



**Certified Public Accountants, A.C.**

**BIRCHARD PUBLIC LIBRARY  
SANDUSKY COUNTY  
Regular Audit  
For the Years Ended December 31, 2017 and 2016**

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# Dave Yost • Auditor of State

Board of Trustees  
Birchard Public Library  
423 Croghan St  
Fremont, OH 43420

We have reviewed the *Independent Auditor's Report* of the Birchard Public Library, Sandusky County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2016 through December 31, 2017. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Birchard Public Library is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

August 21, 2018

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**BIRCHARD PUBLIC LIBRARY  
SANDUSKY COUNTY  
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Certified Public Accountants, A.C.

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## INDEPENDENT AUDITOR'S REPORT

June 28, 2018

Birchard Public Library  
Sandusky County  
423 Croghan Street  
Fremont, Ohio 43421

To the Board of Trustees:

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

We have audited the accompanying cash-basis financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the **Birchard Public Library**, Sandusky County, (the Library) as of and for the years ended December 31, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements as listed in the table of contents.

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

Management is responsible for preparing and fairly presenting these financial statements in accordance with the cash accounting basis Note 2 describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are 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 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.

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**Opinion**

In our opinion, the financial statement referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund and the aggregate remaining fund information of Birchard Public Library, Sandusky County, Ohio, as of December 31, 2017 and 2016, and the respective changes in cash financial position and the budgetary comparison for the General Fund thereof for the years then ended in accordance with the accounting basis described in Note 2.

**Accounting Basis**

We draw attention to Note 2 of the financial statements, which describes the accounting basis. The financial statements are prepared on the cash basis of accounting, which differs from generally accepted accounting principles. We did not modify our opinion regarding this matter.

**Other Matters**

*Other Information*

We applied no procedures to the Management's Discussion & Analysis as listed in the table of contents. Accordingly, we express no opinion or any other assurance on it.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 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.



**Perry and Associates**  
Certified Public Accountants, A.C.  
Marietta, Ohio



Birchard Public Library  
Management's Discussion and Analysis  
For the Year Ended December 31, 2017  
(Unaudited)

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This discussion and analysis of the Birchard Public Library's (the Library) financial performance provides an overall review of the Library's financial activities for the year ended December 31, 2017, within the limitations of the Library's cash basis of accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Library's financial performance.

### **Highlights**

Key highlights for 2017 are as follows:

Net position of governmental activities increased \$400,986, or 8.39 percent, from the prior year. The fund most affected by the increase in cash was the General Fund.

The Library's general receipts are primarily Public Library Funds from State general tax revenue and proceeds from a local 1 mill tax levy that was approved in May 2011 and renewed in November 2015. The revenue from PLF was \$5,804 (.4%) higher in 2017 than in 2016. These receipts represent \$1,444,911 and 58.1 percent of the total cash received for governmental activities during the year. The revenue from the local portion of the real estate tax levy was \$817,353, which was 32.87 percent of the total cash received for governmental activities.

The Library has no outstanding long-term liabilities.

### **Using the Basic Financial Statements**

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Library's cash basis of accounting.

### **Report Components**

The statement of net position and the statement of activities provide information about the cash activities of the Library as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Library as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the Library-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

### **Basis of Accounting**

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Library has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Library's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

Birchard Public Library  
Management's Discussion and Analysis  
For the Year Ended December 31, 2017  
(Unaudited)

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**Reporting the Birchard Public Library as a Whole**

The statement of net position and the statement of activities reflect how the Library did financially during 2017, within the limitations of cash basis accounting. The statement of net position presents the cash balances of the governmental-type activities of the Library at year end. The statement of activities compares cash disbursements with program receipts for each governmental activity. Program receipts include grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Library's general receipts.

These statements report the Library's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Library's financial health. Over time, increases or decreases in the Library's cash position is one indicator of whether the Library's financial health is improving or deteriorating. When evaluating the Library's financial condition, you should also consider other nonfinancial factors, such as the Library's allocation of PLF from the Sandusky County Budget Commission and the Seneca County Budget Commission, the reliance on non-local financial resources for operations, and the need for continued growth in the major local revenue sources such as property and income taxes.

In the statement of net position and the statement of activities, the Library has only one type of activity:

Governmental activities. All of the Library's services and capital outlay is reported here. Public Library Funds from the State and proceeds from a local 1 mill levy finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

**Reporting the Birchard Public Library's Most Significant Funds**

Fund financial statements provide detailed information about the Library's major funds – not the Library as a whole. The Library establishes separate funds to better manage its activities and to help demonstrate that money restricted as to how it may be used is being spent for the intended purpose.

Governmental Funds – All of the Library's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Library's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Library's programs. The Library's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Library has two major governmental funds; the General Fund and the Building and Repair Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

Birchard Public Library  
Management's Discussion and Analysis  
For the Year Ended December 31, 2017  
(Unaudited)

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**The Birchard Public Library as a Whole**

Table 1 provides a summary of the Library's net position for 2017 compared to 2016 on a cash basis:

	<b>Net Position</b>	
	Governmental Activities	
	2017	2016
<b>Assets</b>		
Cash	\$5,181,157	\$4,780,171
<b>Net Position</b>		
Restricted for:		
Books & Publications	131,574	131,574
Unrestricted	5,049,583	4,648,597
Total Net Position	\$5,181,157	\$4,780,171

As mentioned previously, the net position of governmental activities increased \$400,986, or 8.39 percent during 2017. Overall receipts increased 2.02 percent and expenses increased .14 percent.

Birchard Public Library  
Management's Discussion and Analysis  
For the Year Ended December 31, 2017  
(Unaudited)

Table 2 reflects the changes in net position on a cash basis in 2017 and 2016 for governmental activities:  
(Table 2)

	Governmental Activities	
	2017	2016
<b>Receipts:</b>		
Program Receipts:		
Charges for Services and Sales	\$ 23,527	\$ 28,234
Operating Grants and Contributions	26,648	17,554
Capital Grants and Contributions	4,298	760
Total Program Receipts	<u>54,473</u>	<u>46,548</u>
General Receipts:		
Grants/Entitlements	104,316	104,221
Public Library	1,444,911	1,439,107
Property Taxes	817,353	804,955
Unrestricted Gifts & Contributions	3,458	7,540
Earnings on Investments	48,338	24,841
Sale of Capital Assets	110	-
Miscellaneous	14,029	10,421
Total General Receipts	<u>2,432,515</u>	<u>2,391,085</u>
Total Receipts	<u>2,486,988</u>	<u>2,437,633</u>
<b>Disbursements:</b>		
Public Services and Programs	1,143,175	1,130,654
Collection Develop. & Processing	334,328	306,362
Facilities Operation & Maintenance	196,620	192,787
Information Services	130,603	129,965
Business Administration	276,388	279,201
Capital Outlay	4,888	44,077
Total Disbursements	<u>2,086,002</u>	<u>2,083,046</u>
Increase (Decrease) in Net Position	400,986	354,587
Net Position, January 1	<u>4,780,171</u>	<u>4,425,584</u>
Net Position December 31	<u><u>\$5,181,157</u></u>	<u><u>\$4,780,171</u></u>

Program receipts represent only 2.19 percent of total receipts and are primarily comprised of gifts, donations, fines, and grants toward specific programs or expenses.

General receipts represent 97.81 percent of the Library's total receipts, and of this amount, 59.4 percent is Public Library Fund revenue and 33.6 percent is the local portion of the library levy. Other receipts are relatively insignificant and are somewhat unpredictable revenue sources.

Birchard Public Library  
Management's Discussion and Analysis  
For the Year Ended December 31, 2017  
(Unaudited)

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**Governmental Activities**

If you look at the Statement of Activities on page 10, you will see that the first column lists Library services and capital outlay. The next column identifies the costs of providing these services. The next three columns of the Statement entitled "Program Cash Receipts" identify gifts, donations, and grants received by the Library that must be used to provide a specific service. The Net Receipt (Disbursements) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)

**Governmental Activities**

	Total Cost of Services 2017	Net Cost of Services 2017	Total Cost of Services 2016	Net Cost of Services 2016
Public Services and Programs	\$1,143,175	\$1,112,630	\$1,130,654	\$1,099,170
Collection Development & Processing	\$334,328	\$333,658	\$306,362	\$306,362
Facilities Operation & Maintenance	196,620	196,540	192,787	192,707
Information Services	130,603	113,263	129,965	117,572
Business Administration	276,388	274,848	279,201	277,370
Capital Outlay	4,888	590	44,077	43,317
<b>Total Expenses</b>	<b>\$2,086,002</b>	<b>\$2,031,529</b>	<b>\$2,083,046</b>	<b>\$2,036,498</b>

The dependence upon Public Library Funds and the Local Levy is apparent, as 97.39 percent of governmental activities are supported through general receipts.

**The Birchard Public Library's Funds**

Total governmental funds had receipts of \$2,486,988 and disbursements of \$2,086,002. The greatest change within governmental funds occurred within the General Fund. The fund balance of the General Fund increased \$400,786.

**General Fund Budgeting Highlights**

The Library's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During 2017, actual General Fund receipts totaled \$2,477,503 and were lower than final budgeted receipts by \$16,924. Final disbursements were budgeted at \$2,447,545, while actual disbursements were \$2,104,801.

**Capital Assets and Debt Administration**

**Capital Assets**

The Library does not currently keep track of its capital assets and infrastructure.

**Debt**

At December 31, 2017, the Library had no outstanding long-term debt.

Birchard Public Library  
Management's Discussion and Analysis  
For the Year Ended December 31, 2017  
(Unaudited)

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**Current Issues**

For a fourth year, the Library is offering one-on-one computer assistance to patrons. In 2017, the Library created a new paid position of Computer Helper.

The Library Trustees voted to accept a salary schedule created by TAMS Group and, for eligible employees, they increased salaries by 2% in 2018.

**Contacting the Library's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Library's finances and to reflect the Library's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Suzanne Wiersma, Fiscal Officer, Birchard Public Library of Sandusky County, 423 Croghan Street, Fremont, OH 43420.

**Birchard Public Library**  
**Sandusky County**  
*Statement of Net Position - Cash Basis*  
*December 31, 2017*

	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$ 5,181,157
<i>Total Assets</i>	<u>5,181,157</u>
<b>Net Position</b>	
Restricted for:	
Books & Publications	131,574
Unrestricted	<u>5,049,583</u>
<i>Total Net Position</i>	<u>\$ 5,181,157</u>

See accompanying notes to the basic financial statements.

**Birchard Public Library**  
**Sandusky County**  
*Statement of Activities - Cash Basis*  
*For the Year Ended December 31, 2017*

	Cash Disbursements	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Position
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
<b>Governmental Activities</b>					
Current:					
Public Services and Programs	\$ 1,143,175	\$ 23,527	\$ 7,018	\$ -	\$ (1,112,630)
Collection Development and Processing	334,328	-	670	-	(333,658)
Support Services:					
Facilities Operation and Maintenance	196,620	-	80	-	(196,540)
Information Services	130,603	-	17,340	-	(113,263)
Business Administration	276,388	-	1,540	-	(274,848)
Capital Outlay	4,888	-	-	4,298	(590)
<b>Total Governmental Activities</b>	<b>\$ 2,086,002</b>	<b>\$ 23,527</b>	<b>26,648</b>	<b>\$ 4,298</b>	<b>(2,031,529)</b>
<b>General Receipts</b>					
Property Taxes Levied for General Purposes					817,353
Public Library Fund					1,444,911
Grants/Entitlements not Restricted to Specific Programs					104,316
Unrestricted Gifts and Contributions					3,458
Sale of Capital Assets					110
Earnings on Investments					48,338
Miscellaneous					14,029
Total General Receipts					2,432,515
<i>Change in Net Position</i>					400,986
<i>Net Position Beginning of Year</i>					4,780,171
<i>Net Position End of Year</i>					<b>\$ 5,181,157</b>

See accompanying notes to the basic financial statements.



**Birchard Public Library**  
**Sandusky County**  
*Statement of Assets and Fund Balances - Cash Basis*  
*Governmental Funds*  
*December 31, 2017*

	<u>General</u>	<u>Building &amp; Repair Fund</u>	<u>Other Governmental Fund</u>	<u>Total Governmental Funds</u>
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$ 3,523,274	\$ 1,634,762	\$ 23,121	\$ 5,181,157
<i>Total Assets</i>	<u>\$ 3,523,274</u>	<u>\$ 1,634,762</u>	<u>\$ 23,121</u>	<u>\$ 5,181,157</u>
<b>Fund Balances</b>				
Restricted	\$ 131,574	\$ -	\$ -	\$ 131,574
Assigned	1,179,397	1,634,762	23,121	2,837,280
Unassigned	<u>2,212,303</u>	<u>-</u>	<u>-</u>	<u>2,212,303</u>
<i>Total Fund Balances</i>	<u>\$ 3,523,274</u>	<u>\$ 1,634,762</u>	<u>\$ 23,121</u>	<u>\$ 5,181,157</u>

See accompanying notes to the basic financial statements.

**Birchard Public Library  
Sandusky County**

*Statement of Receipts, Disbursements and Changes in Fund Balances - Cash Basis*

*Governmental Funds*

*For the Year Ended December 31, 2017*

	General	Building & Repair Fund	Other Governmental Fund	Total Governmental Funds
<b>Receipts</b>				
Property and Other Local Taxes	\$ 817,353	\$ -	\$ -	\$ 817,353
Public Library	1,444,911	-	-	1,444,911
Intergovernmental	104,316	-	-	104,316
Patron Fines and Fees	23,527	-	-	23,527
Contributions, Gifts and Donations	15,524	-	-	15,524
Earnings on Investments	48,338	-	-	48,338
Miscellaneous	33,019	-	-	33,019
<i>Total Receipts</i>	<u>2,486,988</u>	<u>-</u>	<u>-</u>	<u>2,486,988</u>
<b>Disbursements</b>				
Current:				
Library Services:				
Public Services and Programs	1,143,175	-	-	1,143,175
Collection Development and Processing	334,328	-	-	334,328
Support Services:				
Facilities Operation and Maintenance	196,620	-	-	196,620
Information Services	130,603	-	-	130,603
Business Administration	276,388	-	-	276,388
Capital Outlay	4,888	-	-	4,888
<i>Total Disbursements</i>	<u>2,086,002</u>	<u>-</u>	<u>-</u>	<u>2,086,002</u>
<i>Net Change in Fund Balance</i>	400,986	-	-	400,986
<i>Fund Balances Beginning of Year</i>	<u>3,122,288</u>	<u>1,634,762</u>	<u>23,121</u>	<u>4,780,171</u>
<i>Fund Balances End of Year</i>	<u>\$ 3,523,274</u>	<u>\$ 1,634,762</u>	<u>\$ 23,121</u>	<u>\$ 5,181,157</u>

See accompanying notes to the basic financial statements.

**Birchard Public Library**  
**Sandusky County**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual - Budget Basis*  
*General Fund*  
*For the Year Ended December 31, 2017*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Property and Other Local Taxes	\$ 808,680	\$ 808,680	\$ 817,353	\$ 8,673
Public Library	1,506,147	1,506,147	1,444,911	(61,236)
Intergovernmental	109,000	109,000	104,316	(4,684)
Patron Fines and Fees	30,000	30,000	23,527	(6,473)
Contributions and Donations	5,000	5,000	6,488	1,488
Earnings on Investments	15,600	15,600	48,338	32,738
Miscellaneous	20,000	20,000	32,570	12,570
<i>Total Receipts</i>	<u>2,494,427</u>	<u>2,494,427</u>	<u>2,477,503</u>	<u>(16,924)</u>
<b>Disbursements</b>				
Current:				
Library Services:				
Public Services and Programs	1,219,797	1,219,797	1,136,867	82,930
Collection Development and Processing	426,864	426,864	356,861	70,003
Support Services:				
Facilities Operation and Maintenance	242,371	242,371	201,647	40,724
Information Services	133,956	133,956	130,603	3,353
Business Administration	375,367	375,367	275,011	100,356
Capital Outlay	49,190	49,190	3,812	45,378
<i>Total Disbursements</i>	<u>2,447,545</u>	<u>2,447,545</u>	<u>2,104,801</u>	<u>342,744</u>
<i>Net Change in Fund Balance</i>	46,882	46,882	372,702	325,820
<i>Unencumbered Fund Balance at Beginning of Year</i>	1,799,890	1,799,890	1,799,890	-
Prior Year Encumbrances Appropriated	39,712	39,712	39,712	-
<i>Unencumbered Fund Balance at End of Year</i>	<u>\$ 1,886,484</u>	<u>\$ 1,886,484</u>	<u>\$ 2,212,304</u>	<u>\$ 325,820</u>

See accompanying notes to the basic financial statements.

**BIRCHARD PUBLIC LIBRARY  
SANDUSKY COUNTY**  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017

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**NOTE 1 - DESCRIPTION OF THE LIBRARY AND REPORTING ENTITY**

The Birchard Public Library of Sandusky County Library (the Library) first opened its doors to the public in 1874, established through a bequest of Sardis Birchard and the leadership of Rutherford B. Hayes. The Library changed its status from an association library to a county district library in 1968 under the laws of the State of Ohio. The Library has its own seven-member Board of Trustees, 4 trustees are appointed by the Board of County Commissioners and 3 trustees are appointed by the Common Pleas judges. Appointments are for seven-year terms and members serve without compensation. Under Ohio statutes, the Library is a body politic and corporate capable of suing and being sued, contracting, acquiring, holding, possessing, and disposing of real property, and of exercising such other powers and privileges conferred upon it by law. The Library also determines and operates under its own budget. Control and management of the Library is governed by sections 3375.33 to 3375.39 of the Ohio Revised Code with the administration of the day-to-day operations of the Library being the responsibility of the Director and financial accountability being solely that of the Fiscal Officer.

Component units are legally separate organizations for which the Library is financially accountable. The Library is financially accountable for an organization if the Library appoints a voting majority of the organization's governing board; and (1) the Library is able to significantly influence the programs or services performed or provided by the organization; or (2) the Library is legally entitled to or can otherwise access the organization's resources; the Library is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Library is obligated for the debt of the organization. Component units may also include organizations for which the Library authorizes the issuance of debt or the levying of taxes or determines the budget if there is also the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the Library. The Library has no component units.

The Friends of the Birchard Public Library is a not-for-profit organization with a self-appointing board. The Library is not financially accountable for the organization, nor does the Library approve the budget or the issuance of debt of the organization. The revenues/net assets of the Friends of Birchard Public Library per its Form 990-N (e-postcard) as filed with the Internal Revenue Service do not exceed 5% of the Library's total fund revenues or net assets. Therefore, this organization has been excluded from the reporting entity of the Library.

The Birchard Library Association Foundation is a not-for-profit organization with a self-appointing board. The Library is not financially accountable for the organization, nor does the Library approve the budget or the issuance of debt of the organization. The Library does not have the ability to access a majority of the economic resources received or held by the separate organization, therefore, this organization has been excluded from the reporting entity of the Library.

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

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

As discussed further below, the financial statements of the Library have been prepared on a cash basis of accounting. The cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. The Library's most significant accounting principles are described below.

**BIRCHARD PUBLIC LIBRARY  
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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)**

**Basis of Presentation**

The Library's basic financial statements consist of government-wide financial statements, including a Statement of Net Position and a Statement of Activities, and fund financial statements, which provide a more detailed level of financial information.

**Government-Wide Financial Statements** – The Statement of Net Position and the Statement of Activities display information about the Library as a whole. These statements distinguish between activities that are governmental and those that are considered business-type activities. The Library had no business-type activities during the year ended December 31, 2017.

The Statement of Net Position presents the cash and investment balances of the governmental activities of the Library at year-end. The Statement of Activities presents a comparison between direct disbursements and program receipts for each program or function of the Library's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Library is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program, and receipts of interest earned on grants that are required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a cash basis or draws from the Library's general receipts.

**Fund Financial Statements** – During the year, the Library segregates transactions related to certain Library functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance.

Fund financial statements are designed to present financial information of the Library at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

**Basis of Accounting**

The Library's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the Library's financial records and reported in the financial statements when cash is received rather than when earned, and disbursements are recorded when cash is paid rather than when a liability is incurred.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)**

**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 Library's funds are all classified as governmental.

**Governmental Funds** – Governmental funds are financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions. Monies are assigned to the various governmental funds according to the purposes for which they may or must be used. The following are the Library's major Governmental Funds:

*General Fund* - The General Fund accounts for and reports all financial resources not accounted for and reported 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.

*Building and Repair Fund* – The Building and Repair Fund accounts for and reports resources committed by the Board of Library Trustees specifically for the building and repair of the buildings and grounds owned by the Library.

The other governmental funds of the Library are capital project funds that account for receipts restricted to expenditures for acquiring, constructing, repairing, or maintaining major capital projects.

**Budgetary Process**

All funds are legally required to be appropriated. The appropriations resolution is the Trustee's authorization to spend resources and sets limits on cash disbursements plus encumbrances at the level of control selected by the Trustees. The legal level of control has been established at the fund and character or major category of the object code level for all funds. Budgetary modifications at the legal level of control may only be made by resolution of the Board of Library Trustees.

For control purposes, the Library estimates cash receipts for the year. These estimated receipts, together with the unencumbered carry-over balances from the prior year, set a limit on the amount the Trustees may appropriate. The estimated receipts may be revised during the year if projected increases or decreases in receipts are identified by the Fiscal Officer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts of estimated resources at the time final appropriations were enacted by the Trustees.

The appropriations resolution is subject to amendment throughout the year with the restriction that appropriations should not exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Trustees during the year.

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)**

**Cash and Investments**

The Library maintains a deposit and investments pool that all funds use. Individual fund integrity is maintained through the Library's records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents."

Investments are reported as assets. 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 negative receipts, respectively.

During 2017, investments were limited to interest-bearing checking and savings accounts, STAR Ohio, STAR Plus, and nonnegotiable certificates of deposit. Investments are recorded at current value.

STAR Ohio (The State Treasury Asset Reserve of Ohio) is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB) Statement No. 79, "Certain External Investment Pools and Pool Participants". The Library has also implemented GASB Statement No. 79 for 2016. The implementation of this GASB pronouncement had no effect on beginning net position/fund balance. The Library measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For 2017, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$50 million, requiring the excess amount to be transacted the following business day(s), but only to the \$50 million limit. All accounts of the participant will be combined for these purposes.

The Township also invests in STAR Plus, a federally insured cash account powered by the Federally Insured Cash Account (FICA) program. STAR Plus enables political subdivisions to generate a competitive yield on cash deposits in a network of carefully-selected FDIC-insured banks via a single, convenient account. STAR Plus offers attractive yields with no market or credit risk, weekly liquidity, and penalty free withdrawals. All deposits with STAR Plus have full FDIC insurance with no term commitment on deposits.

Interest earnings are allocated to Library funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the general fund during 2017 amounted to \$48,338 which includes \$28,559 assigned from other Library funds.

**Restricted Assets**

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation. Restricted assets represent monies held for capital improvements and endowment.

**Inventory**

The Library reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

**BIRCHARD PUBLIC LIBRARY**  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)**

**Capital Assets**

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

**Accumulated Leave**

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the cash basis of accounting the Library uses.

**Employer Contributions to Cost-Sharing Pension Plans**

In Library recognizes the disbursement for their employer contributions to cost-sharing pension plans when they are paid. As described in Notes 6 and 7, the employer contributions include portions for pension benefits and for postretirement health care benefits.

**Long-Term Obligations**

As of December 31, 2017, the Library has no long-term obligations. Lease payments are reported when paid.

**Net Position**

Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Library had restricted net position for books and publications at December 31, 2017. The Library's policy is to apply restricted resources first when an obligation is incurred for purposes for which both restricted and unrestricted net position is available.

**Fund Balance**

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

***Nonspendable*** The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

***Restricted*** Fund balance is reported as 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

***Committed*** The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (resolution) of Library Trustees. Those committed amounts cannot be used for any other purpose unless the Library Trustees remove or change the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.



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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)**

**Fund Balance (Continued)**

*Assigned* Amounts in the assigned fund balance classification are intended to be used by the Library for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by the Library Trustees or a Library official delegated that authority by resolution, or by State Statute.

*Unassigned* Unassigned fund balance is the residual classification for the general fund and includes amounts not contained 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.

**Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. The Library had no extraordinary items. Special items are transactions or events that are within the control of management and are either unusual in nature or infrequent in occurrence. The Library had no special items.

**NOTE 3 - BUDGETARY BASIS OF ACCOUNTING**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance - Budget and Actual - Budgetary Basis presented for the General Fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis are as follows:

1. Outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as restricted, committed or assigned fund balance (cash basis).
2. Some funds are included in the general fund (cash basis) but have separate legally adopted budgets (budgetary basis).

Adjustments necessary to convert the results of operations at the end of the year on the budget basis to the cash basis are as follows:

	General
Budget Basis	\$ 372,702
Encumbrances	28,084
Funds Budgeted Elsewhere	200
Cash Basis	\$ 400,986

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**NOTE 4 – DEPOSITS AND INVESTMENTS**

State statutes classify monies held by the Library into three categories.

Active deposits are public deposits necessary to meet current demands on the Library treasury. Such monies must be maintained either as cash in the Library treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Library has identified as not required for use within the current five-year period of designation of depositories. Inactive deposits must either be evidenced by deposits maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

Interim monies may be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 4 – DEPOSITS AND INVESTMENTS (Continued)**

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited.

An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the Library and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to Fiscal Officer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

**Cash on Hand**

At year-end, the Library had \$310 in undeposited cash on hand, which is included on the financial statements as part of “Equity in Pooled Cash and Cash Equivalents.”

**Deposits**

As of December 31, 2017, the carrying amount of the Library’s deposits was \$5,181,157 (including \$1,207,329 in nonnegotiable certificates of deposit) and the bank balance was \$4,009,282.

The Library has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by:

Eligible securities pledged to the Library and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least one hundred five percent of the deposits being secured; or,

Participation in the Ohio Pooled Collateral System (OPCS). a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be one hundred two percent of the deposits being secured or a rate set by the Treasurer of State.

As of December 31, 2017, the Library's financial institutions, The Croghan Colonial Bank and The Old Fort Banking Company participate in the Ohio Pooled Collateral System. Certificates of deposit held with US Bank are covered by FDIC insurance.

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**NOTE 4 – DEPOSITS AND INVESTMENTS – (Continued)**

**Investments** The Library reports their investments at cost or net asset value per share. The fair value of these investments is not materially different from cost. As of December 31, 2017, the Library had the following investments:

	Fair Value
STAR Ohio	\$ 2,781,966

**Credit Risk** STAR Ohio carries a rating of AAAM by Standard and Poor's. The Library has no investment policy dealing with investment credit risk beyond the requirements in state statutes. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service.

**Concentration of Credit Risk** The Library places no limit on the amount it may invest in any one issuer. The following investments represent five percent or more of total investments as of December 31, 2017:

Investment Issuer	Percentage of Total Investments
STAR Ohio	100%

**NOTE 5 - GRANTS-IN-AID AND PROPERTY TAX**

**Grants in Aid**

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.

**Property Taxes**

Property taxes include amounts levied against all real and public utility property located in the Library. Property tax revenue received during 2017 for real and public utility property taxes represents collections of 2016 taxes.

2017 real property taxes are levied after October 1, 2017, on the assessed value as of January 1, 2017, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2017 real property taxes are collected in and intended to finance 2018.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

2016 public utility property taxes which became a lien December 31, 2016, are levied after October 1, 2017, and are collected in 2018 with real property taxes.

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**NOTE 5 - GRANTS-IN-AID AND PROPERTY TAX (Continued)**

**Property Taxes (Continued)**

The full tax rate for all Library operations for the year ended December 31, 2017, was \$2.40 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2017 property tax receipts were based are as follows:

	Assessed Value
Agricultural/residential and other real estate	\$ 920,464,960
Public utility personal	92,863,200
Total	\$ 1,013,328,160

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the Library. The County Auditor periodically remits to the Library its portion of the taxes collected.

The Library has a 2.4 mill levy that was approved by the voters in 2014 and which will remain in effect until calendar year 2019 (collection year 2020).

**Tax Abatements**

For the purpose of GASB No. 77, the definition of a tax abatement is: A reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

Following is information provided by the Sandusky County Auditor regarding tax abatements for tax year 2016, pay 2017:

Taxsel	Descr	prop	Deeded	Unit	Unicode	Unidescr	Class	Descr	ERRate	ERRateLEF	AssdAbt	LosAbt	Class		
10	Balsala-Fremont	10-05-19-0002-01	RL NATIONAL PROPERTIES LLC	BIRCHARD PUBLIC LIBRARY	60041	2011010	CURRENT EXPENSE	750.00	Enterprise Zone	10411	Other	1.00	669,007.50	669.01	340
27	Madison Twp-Gb VII-Gb EYSD	27-24-00-0011-04	FLOOD PROPERTIES 2 LLC	BIRCHARD PUBLIC LIBRARY	60041	2011010	CURRENT EXPENSE	750.00	Enterprise Zone	10411	Other	1.00	239,347.50	239.35	450
27	Madison Twp-Gb VII-Gb EYSD	27-50-00-0815-00	FLOOD PROPERTIES 3 LLC	BIRCHARD PUBLIC LIBRARY	60041	2011010	CURRENT EXPENSE	750.00	Enterprise Zone	10411	Other	1.00	154,917.00	154.92	447
54	Fremont Cy - Fremont CSD	34-50-00-6275-00	ALKON CORPORATION	BIRCHARD PUBLIC LIBRARY	60041	2011010	CURRENT EXPENSE	750.00	Enterprise Zone	10411	Other	1.00	178,500.00	178.50	340
54	Fremont Cy - Fremont CSD	34-50-00-6620-00	SIERRA FRM LLC	BIRCHARD PUBLIC LIBRARY	60041	2011010	CURRENT EXPENSE	710.00	Abata - Community reinvestment	10411	Other	1.00	111,440.00	111.44	447
54	Fremont Cy - Fremont CSD	34-60-00-0309-00	HEINZ, HJ COMPANY LP	BIRCHARD PUBLIC LIBRARY	60041	2011010	CURRENT EXPENSE	710.00	Abata - Community reinvestment	10411	Other	1.00	255,750.00	255.75	310
54	Fremont Cy - Fremont CSD	34-60-00-0352-04	CURWOOD INC A DELAWARE CO	BIRCHARD PUBLIC LIBRARY	60041	2011010	CURRENT EXPENSE	750.00	Enterprise Zone	10411	Other	1.00	1,758,799.00	1,758.80	350
54	Fremont Cy - Fremont CSD	34-60-00-0413-08	CDSF LTD	BIRCHARD PUBLIC LIBRARY	60041	2011010	CURRENT EXPENSE	750.00	Enterprise Zone	10411	Other	1.00	2,005,360.00	2,005.36	450

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**NOTE 6 - DEFINED BENEFIT PENSION PLAN**

**Ohio Public Employees Retirement System**

Plan Description – Library employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan and the Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. Library employees) may elect the Member-Directed Plan and the Combined Plan, substantially all employee members are in OPERS' Traditional Pension Plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the Traditional Pension Plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the Traditional Pension Plan as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information):

<b>Group A</b>	<b>Group B</b>	<b>Group C</b>
Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Members not in other Groups and members hired on or after January 7, 2013
<b>State and Local</b>	<b>State and Local</b>	<b>State and Local</b>
<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35

Final average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3.00% simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 2.25%.

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**NOTE 6 - DEFINED BENEFIT PENSION PLAN (Continued)**

**Ohio Public Employees Retirement System (Continued)**

Benefits in the Combined Plan consist of both an age-and-service formula benefit (defined benefit) and a defined contribution element. The defined benefit element is calculated on the basis of age, FAS, and years of service. Eligibility regarding age and years of service in the Combined Plan is the same as the Traditional Pension Plan. The benefit formula for the defined benefit component of the plan for State and Local members in transition Groups A and B applies a factor of 1.00% to the member's FAS for the first 30 years of service.

A factor of 1.25% is applied to years of service in excess of 30. The benefit formula for transition Group C applies a factor of 1.0% to the member's FAS and the first 35 years of service and a factor of 1.25% is applied to years in excess of 35. Persons retiring before age 65 with less than 30 years of service credit receive a percentage reduction in benefit. The defined contribution portion of the benefit is based on accumulated member contributions plus or minus any investment gains or losses on those contributions. Members retiring under the Combined Plan receive a 2.25% COLA adjustment on the defined benefit portion of their benefit.

Defined contribution plan benefits are established in the plan documents, which may be amended by the OPERS's Board of Trustees. Member-Directed Plan and Combined Plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the Combined Plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. The amount available for defined contribution benefits in the Member-Directed Plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20% each year. For additional information, see the Plan Statement in the OPERS CAFR.

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	State and Local
<b>2017 Statutory Maximum Contribution Rates</b>	
Employer	14.0 %
Employee	10.0 %
 <b>2017 Actual Contribution Rates</b>	
Employer:	
Pension	13.0 %
Post-employment Health Care Benefits	1.0 %
Total Employer	14.0 %
Employee	10.0 %

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.

The Library's required contributions for pension obligations for the years ended December 31, 2017, 2016, and 2015 were \$160,251, \$158,295, and \$154,150 respectively; 88.3 percent has been contributed for 2017 and 100 percent for 2016 and 2015.

**BIRCHARD PUBLIC LIBRARY  
SANDUSKY COUNTY**  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017  
(CONTINUED)

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**NOTE 7 - POSTRETIREMENT BENEFIT PLAN**

**Ohio Public Employees Retirement System**

Plan Description - OPERS maintains a cost-sharing multiple employer defined benefit post-employment healthcare plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement, to qualifying members of both the Traditional Pension Plan and the Combined Plan. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

To qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have ten years or more of qualifying Ohio service credit. The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the healthcare plan are presented separately in the OPERS financial report which may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (800) 222-7377.

Funding Policy - The post-employment healthcare plan was established under, and is administered in accordance with, Internal Revenue Code Section 401(h). State statute requires that public employers fund post-employment healthcare through contributions to OPERS. A portion of each employer's contribution to the Traditional or Combined Plans is set aside for the funding of post-employment health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2017, local government employers contributed 14.00% of covered payroll. Each year the OPERS' Retirement Board determines the portion of the employer contribution rate that will be set aside for the funding of the postemployment health care benefits. The portion of employer contributions allocated to fund post-employment healthcare for members in the Traditional Plan and Combined Plan for 2017 was 1.00%.

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the post-employment healthcare plan.

The Library's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2017, 2016 and 2015 were \$11,442, \$22,604, and 22,013 respectively; 88.3 percent has been contributed for 2017 and 100 percent for 2016 and 2015.

**NOTE 8 – CONTINGENT LIABILITIES**

Amounts grantor agencies pay to the Library are subject to audit and adjustment by the grantor, principally the federal government. Grantors may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.



**BIRCHARD PUBLIC LIBRARY  
SANDUSKY COUNTY**  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017  
(CONTINUED)

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**NOTE 9 - RISK MANAGEMENT**

The Library is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During 2017, the Library contracted with The Ohio Plan for various types of insurance coverage as follows:

<u>Type of Coverage</u>	<u>Coverage</u>
General Liability, in aggregate	\$4,000,000
General Liability, per occurrence	2,000,000
Employers Liability	2,000,000
Employee Benefits Liability, in aggregate	4,000,000
Employee Benefits Liability, per occurrence	2,000,000
Public Officials Liability, in aggregate	4,000,000
Public Officials Liability, per occurrence	2,000,000
Data Breach and Privacy Liability, each claim	250,000
Automobile Coverage, single limit	2,000,000
Automobile Coverage, uninsured	1,000,000
Property, blanket	1,922,482
Property, Specific	7,080,594
Library Materials	3,596,427
Electronic Equipment	263,876
Crime, Public Employee Dishonesty	50,000
Boiler and Machinery	12,625,503
Public Officials Bond	50,000

Settled claims have not exceeded this commercial coverage in any of the past three years and there was no significant reduction in coverage from the prior year.

The Library pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs. The System administers and pays all claims.

**BIRCHARD PUBLIC LIBRARY  
SANDUSKY COUNTY**  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017  
(CONTINUED)

**NOTE 10 - FUND BALANCES**

Fund balance is classified as committed, assigned and/or unassigned based primarily on the extent to which the Library is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Fund Balances	General	Building & Repair Fund	Other Governmental Funds	Total
<b>Restricted for</b>				
Books - Whitmore Trust	\$ 131,574	\$ -	\$ -	\$ 131,574
<b>Assigned to</b>				
Library projects per fund definitions	1,179,397	1,634,762	23,121	2,837,280
<b>Unassigned (Deficit)</b>	2,212,303	-	-	2,212,303
Total Fund Balances	\$ 3,523,274	\$ 1,634,762	\$ 23,121	\$ 5,181,157

Birchard Public Library  
Management's Discussion and Analysis  
For the Year Ended December 31, 2016  
(Unaudited)

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This discussion and analysis of the Birchard Public Library's (the Library) financial performance provides an overall review of the Library's financial activities for the year ended December 31, 2016, within the limitations of the Library's cash basis of accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Library's financial performance.

**Highlights**

Key highlights for 2016 are as follows:

Net position of governmental activities increased \$354,587, or 8.01 percent, from the prior year. The fund most affected by the increase in cash was the General Fund.

The Library's general receipts are primarily Public Library Funds from State general tax revenue and proceeds from a local 1 mill tax levy that was approved in May 2011 and renewed in November 2015. The revenue from PLF was \$15,312 (1.05%) lower in 2016 than in 2015. These receipts represent \$1,439,107 and 59.04 percent of the total cash received for governmental activities during the year. The revenue from the local portion of the real estate tax levy was \$804,955, which was 33.02 percent of the total cash received for governmental activities.

The Library has no outstanding long-term liabilities.

**Using the Basic Financial Statements**

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Library's cash basis of accounting.

**Report Components**

The statement of net position and the statement of activities provide information about the cash activities of the Library as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Library as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the Library-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

**Basis of Accounting**

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Library has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Library's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

Birchard Public Library  
Management's Discussion and Analysis  
For the Year Ended December 31, 2016  
(Unaudited)

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**Reporting the Birchard Public Library as a Whole**

The statement of net position and the statement of activities reflect how the Library did financially during 2016, within the limitations of cash basis accounting. The statement of net position presents the cash balances of the governmental-type activities of the Library at year end. The statement of activities compares cash disbursements with program receipts for each governmental activity. Program receipts include grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Library's general receipts.

These statements report the Library's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Library's financial health. Over time, increases or decreases in the Library's cash position is one indicator of whether the Library's financial health is improving or deteriorating. When evaluating the Library's financial condition, you should also consider other nonfinancial factors, such as the Library's allocation of PLF from the Sandusky County Budget Commission and the Seneca County Budget Commission, the reliance on non-local financial resources for operations, and the need for continued growth in the major local revenue sources such as property and income taxes.

In the statement of net position and the statement of activities, the Library has only one type of activity:

Governmental activities. All of the Library's services and capital outlay is reported here. Public Library Funds from the State and proceeds from a local 1 mill levy finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

**Reporting the Birchard Public Library's Most Significant Funds**

Fund financial statements provide detailed information about the Library's major funds – not the Library as a whole. The Library establishes separate funds to better manage its activities and to help demonstrate that money restricted as to how it may be used is being spent for the intended purpose.

Governmental Funds – All of the Library's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Library's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Library's programs. The Library's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Library has two major governmental funds; the General Fund and the Building and Repair Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

Birchard Public Library  
Management's Discussion and Analysis  
For the Year Ended December 31, 2016  
(Unaudited)

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**The Birchard Public Library as a Whole**

Table 1 provides a summary of the Library's net position for 2016 compared to 2015 on a cash basis:

	<b>Net Position</b>	
	<u>Governmental Activities</u>	
	<u>2016</u>	<u>2015</u>
<b>Assets</b>		
Cash	<u>\$4,780,171</u>	<u>\$4,425,584</u>
<b>Net Position</b>		
Restricted for:		
Books & Publications	131,574	131,574
Unrestricted	4,648,597	4,294,010
Total Net Position	<u>\$4,780,171</u>	<u>\$4,425,584</u>

As mentioned previously, the net position of governmental activities increased \$354,587, or 8.01 percent during 2016. Overall receipts decreased 1.38% and expenses increased .41%.

Birchard Public Library  
Management's Discussion and Analysis  
For the Year Ended December 31, 2016  
(Unaudited)

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Table 2 reflects the changes in net position on a cash basis in 2016 and 2015 for governmental activities:

(Table 2)

	Governmental Activities	
	2016	2015
<b>Receipts:</b>		
Program Receipts:		
Charges for Services and Sales	\$ 28,234	\$ 28,778
Operating Grants and Contributions	17,554	25,158
Capital Grants and Contributions	760	5,775
Total Program Receipts	<u>46,548</u>	<u>59,711</u>
General Receipts:		
Intergovernmental	104,221	109,757
Public Library Fund	1,439,107	1,454,420
Property Taxes	804,955	803,929
Unrestricted Gifts & Contributions	7,540	14,566
Earnings of Investments	24,841	16,713
Miscellaneous	10,421	12,624
Total General Receipts	<u>2,391,085</u>	<u>2,412,009</u>
Total Receipts	<u>2,437,633</u>	<u>2,471,720</u>
<b>Disbursements:</b>		
Public Services and Programs	1,130,654	1,108,115
Collection Develop. & Processing	306,362	326,341
Facilities Operation & Maintenance	192,787	198,623
Information Services	129,965	124,243
Business Administration	279,201	258,348
Capital Outlay	44,077	58,850
Total Disbursements	<u>2,083,046</u>	<u>2,074,520</u>
Increase (Decrease) in Net Position	354,587	397,200
Net Position, January 1	<u>4,425,584</u>	<u>4,028,384</u>
Net Position December 31	<u><u>\$4,780,171</u></u>	<u><u>\$4,425,584</u></u>

Program receipts represent only 1.91 percent of total receipts and are primarily comprised of gifts, donations, fines, and grants toward specific programs or expenses.

General receipts represent 98.09 percent of the Library's total receipts, and of this amount, 60.19 percent is Public Library Fund revenue and 33.66 percent is the local portion of the library levy. Other receipts are relatively insignificant and are somewhat unpredictable revenue sources.

Birchard Public Library  
Management's Discussion and Analysis  
For the Year Ended December 31, 2016  
(Unaudited)

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**Governmental Activities**

If you look at the Statement of Activities on page 36, you will see that the first column lists Library services and capital outlay. The next column identifies the costs of providing these services. The next three columns of the Statement entitled "Program Cash Receipts" identify gifts, donations, and grants received by the Library that must be used to provide a specific service. The Net Receipt (Disbursements) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)

	<b>Governmental Activities</b>			
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2016	2016	2015	2015
Library Services	\$1,130,654	\$1,099,170	\$1,108,115	\$1,071,927
Collection Development & Processing	306,362	306,362	326,341	326,341
Facilities Operation & Maintenance	192,787	192,707	198,623	198,543
Information Services	129,965	117,572	124,243	111,052
Business Administration	279,201	277,370	258,348	253,871
Capital Outlay	44,077	43,317	58,850	53,075
<b>Total Expenses</b>	<b>\$2,083,046</b>	<b>\$2,036,498</b>	<b>\$2,074,520</b>	<b>\$2,014,809</b>

The dependence upon Public Library Funds and the Local Levy is apparent, as 97.8 percent of governmental activities are supported through general receipts.

**The Birchard Public Library's Funds**

Total governmental funds had receipts of \$2,437,633 and disbursements of \$2,083,046. The greatest change within governmental funds occurred within the General Fund. The fund balance of the General Fund increased \$377,341.

**General Fund Budgeting Highlights**

The Library's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During 2016, actual General Fund receipts totaled \$2,432,668 and were lower than final budgeted receipts by \$23,753. Final disbursements were budgeted at \$2,445,845, while actual disbursements were \$2,089,669.

**Capital Assets and Debt Administration**

Capital Assets

The Library does not currently keep track of its capital assets and infrastructure.

Debt

At December 31, 2016, the Library had no outstanding long-term debt.

Birchard Public Library  
Management's Discussion and Analysis  
For the Year Ended December 31, 2016  
(Unaudited)

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**Current Issues**

For a third year, the Library is offering one-on-one computer assistance to patrons through a Guiding Ohio Online AmeriCorps Volunteer.

The Library Trustees voted to increase the salary scale by 3% in 2017.

**Contacting the Library's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Library's finances and to reflect the Library's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Suzanne Wiersma, Fiscal Officer, Birchard Public Library of Sandusky County, 423 Croghan Street, Fremont, OH 43420.



**Birchard Public Library**  
**Sandusky County**  
*Statement of Net Position - Cash Basis*  
*December 31, 2016*

	Governmental Activities
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$ 4,780,171
<i>Total Assets</i>	4,780,171
<b>Net Position</b>	
Restricted for:	
Books & Publications	131,574
Unrestricted	4,648,597
<i>Total Net Position</i>	\$ 4,780,171

See accompanying notes to the basic financial statements.

**Birchard Public Library**  
**Sandusky County**  
*Statement of Activities - Cash Basis*  
*For the Year Ended December 31, 2016*

	Program Cash Receipts				Net (Disbursements) Receipts and Changes in Net Position
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
<b>Governmental Activities</b>					
Current:					
Public Services and Programs	\$ 1,130,654	\$ 28,234	\$ 3,250	\$ -	\$ (1,099,170)
Collection Development and Processing	306,362	-	-	-	(306,362)
Support Services:					
Facilities Operation and Maintenance	192,787	-	80	-	(192,707)
Information Services	129,965	-	12,393	-	(117,572)
Business Administration	279,201	-	1,831	-	(277,370)
Capital Outlay	44,077	-	-	760	(43,317)
<b>Total Governmental Activities</b>	<b>\$ 2,083,046</b>	<b>\$ 28,234</b>	<b>\$ 17,554</b>	<b>\$ 760</b>	<b>(2,036,498)</b>
<b>General Receipts</b>					
					804,955
					1,439,107
					104,221
					7,540
					24,841
					10,421
					<u>2,391,085</u>
					354,587
					<u>4,425,584</u>
					<u>\$ 4,780,171</u>

See accompanying notes to the basic financial statements.

**Birchard Public Library**  
**Sandusky County**  
*Statement of Assets and Fund Balances - Cash Basis*  
*Governmental Funds*  
*December 31, 2016*

	General & Special Revenue	Building & Repair Fund	Technology Development Fund	Total Governmental Funds
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$ 3,122,288	\$ 1,634,762	\$ 23,121	\$ 4,780,171
<i>Total Assets</i>	<u>\$ 3,122,288</u>	<u>\$ 1,634,762</u>	<u>\$ 23,121</u>	<u>\$ 4,780,171</u>
<b>Fund Balances</b>				
Restricted	\$ 131,574	\$ -	\$ -	\$ 131,574
Assigned	1,190,824	1,634,762	23,121	2,848,707
Unassigned	<u>1,799,890</u>	<u>-</u>	<u>-</u>	<u>1,799,890</u>
<i>Total Fund Balances</i>	<u>\$ 3,122,288</u>	<u>\$ 1,634,762</u>	<u>\$ 23,121</u>	<u>\$ 4,780,171</u>

See accompanying notes to the basic financial statements.

**Birchard Public Library**  
**Sandusky County**

*Statement of Receipts, Disbursements and Changes in Fund Balances - Cash Basis*

*Governmental Funds*

*For the Year Ended December 31, 2016*

	General & Special Revenue	Building & Repair Fund	Technology Development Fund	Total Governmental Funds
<b>Receipts</b>				
Property and Other Local Taxes	\$ 804,955	\$ -	\$ -	\$ 804,955
Public Library	1,439,107	-	-	1,439,107
Intergovernmental	104,221	-	-	104,221
Patron Fines and Fees	28,234	-	-	28,234
Contributions, Gifts and Donations	11,630	-	-	11,630
Earnings on Investments	24,841	-	-	24,841
Miscellaneous	10,421	-	-	10,421
Other Receipts	14,224	-	-	14,224
<i>Total Receipts</i>	<u>2,437,633</u>	<u>-</u>	<u>-</u>	<u>2,437,633</u>
<b>Disbursements</b>				
Current:				
Library Services:				
Public Services and Programs	1,130,654	-	-	1,130,654
Collection Development and Processing	306,362	-	-	306,362
Support Services:				
Facilities Operation and Maintenance	189,337	1,881	1,569	192,787
Information Services	129,965	-	-	129,965
Business Administration	279,201	-	-	279,201
Capital Outlay	24,773	-	19,304	44,077
<i>Total Disbursements</i>	<u>2,060,292</u>	<u>1,881</u>	<u>20,873</u>	<u>2,083,046</u>
<i>Net Change in Fund Balance</i>	377,341	(1,881)	(20,873)	354,587
<i>Fund Balances Beginning of Year</i>	<u>2,744,947</u>	<u>1,636,643</u>	<u>43,994</u>	<u>4,425,584</u>
<i>Fund Balances End of Year</i>	<u>\$ 3,122,288</u>	<u>\$ 1,634,762</u>	<u>\$ 23,121</u>	<u>\$ 4,780,171</u>

See accompanying notes to the basic financial statements.

**Birchard Public Library**  
**Sandusky County**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual - Budget Basis*  
*General Fund*  
*For the Year Ended December 31, 2016*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Receipts</b>				
Property and Other Local Taxes	\$ 796,101	\$ 796,101	\$ 804,955	\$ 8,854
Public Library	1,478,320	1,478,320	1,439,107	(39,213)
Intergovernmental	109,000	109,000	104,221	(4,779)
Patron Fines and Fees	30,000	30,000	28,234	(1,766)
Contributions, Gifts and Donations	6,500	6,500	6,665	165
Earnings on Investments	12,000	12,000	24,841	12,841
Miscellaneous	24,500	24,500	24,645	145
<i>Total Receipts</i>	<u>2,456,421</u>	<u>2,456,421</u>	<u>2,432,668</u>	<u>(23,753)</u>
<b>Disbursements</b>				
Current:				
Library Services:				
Public Services and Programs	1,242,510	1,241,978	1,130,468	111,510
Collection Development and Processing	415,374	415,374	333,276	82,098
Support Services:				
Facilities Operation and Maintenance	231,737	232,483	192,435	40,048
Information Services	134,345	134,416	129,966	4,450
Business Administration	370,547	370,262	278,168	92,094
Capital Outlay	51,332	51,332	25,356	25,976
<i>Total Disbursements</i>	<u>2,445,845</u>	<u>2,445,845</u>	<u>2,089,669</u>	<u>356,176</u>
<i>Net Change in Fund Balance</i>	10,576	10,576	342,999	332,423
<i>Unencumbered Fund Balance at Beginning of Year</i>	1,426,621	1,426,621	1,426,621	-
Prior Year Encumbrances Appropriated	30,270	30,270	30,270	-
<i>Unencumbered Fund Balance at End of Year</i>	<u>\$ 1,467,467</u>	<u>\$ 1,467,467</u>	<u>\$ 1,799,890</u>	<u>\$ 332,423</u>

See accompanying notes to the basic financial statements.

**BIRCHARD PUBLIC LIBRARY  
SANDUSKY COUNTY**  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016

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**NOTE 1 - DESCRIPTION OF THE LIBRARY AND REPORTING ENTITY**

The Birchard Public Library of Sandusky County Library (the Library) first opened its doors to the public in 1874, established through a bequest of Sardis Birchard and the leadership of Rutherford B. Hayes. The Library changed its status from an association library to a county district library in 1968 under the laws of the State of Ohio. The Library has its own seven-member Board of Trustees, 4 trustees are appointed by the Board of County Commissioners and 3 trustees are appointed by the Common Pleas judges. Appointments are for seven-year terms and members serve without compensation. Under Ohio statutes, the Library is a body politic and corporate capable of suing and being sued, contracting, acquiring, holding, possessing, and disposing of real property, and of exercising such other powers and privileges conferred upon it by law. The Library also determines and operates under its own budget. Control and management of the Library is governed by sections 3375.33 to 3375.39 of the Ohio Revised Code with the administration of the day-to-day operations of the Library being the responsibility of the Director and financial accountability being solely that of the Fiscal Officer.

Component units are legally separate organizations for which the Library is financially accountable. The Library is financially accountable for an organization if the Library appoints a voting majority of the organization's governing board; and (1) the Library is able to significantly influence the programs or services performed or provided by the organization; or (2) the Library is legally entitled to or can otherwise access the organization's resources; the Library is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Library is obligated for the debt of the organization. Component units may also include organizations for which the Library authorizes the issuance of debt or the levying of taxes or determines the budget if there is also the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the Library. The Library has no component units.

The Friends of the Birchard Public Library is a not-for-profit organization with a self-appointing board. The Library is not financially accountable for the organization, nor does the Library approve the budget or the issuance of debt of the organization. The revenues/net assets of the Friends of Birchard Public Library per its Form 990-N (e-postcard) as filed with the Internal Revenue Service does not exceed 5% of the Library's total fund revenues or net assets. Therefore, this organization has been excluded from the reporting entity of the Library.

The Birchard Library Association Foundation is a not-for-profit organization with a self-appointing board. The Library is not financially accountable for the organization, nor does the Library approve the budget or the issuance of debt of the organization. The Library does not have the ability to access a majority of the economic resources received or held by the separate organization, therefore, this organization has been excluded from the reporting entity of the Library.

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

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

As discussed further below, the financial statements of the Library have been prepared on a cash basis of accounting. The cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. The Library's most significant accounting principles are described below.

**BIRCHARD PUBLIC LIBRARY**  
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(CONTINUED)

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**Basis of Presentation**

The Library's basic financial statements consist of government-wide statements, including a statement of net assets and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

**Government-Wide Financial Statements** – The Statement of Net Position and the Statement of Activities display information about the Library as a whole. These statements distinguish between activities that are governmental and those that are considered business-type activities. The Library had no business-type activities during the year ended December 31, 2016.

The Statement of Net Position presents the cash and investment balances of the governmental activities of the Library at year-end. The Statement of Activities presents a comparison between direct disbursements and program receipts for each program or function of the Library's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Library is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program, and receipts of interest earned on grants that are required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a modified cash basis or draws from the Library's general receipts.

**Fund Financial Statements** -- During the year, the Library segregates transactions related to certain Library functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance.

Fund financial statements are designed to present financial information of the Library at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

**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 Library's funds are all classified as governmental.

**Governmental Funds** Governmental funds are those through which most governmental functions of the Library are financed. The following are the Library's major governmental funds

General Fund The General Fund reports all financial resources except those required to be 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.

Building and Repair Fund – The Building and Repair Fund accounts for and reports resources committed by the Board of Library Trustees specifically for major capital improvements.

The other governmental funds of the Library are capital project funds that account for receipts restricted to expenditures for acquiring, constructing, repairing, or maintaining major capital projects.

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(CONTINUED)

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**Basis of Accounting**

The Library's financial statements are prepared using the modified cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Library's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Library are described in the appropriate section in this note.

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued liabilities and the related expenses) are not recorded in these financial statements.

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

**Budgetary Process**

All funds are legally required to be appropriated. The appropriations resolution is the Trustee's authorization to spend resources and sets limits on cash disbursements plus encumbrances at the level of control selected by the Trustees. The legal level of control has been established at the fund and character or major category of the object code level for all funds. Budgetary modifications at the legal level of control may only be made by resolution of the Board of Library Trustees.

For control purposes, the Library estimates cash receipts for the year. These estimated receipts, together with the unencumbered carry-over balances from the prior year, set a limit on the amount the Trustees may appropriate. The estimated receipts may be revised during the year if projected increases or decreases in receipts are identified by the Fiscal Officer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts of estimated resources at the time final appropriations were enacted by the Trustees.

The appropriations resolution is subject to amendment throughout the year with the restriction that appropriations should not exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Trustees during the year.



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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(CONTINUED)

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**Cash and Cash Equivalents**

The Library maintains a deposit and investments pool that all funds use. Individual fund integrity is maintained through the Library's records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents."

Investments are reported as assets. 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 negative receipts, respectively.

During 2016, investments were limited to interest-bearing checking and savings accounts, STAR Ohio, STAR Plus, and nonnegotiable certificates of deposit. Investments are recorded at current value.

STAR Ohio (The State Treasury Asset Reserve of Ohio) is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB) Statement No. 79, "Certain External Investment Pools and Pool Participants". The Library has also implemented GASB Statement No. 79 for 2016. The implementation of this GASB pronouncement had no effect on beginning net position/fund balance. The Library measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For 2016, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$50 million, requiring the excess amount to be transacted the following business day(s), but only to the \$50 million limit. All accounts of the participant will be combined for these purposes.

The Library also invests in STAR Plus, a federally insured cash account powered by the Federally Insured Cash Account (FICA) program. STAR Plus enables political subdivisions to generate a competitive yield on cash deposits in a network of carefully-selected FDIC-insured banks via a single, convenient account. STAR Plus offers attractive yields with no market or credit risk, weekly liquidity, and penalty free withdrawals. All deposits with STAR Plus have full FDIC insurance with no term commitment on deposits. Interest earnings are allocated to Library funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the general fund during 2016 amounted to \$24,840.85 which includes \$17,231.96 assigned from other Library funds.

**Restricted Assets**

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation. Unclaimed monies that are required to be held for five years before they may be utilized by the Library are reported as restricted. The Library has no unclaimed monies.

**Inventory**

The Library reports disbursements for inventories when paid. These items are not reflected as assets in the accompanying financial statements.

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**Capital Assets**

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

**Accumulated Leave**

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Library's cash basis of accounting.

**Employer Contributions to Cost-Sharing Pension Plans**

The Library recognizes the disbursement for their employer contributions to cost-sharing pension plans when they are paid. As described in Notes 7 and 8, the employer contributions include portions for pension benefits and for postretirement health care benefits.

**Long-Term Obligations**

As of December 31, 2016, the Library has no long-term obligations. Lease payments are reported when paid.

**Net Position**

Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes include resources restricted by the Whitmore Trust in the Birchard Library Trust Fund.

The Library's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net position are available.

**Fund Balance**

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

*Nonspendable* – The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form or are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash.

*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.

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**Fund Balance (Continued)**

Committed – The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (resolution) of Library Trustees. Those committed amounts cannot be used for any other purpose unless the Library Trustees remove or change the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned – Amounts in the assigned fund balance classification are intended to be used by the Library for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by the Library Trustees or a Library official delegated that authority by resolution, or by State Statute. State Statute authorizes the Chief Fiscal Officer to assign fund balance for purchases on order provided such amounts have been lawfully appropriated.

Unassigned – Unassigned fund balance is the residual classification for the general fund and includes amounts not contained 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.

**NOTE 3 - BUDGETARY BASIS OF ACCOUNTING**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the General Fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the modified cash basis are as follows:

1. Some funds are included in the general fund (cash basis) but have separate legally adopted budgets (budgetary basis).
2. Outstanding year-end encumbrances are treated as disbursements (budgetary basis) rather than as restricted, committed or assigned fund balance (cash basis).

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(CONTINUED)

**NOTE 3 - BUDGETARY BASIS OF ACCOUNTING (Continued)**

Adjustments necessary to convert the results of operations at the end of the year on the budget basis to the cash basis are as follows:

	General
Budget Basis	\$ 342,999
Encumbrances	39,712
Funds budgeted elsewhere	(5,370)
Cash Basis	\$ 377,341

**NOTE 4 – DEPOSITS AND INVESTMENTS**

State statutes classify monies held by the Library into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Library treasury. Active monies must be maintained either as cash in the Library treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Library has identified as not required for use within the current five-year period of designation of depositories. Inactive deposits must either be evidenced by deposits maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

Interim monies may be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;

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(CONTINUED)

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**NOTE 4 – DEPOSITS AND INVESTMENTS (Continued)**

5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the Library, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the fiscal officer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

At year end, the Library had \$310 in undeposited cash on hand which is included as part of "Equity in Pooled Cash and Cash Equivalents" on the financial statements.

**Deposits**

Custodial credit risk for deposits is the risk that in the event of bank failure, the Library will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$971,448 of the Library's cash and investments of \$4,780,171 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Library's name.

The Library has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Library or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

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**NOTE 4 – DEPOSITS AND INVESTMENTS - (Continued)**

**Investments**

As of December 31, 2016 the Library had the following investments:

	Fair Value
STAR Ohio	\$ 2,114,563

*Interest Rate Risk:* Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The Library does not have an investment policy beyond the requirements of State Statute. Ohio law addresses interest rate risk by requiring that the Library’s investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations thereby avoiding the need to sell securities on the open market prior to maturity.

*Custodial Credit Risk:* For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Library will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The Federal Home Loan Mortgage Corporation Notes, the Federal Home Loan Bank Notes, and U.S. Treasury notes are exposed to custodial credit risk as they are uninsured, unregistered, and held by the counterparty’s trust department or agent but not in the Library’s name.

The Library has no investment policy dealing with investment custodial risk beyond the requirements in ORC 135.14(M)(2) which states, “Payment for investments shall be made only upon the delivery of securities representing such investments to the treasurer, investing authority, or qualified trustee. If the securities transferred are not represented by a certificate, payment shall be made only upon receipt of confirmation of transfer from the custodian by the treasurer, governing board, or qualified trustee.”

*Concentration of Credit Risk:* The Library places no limit on the amount it may invest in any one issuer. The following investments represent five percent or more of total investments as of December 31, 2016:

Investment Issuer	Percentage of Investments
STAR Ohio	100%

**NOTE 5 - GRANTS-IN-AID AND PROPERTY TAXES**

**Grants in Aid**

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.

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(CONTINUED)

**NOTE 5 - GRANTS-IN-AID AND PROPERTY TAXES (Continued)**

**Property Taxes**

Property taxes include amounts levied against all real and public utility property located in the Library. Property tax revenue received during 2016 for real and public utility property taxes represents collections of 2015 taxes.

2016 real property taxes are levied after October 1, 2016, on the assessed value as of January 1, 2016, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2016 real property taxes are collected in and intended to finance 2017.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2015 public utility property taxes which became a lien December 31, 2015, are levied after October 1, 2016, and are collected in 2017 with real property taxes.

The full tax rate for all Library operations for the year ended December 31, 2016, was \$2.40 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2016 property tax receipts were based are as follows:

Real Property	\$919,828,870
Public Utility Personal Property	<u>81,931,230</u>
Total	<u><u>\$1,001,760,100</u></u>

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the Library. The County Auditor periodically remits to the Library its portion of the taxes collected.

**Tax Abatements**

For 2016, Governmental Accounting Standards Board (GASB) Statement No. 77, "Tax Abatement Disclosures" was effective. This GASB pronouncement had no effect on beginning net position as reported December 31, 2015.

For purposes of GASB No. 77, the definition of a tax abatement is: A reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forego tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

Following is information provided by the Sandusky County Auditor regarding tax abatements for tax year 2015, pay 2016:

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**NOTE 5 - GRANTS-IN-AID AND PROPERTY TAXES (Continued)**

**Tax Abatements (Continued)**

tax year 2015 pay 2016		Abated value (100%)		full year for- gone tax for 15 pay 16	
Land Use Code 710 CRA	current owner	Building	Total		
		<b>LUC</b>			
03-50-00-0219-01	MAC'S CONVENIENCE STORES	710	288,500	288,500	6,105.36
03-50-00-2234-00	HIRT, COLL & HOY, LIMITED	710	117,100	117,100	2,478.30
03-60-00-0038-01	SHOUP PROPERTIES LLC	710	32,000	32,000	677.16
03-60-00-0086-00	NUNEZ, STEVE	710	149,160	149,160	2,522.66
03-60-00-0086-05	GISH, MICHAEL J,	710	108,100	108,100	1,828.34
03-60-00-0086-06	RAIFSNIDER, STEVEN M	710	123,850	123,850	2,094.58
03-60-00-0086-07	GARCIA, ELOY	710	193,200	193,200	3,267.24
03-60-00-0090-00	KF VENTURES LTD	710	1,049,600	1,049,600	22,210.98
03-60-00-0099-00	BELLEVUE RETAIL, LLC	710	1,004,910	1,004,910	21,265.36
03-60-00-0105-06	PIFER, LTD	710	243,400	243,400	5,150.68
03-60-00-0105-07	COOK SMITH REAL ESTATE	710	152,000	152,000	3,216.54
03-60-00-0105-08	MILLER, WESLEY G	710	94,600	94,600	2,001.88
03-60-00-0105-09	ROBINSON CLAIRE TRUSTEE	710	290,600	290,600	6,149.48
03-60-00-0140-01	JJCJ LLC	710	569,200	569,200	12,045.06
03-60-00-0141-00	EAGLE CREST PROPERTIES LLC	710	709,500	709,500	15,014.30
32-60-00-0184-02	RE SERVICES #26 & #27 LLC	710	2,157,800	2,157,800	46,620.68
34-50-00-6620-00	SIERRA PRIME LLC	710	318,400	318,400	4,826.72
<b>Number of Parcels: 17</b>	<b>Number of Multiple LUCs:</b>	<b>0</b>	<b>7,601,920</b>	<b>7,601,920</b>	
<b>Code 750 Enterprise Zone</b>					
03-50-00-2233-01	BALL HIRT PROPERTIES, LTD	750	529,700	529,700	11,209.48
03-60-00-0104-00	TOWER AUTOMOTIVE OPERATIONS USA	750	4,457,630	4,457,630	94,329.56
10-01-00-0061-00	CLARK REAL PROPERTY INVES	750	1,988,400	1,988,400	31,558.84
27-24-00-0011-04	FLOOD PROPERTIES 2 LLC	750	683,850	683,850	13,690.60
27-50-00-0315-00	FLOOD PROPERTIES 3 LLC	750	442,620	442,620	8,861.28
32-60-00-0114-06	REVERE PLASTICS SYSTEMS LLC	750	3,911,200	3,911,200	84,507.02
32-60-00-0114-16	EVERGREEN PLASTICS LTD	750	3,424,120	3,424,120	73,980.22
32-60-00-0117-03	SPD ENTERPRISES INC	750	8,638,800	8,638,800	186,646.90
32-60-00-0117-04	MODOLLUZ LTD	750	1,592,630	1,592,630	34,409.78
32-60-00-0184-08	KF VENTURES LTD	750	4,714,600	4,714,600	101,862.00
32-60-00-0184-09	HIGHLAND ACRES DEVELOPMEN	750	5,651,600	5,651,600	122,106.50
34-60-00-0306-00	HEINZ, HJ COMPANY LP	750	2,035,900	2,035,900	30,863.00
34-60-00-0382-04	CURWOOD INC A DELAWARE CORP	750	5,025,140	5,025,140	76,177.54
34-60-00-0413-08	CDSF LTD	750	5,729,600	5,729,600	86,856.60
<b>Number of Parcels: 14</b>	<b>Number of Multiple LUCs:</b>	<b>0</b>	<b>48,825,790</b>	<b>48,825,790</b>	



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**NOTE 6 - RISK MANAGEMENT**

The Library is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2016, the Library contracted with The Ohio Plan for various types of insurance coverage as follows:

<u>Type of Coverage</u>	<u>Coverage</u>
General Liability, in aggregate	\$4,000,000
General Liability, per occurrence	2,000,000
Employers Liability	2,000,000
Employee Benefits Liability, in aggregate	4,000,000
Employee Benefits Liability, per occurrence	2,000,000
Public Officials Liability, in aggregate	4,000,000
Public Officials Liability, per occurrence	2,000,000
Data Breach and Privacy Liability, each claim	250,000
Automobile Coverage, single limit	2,000,000
Automobile Coverage, uninsured	1,000,000
Property, blanket	1,900,388
Property, Specific	6,975,954
Library Materials	3,543,278
Electronic Equipment	259,976
Crime, Public Employee Dishonesty	50,000
Boiler and Machinery	12,445,620
Public Officials Bond	50,000

Settled claims have not exceeded this commercial coverage in any of the past three years and there was no significant reduction in coverage from the prior year.

The Library pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs. The System administers and pays all claims.

**NOTE 7 - DEFINED BENEFIT PENSION PLAN**

***Ohio Public Employees Retirement System***

Plan Description – Library employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features.

**BIRCHARD PUBLIC LIBRARY  
SANDUSKY COUNTY**  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016  
(CONTINUED)

**NOTE 7 - DEFINED BENEFIT PENSION PLAN - (Continued)**

***Ohio Public Employees Retirement System (Continued)***

While members (e.g. Library employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS' traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information, including requirements for reduced and unreduced benefits):

<b>Group A</b>	<b>Group B</b>	<b>Group C</b>
Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Members not in other Groups and members hired on or after January 7, 2013
<b>State and Local</b>	<b>State and Local</b>	<b>State and Local</b>
<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35

Final average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

**BIRCHARD PUBLIC LIBRARY  
SANDUSKY COUNTY**  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016  
(CONTINUED)

**NOTE 7 - DEFINED BENEFIT PENSION PLAN - (Continued)**

***Ohio Public Employees Retirement System (Continued)***

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

<b>2016 Statutory Maximum Contribution Rates</b>	<b>State and Local</b>
Employer	14.0 %
Employee	10.0 %
 <b>2016 Actual Contribution Rates</b>	
Employer:	
Pension	12.0 %
Post-employment Health Care Benefits	2.0
Total Employer	14.0 %
Employee	10.0 %

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.

The Library's required contributions for pension obligations for the years ended December 31, 2016, 2015, and 2014 were \$158,295, \$154,150, and \$152,908 respectively; 92.49 percent has been contributed for 2016 and 100 percent for 2015 and 2014.

**BIRCHARD PUBLIC LIBRARY  
SANDUSKY COUNTY**  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016  
(CONTINUED)

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**NOTE 8 - POSTEMPLOYMENT BENEFITS**

***Ohio Public Employees Retirement System***

Plan Description - The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan—a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan—a defined contribution plan; and the Combined Plan—a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

In March 2016, OPERS received two favorable rulings from the Internal Revenue Service (IRS) allowing OPERS to consolidate all health care assets into the OPERS 115 Health Care Trust. Transition to the new health care trust structure was completed July 1, 2016. As of December 31, 2016, OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a

Health Reimbursement Arrangement to qualifying benefit recipients of both the Traditional Pension and the Combined plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including OPERS sponsored health care coverage. OPERS funds a Retiree Medical Account (RMA) for participants in the Member-Directed Plan. At retirement or refund, participants can be reimbursed for qualified medical expenses from their vested RMA balance.

In order to qualify for health care coverage, age-and-service retirees under the Traditional Pension and Combined plans must have 20 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45. Please see the Plan Statement in the OPERS 2015 CAFR for details.

The Ohio Revised Code permits, but does not require, OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the OPERS Board of Trustees (OPERS Board) in Chapter 145 of the Ohio Revised Code.

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/investments/cafr.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 800-222-7377.

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2016, State and Local employers contributed at a rate of 14.0% of earnable salary and Public Safety and Law Enforcement employers contributed at 18.1%. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 2.0% during calendar year 2016.

**BIRCHARD PUBLIC LIBRARY  
SANDUSKY COUNTY**  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016  
(CONTINUED)

**NOTE 8 - POSTEMPLOYMENT BENEFITS (Continued)**

***Ohio Public Employees Retirement System (Continued)***

As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2017 decreased to 1.0% for both plans. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2016 was 4.0%.

The Library's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2016, 2015, and 2014 were \$22,604, \$22,013, \$20,407 respectively; 92.49% has been contributed for 2016 and 100 percent for 2015 and 2014.

**NOTE 11 – CONTINGENT LIABILITIES**

Amounts grantor agencies pay to the Library are subject to audit and adjustment by the grantor, principally the federal government. Grantors may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

**NOTE 12 - FUND BALANCES**

Fund balance is classified as committed, assigned and/or unassigned based primarily on the extent to which the Library is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds are presented below:

Fund Balances	General	Building & Repair Fund	Other Governmental Funds	Total
<b>Restricted for</b>				
Books - Whitmore Trust	\$ 131,574	\$ -	\$ -	\$ 131,574
<b>Assigned to</b>				
Library projects per fund definitions	1,190,824	1,634,762	23,121	2,848,707
<b>Unassigned (Deficit)</b>				
Total Fund Balances	\$ 3,122,288	\$ 1,634,762	\$ 23,121	\$ 4,780,171



Certified Public Accountants, A.C.

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

June 28, 2018

Birchard Public Library  
Sandusky County  
423 Croghan Street  
Fremont, Ohio 43421

To the Board of Trustees:

We have audited in accordance with auditing standards generally accepted in the United State and the Comptroller General of the United States' *Government Auditing Standards*, the cash-basis financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the **Birchard Public Library**, Sandusky County, (the Library) as of and for the years ended December 31, 2017 and 2016, and the related notes to the financial statements which collectively comprise the Library's basic financial statements and have issued our report thereon dated June 28, 2018, wherein we noted the Library uses a special purpose framework other than generally accepted accounting principles.

***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.

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***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*.

We did note certain matters not requiring inclusion in this report that we reported to the Library's management in a separate letter dated June 28, 2018.

***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 communication is not suitable for any other purpose.



**Perry and Associates**  
Certified Public Accountants, A.C.  
Marietta, Ohio

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# Dave Yost • Auditor of State

**BIRCHARD PUBLIC LIBRARY**

**SANDUSKY 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  
SEPTEMBER, 4 2018**