



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO



**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
www.auditor.state.oh.us

January 21, 2003

The attached audit was conducted and prepared for release prior to the commencement of my term of office on January 13, 2003. Thus, I am releasing this audit under the signature of my predecessor.

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

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**LAW LIBRARY ASSOCIATION
DEFIANCE COUNTY**

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STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

One Government Center
Suite 1420
Toledo, Ohio 43604-2246
Telephone 419-245-2811
800-443-9276
Facsimile 419-245-2484
www.auditor.state.oh.us

REPORT OF INDEPENDENT ACCOUNTANTS

Law Library Association
Defiance County
510 Court Street
Defiance, Ohio 43512-2157

To the Board of Trustees:

We have audited the accompanying financial statements of Defiance County Law Library Association (the Library) as of and for the years ended December 31, 2001, and 2000. These financial statements are the responsibility of the Library's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Library prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles

In our opinion, the financial statements referred to above present fairly, in all material respects, the fund cash balances and reserves for encumbrances of the Library as of December 31, 2001, and 2000, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

As discussed in Note 2, the Library has included activity associated with the Retained Monies Fund.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 8, 2003, on our consideration of the Library's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of the management, Board of Trustees and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is stylized with a large, looping initial "J" and a long horizontal stroke extending to the right.

Jim Petro
Auditor of State

January 8, 2003

**LAW LIBRARY ASSOCIATION
DEFIANCE COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>General Fund</u>	<u>Retained Monies Fund</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:			
Fine and Forfeitures	\$66,497		\$66,497
Interest		\$42	42
Miscellaneous Receipts	471		471
	<u>66,968</u>	<u>42</u>	<u>67,010</u>
Cash Disbursements:			
Supplies and Materials	76,603		76,603
Refunds to Relative Income Sources - See Note 3	4,720		4,720
Utility Costs	794		794
Meeting Expenses		286	286
Equipment	220		220
Miscellaneous	1,565		1,565
	<u>83,902</u>	<u>286</u>	<u>84,188</u>
Total Cash Disbursements Over Cash Receipts	<u>(16,934)</u>	<u>(244)</u>	<u>(17,178)</u>
Other Financing Receipts/(Disbursements):			
Remittance to Retained Funds	(524)	524	
Excess of Cash Receipts and Other Financing Receipts Over (Under) Cash Disbursements and Other Financing Disbursements	(17,458)	280	(17,178)
Fund Cash Balances, January 1	<u>26,273</u>	<u>2,160</u>	<u>28,433</u>
Fund Cash Balances, December 31	<u>\$8,815</u>	<u>\$2,440</u>	<u>\$11,255</u>
Reserves for Encumbrances, December 31	<u>\$8,000</u>		<u>\$8,000</u>

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

**LAW LIBRARY ASSOCIATION
DEFIANCE COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>General Fund</u>	<u>Retained Monies Fund</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:			
Fine and Forfeitures	\$93,075		\$93,075
Interest		\$45	45
Miscellaneous Receipts	941		941
	<u>94,016</u>	<u>45</u>	<u>94,061</u>
Total Cash Receipts	94,016	45	94,061
Cash Disbursements:			
Supplies and Materials	72,029		72,029
Audit Costs	1,498		1,498
Utility Costs	713		713
Meeting Expenses		210	210
Equipment	2,253		2,253
Miscellaneous	3,183		3,183
	<u>79,676</u>	<u>210</u>	<u>79,886</u>
Total Cash Disbursements	79,676	210	79,886
Total Cash Receipts Over (Under) Cash Disbursements	14,340	(165)	14,175
Fund Cash Balances, January 1	11,933	2,325	14,258
	<u>11,933</u>	<u>2,325</u>	<u>14,258</u>
Fund Cash Balances, December 31	<u>\$26,273</u>	<u>\$2,160</u>	<u>\$28,433</u>
Reserves for Encumbrances, December 31	<u>\$8,200</u>		<u>\$8,200</u>

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

**LAW LIBRARY ASSOCIATION
DEFIANCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Defiance County Law Library Association (the Library) is directed by a board of three trustees who are elected annually by members of the Defiance County Bar Association. The Library provides free access for all county officers and the judges of the several courts within the county.

The Library operates by receiving a portion of fine and forfeiture monies from the courts (and any associated interest) under Ohio Revised Code (ORC) §§ 3375.50 to .53, inclusive. The Library is permitted to expend funds under ORC § 3375.54. The funds of the Library are expended on the purchase, lease or rental of lawbooks; computer communications consoles to access a system of computerized legal research; microfilm materials and equipment, videotape materials and equipment; audio or visual materials and equipment; and other services, materials, and equipment that provide legal information or facilitate legal research.

The Defiance County Commissioners are required by ORC § 3375.49 to provide adequate facilities for the Library. The Board of County Commissioners is required to provide suitable bookcases, heating and lighting for the rooms.

The Board of Trustees appoints a librarian. The Judges of the Court of Common Pleas of Defiance County fix the compensation of the librarian pursuant to ORC § 3375.48. The Library provides free access to all county officers and the judges of the several courts and the salary of the law librarian is paid from the county treasury.

The Library's management believes these financial statements present all funds for which the Library is financially accountable.

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. The Reserve for Encumbrances on the financial statement represents commitments for purchases the Library has made. Encumbrances are recognized when a commitment is made.

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Fund Accounting

The Library uses fund accounting to segregate cash that is restricted as to use. The Library classifies its funds into the following types:

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

**LAW LIBRARY ASSOCIATION
DEFIANCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

Some funds of the Library are considered private monies. Private monies include photocopying charges. Fees collected for the use of the copier remain private even though the copier may have been purchased with public funds. The private monies are unable to be segregated and have been included in the General Fund.

2. Retained Monies Fund

Retained Monies Fund consists of monies retained by the Library under Ohio Revised Code § 3375.56. At the end of each calendar year the Library is permitted under law to retain up to ten percent of their unencumbered balance. See footnote 2 for additional information.

D. Budgetary Process

The Library is not required to budget annually; however, under ORC § 3375.56 the Library is permitted to encumber funds equal to their commitments outstanding at year end. Encumbrances outstanding at year end are carried over to the subsequent year.

E. Property, Plant and Equipment

Acquisitions of equipment are recorded as equipment disbursements when paid. These items are not reflected as assets on the accompanying financial statements. Items purchased which are deemed to be equipment are computers, copiers, fax machines, and other items related toward facilitating the use of the equipment.

F. Refund to Relative Income Sources

If certain conditions are met, the Library is required to refund at least ninety percent of any unencumbered balance to political subdivisions that provided revenues to the Library. See Footnote 3 for additional information

G. Total Columns on Financial Statements

Total columns on the financial statements are captioned (Memorandum Only) to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, or results of operations in conformity with the basis of accounting described above. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

2. ACCOUNTING CHANGE

Prior to January 1, 2000, the retained monies fund was not disclosed by the Library. Effective January 1, 2000, the Library determined the amounts relating to their Retained Monies Fund by providing bank statements to support the balance.

3. CALCULATION OF REFUND TO RELATIVE INCOME SOURCES AND AMOUNT RETAINED

In any year that revenues exceed disbursements, the Library refunds at least ninety percent of the unencumbered balance to the political subdivisions who provided the funds and retains the remaining amount. This refund process is referred to as the application of ORC § 3375.56 or

**LAW LIBRARY ASSOCIATION
DEFIANCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

refund to relative income sources. The following charts present the refunded and retained amounts during 2001.

Unencumbered Balance at December 31, 2000 Refunded and Retained During Calendar Year 2001	
Unencumbered Balance at December 31, 2000	\$5,244
Refunded to Relative Sources during 2001	4,720
Retained Funds Amount during 2001	524

4. EQUITY IN POOLED CASH AND INVESTMENTS

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

	2001	2000
Demand deposits	\$8,815	\$26,273
Savings accounts	2,440	2,160
Total deposits	\$11,255	\$28,433

Deposits are insured by the Federal Depository Insurance Corporation

5. RISK MANAGEMENT

The County has property and liability insurance for the Library.

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Telephone 419-245-2811
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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Law Library Association
Defiance County
510 Court Street
Defiance, Ohio 43512-2157

To the Board of Trustees:

We have audited the accompanying financial statements of Defiance County Law Library Association (the Library) as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated January 8, 2003, wherein we noted the Library has included the retained monies fund for the first time. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Library's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Library's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Library in a separate letter dated January 8, 2003.

Law Library Association
Defiance County
Report of Independent Accountants on Compliance and on Internal Control
Required by *Government Auditing Standards*
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This report is intended solely for the information and use of management and the Board of Trustees, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is fluid and cursive, with a large loop at the end.

Jim Petro
Auditor of State

January 8, 2003



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

DEFIANCE LAW LIBRARY ASSOCIATION

DEFIANCE 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
FEBRUARY 6, 2003**