



Dave Yost • Auditor of State



**BIRCHARD PUBLIC LIBRARY  
SANDUSKY COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Auditor's Report .....	1
Management's Discussion and Analysis.....	5
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position – Cash Basis .....	11
Statement of Activities – Cash Basis .....	12
Fund Financial Statements:	
Statement of Cash Basis Assets and Fund Balances - Governmental Funds .....	13
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances – Governmental Funds .....	14
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis – General Fund .....	15
Notes to the Basic Financial Statements .....	16
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	27

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

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

To the Board of Trustees:

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Birchard Public Library, Sandusky County, Ohio (the Library), as of and for the year ended December 31, 2013, 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.

***Opinion***

In our opinion, the financial statements 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, 2013, and the respective changes in cash financial position and the budgetary comparison for the General fund thereof for the year 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, which differs from generally accepted accounting principles. We did not modify our opinion regarding this matter.

***Other Matters***

*Supplemental and Other Information*

We audited to opine on the Library's financial statements that collectively comprise its basic financial statements.

*Management's Discussion and Analysis* includes tables of net position, changes in net position, and governmental activities. This information provides additional analysis and is not a required part of the basic financial statements.

These tables are management's responsibility, and derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected these tables to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling these tables directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and in accordance with auditing standards generally accepted in the United States of America. In our opinion, these tables are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other than the aforementioned procedures applied to the tables, we applied no procedures to any other information in Management's Discussion and Analysis, and 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 May 22, 2014, 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.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "Y" and "O".

**Dave Yost**  
Auditor of State

Columbus, Ohio

May 22, 2014

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**BIRCHARD PUBLIC LIBRARY  
SANDUSKY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2013  
UNAUDITED**

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, 2013, 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 2013 are as follows:

- Net position of governmental activities increased \$229,732, or 6.46 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. The revenue from PLF was \$26,322 (2 percent) higher in 2013 than in 2012. These receipts represent \$1,340,489 and 58.41 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 \$755,945, which was 32.94 percent of the total cash received for governmental activities.
- Library Trustees changed the name of the Bookmobile Replacement Fund to the Vehicle Fund.
- The "Every Citizen Online" grant was concluded.
- E-rate reimbursements are now shown as receipts with no reduction in expenditures for telephone and data lines.
- 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

**BIRCHARD PUBLIC LIBRARY  
SANDUSKY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2013  
UNAUDITED  
(Continued)**

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.

**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 2013, 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  
SANDUSKY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2013  
UNAUDITED  
(Continued)**

**The Birchard Public Library as a Whole**

Table 1 provides a summary of the Library's net position for 2013 compared to 2012 on a cash basis:

	Governmental Activities	
	2013	2012
<b>Assets</b>		
Cash and Cash Equivalents	\$3,785,542	\$3,555,810
<b>Net Position</b>		
Restricted for:		
Books and Publications	\$131,574	\$131,574
Unrestricted	3,653,968	3,424,236
Total Net Position	\$3,785,542	\$3,555,810

As mentioned previously, the net position of governmental activities increased \$229,732, or 6.46 percent during 2013. Overall receipts increased .29 percent and expenses increased 1.09 percent.

**BIRCHARD PUBLIC LIBRARY  
SANDUSKY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2013  
UNAUDITED  
(Continued)**

Table 2 reflects the changes in net position on a cash basis in 2013 and 2012 for governmental activities:

(Table 2)  
**Changes in Net Position**

	Governmental Activities	
	2013	2012
<b>Receipts:</b>		
Program Receipts:		
Charges for Services	\$32,674	\$33,690
Operating Grants and Contributions	24,395	7,501
Capital Grants and Contributions	2,648	1,044
Total Program Receipts	59,717	42,235
General Receipts:		
Intergovernmental	1,450,569	1,428,241
Property Taxes	755,945	790,512
Unrestricted Gifts and Contributions	6,429	10,492
Earnings on Investments	8,064	6,629
Miscellaneous	14,189	10,224
Total General Receipts	2,235,196	2,246,098
Total Receipts	2,294,913	2,288,333
<b>Disbursements:</b>		
Public Services and Programs	1,144,553	1,097,791
Collection Develop. and Processing	301,400	324,390
Facilities Operation and Maintenance	204,609	199,181
Information Services	138,100	52,739
Business Administration	255,428	319,362
Capital Outlay	21,091	49,514
Total Disbursements	2,065,181	2,042,977
 Increase in Net Position	 229,732	 245,356
 Net Position, January 1	 3,555,810	 3,310,454
Net Position December 31	\$3,785,542	\$3,555,810

Program receipts represent only 2.60 percent of total receipts and are primarily comprised of gifts, donations, and grants toward specific programs or expenses.

General receipts represent 97.40 percent of the Library's total receipts, and of this amount, 59.97 percent is Public Library Fund revenue and 33.82 percent is the local portion of the library levy. Other receipts are relatively insignificant and are somewhat unpredictable revenue sources.

**Governmental Activities**

If you look at the Statement of Activities, 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

**BIRCHARD PUBLIC LIBRARY  
SANDUSKY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2013  
UNAUDITED  
(Continued)**

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 2013	Net Cost of Services 2013	Total Cost of Services 2012	Net Cost of Services 2012
Public Services and Programs	\$1,144,553	\$1,138,037	\$1,097,791	\$1,090,290
Collection Development and Processing	301,400	268,726	324,390	290,700
Facilities Operation and Maintenance	204,609	201,850	199,181	199,181
Information Services	138,100	125,140	52,739	52,739
Business Administration	255,428	253,268	319,362	319,362
Capital Outlay	21,091	18,443	49,514	48,470
<b>Total Expenses</b>	<b>\$2,065,181</b>	<b>\$2,005,464</b>	<b>\$2,042,977</b>	<b>\$2,000,742</b>

The dependence upon Public Library Funds and the Local Levy is apparent, as 97.1 percent of governmental activities are supported through general receipts.

**The Birchard Public Library's Funds**

Total governmental funds had receipts of \$2,294,913 and disbursements of \$2,065,181. The greatest change within governmental funds occurred within the General Fund. The fund balance of the General Fund increased \$246,866 due to a new tax levy.

**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 2013, the Library changed accounting procedures to record e-rate reimbursements as receipts rather than reimbursements. In previous years, the reimbursements reduced the expenses in telecommunications and data line accounts. Actual General Fund receipts totaled \$2,283,589 and were higher than final budgeted receipts by \$20,865.

Final disbursements were budgeted at \$2,326,964, while actual disbursements were \$2,112,132.

**Capital Assets and Debt Administration**

**Capital Assets**

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

**Debt**

At December 31, 2013, the Library had no outstanding long-term debt.

**BIRCHARD PUBLIC LIBRARY  
SANDUSKY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2013  
UNAUDITED  
(Continued)**

**Current Issues**

The Library continued offering Every Citizen Online computer instruction to the public at all locations through July; a portion of the cost of this instruction was paid through a Federal ARRA grant.

The Library Trustees voted to increase the salary scale by 3 percent in 2014.

**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, Ohio 43420.

**BIRCHARD PUBLIC LIBRARY  
SANDUSKY COUNTY**

**STATEMENT OF NET POSITION - CASH BASIS  
DECEMBER 31, 2013**

	<u><b>Governmental Activities</b></u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u><u>\$3,785,542</u></u>
<b>Net Position</b>	
Restricted for:	
Books and Publications	\$131,574
Unrestricted	<u>3,653,968</u>
Total Net Position	<u><u>\$3,785,542</u></u>

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

**BIRCHARD PUBLIC LIBRARY  
SANDUSKY COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Program Cash Receipts</u>			<u>Net (Disbursements) Receipts and Changes in Net Position</u>	
	<u>Cash Disbursements</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>
<b>Governmental Activities</b>					
Current:					
Library Services:					
Public Services and Programs	\$1,144,553		\$6,516		(\$1,138,037)
Collection Development and Processing	301,400	\$32,674			(268,726)
Support Services:					
Facilities Operation and Maintenance	204,609		2,759		(201,850)
Information Services	138,100		12,960		(125,140)
Business Administration	255,428		2,160		(253,268)
Capital Outlay	21,091			\$2,648	(18,443)
<b>Total Governmental Activities</b>	<u>\$2,065,181</u>	<u>\$32,674</u>	<u>\$24,395</u>	<u>\$2,648</u>	<u>(2,005,464)</u>
			<b>General Receipts:</b>		
			Property Taxes Levied for General Purposes	755,945	
			Intergovernmental	1,450,569	
			Unrestricted Gifts and Contributions	6,429	
			Earnings on Investments	8,064	
			Miscellaneous	14,189	
			<b>Total General Receipts</b>	<u>2,235,196</u>	
			Change in Net Position		229,732
			Net Position Beginning of Year		<u>3,555,810</u>
			<b>Net Position End of Year</b>		<u>\$3,785,542</u>

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



**BIRCHARD PUBLIC LIBRARY  
SANDUSKY COUNTY**

**STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2013**

	<b>General</b>	<b>Building and Repair Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$2,070,914	\$1,700,634	\$13,994	\$3,785,542
<b>Fund Balances</b>				
Restricted	\$131,574			\$131,574
Assigned	1,236,520	\$1,700,634	\$13,994	2,951,148
Unassigned	702,820			702,820
<i>Total Fund Balances</i>	\$2,070,914	\$1,700,634	\$13,994	\$3,785,542

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

**BIRCHARD PUBLIC LIBRARY  
SANDUSKY COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BASIS FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>General</u>	<u>Building and Repair Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Receipts:</b>				
Property and Other Local Taxes	\$755,945			\$755,945
Intergovernmental	1,450,569		\$3,591	1,454,160
Patron Fines and Fees	32,674			32,674
Contributions, Gifts and Donations	14,162			14,162
Earnings on Investments	8,064			8,064
Miscellaneous	29,908			29,908
<b>Total Receipts</b>	<u>2,291,322</u>		<u>3,591</u>	<u>2,294,913</u>
<b>Disbursements:</b>				
Current:				
Library Services:				
Public Services and Programs	1,140,962		3,591	1,144,553
Collection Development and Processing	301,400			301,400
Support Services:				
Facilities Operation and Maintenance	187,475	\$17,134		204,609
Information Services	138,100			138,100
Business Administration	255,428			255,428
Capital Outlay	21,091			21,091
<b>Total Disbursements</b>	<u>2,044,456</u>	<u>17,134</u>	<u>3,591</u>	<u>2,065,181</u>
<b>Net Change in Fund Balances</b>	246,866	(17,134)		229,732
<b>Fund Balances Beginning of Year</b>	<u>1,824,048</u>	<u>1,717,768</u>	<u>13,994</u>	<u>3,555,810</u>
<b>Fund Balances End of Year</b>	<u><u>\$2,070,914</u></u>	<u><u>\$1,700,634</u></u>	<u><u>\$13,994</u></u>	<u><u>\$3,785,542</u></u>

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

**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, 2013**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Receipts:</b>				
Property and Other Local Taxes	\$856,658	\$856,658	\$755,945	(\$100,713)
Intergovernmental	1,349,805	1,336,466	1,450,569	114,103
Patron Fines and Fees	34,000	34,000	32,674	(1,326)
Contributions, Gifts and Donations	5,000	5,000	6,429	1,429
Earnings on Investments	4,900	4,900	8,064	3,164
Miscellaneous	25,700	25,700	29,908	4,208
<b>Total Receipts</b>	<u>2,276,063</u>	<u>2,262,724</u>	<u>2,283,589</u>	<u>20,865</u>
<b>Disbursements:</b>				
Current:				
Library Services:				
Public Services and Programs	1,203,013	1,210,156	1,155,466	54,690
Collection Development and Processing	381,506	382,056	339,441	42,615
Support Services:				
Facilities Operation and Maintenance	250,135	251,805	200,346	51,459
Information Services	154,023	155,355	145,451	9,904
Business Administration	283,480	272,786	251,048	21,738
Capital Outlay	54,807	54,807	20,380	34,427
<b>Total Disbursements</b>	<u>2,326,964</u>	<u>2,326,964</u>	<u>2,112,132</u>	<u>214,832</u>
Net Change in Fund Balance	(50,901)	(64,240)	171,457	235,697
Unencumbered Fund Balance Beginning of Year	455,924	455,924	455,924	
Prior Year Encumbrances Appropriated	75,439	75,439	75,439	
Unencumbered Fund Balance End of Year	<u>\$480,462</u>	<u>\$467,123</u>	<u>\$702,821</u>	<u>\$235,697</u>

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

**BIRCHARD PUBLIC LIBRARY  
SANDUSKY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

**Note 1 – Description of the Library**

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 in Note 2C, the financial statements of the Birchard Public Library have been prepared on a cash basis of accounting. This 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 most significant of the Library's accounting policies are described below.

**BIRCHARD PUBLIC LIBRARY  
SANDUSKY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013  
(Continued)**

**Note 2 - Summary of Significant Accounting Policies – (Continued)**

**A. Basis of Presentation**

The Library's basic financial statements consist of government-wide 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. The statements distinguish between those activities of the Library that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The Library did not have any business-type activities.

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 compares disbursements with program receipts for each 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 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, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function or business-type activity 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. Nonmajor funds are aggregated and presented in a single column.

**B. 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.

**BIRCHARD PUBLIC LIBRARY  
SANDUSKY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013  
(Continued)**

**Note 2 - Summary of Significant Accounting Policies – (Continued)**

**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 include capital project funds that account for receipts restricted to expenditures for acquiring, constructing, repairing, or maintaining major capital projects and a grant fund that accounts for the Every Community Online Grant.

**C. 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 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.

**D. 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.

**BIRCHARD PUBLIC LIBRARY  
SANDUSKY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013  
(Continued)**

**Note 2 - Summary of Significant Accounting Policies – (Continued)**

**E. 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 2013, 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 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 does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31, 2013.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest receipts credited to the general fund during 2013 amounted to \$8,064 which includes \$5,516 assigned from other Library funds.

**F. Restricted Assets**

Cash, cash equivalents, and investments 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 imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation. The Library has no restricted assets.

**G. Inventory and Prepaid Items**

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

**H. 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.

**I. 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:

**BIRCHARD PUBLIC LIBRARY  
SANDUSKY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013  
(Continued)**

**Note 2 - Summary of Significant Accounting Policies – (Continued)**

**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.

**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 classification could be used.

**J. 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.

**K. 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 6 and 7, the employer contributions include portions for pension benefits and for postretirement health care benefits.

**L. Long-Term Obligations**

The Library has no long-term obligations.



**BIRCHARD PUBLIC LIBRARY  
SANDUSKY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013  
(Continued)**

**Note 2 - Summary of Significant Accounting Policies – (Continued)**

**M. 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 books and publications 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 is available.

**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 differences between the budget basis and the cash basis are:

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

The adjustments necessary to convert the results of operations for the year on the budget basis to the cash basis for the general fund is as follows:

<b>Net Change in Fund Balance</b>	
	General Fund
Budget Basis	\$171,457
Adjustment for encumbrances	79,832
Funds budgeted elsewhere	(4,423)
Cash Basis	\$246,866

**Note 4 – Deposits and Investments**

Monies held by the Library are classified by State statute 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 Board has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit 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.

**BIRCHARD PUBLIC LIBRARY  
SANDUSKY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013  
(Continued)**

**Note 4 – Deposits and Investments – (Continued)**

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 held by the Library can 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).

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, 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, \$953,819 of the Library's bank balance of \$3,785,542 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department

**BIRCHARD PUBLIC LIBRARY  
SANDUSKY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013  
(Continued)**

**Note 4 – Deposits and Investments – (Continued)**

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.

**Investments**

As of December 31, 2013, the Library had the following investments:

	Fair Value
STAR Ohio	\$365,090

**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.

**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 its investments or collateral securities that are in the possession of an outside party. 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, 2013:

Investment Issuer	Percentage of Total Investments
STAR Ohio	100.00 %

**BIRCHARD PUBLIC LIBRARY  
SANDUSKY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013  
(Continued)**

**Note 5 – 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 2013, 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
Automobile Coverage, single limit	2,000,000
Automobile Coverage, uninsured	1,000,000
Property	8,477,695
Library Materials	3,543,278
Electronic Equipment	243,685
Crime, Public Employee Dishonesty	50,000
Boiler and Machinery	8,477,695
Terrorism, building	8,477,695
Public Officials Bond	50,000

Settled claims have not exceeded this coverage in any of the last 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 6 – Defined Benefit Pension Plan**

Plan Description – The Library participates 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 in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of the member and (vested) employer contributions plus any investment earnings. The Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to, but less than, the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost-of-living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by 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>, writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

**BIRCHARD PUBLIC LIBRARY  
SANDUSKY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013  
(Continued)**

**Note 6 – Defined Benefit Pension Plan – (Continued)**

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions. For 2013, member and employer contribution rates were consistent across all three plans. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Traditional Pension Plan.

The 2013 member contribution rates were 10.0 percent of covered payroll for members in state and local classifications.

The 2013 employer contribution rate for state and local employers was 14.0 percent of covered payroll. The Library's 2013 contribution rate was 14.0 percent.

The Library's required contributions for pension obligations for the years ended December 31, 2013, 2012, and 2011 were \$152,985, \$150,264, and \$131,773, respectively; 92.3 percent has been contributed for 2013 and 100 percent for 2012 and 2011.

**Note 7 – Postemployment Benefits**

Plan Description – 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.

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

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 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.

The Ohio Revised Code permits, but does not mandate OPERS to provide the OPEB plan to its eligible members and beneficiaries. Authority to establish and amend the OPEB plan is provided 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 post-retirement health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care benefits.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2013, state and local employers contributed at a rate of 14.0 percent of covered payroll. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active members do not make contributions to the OPEB plan.

**BIRCHARD PUBLIC LIBRARY  
SANDUSKY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013  
(Continued)**

**Note 7 – Postemployment Benefits – (Continued)**

OPERS' Post Employment Health Care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 1.0% during calendar year 2013. The portion of employer contributions allocated to health care for members in the Combined Plan 1.0 percent during calendar year 2013. Effective January 1, 2014, the portion of employer contributions allocated to healthcare was raised to 2 percent for both plans, as recommended by the OPERS Actuary. The OPERS Board of Trustees is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care benefits provided. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The Library's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2013, 2012, and 2011 were \$10,923, \$42,931, and \$37,647, respectively; 92.3% has been contributed for 2013 and 100 percent for 2012 and 2011.

**Note 8 – Fund Balances**

Fund balance is classified as nonspendable, restricted, 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 and Repair Fund	Other Governmental Funds	Total
<b>Restricted for</b>				
Books - Whitmore Trust	\$131,574			\$131,574
<b>Assigned to</b>				
Library projects as per fund definitions	1,156,688	\$1,700,634	\$13,994	2,871,316
Encumbrances	79,832			79,832
Total Assigned	1,236,520	1,700,634	13,994	2,951,148
<b>Unassigned</b>	702,820			702,820
Total Fund Balances	\$2,070,914	\$1,700,634	\$13,994	\$3,785,542

**Note 9 – 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.



# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S 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, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Birchard Public Library, Sandusky County, Ohio (the Library) as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements and have issued our report thereon dated May 22, 2014, 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.

### ***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*.

One Government Center, Suite 1420, Toledo, Ohio 43604-2246  
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[www.ohioauditor.gov](http://www.ohioauditor.gov)

***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.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State

Columbus, Ohio

May 22, 2014





# 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  
JUNE 10, 2014**