



**Auditor of State
Betty Montgomery**

**BIRCHARD PUBLIC LIBRARY
SANDUSKY COUNTY**

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**Auditor of State
Betty Montgomery**

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 the Birchard Public Library, Sandusky County, (the Library) as of and for the years ended December 31, 2003 and 2002. 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 Birchard Public Library, Sandusky County, as of December 31, 2003 and 2002, 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 February 25, 2004 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 that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

February 25, 2004

**BIRCHARD PUBLIC LIBRARY
SANDUSKY COUNTY**

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, 2003

	Governmental Fund Types		Fiduciary Fund Type	Totals (Memorandum Only)
	General	Capital Projects	Expendable Trust	
Cash Receipts:				
Other Government Grants-In-Aid	\$ 1,730,304	\$ -	\$ -	\$ 1,730,304
Patron Fines and Fees	31,807	-	-	31,807
Earnings on Investments	11,733	17,828	14,402	43,963
Contributions, Gifts and Donations	5,646	-	116,712	122,358
Miscellaneous Receipts	14,751	-	120	14,871
Total Cash Receipts	1,794,241	17,828	131,234	1,943,303
Cash Disbursements:				
Current:				
Salaries and Benefits	1,087,457	-	-	1,087,457
Purchased and Contracted Services	187,001	9,176	-	196,177
Other Objects	334,090	-	3,377	337,467
Capital Outlay	12,684	44,117	985	57,786
Total Cash Disbursements	1,621,232	53,293	4,362	1,678,887
Total Cash Receipts Over/(Under) Cash Disbursements	173,009	(35,465)	126,872	264,416
Other Financing Receipts/(Disbursements):				
Proceeds from Sales of Property	204	-	-	204
Transfers-In	-	240,299	-	240,299
Transfers-Out	(100,000)	-	(140,299)	(240,299)
Total Other Financing Receipts/(Disbursements)	(99,796)	240,299	(140,299)	204
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	73,213	204,834	(13,427)	264,620
Fund Cash Balances, January 1	674,394	1,559,016	1,347,636	3,581,046
Fund Cash Balances, December 31	\$ 747,607	\$ 1,763,850	\$ 1,334,209	\$ 3,845,666
Reserves for Encumbrances, December 31	\$ 63,298	\$ 16,458	\$ 4,405	\$ 84,161

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 AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2002**

	Governmental Fund Types		
	General	Debt Service	Capital Projects
Cash Receipts:			
Property and Other Local Taxes	\$ -	\$ 279,156	\$ -
Other Government Grants-In-Aid	1,748,861	30,521	-
Patron Fines and Fees	31,381	-	-
Earnings on Investments	21,032	-	33,675
Contributions, Gifts and Donations	3,290	-	-
Miscellaneous Receipts	15,364	-	5,433
Total Cash Receipts	<u>1,819,928</u>	<u>309,677</u>	<u>39,108</u>
Cash Disbursements:			
Current:			
Salaries and Benefits	1,077,524	-	-
Purchased and Contracted Services	182,510	6,059	63,290
Other Objects	327,207	-	-
Debt Service:			
Redemption of Principal	-	385,000	-
Interest Payments and Other Financing Fees and Costs	-	26,373	-
Capital Outlay	27,193	-	536,038
Total Cash Disbursements	<u>1,614,434</u>	<u>417,432</u>	<u>599,328</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>205,494</u>	<u>(107,755)</u>	<u>(560,220)</u>
Other Financing Receipts/(Disbursements):			
Proceeds from Sales of Property	31	-	-
Transfers-In	32,715	-	100,000
Transfers-Out	(102,042)	(32,715)	-
Total Other Financing Receipts/(Disbursements)	<u>(69,296)</u>	<u>(32,715)</u>	<u>100,000</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	136,198	(140,470)	(460,220)
Fund Cash Balances, January 1	<u>538,196</u>	<u>140,470</u>	<u>2,019,236</u>
Fund Cash Balances, December 31	<u>\$ 674,394</u>	<u>\$ -</u>	<u>\$ 1,559,016</u>
Reserves for Encumbrances, December 31	<u>\$ 81,737</u>	<u>\$ -</u>	<u>\$ 15,476</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>	
\$ -	\$ 279,156
-	1,779,382
-	31,381
23,305	78,012
82,471	85,761
837	21,634
<u>106,613</u>	<u>2,275,326</u>
-	1,077,524
-	251,859
5,866	333,073
-	385,000
-	26,373
1,037	564,268
<u>6,903</u>	<u>2,638,097</u>
<u>99,710</u>	<u>(362,771)</u>
-	31
2,042	134,757
-	(134,757)
<u>2,042</u>	<u>31</u>
101,752	(362,740)
<u>1,245,884</u>	<u>3,943,786</u>
<u>\$ 1,347,636</u>	<u>\$ 3,581,046</u>
<u>\$ 3,935</u>	<u>\$ 101,148</u>

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**BIRCHARD PUBLIC LIBRARY
SANDUSKY COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002

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 Board of County Commissioners and the Court of Common Pleas. 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 deposits 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:

**BIRCHARD PUBLIC LIBRARY
SANDUSKY COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)

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. Debt Service Fund

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

The Bond Retirement Fund is used to pay the principal and interest on the Library Improvement Bonds that were issued in 1989 and were retired in 2002.

3. 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 Building and Repair Fund is used for the building and repair of those buildings and grounds owned by the Library.

4. 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 fund:

The Birchard Library Trust Fund 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 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 level of control.

**BIRCHARD PUBLIC LIBRARY
SANDUSKY COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)

A summary of 2003 and 2002 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:

	2003	2002
Demand deposits	\$ 95,949	\$ 90,205
Certificates of deposit	357,245	102,372
Total deposits	453,194	192,577
 STAR Ohio	 3,392,472	 3,388,469
Total deposits and investments	\$ 3,845,666	\$ 3,581,046

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.

**BIRCHARD PUBLIC LIBRARY
SANDUSKY COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2003 and 2002 follows:

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 1,820,657	\$ 1,784,530	\$ 36,127
Capital Projects	2,026,969	69,751	1,957,218
Fiduciary	1,361,083	149,066	1,212,017
Total	\$ 5,208,709	\$ 2,003,347	\$ 3,205,362

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 1,961,054	\$ 1,798,213	\$ 162,841
Debt Service	451,088	450,147	941
Capital Projects	1,752,336	614,804	1,137,532
Fiduciary	1,305,344	10,838	1,294,506
Total	\$ 5,469,822	\$ 2,874,002	\$ 2,595,820

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

**BIRCHARD PUBLIC LIBRARY
SANDUSKY COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)

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.

5. RETIREMENT SYSTEM

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

Contribution rates are prescribed by the Ohio Revised Code. The Library's OPERS members contributed 8.5 percent of their gross salaries. The Library contributed an amount equal to 13.55 percent of participants' gross salaries for 2003 and 2002. The Library has paid all contributions required through December 31, 2003.

6. RISK MANAGEMENT

Commercial Insurance

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

- Comprehensive property and general liability.
- Vehicles.
- 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, 2003 AND 2002
(Continued)

7. 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 the water and sewer rents, other utilities including electric, air conditioning, and building maintenance, interior and exterior, serving 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 or other casualty during the term 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 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.



**Auditor of State
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT 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, (the Library) as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated February 25, 2004. 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 February 25, 2004.

This report is intended solely for the information and use of the audit committee, 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 that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

February 25, 2004



**Auditor of State
Betty Montgomery**

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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
MARCH 30, 2004**