



OHIO AUDITOR OF STATE
KEITH FABER



**BRIGGS LAWRENCE COUNTY PUBLIC LIBRARY
LAWRENCE COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Prepared by Management:	
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) - All Governmental Fund Types - For Year Ended December 31, 2018.....	3
Notes to the Financial Statements For Year Ended December 31, 2018	5
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) - All Governmental Fund Types - For Year Ended December 31, 2017.....	11
Notes to the Financial Statements For Year Ended December 31, 2017	13
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	19
Schedule of Findings.....	21

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Briggs Lawrence County Public Library
Lawrence County
P.O. Box 1116
South Point, Ohio 45680

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Briggs Lawrence County Public Library, Lawrence County, Ohio (the Library) as of and for the years ended December 31, 2018 and 2017.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements 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 such 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.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 2 of the financial statements, the Library prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Library does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Library as of December 31, 2018 and 2017, and the respective changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of the Briggs Lawrence County Public Library, Lawrence County as of December 31, 2018 and 2017, for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2019, 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.



Keith Faber
Auditor of State

Columbus, Ohio

December 18, 2019

**BRIGGS LAWRENCE COUNTY PUBLIC LIBRARY
LAWRENCE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR YEAR ENDED DECEMBER 31, 2018**

	General	Capital Projects	Totals (Memorandum Only)
Cash Receipts:			
Public Library	\$2,019,523		\$2,019,523
Intergovernmental	5,565		5,565
Patron Fines and Fees	28,233		28,233
Contributions, Gifts, and Donations	11,595	10,712	22,307
Earnings on Investments	362	1,631	1,993
Miscellaneous	2,926		2,926
	2,068,204	12,343	2,080,547
Cash Disbursements:			
Current:			
Library Services:			
Public Service and Programs	1,874,467		1,874,467
Capital Outlay	59,113		59,113
	1,933,580	0	1,933,580
Total Cash Disbursements	1,933,580	0	1,933,580
Excess of Cash Receipts Over Cash Disbursements	134,624	12,343	146,967
Fund Cash Balances, January 1	709,357	379,221	1,088,578
Fund Cash Balances, December 31			
Assigned	558,541	391,564	950,105
Unassigned	285,440		285,440
	285,440		285,440
Fund Cash Balances, December 31	\$843,981	\$391,564	\$1,235,545

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

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Briggs Lawrence County Public Library

Lawrence County

Notes to the Financial Statements

For Year Ended December 31, 2018

Note 1 – Reporting Entity

The Briggs Lawrence County Public Library (the Library), Lawrence County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Lawrence County Common Pleas Court appoints a seven-member Board of Trustees to govern the Library. The Library provides the community with various educational and literacy resources.

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

Basis of Presentation

The Library's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types.

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 funds of the Library are presented below:

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.

Capital Project Funds These funds account for and financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital projects.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board 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 financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

Budgetary Process

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

Briggs Lawrence County Public Library

Lawrence County

Notes to the Financial Statements

For Year Ended December 31, 2018

A summary of 2018 budgetary activity appears in Note 3.

Deposits and Investments

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

Capital Assets

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

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

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Library must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

Nonspendable The Library classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

Restricted Fund balance is *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 Board can *commit* amounts via formal action (resolution). The Library must adhere to these commitments unless the Board amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by the Library Board 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 included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

Briggs Lawrence County Public Library

Lawrence County

Notes to the Financial Statements

For Year Ended December 31, 2018

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 classifications could be used.

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2018, follows:

2018 Budgeted vs. Actual Receipts			
<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$1,984,000	\$2,068,204	\$84,204
Capital Projects	300	12,343	12,043
Total	<u>\$1,984,300</u>	<u>\$2,080,547</u>	<u>\$96,247</u>

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$2,488,000	\$2,079,956	\$408,044
Capital Projects			0
Total	<u>\$2,488,000</u>	<u>\$2,079,956</u>	<u>\$408,044</u>

Note 4 – Deposits and Investments

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

	<u>2018</u>
Demand deposits	\$651,622
Certificates of deposit	583,598
Total deposits	<u>1,235,220</u>
Cash on Hand	325
Total deposits and Cash on Hand	<u>\$1,235,545</u>

Briggs Lawrence County Public Library

Lawrence County

Notes to the Financial Statements

For Year Ended December 31, 2018

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation, collateralized by the financial institution to the Library or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of the State to secure repayment of all public monies deposited in the financial institutions.

Note 5 – Grants in Aid

The primary source of revenue for Ohio public libraries is the Public Library Fund (PLF). The State allocates PLF to each county based on the total tax revenue credited to the State's general revenue fund during the preceding month using the statutory allocation method. Estimated entitlement figures were issued to County Auditors. The actual current year entitlements were computed in December of the current year. The difference between the estimate and actual will be adjusted evenly in the PLF distributions made from January-June of the subsequent year.

Note 6 – Risk Management

Commercial Insurance

The Library has obtained commercial insurance for the following risks:

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

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries and the Library contributed an amount equaling 14 percent of participants' gross salaries. The Library has paid all contributions required through December 31, 2018.

Briggs Lawrence County Public Library

Lawrence County

Notes to the Financial Statements

For Year Ended December 31, 2018

Note 8 – Postemployment Benefits

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, that includes multiple health care plans including medical coverage, prescription drug coverage, and deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for members in the traditional pension plan and combined plan was 0 percent during calendar year 2018. The portion of employer contributions allocated to health care for members in the member-directed plan was 4.0 percent during calendar year 2018.

Note 9 – Related Party Transactions

A Library Board member, Dale Burcham, is the father of a Library employee, Margie Burcham. Mr. Burcham approved longevity pay for all employees and to reappoint administrative staff, which included his daughter as the Deputy Fiscal Officer effective January 1, 2018. He also approved appointing his daughter to Fiscal Officer during 2018 and approved re-employing her as the Fiscal Officer for 2019 at the salary of \$53,000. The Library paid Margie Burcham \$42,590 in gross wages in 2018.

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**BRIGGS LAWRENCE COUNTY PUBLIC LIBRARY
LAWRENCE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR YEAR ENDED DECEMBER 31, 2017**

	<u>General</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:			
Public Library	\$1,941,540		\$1,941,540
Patron Fines and Fees	32,458		32,458
Contributions, Gifts and Donations	2,122	9,833	11,955
Earnings on Investments	501	443	944
Miscellaneous	53,329		53,329
	<u>2,029,950</u>	<u>10,276</u>	<u>2,040,226</u>
Total Cash Receipts			
Cash Disbursements:			
Current:			
Library Services:			
Public Service and Programs	1,839,583		1,839,583
Capital Outlay	89,322		89,322
	<u>1,928,905</u>	<u>0</u>	<u>1,928,905</u>
Total Cash Disbursements			
Excess of Cash Receipts Over Cash Disbursements	<u>101,045</u>	<u>10,276</u>	<u>111,321</u>
Other Financing Receipts :			
Sale of Real Property		150,000	150,000
	<u>0</u>	<u>150,000</u>	<u>150,000</u>
Total Other Financing Receipts			
Net Change in Cash Fund Balances	101,045	160,276	261,321
Fund Cash Balances, January 1	<u>608,312</u>	<u>218,945</u>	<u>827,257</u>
Fund Cash Balances, December 31			
Assigned	504,000	379,221	883,221
Unassigned	<u>205,357</u>		<u>205,357</u>
Fund Cash Balances, December 31	<u>\$709,357</u>	<u>\$379,221</u>	<u>\$1,088,578</u>

See accompanying notes to the basic financial statements.

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Briggs Lawrence County Public Library

Lawrence County

Notes to the Financial Statements

For Year Ended December 31, 2017

Note 1 – Reporting Entity

The Briggs Lawrence County Public Library (the Library), Lawrence County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Lawrence County Common Pleas Court appoints a seven-member Board of Trustees to govern the Library. The Library provides the community with various educational and literacy resources.

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

Basis of Presentation

The Library's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types.

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 funds of the Library are presented below:

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.

Capital Projects Funds These funds account for and financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital projects.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board 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 financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

Budgetary Process

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

Briggs Lawrence County Public Library

Lawrence County

Notes to the Financial Statements

For Year Ended December 31, 2017

A summary of 2017 budgetary activity appears in Note 3.

Deposits and Investments

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

Capital Assets

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

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.

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Library must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

Nonspendable The Library classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

Restricted Fund balance is *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 Board of Trustees can *commit* amounts via formal action (resolution). The Library must adhere to these commitments unless the Board amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by the Library Board 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 included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

Briggs Lawrence County Public Library

Lawrence County

Notes to the Financial Statements

For Year Ended December 31, 2017

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 classifications could be used.

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2017, follows:

2017 Budgeted vs. Actual Receipts			
<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$1,982,000	\$2,029,950	\$47,950
Capital Projects	300	160,276	159,976
Total	<u>\$1,982,300</u>	<u>\$2,190,226</u>	<u>\$207,926</u>

2017 Budgeted vs. Actual Budgetary Basis Expenditures			
<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$2,427,206	\$2,056,174	\$371,032
Capital Projects	218,944		218,944
Total	<u>\$2,646,150</u>	<u>\$2,056,174</u>	<u>\$589,976</u>

Note 4 – Deposits and Investments

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

	<u>2018</u>
Demand deposits	\$505,758
Certificates of deposit	582,495
Total deposits	<u>1,088,253</u>
Cash on Hand	325
Total deposits and Cash on Hand	<u>\$1,088,578</u>

Briggs Lawrence County Public Library

Lawrence County

Notes to the Financial Statements

For Year Ended December 31, 2017

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation; or collateralizes by the financial institution's public entity deposit pool.

Note 5 – Grants in Aid

The primary source of revenue for Ohio public libraries is the Public Library Fund (PLF). The State allocates PLF to each county based on the total tax revenue credited to the State's general revenue fund during the preceding month using the statutory allocation method. Estimated entitlement figures were issued to County Auditors. The actual current year entitlements were computed in December of the current year. The difference between the estimate and actual will be adjusted evenly in the PLF distributions made from January-June of the subsequent year.

Note 6 – Risk Management

Commercial Insurance

The Library has obtained commercial insurance for the following risks:

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

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries and the Library contributed an amount equaling 14 percent of participants' gross salaries. The Library has paid all contributions through December 31, 2017.

Briggs Lawrence County Public Library

Lawrence County

Notes to the Financial Statements

For Year Ended December 31, 2017

Note 8 – Postemployment Benefits

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, that includes multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients of both the traditional pension and the combined plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan 1.0 percent during calendar year 2017.

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OHIO AUDITOR OF STATE KEITH FABER



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

Briggs Lawrence County Public Library
Lawrence County
P.O. Box 1116
South Point, Ohio 45680

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 cash balances, receipts, and disbursements by fund type of the Briggs Lawrence County Public Library, Lawrence County, (the Library) as of and for the s ended December 31, 2018 and 2017, and the related notes to the financial statements, and have issued our report thereon dated December 18, 2019 wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

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. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal controls, described in the accompanying Schedule of Findings that we consider material weaknesses. We consider Findings 2018-001 and 2018-002 to be material weaknesses.

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 an instance of noncompliance or other matter we must report under *Government Auditing Standards* which is described in the accompanying Schedule of Findings as item 2018-002.

Library's Response to Findings

The Library's response to the Finding identified in our audit is described in the accompanying schedule of findings. We did not subject the Library's response to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 report is not suitable for any other purpose.



Keith Faber
Auditor of State

Columbus, Ohio

December 18, 2019

**BRIGGS LAWRENCE COUNTY PUBLIC LIBRARY
LAWRENCE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2018 AND 2017**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2018-001

Material Weakness

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16.

The financial statements included the following errors for 2017:

- General Fund beginning balance of \$608,312 was omitted from the financial statements.
- \$504,000 of the December 31, 2017 General Fund Assigned fund balance was misclassified as Unassigned.
- General Fund Capital Outlay disbursements of \$89,322 were misclassified as Library Services.
- The Capital Projects Funds beginning balance of \$218,945 was omitted from the financial statements.
- Capital Projects Funds Sale of Real Property receipts of \$150,000 were misclassified as Miscellaneous receipts.
- The Capital Projects Funds December 31, 2017 Assigned fund balance of \$379,221 was misclassified as Unassigned.

The financial statements included the following errors for 2018:

- General Fund beginning balance was overstated by \$379,222.
- General Fund revenues were misstated as follows: Public Library revenue was understated by \$10,000; Intergovernmental revenue was understated by \$5,565; Patron Fines and Fees were understated by \$17,912; Contributions, Gifts and Donations were understated by \$447; Earnings on Investments were overstated by \$1,270; and Miscellaneous revenue was overstated by \$44,995.
- \$558,541 of the General Fund December 31, 2018 Assigned fund balance was misclassified as Unassigned.
- General Fund Capital Outlay disbursements of \$59,113 were misclassified as Library Services.
- Capital Projects Funds December 31, 2018 Assigned fund balance of \$391,566 was misclassified as Unassigned.

**FINDING NUMBER 2018-001
(Continued)**

The Library has adjusted the financial statements to correct these errors.

To ensure complete and accurate financial statements and notes to the financial statements, we recommend the Library adopt policies and procedures, including a final review of the statements and notes by the Director and Board of Trustees.

We further recommend the Fiscal Officer to review resources such as Auditor of State Bulletins, Publications and Manuals which provides a variety of financial reporting guidance.

Officials' Response:

We did not receive a response from Officials to this finding.

FINDING NUMBER 2018-002

Material Weakness / Noncompliance

Ohio Rev. Code Section 2921.42(A)(1) states that no public official shall knowingly authorize, or employ the authority of influence of the public official's office to secure authorization of any public contract in which the public official, a member of the public official's family, or any of the public official's business associates has an interest.

Library Board member Dale Burcham is the father of Library employee, Margie Burcham. A review of the 2017 and 2018 minutes of Board meetings revealed the following:

- At the December 18, 2017 meeting, Mr. Burcham voted to approve longevity pay and also approved to reappoint administrative staff which included Margie Burcham as Deputy Fiscal Officer effective January 1, 2018.
- At the June 12, 2018 meeting, Mr. Burcham voted to approve appointing Margie Burcham to the position of Fiscal Officer effective June 18, 2018.
- At the July 2, 2018 meeting, Mr. Burcham seconded the motion to enter into executive session for the purpose of discussing personnel matters related to hiring, firing and wages. After returning to regular session, Mr. Burcham voted to approve adjusting the new Fiscal Officer's (Margie Burcham) salary to the same level as the previous Fiscal Officer, retroactive to June 18, 2018.
- At the December 17, 2018 meeting, Mr. Burcham voted to approve re-employing Margie Burcham as Fiscal Officer for 2019 at the salary of \$53,000.

The Library paid gross wages of \$42,590 plus fringe benefits to Ms. Burcham in 2018. This could result in questions regarding whether Board members are asserting their influence and authority for the monetary benefit of family members. This matter will be referred to the Ohio Ethics Commission.

We recommend the Library develop a formal policy regarding related party transactions to govern transactions in which members of the Board or the Library may have a personal interest. This policy may include Board members abstaining from voting on related party items. We further recommend that Board members refrain from voting on anything that is family related.

**FINDING NUMBER 2018-002
(Continued)**

Officials' Response:

This response is for the purpose of clarification, as it should be noted that this finding is due to failures regarding the preparation of the minutes referred to in the report by the Executive Director which failed to show that Mr. Burcham did in fact abstain on these votes as it related to matters involving Margie Burcham.

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OHIO AUDITOR OF STATE KEITH FABER



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
DECEMBER 31, 2019**