



**Auditor of State  
Betty Montgomery**



**LAW LIBRARY ASSOCIATION  
DEFIANCE COUNTY**

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**Auditor of State  
Betty Montgomery**

## **INDEPENDENT ACCOUNTANTS' REPORT**

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 the general fund and the retained monies fund of the Defiance County Law Library Association (the Library) as of and for the years ended December 31, 2003 and 2002. 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's general fund and the retained monies fund as of December 31 2003 and 2002, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 27, 2004 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 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.



**Betty Montgomery**  
Auditor of State

July 27, 2004

**LAW LIBRARY ASSOCIATION  
DEFIANCE COUNTY**

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

	General Fund	Retained Monies Fund	Totals (Memorandum Only)
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Cash Receipts:</b>			
Fine and Forfeitures	\$ 87,574		\$ 87,574
Interest	223	\$ 5	228
	<u>          </u>	<u>          </u>	<u>          </u>
Total Cash Receipts	<u>87,797</u>	<u>5</u>	<u>87,802</u>
<b>Cash Disbursements:</b>			
Supplies and Materials	87,324		87,324
Refunds to Relative Income Sources - See Note 1	5,619		5,619
Utility Costs	344		344
Travel Reimbursements		1,094	1,094
Audit Costs	427		427
Miscellaneous	443		443
	<u>          </u>	<u>          </u>	<u>          </u>
Total Cash Disbursements	<u>94,157</u>	<u>1,094</u>	<u>95,251</u>
Total Cash Disbursements Over Cash Receipts	<u>(6,360)</u>	<u>(1,089)</u>	<u>(7,449)</u>
<b>Other Financing Receipts/(Disbursements):</b>			
Remittance to Retained Funds	(624)	624	
Refunds from Vendors	2,577		2,577
	<u>          </u>	<u>          </u>	<u>          </u>
Total Other Financing Receipts/(Disbursements)	<u>1,953</u>	<u>624</u>	<u>2,577</u>
Excess of Cash Disbursements and Other Financing Disbursements Over Cash Receipts and Other Financing Receipts	(4,407)	(465)	(4,872)
Fund Cash Balances, January 1 - See Note 2	<u>6,243</u>	<u>2,076</u>	<u>8,319</u>
<b>Fund Cash Balances, December 31</b>	<b><u><u>\$ 1,836</u></u></b>	<b><u><u>\$ 1,611</u></u></b>	<b><u><u>\$ 3,447</u></u></b>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

**LAW LIBRARY ASSOCIATION  
DEFIANCE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL PUBLIC FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2002**

	General Fund	Retained Monies Fund	Totals (Memorandum Only)
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Cash Receipts:</b>			
Fine and Forfeitures	\$ 91,501		\$ 91,501
Interest	126	\$ 16	142
	<u>          </u>	<u>          </u>	<u>          </u>
Total Cash Receipts	91,627	16	91,643
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Cash Disbursements:</b>			
Supplies and Materials	90,638		90,638
Refunds to Relative Income Sources - See Note 1	734		734
Utility Costs	836		836
Travel Reimbursements	688	462	1,150
Audit Costs	1,116		1,116
Miscellaneous	155		155
	<u>          </u>	<u>          </u>	<u>          </u>
Total Cash Disbursements	94,167	462	94,629
	<u>          </u>	<u>          </u>	<u>          </u>
Total Cash Disbursements Over Cash Receipts	(2,540)	(446)	(2,986)
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Other Financing Receipts/(Disbursements):</b>			
Remittance to Retained Funds	(82)	82	
Refunds from Vendors	50		50
	<u>          </u>	<u>          </u>	<u>          </u>
Total Other Financing Receipts/(Disbursements)	(32)	82	50
	<u>          </u>	<u>          </u>	<u>          </u>
Excess of Cash Disbursements and Other Financing Disbursements Over Cash Receipts and Other Financing Receipts	(2,572)	(364)	(2,936)
	<u>          </u>	<u>          </u>	<u>          </u>
Fund Cash Balances, January 1	8,815	2,440	11,255
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Fund Cash Balances, December 31</b>	<b><u>          </u></b>	<b><u>          </u></b>	<b><u>          </u></b>
	<b>\$ 6,243</b>	<b>\$ 2,076</b>	<b>\$ 8,319</b>

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, 2003 AND 2002

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The 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 and an assistant law librarian. The Judges of the Court of Common Pleas of Defiance County fix the compensation of the assistant 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 assistant law librarian is paid from the county treasury.

The Library's management believes these financial statements present all public 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.

**LAW LIBRARY ASSOCIATION  
DEFIANCE COUNTY**

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)

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 and investments that are 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 unencumbered balance to political subdivisions that provided revenues to the Library. See Footnote 2 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

**LAW LIBRARY ASSOCIATION  
DEFIANCE COUNTY**

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)

consolidation. Interfund eliminations have not been made in the aggregation of this data.

**2. 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 2003 and 2002.

Balance at December 31, 2002	
Refunded and Retained During Calendar Year 2003	
Balance at December 31, 2002	\$ 6,243
Refunded to Relative Sources during 2003	(5,619)
Retained Funds Amount during 2003	<u>\$ 624</u>

Balance at December 31, 2001	
Refunded and Retained During Calendar Year 2002	
Balance at December 31, 2001	\$ 816
Refunded to Relative Sources during 2002	(734)
Retained Funds Amount during 2002	<u>\$ 82</u>

**3. 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:

	2003	2002
Demand deposits	\$ 1,836	\$ 6,243
Savings Accounts	1,611	2,076
Total deposits	<u>\$ 3,447</u>	<u>\$ 8,319</u>

Deposits are insured by the Federal Depository Insurance Corporation.

**LAW LIBRARY ASSOCIATION  
DEFIANCE COUNTY**

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)

**4. RISK MANAGEMENT**

The County has property and liability insurance for the library.



**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT 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 the Defiance County Law Library Association (the Library) as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated July 27, 2004. 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 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

Law Library Association  
Defiance County  
Independent Accountants' Report on Compliance and on Internal  
Control Required by *Government Auditing Standards*  
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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 June 27, 2004.

This report is intended solely for the information and use of management and Board of Trustees, and is not intended to be and should not be used by anyone other than these specified parties.



**Betty Montgomery**  
Auditor of State

July 27, 2004



**Auditor of State  
Betty Montgomery**

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**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  
AUGUST 17, 2004**