



**BIRCHARD PUBLIC LIBRARY
SANDUSKY COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2009



Mary Taylor, CPA
Auditor of State

**BIRCHARD PUBLIC LIBRARY
SANDUSKY COUNTY**

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Mary Taylor, CPA
Auditor of State

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

To the Board of Trustees:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

Mary Taylor

Mary Taylor, CPA
Auditor of State

April 21, 2010

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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, Sandusky County, (the Library) as of and for the years ended December 31, 2009 and 2008. 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Library has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Library's larger (i.e. major) funds separately. While the Library does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require libraries to reformat their statements. The Library has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2009 and 2008 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Library as of December 31, 2009 and 2008, or its changes in financial position for the years then ended.

Also, 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 Birchard Public Library, Sandusky County, as of December 31, 2009 and 2008, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Library has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 21, 2010, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



Mary Taylor, CPA
Auditor of State

April 21, 2010

**BIRCHARD PUBLIC LIBRARY
SANDUSKY COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2009**

	All Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	
Cash Receipts:				
Library and Local Government Support	\$1,415,808			\$1,415,808
Patron Fines and Fees	35,247			35,247
Contributions, Gifts and Donations	7,534	\$5,701		13,235
Grants	1,950			1,950
Earnings on Investments	61,413			61,413
Miscellaneous	10,951			10,951
	1,532,903	5,701		1,538,604
Cash Disbursements:				
Current:				
Salaries	1,171,763			1,171,763
Employee Fringe Benefits	312,739			312,739
Purchased and Contractual Services	187,918	5,438	\$2,475	195,831
Library Materials and Information	167,421	81,648		249,069
Supplies	36,808	7,011		43,819
Other	6,416			6,416
Capital Outlay	16,645	48	8,988	25,681
	1,899,710	94,145	11,463	2,005,318
Total Cash Disbursements	1,899,710	94,145	11,463	2,005,318
Total Disbursements Over Receipts	(366,807)	(88,444)	(11,463)	(466,714)
Fund Cash Balances, January 1	1,008,960	1,599,751	1,908,515	4,517,226
Fund Cash Balances, December 31	\$642,153	\$1,511,307	\$1,897,052	\$4,050,512
Reserve for Encumbrances, December 31	\$55,277	\$10,765		\$66,042

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

**BIRCHARD PUBLIC LIBRARY
SANDUSKY COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>All Governmental Fund Types</u>			<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Library and Local Government Support	\$1,722,775			\$1,722,775
Patron Fines and Fees	33,151			33,151
Contributions, Gifts and Donations	7,160	\$9,375		16,535
Earnings on Investments	32,894	60,133	\$70,900	163,927
Miscellaneous	10,409			10,409
Total Cash Receipts	<u>1,806,389</u>	<u>69,508</u>	<u>70,900</u>	<u>1,946,797</u>
Cash Disbursements:				
Current:				
Salaries	1,062,787			1,062,787
Employee Fringe Benefits	310,314			310,314
Purchased and Contractual Services	209,966	473	19,018	229,457
Library Materials and Information	288,937	4,434		293,371
Supplies	46,821	5,438		52,259
Other	7,135			7,135
Capital Outlay	29,728		7,907	37,635
Total Cash Disbursements	<u>1,955,688</u>	<u>10,345</u>	<u>26,925</u>	<u>1,992,958</u>
Total Receipts Over/(Under) Disbursements	<u>(149,299)</u>	<u>59,163</u>	<u>43,975</u>	<u>(46,161)</u>
Fund Cash Balances, January 1	<u>1,158,259</u>	<u>1,540,588</u>	<u>1,864,540</u>	<u>4,563,387</u>
Fund Cash Balances, December 31	<u>\$1,008,960</u>	<u>\$1,599,751</u>	<u>\$1,908,515</u>	<u>\$4,517,226</u>
Reserve for Encumbrances, December 31	<u>\$67,228</u>	<u>\$1,275</u>		<u>\$68,503</u>

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

**BIRCHARD PUBLIC LIBRARY
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

1. Summary of Significant Accounting Policies

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Birchard Public Library, Sandusky County, (the Library) as a body corporate and politic. The Board of County Commissioners appoint a seven-member Board of Trustees to govern the Library. 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. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Library recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Deposits and Investments

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

The Library values certificates of deposit at cost. StarOhio is recorded at share values 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 reports all financial resources except those required to be accounted for in another fund.

**BIRCHARD PUBLIC LIBRARY
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

2. Special Revenue Funds

These funds account for proceeds from specific sources (other than from private-purpose trusts or for capital projects) that are restricted to expenditure for specific purposes. The Library had the following significant special revenue funds:

Birchard Library Trust Fund – This fund received an annual estate payment and interest until 2003. The principal must be used to provide funding for books, publications and materials for the Library.

System-wide Gifts Fund – This fund receives donations for various projects at the Library.

3. Capital Project Funds

These funds account for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The Library had the following significant capital project fund:

Building and Repair Fund – This fund is used for the building and repair of the buildings and grounds owned by the Library.

E. Budgetary Process

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

A summary of 2009 and 2008 budgetary activity appears in Note 3.

F. Property, Plant, and Equipment

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

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

2. Equity in Pooled Deposits and Investments

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

**BIRCHARD PUBLIC LIBRARY
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

2. Equity in Pooled Deposits and Investments (Continued)

	2009	2008
Demand deposits	\$1,445,525	\$76,692
Certificates of deposit	1,947,103	2,002,810
Cash on hand	310	310
Total deposits and cash on hand	3,392,938	2,079,812
 STAR Ohio	 657,574	 2,437,414
 Total deposits, cash on hand and investments	 \$4,050,512	 \$4,517,226

Deposits: Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by securities specifically pledged by the financial institution to the Library; or 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, 2009 and 2008 follows:

2009 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,496,226	\$1,532,903	\$36,677
Special Revenue	5,701	5,701	
Total	\$1,501,927	\$1,538,604	\$36,677

2009 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,108,968	\$1,954,987	\$153,981
Special Revenue	630,260	104,910	525,350
Capital Projects	1,254,000	11,463	1,242,537
Total	\$3,993,228	\$2,071,360	\$1,921,868

**BIRCHARD PUBLIC LIBRARY
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

3. Budgetary Activity (Continued)

2008 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,818,020	\$1,806,389	(\$11,631)
Special Revenue	53,430	69,508	16,078
Capital Projects	68,700	70,900	2,200
Total	\$1,940,150	\$1,946,797	\$6,647

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,180,167	\$2,022,916	\$157,251
Special Revenue	914,455	11,620	902,835
Capital Projects	1,045,700	26,925	1,018,775
Total	\$4,140,322	\$2,061,461	\$2,078,861

4. Grants-In-Aid

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

5. Retirement System

The Library's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2009 and 2008, OPERS members contributed 10% of their gross salaries and the Library contributed an amount equaling 14% of participants' gross salaries. The Library has paid all contributions required through December 31, 2009.

6. Risk Management

Commercial Insurance

The Library has obtained commercial insurance for the following risks:

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

**BIRCHARD PUBLIC LIBRARY
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

7. Lease and 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 the water and sewer rents, other utilities including electric, air conditioning, and building maintenance, interior and exterior, service of the premises. The Library agreed to pay for gas and phone services. In addition, the Village of Woodville agreed to insure the building against fire and other casualty during the terms of the lease. The Library agreed to insure any leasehold improvements it makes during the term of the lease for its own benefit. If the premises should be made un-tenantable by fire or other casualty, the lease would terminate. If the premises can be restored to at tenantable condition, at the joint election of the Village of Woodville and the Library, the premises shall be restored provided combined insurance proceeds are sufficient to pay for such repairs. The Library pays rent of one dollar annually. The lease with the Village of Woodville expires March 3, 2013. The Library is independent of the Village and does not vote of Village matters.

B. Village of Gibsonburg

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

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS 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 financial statements of the Birchard Public Library, Sandusky County, (the Library) as of and for the years ended December 31, 2009 and 2008 and have issued our report thereon dated April 21, 2010, wherein we noted the Library followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. 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 the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Library's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Library's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Library's internal control over financial reporting.

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 more than a reasonable possibility that a material misstatement of the Library's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

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, providing an opinion 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 intend this report solely for the information and use of management, the audit committee, the Board of Trustees, and others within the Library. We intend it for no one other than these specified parties.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

April 21, 2010



Mary Taylor, CPA
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
MAY 6, 2010**