Division of Tax Equalization, adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as intergovernmental receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, 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. The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Library.

## Note 5 - RETIREMENT SYSTEMS

The Library's elected officials and employees belong to the Ohio Public Employees Retirement System (OPERS) of Ohio. OPERS is a cost-sharing, multi-employer plan. The Ohio Revised Code prescribes this plan's benefits, which includes postretirement healthcare, and survivor and disability benefits. The Ohio Revised Code also prescribes contribution rates. For 2017, OPERS members contributed 10% of their gross salaries, and the Library contributed an amount equaling 14% of participants' gross salaries. The Library has paid all contributions required through December 31, 2017.

## Note 6 - CONTINGENT LIABILITIES

Management believes there are no pending claims or lawsuits.

## Note 7 – RISK MANAGEMENT

The Library belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Effective November 1, 2016, the OPRM retained 50% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 764 members as of December 31, 2017.

*Plan members are responsible* to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

# Mansfield/Richland County Public Library - Notes to the Financial Statements for the Year Ended December 31, 2017

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## Note 7 – RISK MANAGEMENT (Continued)

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2017.

Assets	\$14,853,620
Liabilities	<u>(9,561,108)</u>
Members' Equity	<u>\$ 5,292,512</u>

You can read the complete audited financial statements for OPRM at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).

## Note 8 - POSTEMPLOYMENT BENEFITS

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients of both the traditional pension and the combined plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 1.0 percent during calendar year 2017.

**Mansfield-Richland County Public Library**  
*Richland County*  
*Combined Statement of Receipts, Disbursements*  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
*All Governmental Fund Types*  
*For the Year Ended December 31, 2016*

	General	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$ 5,845,524	\$ -	\$ 5,845,524
Intergovernmental	862,714	-	862,714
Public Library	3,652,886	-	3,652,886
Patron Fines and Fees	184,428	-	184,428
Contributions, Gifts and Donations	36,574	-	36,574
Earnings on Investments	48,389	-	48,389
Miscellaneous	239,546	-	239,546
<i>Total Cash Receipts</i>	<u>10,870,061</u>	<u>-</u>	<u>10,870,061</u>
<b>Cash Disbursements</b>			
Current:			
Library Services:			
Public Services and Programs	5,002,390	-	5,002,390
Collection Development and Processing	2,024,832	-	2,024,832
Support Services:			
Facilities Operation and Maintenance	840,540	-	840,540
Information Services	273,634	475,431	749,065
Business Administration	788,708	-	788,708
Capital Outlay	70,438	306,323	376,761
<i>Total Cash Disbursements</i>	<u>9,000,542</u>	<u>781,754</u>	<u>9,782,296</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>1,869,519</u>	<u>(781,754)</u>	<u>1,087,765</u>
<b>Other Financing Receipts (Disbursements)</b>			
Transfers In	-	867,785	867,785
Transfers Out	(867,785)	-	(867,785)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(867,785)</u>	<u>867,785</u>	<u>-</u>
<i>Net Change in Fund Cash Balances</i>	1,001,734	86,031	1,087,765
<i>Fund Cash Balances, January 1</i>	<u>8,472,120</u>	<u>242,631</u>	<u>8,714,751</u>
<b>Fund Cash Balances, December 31</b>			
Assigned	446,450	-	446,450
Committed	-	328,662	328,662
Unassigned	9,027,404	-	9,027,404
<i>Fund Cash Balances, December 31</i>	<u>\$ 9,473,854</u>	<u>\$ 328,662</u>	<u>\$ 9,802,516</u>

*See accompanying notes to the basic financial statements*

# Mansfield/Richland County Public Library - Notes to the Financial Statements for the Year Ended December 31, 2016

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## Note 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 Mansfield-Richland County Public Library, Richland County, (the Library) as a body corporate and politic. 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 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. Accounting Basis

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board 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 financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

### C. Deposits

The Library's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

### D. Fund Accounting

The Library uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Library are presented below:

1. General Fund - The General Fund accounts for and reports all financial resources not accounted for in another fund. The general fund balance is available to the Library for any purpose provided it is expended or transferred according to the general laws of Ohio.
2. Capital Project Funds - These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Library had the following significant Capital Projects 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.

# Mansfield/Richland County Public Library - Notes to the Financial Statements for the Year Ended December 31, 2016

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## Note 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 2016 budgetary activity appears in Note 3.

### F. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Library must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

1. Nonspendable - The Library classified assets as nonspendable when legally or contractually required to maintain the amounts intact.
2. Restricted - Fund balance is restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.
3. Committed - Trustees can commit amounts via formal action (resolution). The Library must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements
4. Assigned - Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as restricted or committed. Governmental funds other than the general fund report all fund balances as assigned unless they are restricted or committed. In the general fund, assigned amount represent intended uses established by Library Trustees or a Library official delegated that authority by resolution, or by State Statute.
5. Unassigned - Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Library applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

### G. Capital assets

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

### H. 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.

# Mansfield/Richland County Public Library - Notes to the Financial Statements for the Year Ended December 31, 2016

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## Note 2 - DEPOSITS

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

<b>2016</b>	
Demand Deposits	3,242,881
Certificates of Deposits	3,532,958
Cash on Hand	300
CDARS	3,026,377
Total Deposits	9,802,516

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

## Note 3 - BUDGETARY ACTIVITY

Budgetary activity for the year ended December 31, 2016 is as follows:

<b>2016 Budgeted Vs Actual Receipts</b>			
<b>Fund Type</b>	<b>Budgeted Receipts</b>	<b>Actual Receipts</b>	<b>Variance</b>
General	10,683,985	10,870,061	186,076
Capital Projects	867,785	867,785	-
Total	11,551,770	11,737,846	186,076
<b>2016 Budgeted vs Actual Budgetary Basis Expenditures</b>			
<b>Fund Type</b>	<b>Appropriation Authority</b>	<b>Budgetary Expenditure</b>	<b>Variance</b>
General	10,971,215	10,314,779	656,436
Capital Projects	1,042,933	969,416	73,517
Total	12,014,148	11,284,195	729,953

## Note 4 - GRANTS-IN-AID AND TAX RECEIPTS

The primary source of revenue for Ohio public libraries is the Public Library Fund (PLF). The State allocates PLF to each county based on the total tax revenue credited to the State's general revenue fund during the preceding month using the statutory allocation method. Estimated entitlement figures were issued to County Auditors. The actual current year entitlements were computed in December of the current year. The difference between the estimate and actual will be adjusted evenly in the PLF distributions made from January-June of the subsequent year.

Real property taxes become a lien on January 1 preceding the October 1 date for which the taxing authority of the subdivision to whose jurisdiction the Library is subject adopts rates. The State Department of Taxation, Division of Tax Equalization, adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as intergovernmental receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, 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. 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 - Notes to the Financial Statements for the Year Ended December 31, 2016

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## Note 5 - RETIREMENT SYSTEMS

The Library's elected officials and employees belong to the Ohio Public Employees Retirement System (OPERS) of Ohio. OPERS is a cost-sharing, multi-employer plan. The Ohio Revised Code prescribes this plan's benefits, which includes postretirement healthcare, and survivor and disability benefits. The Ohio Revised Code also prescribes contribution rates. For 2016, OPERS members contributed 10% of their gross salaries, and the Library contributed an amount equaling 14% of participants' gross salaries. The Library has paid all contributions required through December 31, 2016.

## Note 6 - CONTINGENT LIABILITIES

Management believes there are no pending claims or lawsuits.

## Note 7 – RISK MANAGEMENT

The Library belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Until November 1, 2016, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Effective November 1, 2016, the OPRM retained 50% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 762 members as of December 31, 2016.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2016.

2016	
Assets	\$14,765,712
Liabilities	(9,531,506)
Members' Equity	\$ 5,234,206

You can read the complete audited financial statements for OPRM at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).

# Mansfield/Richland County Public Library - Notes to the Financial Statements for the Year Ended December 31, 2016

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## Note 8 - POSTEMPLOYMENT BENEFITS

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients of both the traditional pension and the combined plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 2.0 percent during calendar year 2016.



# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS 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, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of the Mansfield/Richland County Public Library, Richland County, Ohio, (the Library) as of and for the years ended December 31, 2017 and 2016, and the related notes to the financial statements and have issued our report thereon dated October 2, 2018, wherein we noted the Library followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Library's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Library's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Library's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

***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, opining 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*.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Library's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Library's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State  
Columbus, Ohio

October 2, 2018



# Dave Yost • Auditor of State

**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 8, 2018**