



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**BIRCHARD PUBLIC LIBRARY
SANDUSKY COUNTY**

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STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

One Government Center
Suite 1420
Toledo, Ohio 43604-2246
Telephone 419-245-2811
800-443-9276
Facsimile 419-245-2484
www.auditor.state.oh.us

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 Birchard Public Library (the Library) as of and for the years ended December 31, 2001 and 2000. These financial statements are the responsibility of the Library's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Library as of December 31, 2001 and 2000, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 2, 2002 on our consideration of the Library's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

A handwritten signature in black ink, appearing to read "Jim Petro", written in a cursive style.

Jim Petro
Auditor of State

May 2, 2002

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**BIRCHARD PUBLIC LIBRARY
SANDUSKY COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Governmental Fund Types</u>		
	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>
Cash Receipts:			
Property and Other Local Taxes	\$1,896,703	\$357,190	
Other Government Grants-In-Aid		37,094	
Patron Fines and Fees	26,476		
Earnings on Investments	45,474		\$72,050
Contributions, Gifts and Donations	23,007		
Miscellaneous Receipts	18,307		
Total Cash Receipts	<u>2,009,967</u>	<u>394,284</u>	<u>72,050</u>
Cash Disbursements:			
Current:			
Salaries and Benefits	1,037,052		
Purchased and Contracted Services	541,294	7,790	97,944
Other Objects	7,931		
Debt Service:			
Redemption of Principal		360,000	
Interest Payments and Other Financing Fees and Costs		50,853	
Capital Outlay	45,735		31,523
Total Cash Disbursements	<u>1,632,012</u>	<u>418,643</u>	<u>129,467</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>377,955</u>	<u>(24,359)</u>	<u>(57,417)</u>
Other Financing Receipts/(Disbursements):			
Proceeds from Sales of Property	2,042		
Transfers-In			350,000
Transfers-Out	(350,000)		
Total Other Financing Receipts/(Disbursements)	<u>(347,958)</u>		<u>350,000</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	29,997	(24,359)	292,583
Fund Cash Balances, January 1	508,199	164,829	1,726,653
Fund Cash Balances, December 31	<u><u>\$538,196</u></u>	<u><u>\$140,470</u></u>	<u><u>\$2,019,236</u></u>
Reserves for Encumbrances, December 31	<u><u>\$71,694</u></u>		<u><u>\$17,565</u></u>

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>	
	\$2,253,893
	37,094
	26,476
\$49,496	167,020
1,020	24,027
	18,307
<u>50,516</u>	<u>2,526,817</u>
	1,037,052
3,546	650,574
	7,931
	360,000
	50,853
3,040	80,298
<u>6,586</u>	<u>2,186,708</u>
<u>43,930</u>	<u>340,109</u>
	2,042
	350,000
	(350,000)
	<u>2,042</u>
43,930	342,151
<u>1,201,954</u>	<u>3,601,635</u>
<u>\$1,245,884</u>	<u>\$3,943,786</u>
<u>\$3,402</u>	<u>\$92,661</u>

**BIRCHARD PUBLIC LIBRARY
SANDUSKY COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2000**

	Governmental Fund Types	
	General	Special Revenue
Cash Receipts:		
Property and Other Local Taxes	\$1,863,066	
Other Government Grants-In-Aid		\$6,935
Patron Fines and Fees	20,099	
Earnings on Investments	49,487	
Contributions, Gifts and Donations	5,152	
Miscellaneous Receipts	16,702	
	1,954,506	6,935
Total Cash Receipts	1,954,506	6,935
Cash Disbursements:		
Current:		
Salaries and Benefits	982,238	
Purchased and Contracted Services	519,930	6,935
Other Objects	11,709	
Debt Service:		
Redemption of Principal		
Interest Payments and Other Financing Fees and Costs		
Capital Outlay	25,076	
	1,538,953	6,935
Total Cash Disbursements	1,538,953	6,935
Total Cash Receipts Over/(Under) Cash Disbursements	415,553	
Other Financing Receipts/(Disbursements):		
Proceeds from Sales of Property	73	
Transfers-In		
Transfers-Out	(400,000)	
	(399,927)	
Total Other Financing Receipts/(Disbursements)	(399,927)	
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	15,626	
Fund Cash Balances, January 1	492,573	
Fund Cash Balances, December 31	\$508,199	
Reserves for Encumbrances, December 31	\$44,217	

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>	
\$387,027			\$2,250,093
40,320			47,255
			20,099
	\$83,169	\$69,413	202,069
		60,978	66,130
			16,702
<u>427,347</u>	<u>83,169</u>	<u>130,391</u>	<u>2,602,348</u>
			982,238
8,716	83,556	14,072	633,209
			11,709
340,000			340,000
73,803			73,803
	19,550	3,075	47,701
<u>422,519</u>	<u>103,106</u>	<u>17,147</u>	<u>2,088,660</u>
<u>4,828</u>	<u>(19,937)</u>	<u>113,244</u>	<u>513,688</u>
			73
	400,000		400,000
			(400,000)
	<u>400,000</u>		<u>73</u>
4,828	380,063	113,244	513,761
160,001	1,346,590	1,088,710	3,087,874
<u>\$164,829</u>	<u>\$1,726,653</u>	<u>\$1,201,954</u>	<u>\$3,601,635</u>
	<u>\$65,507</u>	<u>\$7,161</u>	<u>\$116,885</u>

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**BIRCHARD PUBLIC LIBRARY
SANDUSKY COUNTY**

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

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 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. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

Certificates of deposit are valued at cost. Money market mutual funds (including STAR Ohio) are recorded at share values reported by the mutual fund.

D. Fund Accounting

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

1. General Fund

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

2. Special Revenue Funds

These funds are 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 during fiscal year 2000:

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

**BIRCHARD PUBLIC LIBRARY
SANDUSKY COUNTY**

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

3. Debt Service Funds

The debt service fund is used to accumulate resources for the payment of bonds and note indebtedness. The Library had the following significant debt service fund:

The 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:

The 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 and Agency 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. Funds for which the Library is acting in an agency capacity are classified as agency funds. The Library had the following significant fiduciary fund:

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

E. Budgetary Process

The Ohio Administrative Code requires budgeting for each fund annually.

1. Appropriations

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

2. Estimated Resources

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

3. Encumbrances

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

**BIRCHARD PUBLIC LIBRARY
SANDUSKY COUNTY**

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

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

A summary of 2001 and 2000 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

G. Accumulated Leave

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

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:

	2001	2000
Demand deposits	\$134,868	\$40,081
Certificates of deposit	200,000	507,762
Petty Cash	280	280
Total deposits	335,148	548,123
STAR Ohio	3,608,638	3,053,512
Total deposits and investments	\$3,943,786	\$3,601,635

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

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

3. BUDGETARY ACTIVITY

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

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,343,750	\$2,053,706	\$290,044
Debt Service	420,853	418,643	2,210
Capital Projects	1,440,500	147,032	1,293,468
Fiduciary	1,054,050	9,988	1,044,062
Total	\$5,259,153	\$2,629,369	\$2,629,784

**BIRCHARD PUBLIC LIBRARY
SANDUSKY COUNTY**

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

2000 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,836,367	\$1,954,579	\$118,212
Special Revenue	10,975	6,935	(4,040)
Debt Service	420,580	427,347	6,767
Capital Projects	337,000	483,169	146,169
Fiduciary	94,000	130,391	36,391
Total	<u>\$2,698,922</u>	<u>\$3,002,421</u>	<u>\$303,499</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,136,367	\$1,983,170	\$153,197
Special Revenue	10,975	6,935	4,040
Debt Service	428,803	422,519	6,284
Capital Projects	762,050	168,613	593,437
Fiduciary	418,050	24,308	393,742
Total	<u>\$3,756,245</u>	<u>\$2,605,545</u>	<u>\$1,150,700</u>

4. GRANTS-IN-AID AND TAX RECEIPTS

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

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

**BIRCHARD PUBLIC LIBRARY
SANDUSKY COUNTY**

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

5. DEBT

Debt outstanding at December 31, 2001 was as follows:

	Principal	Interest Rate
General Obligation Bonds	\$385,000	6.75 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 thirteen years. Amortization of the above debt, including interest, is scheduled as follows:

Year ending December 31:	General Obligation Bonds
2002	\$411,372

6. RETIREMENT SYSTEM

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

Contribution rates are prescribed by the Ohio Revised Code. The Library's PERS members contributed 8.5% of their gross salaries. The Library contributed an amount equal to 13.55% of participants' gross salaries through June 30, 2000. PERS temporarily reduced the employer contribution rate to 8.13% effective July 1, 2000. The Library has paid all contributions required through December 31, 2001.

7. RISK MANAGEMENT

Commercial Insurance

The Birchard Public Library has obtained commercial insurance for the following risks:

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

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

**BIRCHARD PUBLIC LIBRARY
SANDUSKY COUNTY**

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

8. LEASE / RELATED AGREEMENTS

A. Village of Woodville

The Library leased a building from the Village of Woodville for its Woodville Branch. The Village of Woodville agreed to pay for all water and sewer rents, other utilities including gas, electric, phone, heat, air conditioning, and interior and exterior building maintenance. In addition, the Village of Woodville agreed to insure the building against fire or other casualty during the term of the lease. The Library pays rent of ten dollars annually. The lease with the Village of Woodville expires November 29, 2002. The Library is independent of the Village and does not vote on Village matters.

B. Village of Gibsonburg

The Village of Gibsonburg has an agreement with the Library to not charge the Library for utilities or snow removal for its Gibsonburg branch. The Library branch has been receiving utilities and snow removal at no charge since April 1986. The Library is independent of the Village and does not vote on Village matters.

C. Village of Green Springs

The Library's Board of Trustees decided to replace its Green Springs branch location with a new building. During the period of demolition and reconstruction, the Library requested permission to erect a temporary branch location on property owned by the Village of Green Springs. The Village of Green Springs Council approved the request to erect the temporary branch location with no property rent charged to the Library. The temporary branch location was erected in January 2000 and will be located on Village of Green Springs property for a period of two to three years. Construction of the new branch location is scheduled to begin during fiscal year 2002. The Library is independent of the Village and does not vote on Village matters.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

One Government Center
Suite 1420
Toledo, Ohio 43604-2246
Telephone 419-245-2811
800-443-9276
Facsimile 419-245-2484
www.auditor.state.oh.us

**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 Birchard Public Library (the Library) as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated May 2, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

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

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Library's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted 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 May 2, 2002.

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

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is stylized with a large, looping initial "J" and a long horizontal stroke extending to the right.

Jim Petro
Auditor of State

May 2, 2002



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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

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
MAY 23, 2002**