



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

This Page is Intentionally Left Blank.

**LAW LIBRARY ASSOCIATION
GUERNSEY COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report.....	1
Statement of Cash Receipts, Cash Disbursements, and Changes in Cash Balances – All Funds – For the Year Ended December 31, 2001	3
Statement of Cash Receipts, Cash Disbursements, and Changes in Cash Balances – All Funds – For the Year Ended December 31, 2000	4
Notes to the Financial Statements	5
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	9
Schedule of Findings.....	11
Corrective Action Plan.....	13

This page intentionally left blank.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

743 East State Street
Athens Mall, Suite B
Athens, Ohio 45701
Telephone 740-594-3300
800-441-1389
Facsimile 740-594-2110
www.auditor.state.oh.us

INDEPENDENT ACCOUNTANTS' REPORT

Law Library Association
Guernsey County
County Courthouse
801 Wheeling Ave.
Cambridge, Ohio 43725

To the Board of Trustees:

We have audited the accompanying financial statements of the Law Library Association, Guernsey County, Ohio (the Association), as of and for the years ended December 31, 2001 and 2000. These financial statements are the responsibility of the Association'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 Association 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 Law Library Association, Guernsey County, 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 Association has included activity associated with the Retained Monies Fund.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2002 on our consideration of the Association'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 management, the 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 cursive "Petro".

Jim Petro
Auditor of State

December 31, 2002

**LAW LIBRARY ASSOCIATION
GUERNSEY COUNTY**

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

	General Fund	Retained Monies Fund	Totals (Memorandum Only)
Cash Receipts:			
Fine and Forfeitures	\$177,041	\$	\$177,041
Interest		8,526	8,526
Miscellaneous Receipts		72	72
Total Cash Receipts	177,041	8,598	185,639
Cash Disbursements:			
Operation of Library	4,800		4,800
Salaries	25,290		25,290
Books and CD ROM	127,446		127,446
Online Service	15,173	12,169	27,342
Miscellaneous	4,503		4,503
Total Cash Disbursements	177,212	12,169	189,381
Total Cash Receipts Over/(Under) Cash Disbursements	(171)	(3,571)	(3,742)
Fund Cash Balances, January 1	13,762	161,457	175,219
Fund Cash Balances, December 31	\$13,591	\$157,886	\$171,477
Reserves for Encumbrances, December 31	\$13,591	\$0	\$13,591

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

**LAW LIBRARY ASSOCIATION
GUERNSEY COUNTY**

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

	General Fund	Retained Monies Fund	Totals (Memorandum Only)
Cash Receipts:			
Fine and Forfeitures	\$191,348	\$	\$191,348
Interest		9,110	9,110
Total Cash Receipts	<u>191,348</u>	<u>9,110</u>	<u>200,458</u>
Cash Disbursements:			
Operation of Library	5,539		5,539
Salaries	22,793		22,793
Books and CD ROM	140,571		140,571
Online Service	3,887		3,887
Miscellaneous	4,796	1,581	6,377
Total Cash Disbursements	<u>177,586</u>	<u>1,581</u>	<u>179,167</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>13,762</u>	<u>7,529</u>	<u>21,291</u>
Fund Cash Balances, January 1 - See Note 2 (if applicable)	<u>0</u>	<u>153,928</u>	<u>153,928</u>
Fund Cash Balances, December 31	<u>\$13,762</u>	<u>\$161,457</u>	<u>\$175,219</u>
Reserves for Encumbrances, December 31	<u>\$13,762</u>	<u>\$0</u>	<u>\$13,762</u>

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

**LAW LIBRARY ASSOCIATION
GUERNSEY COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Law Library Association, Guernsey County (the Association), is directed by a board of five trustees who are elected for four year terms by members of the Guernsey County Bar Association. The Association provides free access for all county officers and the judges of the several courts within the county.

The Association operates by receiving a portion of fine and forfeiture monies from the courts (and any associated interest) under Ohio Revised Code (ORC) Sections 3375.50 to .53, inclusive. The Association is permitted to expend funds under ORC Section 3375.54. The funds of the Association 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 Guernsey County Commissioners are required by ORC Section 3375.49 to provide adequate facilities for the Association. 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 Judges of the Court of Common Pleas of Guernsey County fix the compensation of the librarian and up to two assistant librarians pursuant to ORC Section 3375.48. If the Association 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 Association.

The Association's management believes these financial statements present all funds for which the Association is financially accountable. The accompanying financial statements also include private monies, see note 1C.

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 Association 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.

**LAW LIBRARY ASSOCIATION
GUERNSEY COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Fund Accounting

The Association uses fund accounting to segregate cash and investments that are restricted as to use. The Association 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 Association under Ohio Revised Code § 3375.56. At the end of each calendar year the Association is permitted under law to retain up to ten percent of their unencumbered balance. The Association receives bar association dues which are considered private monies. The Association can disburse private monies at its discretion. These private monies are unable to be segregated therefore these receipts and disbursements are included in the Retained Monies Fund. See footnote 2 for additional information.

D. Budgetary Process

The Association is not required to budget annually; however, under Ohio Revised Code Section 3375.56 the Association 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.

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

The Association is not able to determine the Retained Monies Fund amount. Therefore, the Retained Monies Fund in the accompanying financial statements includes both retained monies and private monies. The private monies will be reported with the Retained Monies Fund until the Association is able to support the Retained Monies portion.

**LAW LIBRARY ASSOCIATION
GUERNSEY COUNTY**

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

3. EQUITY IN POOLED CASH

The Association 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:

	<u>2000</u>	<u>2001</u>
Demand deposits	\$75,219	\$71,477
Certificates of deposit	100,000	100,000
Total deposits	<u>\$175,219</u>	<u>\$171,477</u>

Deposits: Deposits are either (1) insured by the Federal Deposit Insurance Corporation, and/or (2) collateralized by the financial institution's public entity deposit pool.

4. RETIREMENT SYSTEM

The Association's Law Librarian belongs to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2001 and 2000, the Librarian contributed 8.5% of their gross salary. The Association contributed an amount equal to 13.55% of participants' gross salaries through June 30, 2000. For the period July 1, 2000 through December 31, 2000 PERS temporarily reduced the employer's contribution rate to 8.13% of participant's gross salaries. For 2001, the Association contributed an amount equal to 13.55% of participants' gross salaries. The Association has paid all contributions required through December 31, 2001.

5. RISK MANAGEMENT

Commercial Insurance

The Law Library Association has obtained commercial insurance for the following risks:

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

This page intentionally left blank.



**STATE OF OHIO
OFFICE OF THE AUDITOR**

JIM PETRO, AUDITOR OF STATE

743 East State Street
Athens Mall, Suite B
Athens, Ohio 45701
Telephone 740-594-3300
800-441-1389
Facsimile 740-594-2110
www.auditor.state.oh.us

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

Law Library Association
Guernsey County
County Courthouse
801 Wheeling Ave.
Cambridge, Ohio 43725

To the Board of Trustees:

We have audited the accompanying financial statements of the Law Library Association, Guernsey County, Ohio (the Association), as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated December 31, 2002, wherein we indicated the Association 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 Association'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 Association'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. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Association's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. A reportable condition is described in the accompanying Schedule of Findings as item 2002-61030-001.

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above is not a material weakness. We also noted another matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the Association in a separate letter dated December 31, 2002.

Law Library Association
Guernsey 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 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 stylized with a large, looping initial "J" and a long, sweeping underline.

Jim Petro
Auditor of State

December 31, 2002

**LAW LIBRARY ASSOCIATION
GUERNSEY COUNTY**

**SCHEDULE OF FINDINGS
FOR THE YEARS ENDED DECEMBER 31 2001 AND 2000**

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

FINDING NUMBER 2002-61030-001

Reportable Condition

Law Library Associations receive public funding from court fines, penalties, and forfeited bail pursuant to Ohio Rev. Code Sections 3375.50-53. Such moneys may be expended only for the support and operation of the law library association as detailed in Ohio Rev. Code Section 3375.54. Ohio Rev. Code Section 375.56 requires the library board to refund at least 90% of public monies received that exceed expenditures during the same period to the Treasurers of the various contributing political subdivisions. The remainder (up to 10%) shall be kept for future expenses. Money retained under this provision forever retains its identity as public funds and can only be used for purposes detailed in Ohio Rev. Code Section 3375.54. Interest earned on public funds collected under Ohio Rev. Code Sections 3375.50-.53 will be treated as public funds as will interest earned on retained monies under Ohio Rev. Code Section 3375.56 and are subject to the same restrictions under Ohio Rev. Code Section 3375.54.

For accounting and auditing purposes, due to the different rules and auditing treatment associated with public versus private funds, the Association should record private revenues and expenditures separately from public revenue and expenditures and to not commingle public and private monies in the same fund. Additionally, retained funds (i.e., the amounts of up to 10% of public money that are not refunded) should not be included in the General Fund but be accumulated and accounted for in a separate fund. If monies are commingled, public and private monies will be audited in accordance with the rule and restrictions of Ohio Rev. Code Section 3375.54.

During the audit period, the Law Library Association maintained one General Fund for all public and private monies. The Association did not provide any segregation between current revenues from contributing political subdivisions, private monies from the bar association or monies that have been retained from the association's 10% of public monies that were not refunded. For financial statement presentation, the financial statements have been adjusted to reflect a General Fund and a Retained Monies Fund.

We recommend the Law Library Association Board pass a resolution to designate which funds are private, which funds are public, and which funds constitute retained monies. Once the Association determines the breakout of public versus private monies, they should account for these funds separately. At the end of each year after the Association computes the amount to be refunded to contributing political subdivisions, the remaining amount to be retained should be transferred from the General Fund to the Retained Monies Fund.

This page intentionally left blank.

**LAW LIBRARY ASSOCIATION
GUERNSEY COUNTY**

**CORRECTIVE ACTION PLAN
FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2001-61030-001	The Law Library Association will review their present accounting setup and make necessary changes to segregate private monies from public monies.	N/A	Richard Baker, Secretary/Treasurer



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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

LAW LIBRARY ASSOCIATION

GUERNSEY 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**