



**Auditor of State
Betty Montgomery**

LAW LIBRARY ASSOCIATION
PUTNAM COUNTY

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Law Library Association
Putnam County
245 E. Main Street
Ottawa, OH 45875-1996

To the Board of Trustees:

We have audited the accompanying financial statements of the general fund of the Law Library Association, Putnam County, (the Library) as of and for the years ended December 31, 2002 and 2001 and the retained monies fund as of and for the year ended December 31, 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 audits.

We conducted our audits 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 audits 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 audits provide 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 as of December 31, 2002 and 2001 and the retained monies fund as of December 31, 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 21, 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 audits.

Law Library Association
Putnam County
Independent Accountants' Report
Page 2

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

Betty Montgomery
Auditor of State

July 21, 2003

**LAW LIBRARY ASSOCIATION
PUTNAM COUNTY**

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

	<u>General Fund</u>	<u>Retained Monies Fund</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:			
Fine and Forfeitures	\$74,982		\$74,982
Interest	2		2
Miscellaneous Receipts	54		54
	<u>75,038</u>		<u>75,038</u>
Cash Disbursements:			
Supplies and Materials	77,130		77,130
Refunds to Relative Income Sources - See Note 2	6,505		6,505
	<u>83,635</u>		<u>83,635</u>
Total Cash Disbursements Over Cash Receipts	<u>(8,597)</u>		<u>(8,597)</u>
Other Financing Receipts/(Disbursements):			
Remittance to Retained Funds	<u>(2,000)</u>	<u>\$2,000</u>	
Excess of Cash Receipts and Other Financing Receipts Over (Under) Cash Disbursements and Other Financing Disbursements	(10,597)	2,000	(8,597)
Public Fund Cash Balances, January 1	<u>19,541</u>		<u>19,541</u>
Public Fund Cash Balances, December 31	<u><u>\$8,944</u></u>	<u><u>\$2,000</u></u>	<u><u>\$10,944</u></u>

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

**LAW LIBRARY ASSOCIATION
PUTNAM COUNTY**

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

	<u>General Fund</u>
Cash Receipts:	
Fine and Forfeitures	\$69,908
Interest	8
	<hr/>
Total Cash Receipts	69,916
	<hr/>
Cash Disbursements:	
Supplies and Materials	47,633
Refunds to Relative Income Sources - See Note 2	14,202
Contract Services	2,281
	<hr/>
Total Cash Disbursements	64,116
	<hr/>
Total Cash Receipts Over Cash Disbursements	5,800
Cash Balances, January 1	13,741
	<hr/>
Cash Balances, December 31	<u><u>\$19,541</u></u>

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

**LAW LIBRARY ASSOCIATION
PUTNAM COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Putnam County Law Library (the Library) is directed by a board of three trustees who are elected to a three year term by members of the Putnam 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 Putnam 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 elects a librarian and not more than two assistant law librarians. The Judges of the Court of Common Pleas of Putnam County fix 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. Some funds received by the Library are considered private monies. Private monies 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 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.

**LAW LIBRARY ASSOCIATION
PUTNAM COUNTY**

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

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.

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 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 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 2002 and 2001.

Balance at December 31, 2000	
Refunded During Calendar Year 2001	
Balance at December 31, 2000	\$13,741
Refunded to Relative Sources during 2001	<u>14,202</u>
Retained Fund Amount during 2001	<u><u>\$0</u></u>

**LAW LIBRARY ASSOCIATION
PUTNAM COUNTY**

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

The amounts refunded in 2001 exceed the available balance due to a finding for recovery issued during the audit of the 1999 and 2000 financial statements.

	Balance at December 31, 2001
Refunded and Retained During Calendar Year 2002	
Balance at December 31, 2001	\$19,541
Amount Required to be Refunded to Relative Sources during 2002	18,002
Refunded to Relative Sources during 2002	6,505
Amount Due and Not Refunded During 2002	<u>\$11,497</u>
Retained Funds Amount during 2002	<u><u>\$2,000</u></u>

A finding for recovery has been issued against the Library and in favor of Putnam County for the \$11,497, in 2002, that has not been refunded.

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:

	2002	2001
Demand deposits	\$10,944	\$19,541

Deposits are insured by the Federal Depository Insurance Corporation

4. RISK MANAGEMENT

Commercial Insurance

The Library has obtained commercial insurance for legal publications, furniture and equipment.

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Auditor of State Betty Montgomery

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

Law Library Association
Putnam County
245 E. Main Street
Ottawa, OH 45875-1996

To the Board of Trustees:

We have audited the accompanying financial statements of the Law Library Association, Putnam County, (the Library) as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated July 21, 2003, wherein we indicated the financial statements only include the general fund and the retained monies fund. We conducted our audits 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 audits 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 2002-001.

Internal Control over Financial Reporting

In planning and performing our audits, 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 July 21, 2003.

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Law Library Association
Putnam County
Independent Accountants' Report 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 that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

July 21, 2003

**LAW LIBRARY ASSOCIATION
PUTNAM COUNTY**

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

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

FINDING NUMBER 2002-001

Finding for Recovery Repaid Under Audit

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 fines and penalties received under § 3375.50 to § 3375.53, and of the money expended by the association.

If the total amount received under such section 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 subdivision from which such balance was received, not less than ninety percent of any unencumbered balance on hand from the preceding year.

The Law Library did not file the 2001 required report until August 2002 and the 2002 report was not filed until April 11, 2003. The percentage calculation used in pro-rating the amount of the refund due to Putnam County was incorrect. This resulted in the Law Library Association returning \$11,497.10 less than what was due Putnam County.

In accordance with the forgoing facts, and pursuant to a Ohio Revised Code § 117.28, a finding for recovery is hereby returned against the Law Library Association, in the amount of \$11,497.10 in favor of Putnam County.

The \$11,497.10 was returned to Putnam County on July 10, 2003.

**LAW LIBRARY ASSOCIATION
PUTNAM COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
FISCAL YEAR END DECEMBER 31, 2002**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2000-60269-001	ORC § 3375.56 90 percent refund to the County Auditor.	No	The finding has not been corrected and is included in this report as item number 2002-001.



**Auditor of State
Betty Montgomery**

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LAW LIBRARY ASSOCIATION

PUTNAM 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 21, 2003**