



**Auditor of State  
Betty Montgomery**



**ADAMS COUNTY LAW LIBRARY ASSOCIATION  
ADAMS COUNTY**

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## Auditor of State Betty Montgomery

### INDEPENDENT ACCOUNTANTS' REPORT

Adams County Law Library Association  
Adams County  
P.O. Box 236  
West Union, Ohio 45693

To the Board of Trustees:

We have audited the accompanying financial statements of the Adams County Law Library Association, Adams County, Ohio (the Library), as of and for the years ended December 31, 2002 and 2001. 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 retained monies fund as of December 31, 2002 and 2001, 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 April 4, 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 management, the Board of Trustees and other officials authorized to receive this report under Section 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 that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

April 4, 2003

**ADAMS COUNTY LAW LIBRARY ASSOCIATION  
ADAMS COUNTY**

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

	<u>General Fund</u>	<u>Retained Monies Fund</u>	<u>Totals (Memorandum Only)</u>
<b>Cash Receipts:</b>			
Fine and Forfeitures - County Auditor	\$57,620	\$0	\$57,620
Fine and Forfeitures - Common Pleas Court	1,250		1,250
	<u>58,870</u>	<u>0</u>	<u>58,870</u>
<b>Total Cash Receipts</b>			
	<u>58,870</u>	<u>0</u>	<u>58,870</u>
<b>Cash Disbursements:</b>			
Supplies and Materials	46,789		46,789
Refunds to Relative Income Sources - See Note 3	9,634		9,634
Other	380		380
	<u>56,803</u>	<u>0</u>	<u>56,803</u>
<b>Total Cash Disbursements</b>			
	<u>56,803</u>	<u>0</u>	<u>56,803</u>
<b>Total Cash Receipts Over/(Under) Cash Disbursements</b>			
	<u>2,067</u>	<u>0</u>	<u>2,067</u>
<b>Other Financing Receipts/(Disbursements):</b>			
Remittance to Retained Funds	(1,346)	1,346	0
Refunds from Vendors	236		236
Other Financing Sources	287		287
	<u>(823)</u>	<u>1,346</u>	<u>523</u>
<b>Total Other Financing Receipts/(Disbursements)</b>			
	<u>(823)</u>	<u>1,346</u>	<u>523</u>
<b>Excess (Deficiency) of Cash Receipts and Other Financing Receipts Over (Under) Cash Disbursements and Other Financing Disbursements</b>			
	1,244	1,346	2,590
<b>Fund Cash Balances, January 1</b>			
	<u>13,484</u>	<u>674</u>	<u>14,158</u>
<b>Fund Cash Balances, December 31</b>			
	<u><u>\$14,728</u></u>	<u><u>\$2,020</u></u>	<u><u>\$16,748</u></u>

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

**ADAMS COUNTY LAW LIBRARY ASSOCIATION  
ADAMS 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>
<b>Cash Receipts:</b>			
Fine and Forfeitures - County Auditor	\$52,407	\$0	\$52,407
Fine and Forfeitures - Common Pleas Court	1,250		1,250
<b>Total Cash Receipts</b>	<u>53,657</u>	<u>0</u>	<u>53,657</u>
<b>Cash Disbursements:</b>			
Supplies and Materials	37,589		37,589
Refunds to Relative Income Sources - See Note 3	2,760		2,760
Audit Fees	2,192		2,192
Other	411		411
<b>Total Cash Disbursements</b>	<u>42,952</u>	<u>0</u>	<u>42,952</u>
<b>Total Cash Receipts Over/(Under) Cash Disbursements</b>	<u>10,705</u>	<u>0</u>	<u>10,705</u>
<b>Other Financing Receipts/(Disbursements):</b>			
Remittance to Retained Funds	(307)	307	0
<b>Total Other Financing Receipts/(Disbursements)</b>	<u>(307)</u>	<u>307</u>	<u>0</u>
<b>Excess (Deficiency) of Cash Receipts and Other Financing Receipts Over (Under) Cash Disbursements and Other Financing Disbursements</b>	<u>10,398</u>	<u>307</u>	<u>10,705</u>
<b>Fund Cash Balances, January 1 - See Note 2</b>	<u>3,086</u>	<u>367</u>	<u>3,453</u>
<b>Fund Cash Balances, December 31</b>	<u><u>\$13,484</u></u>	<u><u>\$674</u></u>	<u><u>\$14,158</u></u>

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

**ADAMS COUNTY LAW LIBRARY ASSOCIATION  
ADAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Adams County Law Library Association, Adams County, Ohio (the Library), is directed by a board of three trustees who are elected annually by members of the Adams 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), Sections 3375.50 to .53, inclusive. The Library is permitted to expend funds under ORC, Section 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 Adams County Commissioners are required by ORC, Section 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 law librarian and the assistant law librarian. The Judge of the Court of Common Pleas of Adams County fixes the compensation of the law librarian and the assistant law librarian pursuant to ORC, Section 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 the assistant is to be paid from the county treasury. If the conditions above are not met, then the salary of the librarian and the assistant should be paid by the Library. As these conditions have been met for the Library, the salaries of the librarian and the assistant are paid from Adams County's General Fund.

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.

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

**C. Cash**

The Library maintains a checking account with a local commercial bank. All deposits are covered by federal depository insurance.

**D. Fund Accounting**

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

**ADAMS COUNTY LAW LIBRARY ASSOCIATION  
ADAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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.

**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 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, 2001 the retained monies fund was not disclosed by the Library. Effective January 1, 2001, the Library determined the amounts relating to their Retained Monies Fund by providing documentation of their retained monies balance at December 31, 2000 from their annual reports filed in prior years to support the balance. The effect of the restatement is as follows:

	General Fund	Retained Monies Fund
Fund Balance, December 31, 2000	\$ 3,453	\$ -
Restatement	(367)	367
Restated Fund Balance, January 1, 2001	\$ 3,086	\$ 367

**ADAMS COUNTY LAW LIBRARY ASSOCIATION  
ADAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

**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 2002 and 2001.

<b>Balance at December 31, 2001 Refunded and Retained During Calendar Year 2002</b>	
Balance at December 31, 2001	\$13,484
Refunded to Relative Sources during 2002	\$9,634
Retained Funds Amount during 2002	\$1,346
Total Amount Due to Be Refunded to Relative Income Sources	\$2,504

<b>Balance at December 31, 2000 Refunded and Retained During Calendar Year 2001</b>	
Balance at December 31, 2000	\$3,087
Refunded to Relative Sources during 2001	\$2,760
Retained Funds Amount during 2001	\$307
Amount Due to Be Refunded to Relative Income Sources	\$18

As shown above, the Library did not properly comply with the application of Ohio Revised Code §3375.56. The Library miscalculated their amount to be refunded in 2002 to Adams County. Of the \$12,138 amount to be refunded in 2002, the Library has remitted \$9,634 to the County and still owes the remaining balance of \$2,504. The financial statements do not reflect the effect of this additional refund as the amount still owed to the County is included in the General Fund balance.

**4. EQUITY IN POOLED CASH DEPOSITS**

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

	2002	2001
Demand deposits	\$16,748	\$14,158

Deposits are insured fully by the Federal Depository Insurance Corporation.

**5. RISK MANAGEMENT**

The Library is covered under Adams County's commercial insurance for comprehensive property and general liability risks.

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## **Auditor of State Betty Montgomery**

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

Adams County Law Library Association  
Adams County  
P.O. Box 236  
West Union, Ohio 45693

To the Board of Trustees:

We have audited the accompanying financial statements of the Adams County Law Library Association, Adams County, Ohio (the Library), as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated April 4, 2003, 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 2002-60401-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the Library in a separate letter dated April 4, 2003.

#### **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 a certain matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the Library in a separate letter dated April 4, 2003.

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 that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

April 4, 2003

**ADAMS COUNTY LAW LIBRARY ASSOCIATION  
ADAMS COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2002 AND 2001**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2002-60401-001**

**Finding For Recovery**

Ohio Rev. Code, Section 3375.56, requires the Board of Trustees of the Law Library Association to make a detailed statement to the County Auditor, of the amount of fines and penalties received under Sections 3375.50 through 3375.53, inclusive, of the Ohio Revised Code, and of the money expended by the Library. If the total amount received under such sections during the preceding calendar year exceeds the expenditures during the same time, the auditor shall certify such fact to the board which shall direct the treasurer of the Library to refund proportionately to the political subdivisions from which such balance was received, not less than ninety percent of any unencumbered balance on hand from the preceding year.

On the 2001 annual report filed in January 2002, the Library miscalculated the amount to refund to Adams County. Expenditures detailed on the report and used in the calculation of the refund included \$2,760, which was the refund amount paid to Adams County in January 2001 for excess funds on hand at December 31, 2000. As a result, the Library's refund to Adams County in January 2002 was underpaid by \$2,504.

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code, Section 117.28, a finding for recovery for public money due but uncollected is hereby issued against the Adams County Law Library Association in the amount of \$2,504, in favor of Adams County.





**Auditor of State  
Betty Montgomery**

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800-282-0370  
Facsimile 614-466-4490

**ADAMS COUNTY LAW LIBRARY ASSOCIATION**

**ADAMS 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  
MAY 8, 2003**