



**Auditor of State  
Betty Montgomery**



**COLUMBIANA COUNTY LAW LIBRARY ASSOCIATION  
COLUMBIANA COUNTY**

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## Auditor of State Betty Montgomery

### INDEPENDENT ACCOUNTANTS' REPORT

Columbiana County Law Library Association  
Columbiana County  
32 North Park Ave., 1<sup>st</sup> Floor  
Lisbon, Ohio 44432

To the Board of Trustees:

We have audited the accompanying financial statements of the general fund and the retained monies fund of the Columbiana County Law Library Association (the Library) as of and for the years ended December 31, 2001 and December 31, 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. Also, the financial statements present only the general fund and the retained monies fund and are not intended to present fairly the financial position and results of operations of the Library in conformity with the basis of accounting as described in Note 1.

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, 2001 and December 31, 2000, 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 September 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.

Columbiana County Law Library Association  
Columbiana County  
Independent Accountants' Report  
Page 2

This report is intended solely for the information and use of the audit committee, 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 that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

September 4, 2003

**COLUMBIANA COUNTY LAW LIBRARY ASSOCIATION  
COLUMBIANA COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL PUBLIC 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	\$293,336		\$293,336
Interest	578	\$17,955	18,533
Total Cash Receipts	<u>293,914</u>	<u>17,955</u>	<u>311,869</u>
<b>Cash Disbursements:</b>			
Supplies and Materials	191,114		191,114
Refunds to Relative Income Sources - See Note 2	51,640		51,640
Equipment	2,759		2,759
Miscellaneous Disbursements	5,192	227	5,419
Total Cash Disbursements	<u>250,705</u>	<u>227</u>	<u>250,932</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>43,209</u>	<u>17,728</u>	<u>60,937</u>
<b>Other Financing Receipts/(Disbursements):</b>			
Remittance to Retained Funds	(11,750)	11,750	
Other Refunds - See Note 1 - D (2)		5,915	5,915
Total Other Financing Receipts/(Disbursements)	<u>(11,750)</u>	<u>17,665</u>	<u>5,915</u>
Excess (Deficiency) of Cash Receipts and Other Financing Receipts Over (Under) Cash Disbursements and Other Financing Disbursements	31,459	35,393	66,852
Public Fund Cash Balances, January 1	<u>117,499</u>	<u>315,490</u>	<u>432,989</u>
<b>Public Fund Cash Balances, December 31</b>	<b><u>\$148,958</u></b>	<b><u>\$350,883</u></b>	<b><u>\$499,841</u></b>

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

**COLUMBIANA COUNTY LAW LIBRARY ASSOCIATION  
COLUMBIANA COUNTY**

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

	<u>General Fund</u>	<u>Retained Monies Fund</u>	<u>Totals (Memorandum Only)</u>
<b>Cash Receipts:</b>			
Fine and Forfeitures	\$317,579		\$317,579
Interest		\$12,025	12,025
Miscellaneous Receipts	226	220	446
Total Cash Receipts	<u>317,805</u>	<u>12,245</u>	<u>330,050</u>
<b>Cash Disbursements:</b>			
Supplies and Materials	178,043		178,043
Refunds to Relative Income Sources - See Note 2	91,807		91,807
Equipment	8,854		8,854
Miscellaneous Disbursements	13,251		13,251
Total Cash Disbursements	<u>291,955</u>		<u>291,955</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>25,850</u>	<u>12,245</u>	<u>38,095</u>
<b>Other Financing Receipts/(Disbursements):</b>			
Remittance to Retained Funds	(10,201)	10,201	
Other Refunds - See Note 1 - D (2)	(273)	2,776	2,503
Total Other Financing Receipts/(Disbursements)	<u>(10,474)</u>	<u>12,977</u>	<u>2,503</u>
Excess (Deficiency) of Cash Receipts and Other Financing Receipts Over (Under) Cash Disbursements and Other Financing Disbursements	15,376	25,222	40,598
Public Fund Cash Balances, January 1	<u>102,123</u>	<u>290,268</u>	<u>392,391</u>
<b>Public Fund Cash Balances, December 31</b>	<b><u><u>\$117,499</u></u></b>	<b><u><u>\$315,490</u></u></b>	<b><u><u>\$432,989</u></u></b>

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



**COLUMBIANA COUNTY LAW LIBRARY ASSOCIATION  
COLUMBIANA COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Columbiana County Law Library Association (the Library) was formed in 1910 and is directed by a board of nine trustees who are elected for a three year term by members of the Columbiana 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 Columbiana 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 librarian and not more than two assistant law librarians. The Judges of the Court of Common Pleas of Columbiana County fix the compensation of the librarian and up to two assistant librarians 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 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.

Some funds received by the Library are considered private monies. Private monies include: acknowledgement fees, 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 accompanying financial statements do not present 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.

**COLUMBIANA COUNTY LAW LIBRARY ASSOCIATION  
COLUMBIANA COUNTY**

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

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

**C. Cash and Investments**

Investments are included in Fund Cash Balances. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

Demand deposits, savings accounts and certificates of deposit, are valued at cost.

**D. 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.

In the Calendar Year 2000 the financial statements reflect \$2,776 as Other Refunds. These funds derive from a prior year finding for recovery for the amount which was erroneously placed in private funds.

In Calendar Year 2001 the financial statements reflect \$5,915 as Other Refunds. These funds derive from a prior year finding for recovery for the amount which was erroneously not taken as Retained Funds in Calendar 1999 for activity during 1998. The amounts were properly disbursed in Calendar 2000, but not deposited in the Retained Funds until Calendar 2001.

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 *unencumbered* balance to political subdivisions that provided revenues to the Library. See Footnote 2 for additional information.

**COLUMBIANA COUNTY LAW LIBRARY ASSOCIATION  
COLUMBIANA COUNTY**

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

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

**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. 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 refund to relative income sources. The following charts present the refunded and retained amounts during 2001 and 2000.

<b><i>Unencumbered Balance at December 31, 2000 Refunded and Retained During Calendar Year 2001</i></b>	
Unencumbered Balance at December 31, 2000	\$ 117,499
Refunded to Relative Sources during 2001	51,640
Retained Funds Amount during 2001	11,750

<b><i>Unencumbered Balance at December 31, 2000-1 Refunded and Retained During Calendar Year 2000</i></b>	
Unencumbered Balance at December 31, 2000-1	\$ 102,123
Refunded to Relative Sources during 2000	91,807
Retained Funds Amount during 2000	10,201

**Reasoning why 2001 amounts do not add up to a ninety – ten split:**

During calendar year 1999 the Library overpaid their relative income sources by \$54,128.19. They received a reportable condition in the December 31, 1999 report providing them an option to net the amounts against the amount they would have to pay in calendar 2001. The Library took the option and netted the amounts.

**Reason why 2000 amounts do not add up to a ninety – ten split:**

The 1999 application of ORC 3375.56 did not include a \$116 voided check, or \$104 remittance to relative income sources. This amount was netted in the application of ORC 3375.56 during the calculation at December 31, 2000 for calendar year 2001.

The Library has corrected both the above situations.

**COLUMBIANA COUNTY LAW LIBRARY ASSOCIATION  
COLUMBIANA COUNTY**

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

**3. EQUITY IN POOLED CASH AND INVESTMENTS**

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

	2001	2000
Demand deposits	\$148,958	\$224,661
Savings Accounts	53,493	2,916
Certificates of deposit	297,390	205,412
Total deposits	\$499,841	\$432,989

**Deposits:** The deposits fell into the following categories:

- Deposits insured by the Federal Depository Insurance Corporation equaled \$405,553 and \$274,656 for 2001 and 2000, respectively.
- Deposits collateralized by the financial institution's public entity deposit pool equaled \$48,958 and \$79,540 for 2001 and 2000, respectively.
- Deposits not insured or collateralized were \$12,352 and \$78,794 for 2001 and 2000, respectively.

**4. RISK MANAGEMENT**

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

- Comprehensive property and general liability;
- Valuable Papers and Records
- Data Processing
- Errors and omissions.



**Auditor of State  
Betty Montgomery**

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

Columbiana County Law Library Association  
Columbiana County  
32 North Park Ave., 1<sup>st</sup> Floor  
Lisbon, Ohio 44432

To the Board of Trustees:

We have audited the accompanying financial statements of the Columbiana County Law Library Association (the Library) as of and for the years ended December 31, 2001 and December 31, 2000, and have issued our report thereon dated September 4, 2003, wherein we indicated the financial statements only include the general fund and the retained monies fund. 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*. However, we noted a certain immaterial instance of noncompliance that we have reported to management of the Library in a separate letter dated September 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. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be 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 Library's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings as item 2001-001.

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 consider the reportable condition described above to be a material weakness.

This report is intended solely for the information and use of the audit committee, 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 that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

September 4, 2003

**COLUMBIANA COUNTY LAW LIBRARY ASSOCIATION  
COLUMBIANA 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 2001-001**

**REPORTABLE CONDITION/MATERIAL WEAKNESS**

During the audit period ending December 31, 2001, the Board of Trustees of the Columbiana County Law Library Association did not maintain adequate records depicting the activity of their Retained Funds. Records had been misplaced, lost, thrown away or just not requested from the financial institutions during the period to support the financial conclusions on the face of the Retained Funds Reports for both December 31, 2001 and December 31, 2000. The correct information was not made available to the Auditor of State for over a year. Our reconciliation showed these balances were in excess of the 2001 and 2000 annual reports provided to the Board of Trustees. In 2000 the amount reflected on the report was \$2,917 less than the annual report and in 2001 the amount reflected was \$27,610 less than the annual report. These differences were due to an account not being included on the financial statement in 2000 and due to retained fund monies in one account being reported as private monies in 2001. These corrections were made to the financial statements.

We recommend the Board of Trustees do the following to maintain adequate records and proper accountability. For each account a record should be maintained by account in its own folder:

- All correspondence sent by the Board to the financial institution,
- All correspondence received by the Board from the financial institution,
- All statements sent by each financial institution,
- All FORM 1099's sent by the financial institution,
- At year end, the Board should request a detailed summary of all activity in each account so a reviewer can maintain an understanding of the transactions which took place during that year.

**COLUMBIANA COUNTY LAW LIBRARY ASSOCIATION  
COLUMBIANA COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2001 and 2000**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain:</i></b>
1999-61215-001	Finding for recovery due to amounts remitted to private monies.	Yes	
1999-61215-002	Material Citation for not complying with ORC 135.12 and ORC 135.18	Yes, by establishing depository agreements under ORC 135.12 and requiring financial institutions to follow ORC 135.18	However, this is no longer valid because these code sections do not apply unless the Library adopts a policy to help protect their deposits.
1999-61215-003	Non-Compliance citation for not following ORC 3375.56.	Yes	
1999-61215-004	Material Weakness for not applying the application of ORC 3375.56 properly. The Library over paid their relative income sources an amount equal to \$54,128.19.	Yes, the Reportable Condition provided permission to net amounts in the following year and the Library's management did.	





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**COLUMBIANA COUNTY LAW LIBRARY ASSOCIATION**

**COLUMBIANA 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  
OCTOBER 7, 2003**