



**Auditor of State
Betty Montgomery**

**BRIGGS LAWRENCE COUNTY PUBLIC LIBRARY
LAWRENCE COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Cover Letter	1
Independent Accountants' Report.....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2004	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2003.....	6
Notes to the Financial Statements	7
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	11

This page intentionally left blank.



**Auditor of State
Betty Montgomery**

Briggs Lawrence County Public Library
Lawrence County
321 South Fourth Street
Ironton, Ohio 45638

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 a February 2, 2005 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 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.

A handwritten signature in black ink that reads "Betty Montgomery".

Betty Montgomery
Auditor of State

June 2, 2005

This page intentionally left blank.



**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Briggs Lawrence County Public Library
Lawrence County
321 South Fourth Street
Ironton, Ohio 45638

To the Board of Trustees:

We have audited the accompanying financial statements of Briggs Lawrence County Public Library, Lawrence County, Ohio (the Library), as of and for the years ended December 31, 2004 and 2003. 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.

Revisions to GAAP would require the Library to reformat its financial statement presentation and make other changes effective for the year ended December 31, 2004. Instead of the combined funds the accompanying financial statements present for 2004 (and 2003), the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2004. 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 the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Library has elected not to reformat its statements. Since this Library does not use GAAP to measure financial statement amounts, 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 year ended December 31, 2004 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, 2004, or their changes in financial position for the year 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 Briggs Lawrence County Public Library, Lawrence County, as of December 31, 2004 and 2003, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Library to include Management's Discussion and Analysis for the year ended December 31, 2004. 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 June 2, 2005 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.



Betty Montgomery
Auditor of State

June 2, 2005

**BRIGGS LAWRENCE COUNTY PUBLIC LIBRARY
LAWRENCE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Capital Projects</u>	
Cash Receipts:			
Library and Local Government Support	\$2,325,015	\$	\$2,325,015
Patron Fines and Fees	53,270		53,270
Earnings on Investments	6,244	28,713	34,957
Contributions, Gifts and Donations	5,480	727	6,207
Miscellaneous Receipts	3,455		3,455
	<u>2,393,464</u>	<u>29,440</u>	<u>2,422,904</u>
Cash Disbursements:			
Current:			
Salaries and Benefits	1,630,437		1,630,437
Purchased and Contracted Services	226,389		226,389
Library Materials and Information	294,002		294,002
Supplies	76,868		76,868
Other Objects	9,401		9,401
Capital Outlay	212,366		212,366
	<u>2,449,463</u>	<u>0</u>	<u>2,449,463</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(55,999)</u>	<u>29,440</u>	<u>(26,559)</u>
Other Financing Receipts/(Disbursements):			
Transfers-In		65,000	65,000
Transfers-Out	(65,000)		(65,000)
	<u>(65,000)</u>	<u>65,000</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(120,999)	94,440	(26,559)
Fund Cash Balances, January 1	<u>611,519</u>	<u>2,661,441</u>	<u>3,272,960</u>
Fund Cash Balances, December 31	<u>\$490,520</u>	<u>\$2,755,881</u>	<u>\$3,246,401</u>
Reserves for Encumbrances, December 31	<u>\$138,062</u>	<u>\$56,400</u>	<u>\$194,462</u>

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

**BRIGGS LAWRENCE COUNTY PUBLIC LIBRARY
LAWRENCE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Capital Projects</u>	
Cash Receipts:			
Library and Local Government Support	\$2,310,558	\$	\$2,310,558
Patron Fines and Fees	45,823		45,823
Earnings on Investments	6,805	42,258	49,063
Contributions, Gifts and Donations	3,108	788	3,896
Miscellaneous Receipts	3,255		3,255
	<u>2,369,549</u>	<u>43,046</u>	<u>2,412,595</u>
Total Cash Receipts			
	<u>2,369,549</u>	<u>43,046</u>	<u>2,412,595</u>
Cash Disbursements:			
Current:			
Salaries and Benefits	1,642,836		1,642,836
Purchased and Contracted Services	220,683		220,683
Library Materials and Information	254,675		254,675
Supplies	64,145		64,145
Other Objects	13,672		13,672
Capital Outlay	59,315		59,315
	<u>2,255,326</u>	<u>0</u>	<u>2,255,326</u>
Total Cash Disbursements			
	<u>2,255,326</u>	<u>0</u>	<u>2,255,326</u>
Total Cash Receipts Over/(Under) Cash Disbursements	114,223	43,046	157,269
Fund Cash Balances, January 1	497,296	2,618,395	3,115,691
	<u>497,296</u>	<u>2,618,395</u>	<u>3,115,691</u>
Fund Cash Balances, December 31	<u>\$611,519</u>	<u>\$2,661,441</u>	<u>\$3,272,960</u>
Reserves for Encumbrances, December 31	<u>\$128,453</u>	<u>\$0</u>	<u>\$128,453</u>

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

**BRIGGS LAWRENCE COUNTY PUBLIC LIBRARY
LAWRENCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003**

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 Briggs Lawrence County Pubic Library, Lawrence County (the Library), as a body corporate and politic. The Lawrence County Common Pleas Court appoints a six-member Board of Trustees to govern the Library. The Library provides the community with various educational and literary resources. The Library is involved with the Ohio Valley Area Libraries (OVAL) which is defined as a jointly governed organization. Additional information concerning the jointly governed organization is presented in Note 7.

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 the Auditor of State prescribes or permits. This accounting basis is similar to the cash receipts and disbursements 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. Cash and Investments

The Library values certificates of deposit at cost.

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 accounts for all financial resources except those required to be accounted for in another fund.

2. Capital Project Funds

These funds account for receipts restricted to acquiring or constructing major capital projects. The Library had the following significant Capital Project Fund.

Capital Improvement Fund – This fund receives money for the improvement of existing buildings.

**BRIGGS LAWRENCE COUNTY PUBLIC LIBRARY
LAWRENCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 2004 and 2003 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 CASH AND INVESTMENTS

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

	2004	2003
Demand deposits	\$555,246	\$2,483,236
Certificates of deposit	2,690,880	789,449
Total deposits	3,246,126	3,272,685
Cash on hand	275	275
Total cash on hand	275	275
Total deposits and cash on hand	\$3,246,401	\$3,272,960

Deposits: Deposits are insured by the Federal Deposit Insurance Corporation; collateralized by securities specifically pledged by the financial institution to the Library; or collateralized by the financial institution's public entity deposit pool.

**BRIGGS LAWRENCE COUNTY PUBLIC LIBRARY
LAWRENCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2004 and 2003 follows:

2004 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,368,477	\$2,393,464	\$24,987
Capital Projects	26,928	94,440	67,512
Total	<u>\$2,395,405</u>	<u>\$2,487,904</u>	<u>\$92,499</u>

2004 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,979,996	\$2,652,525	\$327,471
Capital Projects	2,753,369	56,400	2,696,969
Total	<u>\$5,733,365</u>	<u>\$2,708,925</u>	<u>\$3,024,440</u>

2003 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,358,472	\$2,369,549	\$11,077
Capital Projects	36,988	43,046	6,058
Total	<u>\$2,395,460</u>	<u>\$2,412,595</u>	<u>\$17,135</u>

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,855,768	\$2,383,779	\$471,989
Capital Projects	2,655,383	0	2,655,383
Total	<u>\$5,511,151</u>	<u>\$2,383,779</u>	<u>\$3,127,372</u>

4. GRANTS-IN-AID

The primary source of revenue for Ohio public libraries is the State Library and Local Government Support Fund (LLGSF). The State allocates LLGSF 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.

**BRIGGS LAWRENCE COUNTY PUBLIC LIBRARY
LAWRENCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

5. RETIREMENT SYSTEM

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

The Ohio Revised Code also prescribes contribution rates. 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. The Library has paid all contributions required through December 31, 2004.

6. RISK MANAGEMENT

Commercial Insurance

The Briggs Lawrence County Pubic Library has obtained commercial insurance for the following risks:

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

The Library provides health insurance to all employees through a private carrier. The Library also provides life, dental and vision insurance to all full-time employees through a private carrier.

7. JOINTLY GOVERNED ORGANIZATION

The Ohio Valley Area Libraries (OVAL) is an area Library service organization created and governed according to the provisions of Sections 3375.70 through 3375.73, of the Ohio Revised Code. OVAL is composed of autonomous public libraries in the Ohio Counties of Athens, Fairfield, Gallia, Jackson, Lawrence, Meigs, Pickaway, Pike, Ross, Scioto, and Vinton. OVAL's Board of Trustees consists of the Director from each of the member Libraries. The Briggs Lawrence County Public Library's control over budgeting and financing of OVAL is limited to its voting authority and its representation on OVAL's Board of Trustees.

8. RELATED PARTY TRANSACTIONS

The Library pays an annual fee as well as service fees to the Ohio Valley Area Libraries (OVAL), a jointly governed organization, of which the Library is a member. OVAL provides training programs, technology support and "Books by Mail" services for which the member libraries are billed each month. The Library paid \$2,449 to OVAL for annual dues and fees for services provided and \$15,846 for dental/vision insurances provided through OVAL in 2004. The Library paid \$16,125 to OVAL for annual dues and fees for services provided and \$15,260 for dental/vision insurances provided through OVAL in 2003. The Library discontinued the use of OVAL's "Books by Mail" services during 2003 resulting in the decrease in the amount paid to OVAL for services.

9. SUBSEQUENT EVENTS

The Library has planned renovations and improvements to the Main Library in Ironton which will increase the size of the facility. The project is estimated to cost approximately \$2,000,000.



**Auditor of State
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

Briggs Lawrence County Pubic Library
Lawrence County
321 South Fourth Street
Ironton, Ohio 45638

To the Board of Trustees:

We have audited the financial statements of the Briggs Lawrence County Pubic Library, Lawrence County, Ohio (the Library), as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated June 2, 2005, wherein we noted the Library prepared its financial statements using 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 to determine our auditing procedures in order to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the Library's management dated June 2, 2005, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

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*.

Briggs Lawrence County Public Library
Lawrence County
Independent Accountants' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
Page 2

We intend this report solely for the information and use of the audit committee, management, and the Board of Trustees. It is not intended for 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

June 2, 2005



**Auditor of State
Betty Montgomery**

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

BRIGGS LAWRENCE COUNTY PUBLIC LIBRARY

LAWRENCE 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 23, 2005**