



**BIRCHARD PUBLIC LIBRARY  
SANDUSKY COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 1999-1998**



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

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**STATE OF OHIO**



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STATE OF OHIO  
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## REPORT OF INDEPENDENT ACCOUNTANTS

Birchard Public Library  
Sandusky County  
423 Croghan Street  
Fremont, Ohio 43420-2499

To the Board of Trustees:

We have audited the accompanying financial statements of the Birchard Public Library, Sandusky County, Ohio, (the Library) as of and for the years ended December 31, 1999 and 1998. These financial statements are the responsibility of the Library's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 1, the Library prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Library as of December 31, 1999 and 1998, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 14, 2000 on our consideration of the Library's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

This report is intended solely for the information and use of management, the Board of Trustees, and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

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

**Jim Petro**  
Auditor of State

June 14, 2000

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

	<b>Governmental Fund Types</b>	
	<b>General</b>	<b>Special Revenue</b>
<b>Cash Receipts:</b>		
Taxes	\$1,730,241	
Other Government Grants-In-Aid		\$8,774
Patron Fines and Fees	25,692	
Earnings on Investments	69,440	
Contributions, Gifts and Donations	5,955	
Miscellaneous Receipts	18,819	
	1,850,147	8,774
Total Cash Receipts		
<b>Cash Disbursements:</b>		
Current:		
Salaries and Benefits	859,659	
Supplies	40,143	
Purchased and Contracted Services	133,777	8,774
Library Material and Information	277,911	
Other Objects	13,872	
Debt Service:		
Redemption of Principal		
Interest Payments and Other Financing Fees and Costs		
Capital Outlay	25,654	
	1,351,016	8,774
Total Cash Disbursements		
Total Cash Receipts Over/(Under) Cash Disbursements	499,131	
<b>Other Financing Receipts/(Disbursements):</b>		
Proceeds from Sales of Property	791	
Transfers-In		
Transfers-Out	(378,000)	
	(377,209)	
Total Other Financing Receipts/(Disbursements)		
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	121,922	
Fund Cash Balances, January 1	370,651	
<b>Fund Cash Balances, December 31</b>	<b>\$492,573</b>	
Reserves for Encumbrances, December 31	\$84,632	

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



<u>Governmental Fund Types</u>		<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
<u>Debt Service</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
\$379,721			\$2,109,962
39,391			48,165
			25,692
	\$35,388	\$35,059	139,887
		48,285	54,240
			18,819
<u>419,112</u>	<u>35,388</u>	<u>83,344</u>	<u>2,396,765</u>
			859,659
		5,328	45,471
8,549	37,816	15	188,931
		2,861	280,772
			13,872
315,000			315,000
94,908			94,908
	24,167		49,821
<u>418,457</u>	<u>61,983</u>	<u>8,204</u>	<u>1,848,434</u>
<u>655</u>	<u>(26,595)</u>	<u>75,140</u>	<u>548,331</u>
			791
	350,031	27,969	378,000
			(378,000)
	<u>350,031</u>	<u>27,969</u>	<u>791</u>
655	323,436	103,109	549,122
159,346	1,023,154	985,601	2,538,752
<u><b>\$160,001</b></u>	<u><b>\$1,346,590</b></u>	<u><b>\$1,088,710</b></u>	<u><b>\$3,087,874</b></u>
	<u><b>\$96,510</b></u>	<u><b>\$4,218</b></u>	<u><b>\$185,360</b></u>

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

	<b>Governmental Fund Types</b>		
	<b>General</b>	<b>Debt Service</b>	<b>Capital Projects</b>
<b>Cash Receipts:</b>			
Taxes	\$1,583,905	\$369,774	
Other Government Grants-In-Aid		39,171	
Patron Fines and Fees	24,030		
Earnings on Investments	125,548		
Contributions, Gifts and Donations	4,430		
Miscellaneous Receipts	21,026		
	1,758,939	408,945	
<b>Cash Disbursements:</b>			
Current:			
Salaries and Benefits	775,749		
Supplies	36,011		6,502
Purchased and Contracted Services	155,102	8,141	4,569
Library Materials and Information	252,302		
Other Objects	9,478		
Debt Service:			
Redemption of Principal		295,000	
Interest Payments and Other Financing Fees and Costs		114,525	
Capital Outlay	35,380		13,812
	1,264,022	417,666	24,883
Total Cash Disbursements			
	1,264,022	417,666	24,883
Total Cash Receipts Over/(Under) Cash Disbursements	494,917	(8,721)	(24,883)
<b>Other Financing Receipts/(Disbursements):</b>			
Proceeds from Sales of Property	1,126		
Transfers-In			388,888
Transfers-Out	(426,283)		
	(425,157)		388,888
Total Other Financing Receipts/(Disbursements)			
	(425,157)		388,888
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	69,760	(8,721)	364,005
Fund Cash Balances, January 1	300,891	168,067	659,149
<b>Fund Cash Balances, December 31</b>	<b>\$370,651</b>	<b>\$159,346</b>	<b>\$1,023,154</b>
Reserves for Encumbrances, December 31	\$66,341		\$11,130

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

<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
<u>Expendable Trust</u>	
	\$1,953,679
	39,171
	24,030
	125,548
\$87,090	91,520
	21,026
<u>87,090</u>	<u>2,254,974</u>
	775,749
1,704	44,217
235	168,047
8,154	260,456
	9,478
	295,000
	114,525
	49,192
<u>10,093</u>	<u>1,716,664</u>
<u>76,997</u>	<u>538,310</u>
	1,126
37,395	426,283
	(426,283)
<u>37,395</u>	<u>1,126</u>
114,392	539,436
<u>871,209</u>	<u>1,999,316</u>
<u><b>\$985,601</b></u>	<u><b>\$2,538,752</b></u>
<u><u>\$5,593</u></u>	<u><u>\$83,064</u></u>

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Birchard Public Library, Sandusky County, (the Library) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Library is directed by a seven-member Board of Trustees appointed by the Court of Common Pleas and the County Commissioners. The Library provides the community with various educational and literary resources.

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

**B. Basis of Accounting**

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

**C. Cash and Investments**

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Except gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

The investment in STAR Ohio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer.

**D. Fund Accounting**

The Library uses fund accounting to segregate cash and investments that are restricted as to use. The Library classifies its funds into the following types:

**1. General Fund**

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

**2. Special Revenue Funds**

This fund is used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Library had the following significant Special Revenue Fund:

The Telecommunity Fund is used to record the revenue and expenditures for the telecommunity grant.

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

**3. Debt Service Funds**

The debt service fund is used to accumulate resources for the payment of bonds and note indebtedness:

Bond Retirement Fund is used to pay the principal and interest on the Library Improvement Bonds that were issued in 1989.

**4. Capital Project Funds**

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Library had the following significant capital project fund:

Construction Fund receives proceeds of general obligation bonds and interest. The proceeds are used for building improvements and the purchase of equipment.

**5. Fiduciary Funds (Trust Funds)**

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

Birchard Public Library Trust receives an annual estate payment plus interest. The proceeds are used to provide money for books, publications, and materials for the Birchard Public Library.

**E. Budgetary Process**

The Ohio Administrative Code requires that each fund be budgeted annually.

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund and function level of control. The Board of Trustees must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

**2. Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1.

**3. Encumbrances**

The Ohio Administrative Code requires the Library to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

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

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

**F. Property, Plant and Equipment**

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

**G. Unpaid Vacation and Sick Leave**

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the Library.

**2. EQUITY IN POOLED CASH AND INVESTMENTS**

The Library maintains a cash and investments pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 follows:

	<b>1999</b>	<b>1998</b>
Demand deposits	\$291,905	\$164,334
Petty Cash	280	280
Total deposits	292,185	164,614
STAR Ohio	2,795,689	2,374,138
Total deposits and investments	\$3,087,874	\$2,538,752

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

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

**3. BUDGETARY ACTIVITY**

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

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,780,420	\$1,850,938	\$70,518
Special Revenue		8,774	8,774
Debt Service	419,509	419,112	(397)
Capital Projects	41,700	385,419	343,719
Fiduciary	77,300	111,313	34,013
Total	\$2,318,929	\$2,775,556	\$456,627

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

1999 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,042,930	\$1,813,648	\$229,282
Special Revenue	8,774	8,774	
Debt Service	424,908	418,457	6,451
Capital Projects	582,630	158,493	424,137
Fiduciary	372,643	12,422	360,221
Total	<u>\$3,431,885</u>	<u>\$2,411,794</u>	<u>\$1,020,091</u>

1998 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,599,854	\$1,760,065	\$160,211
Debt Service	412,584	408,945	(3,639)
Capital Projects	37,800	388,888	351,088
Fiduciary	82,415	124,485	42,070
Total	<u>\$2,132,653</u>	<u>\$2,682,383</u>	<u>\$549,730</u>

1998 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,897,150	\$1,756,646	\$140,504
Debt Service	424,525	417,666	6,859
Capital Projects	545,000	36,013	508,987
Fiduciary	425,806	15,686	410,120
Total	<u>\$3,292,481</u>	<u>\$2,226,011</u>	<u>\$1,066,470</u>

**4. GRANTS-IN-AID AND TAX RECEIPTS**

The primary source of revenue for Ohio public libraries is the State Library and Local Government Support Fund (LLGSF). The LLGSF is allocated to each county based on the county's prior intangibles tax of LLGSF revenues, and its population. The County Budget Commission allocates these funds to the Library based on its needs such as for the construction of new library buildings, improvements, operation, maintenance, or other expenses. The Budget Commission cannot reduce its allocation of these funds to the Library on account of any additional revenues realized by the Library.

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the taxing authority of the subdivision to whose jurisdiction the Library is subject. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Other Governments Grants



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

In Aid. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, the first half is due December 31. The second half payment is due the following June 20.

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

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

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

**5. DEBT**

Debt outstanding at December 31, 1999 was as follows:

	Principal	Interest Rate
General Obligation Bonds	\$1,085,000	6.65 to 6.85%

The General Obligation Bonds relate to a loan taken out in 1989, to improve the Library buildings. The bonds will be repaid in annual installments over 13 years. Amortization of the above debt, including interest, is scheduled as follows:

Year ending December 31:	General Obligation Bonds
2000	\$413,802
2001	410,853
2002	411,372
Total	\$1,236,027

**6. RETIREMENT SYSTEM**

The Public Employees Retirement System of Ohio (PERS) is a state operated, cost-sharing, multiple employer public employee retirement system. PERS provides retirement benefits to vested employees who are eligible to retire based upon years of service. PERS also provides survivor and disability benefits to vested employees.

Contribution rates are also prescribed by the Ohio Revised Code. The Library's PERS members contributed 8.5% of their gross salaries. The Library contributed an amount equal to 13.55% of participants' gross salaries. The Library has paid all contributions required through December 31, 1999.

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

**7. RISK MANAGEMENT**

The Library has obtained commercial insurance for the following risks:

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

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



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

Birchard Public Library  
Sandusky County  
423 Croghan Street  
Fremont, Ohio 43420-2499

To the Board of Trustees:

We have audited the accompanying financial statements of the Birchard Public Library, Sandusky County, Ohio, (the Library) as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated June 14, 2000. We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Compliance

As part of obtaining reasonable assurance about whether the Library's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered Library's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted a matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the Library in a separate letter dated June 14, 2000.

This report is intended for the information and use of management and the Board of Trustees, and is not intended to be and should not be used by anyone other than these specified parties.

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

**Jim Petro**  
Auditor of State

June 14, 2000



STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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**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  
JULY 6, 2000**