



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

LAW LIBRARY ASSOCIATION
HENRY COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

Law Library Association
Henry County
609 North Perry Street
Napoleon, Ohio 43545-1798

To the Board of Trustees:

We have audited the accompanying financial statements of the Henry 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 of the Library as of December 31, 2001 and 2000, and its 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 December 10, 2002 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 fluid and cursive, with a large loop at the end.

Jim Petro
Auditor of State

December 10, 2002

**LAW LIBRARY ASSOCIATION
HENRY 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	\$98,709		\$98,709
Total Cash Receipts	<u>98,709</u>		<u>98,709</u>
Cash Disbursements:			
Salaries	1,274		1,274
Fringe Benefits	767		767
Periodicals	94,257		94,257
Refunds to Relative Income Sources - See Note 3	18,653		18,653
Utilities	416		416
Other	214		214
Total Cash Disbursements	<u>115,581</u>		<u>115,581</u>
Total Cash Disbursements Over Cash Receipts	<u>(16,872)</u>		<u>(16,872)</u>
Other Financing Receipts/(Disbursements):			
Remittance to Retained Funds	(2,170)		(2,170)
Refunds from Vendors	130		130
Remittance from General Fund		\$2,170	2,170
Total Other Financing Receipts/(Disbursements)	<u>(2,040)</u>	<u>2,170</u>	<u>130</u>
Excess of Cash Receipts and Other Financing Receipts Over (Under) Cash Disbursements and Other Financing Disbursements	(18,912)	2,170	(16,742)
Fund Cash Balances, January 1	<u>23,927</u>	<u>4,238</u>	<u>28,165</u>
Fund Cash Balances, December 31	<u>\$5,015</u>	<u>\$6,408</u>	<u>\$11,423</u>

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

**LAW LIBRARY ASSOCIATION
HENRY 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	\$120,191		\$120,191
Total Cash Receipts	<u>120,191</u>		<u>120,191</u>
Cash Disbursements:			
Salaries	1,735		1,735
Fringe Benefits	775		775
Periodicals	92,858		92,858
Refunds to Relative Income Sources - See Note 3	21,163		21,163
Utilities	372		372
Other	<u>2,776</u>		<u>2,776</u>
Total Cash Disbursements	<u>119,679</u>		<u>119,679</u>
Total Cash Receipts Over Cash Disbursements	<u>512</u>		<u>512</u>
Other Financing Receipts/(Disbursements):			
Remittance to Retained Funds	(2,601)		(2,601)
Remittance from General Fund		\$2,601	2,601
Total Other Financing Receipts/(Disbursements)	<u>(2,601)</u>	<u>2,601</u>	
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	(2,089)	2,601	512
Fund Cash Balances, January 1 - See Note 2	<u>26,016</u>	<u>1,637</u>	<u>27,653</u>
Fund Cash Balances, December 31	<u>\$23,927</u>	<u>\$4,238</u>	<u>\$28,165</u>

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

**LAW LIBRARY ASSOCIATION
HENRY COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Henry County Law Library (the Library) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. 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 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 law books; 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 Henry 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 hires a librarian and not more than two assistant law librarians. The Judge of the Court of Common Pleas of Henry County fixes the compensation of the librarian and up to two assistant librarians pursuant to ORC § 3375.48. If the Library provides free access to all county officers and the judges of the several courts, the salary of the law librarian and up to two assistants should be paid from the county treasury. If the conditions above are not met, then the salary of the librarian and any assistants should be paid by the Library.

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

The Law Library is entitled to collect private monies. Private monies can include: membership dues, overdue book charges and photocopying charges. Fees collected for the use of books and copiers remain private even though the books and copiers may have been purchased with public funds. Private monies can be disbursed at the discretion of the Library. The Library does not receive any private monies.

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.

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

**LAW LIBRARY ASSOCIATION
HENRY COUNTY**

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

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.

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. 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.

E. Refund to Relative Income Sources

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

F. 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 year end refund calculations and amounts remitted 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 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 refund to relative income sources. The following charts present the refunded and retained amounts during 2001 and 2000.

**LAW LIBRARY ASSOCIATION
HENRY COUNTY**

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

**Balance at December 31, 2000
Refunded and Retained During Calendar Year 2001**

Unencumbered Balance at December 31, 2000	\$23,927
Refunded to Relative Sources during 2001	18,653
Retained Funds Amount during 2001	2,170
2000 refunds not remitted	852
1999 refunds not remitted	2,252

**Balance at December 31, 1999
Refunded and Retained During Calendar Year 2000**

Unencumbered Balance at December 31, 1999	\$26,016
Refunded to Relative Sources during 2000	21,163
Retained Funds Amount during 2000	2,601
1999 Refunds not Remitted	2,252

The Law Library Association failed to remit all of the refundable excess to the contributing political subdivisions. The amount not refunded in 2001 and 2000 was \$852 and \$2,252 respectively.

4. EQUITY IN POOLED CASH

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	\$11,423	\$28,165

Deposits are insured by the Federal Depository Insurance Corporation.

5. RISK MANAGEMENT

The Law Library's commercial insurance is provided by the Henry County Commissioners, as their location is in the Henry County Courthouse.

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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Law Library Association
Henry County
609 North Perry Street
Napoleon, Ohio 43545-1798

To the Board of Trustees:

We have audited the accompanying financial statements of the Henry 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 December 10, 2002, wherein we noted the Library has included the retained monies fund for the first time. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Library's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2001-60135-001

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Library's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted 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 December 10, 2002.

Law Library Association
Henry County
Report of Independent Accountants on Compliance and on Internal Control
Required by *Government Auditing Standards*
Page 2

This report is intended solely for the information and use of the management and 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 stylized with a large, looping initial "J" and a long horizontal stroke extending to the right.

Jim Petro
Auditor of State

December 10, 2002

**LAW LIBRARY ASSOCIATION
HENRY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2001 AND 2000**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

FINDING NUMBER 2001-60135-001

Finding for Recovery

Ohio Revised Code § 3375.56 states that on the first Monday of each year, the board of trustees of the law library association shall make a detailed statement to the county auditor, verified by the oath of the treasurer of the association, of the amount of the fines and penalties received under §§ 3375.50 to 3375.53, inclusive of the Revised Code, and of the money expended by the association.

If the total amount received under such sections during the preceding calendar year covered by such report exceeds the expenditures during the same period, the auditor shall certify such fact to the board which shall thereupon direct the treasurer of the association to refund proportionately to the treasurers of the political subdivisions from which such balance was received, not less than ninety percent of any unencumbered balance on hand from the preceding year.

The percentage calculation used in pro-rating the amount of the refund due to the City of Napoleon and Henry County was incorrect. Also, the percentage calculation did not include fines received from the Henry County Clerk of Courts (ORC § 3375.52) or fines received from the Napoleon Municipal Court (ORC § 3375.50). This resulted in the Law Library Association making an underpayment of refunds to these entities for the following years:

	1999 Refund Paid in 2000	2000 Refund Paid in 2001	Amount Underpaid
Henry County			
Refund Paid	\$13,297.87	\$11,194.33	
Refund Recalculated	14,224.54	11,397.38	
Amount Underpaid	(\$926.67)	(\$203.05)	(\$1,129.72)
City of Napoleon			
Refund Paid	\$7,865.39	\$7,458.98	
Refund Recalculated	9,191.17	8,108.33	
Amount Underpaid	(\$1,325.78)	(\$649.35)	(\$1,975.13)
Total Underpayment			(\$3,104.85)

In accordance with the foregoing facts, and pursuant to Ohio Revised Code § 117.28, a Finding for Recovery for public money that has been collected but not accounted for, is hereby issued against the Law Library Association and in the amount of three thousand, one hundred four dollars and eighty-five cents (\$3,104.85), and in favor of City of Napoleon in the amount of one thousand, nine hundred seventy-five dollars and thirteen cents (\$1,975.13) and Henry County in the amount of one thousand, one hundred twenty-nine dollars and seventy-two cents (\$1,129.72).



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LAW LIBRARY ASSOCIATION

HENRY 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
JANUARY 2, 2003**