



**Auditor of State
Betty Montgomery**

**MEDINA COUNTY LAW LIBRARY ASSOCIATION
MEDINA COUNTY**

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Medina County Law Library Association
Medina County
93 Public Square
Medina, Ohio 44256

To the Board of Trustees:

We have audited the accompanying financial statements of the general fund and the retained monies fund of the Medina County Law Library Association, Medina County, Ohio, (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. 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 and reserves for encumbrances of the Library's general fund and 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.

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 September 10, 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.

Medina County Law Library Association
Medina County
Independent Accountants' Report
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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 10, 2004

**MEDINA COUNTY LAW LIBRARY ASSOCIATION
MEDINA COUNTY**

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

	<u>General Fund</u>	<u>Retained Monies Fund</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:			
Fine and Forfeitures	\$523,189		\$523,189
Interest	41		41
Miscellaneous Receipts	1,278		1,278
	<u>524,508</u>		<u>524,508</u>
Total Cash Receipts	<u>524,508</u>		<u>524,508</u>
Cash Disbursements:			
Salaries and Benefits	54,611		54,611
Supplies and Materials	354,152		354,152
Purchased Services	62,623		62,623
Refunds to Relative Income Sources - See Note 3	17,903		17,903
Equipment	3,948		3,948
Miscellaneous	6,314		6,314
	<u>499,551</u>		<u>499,551</u>
Total Cash Disbursements	<u>499,551</u>		<u>499,551</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>24,957</u>		<u>24,957</u>
Other Financing Receipts/(Disbursements):			
Refunds from Vendors	1,850		1,850
Transfers-In		\$1,992	1,992
Transfers-Out	(1,992)		(1,992)
	<u>(142)</u>	<u>1,992</u>	<u>1,850</u>
Total Other Financing Receipts/(Disbursements)	<u>(142)</u>	<u>1,992</u>	<u>1,850</u>
Excess (Deficiency) of Cash Receipts and Other Financing Receipts Over (Under) Cash Disbursements and Other Financing Disbursements	24,815	1,992	26,807
Public Fund Cash Balances, January 1	34,904	46,585	81,489
Public Fund Cash Balances, December 31	<u>\$59,719</u>	<u>\$48,577</u>	<u>\$108,296</u>
Reserves for Encumbrances, December 31	<u>\$39,734</u>	<u>\$0</u>	<u>\$39,734</u>

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

**MEDINA COUNTY LAW LIBRARY ASSOCIATION
MEDINA COUNTY**

**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	\$485,288		\$485,288
Interest	249		249
Miscellaneous Receipts	914		914
	<hr/>		<hr/>
Total Cash Receipts	486,451		486,451
	<hr/>		<hr/>
Cash Disbursements:			
Salaries and Benefits	85,778		85,778
Supplies and Materials	289,979	\$17	289,996
Purchased Services	71,828	4,700	76,528
Refunds to Relative Income Sources - See Note 2	78,568		78,568
Equipment	9,467		9,467
Travel Reimbursements	7,174		7,174
	<hr/>		<hr/>
Total Cash Disbursements	542,794	4,717	547,511
	<hr/>		<hr/>
Total Cash Receipts Over/(Under) Cash Disbursements	(56,343)	(4,717)	(61,060)
	<hr/>		<hr/>
Other Financing Receipts/(Disbursements):			
Refunds from Vendors	2,679		2,679
Transfers-In		8,730	8,730
Transfers-Out	(8,730)		(8,730)
	<hr/>		<hr/>
Total Other Financing Receipts/(Disbursements)	(6,051)	8,730	2,679
	<hr/>		<hr/>
Excess (Deficiency) of Cash Receipts and Other Financing Receipts Over (Under) Cash Disbursements and Other Financing Disbursements	(62,394)	4,013	(58,381)
	<hr/>		<hr/>
Public Fund Cash Balances, January 1 - See Note 2 (if applicable)	97,298	42,572	139,870
	<hr/>		<hr/>
Public Fund Cash Balances, December 31	\$34,904	\$46,585	\$81,489
	<hr/>		<hr/>
Reserves for Encumbrances, December 31	\$10,000	\$0	\$10,000
	<hr/>		<hr/>

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

**MEDINA COUNTY LAW LIBRARY ASSOCIATION
MEDINA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Medina County Law Library Association, Medina County, Ohio, (the Library) is directed by a board of 5 trustees who are elected by members of the Medina 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 Medina 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 may hire a librarian and not more than two assistant law librarians. The Judges of the Court of Common Pleas of Medina 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: 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. The Reserve for Encumbrances on the financial statement represents commitments for purchases the Library 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.

**MEDINA COUNTY LAW LIBRARY ASSOCIATION
MEDINA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(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.

Repurchase agreements 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:

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.

Retained Monies Fund

The 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 3 for additional information.

E. Budgetary Process

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

F. 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. 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.

H. 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.

**MEDINA COUNTY LAW LIBRARY ASSOCIATION
MEDINA COUNTY**

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

2. RETAINED MONIES FUND

Prior to January 1, 2002, the retained monies fund was not disclosed by the Library. Effective January 1, 2002, the Library has passed Resolution No. 04-002 stating they have a balance in the retained monies fund of \$42,572 at December 31, 2001, and have supported the reasonableness of this amount by providing the amounts retained for the period January 1, 1996 through December 31, 2001.

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 *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 2003 and 2002.

<i>Unencumbered</i> Balance at December 31, 2002	
Refunded and Retained During Calendar Year 2003	
Unencumbered Balance at December 31, 2002	\$19,985
Refunded to Relative Sources during 2003	<u>17,903</u>
Retained Funds Amount during 2003	<u>\$ 1,992</u>

<i>Unencumbered</i> Balance at December 31, 2001	
Refunded and Retained During Calendar Year 2002	
Unencumbered Balance at December 31, 2001	\$87,298
Refunded to Relative Sources during 2002	<u>78,568</u>
Retained Funds Amount during 2002	<u>\$ 8,730</u>

4. 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:

	2003	2002
Demand deposits	\$53,296	\$81,489
Repurchase agreement	<u>55,000</u>	<u>0</u>
Total deposits and investments	<u><u>\$108,296</u></u>	<u><u>\$81,489</u></u>

Deposits: Deposits are insured by the Federal Depository Insurance Corporation or collateralized by the financial institutions public entity deposit pool..

Investments: The Library's financial institution transfers the securities to the Library's agent to collateralize repurchase agreements. The securities are not in the Library's name.

**MEDINA COUNTY LAW LIBRARY ASSOCIATION
MEDINA COUNTY**

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

5. RISK MANAGEMENT

Commercial Insurance

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

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



**Auditor of State
Betty Montgomery**

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

Media County Law Library Association
Medina County
93 Public Square
Medina, Ohio 44256

To the Board of Trustees:

We have audited the accompanying financial statements of the Medina County Law Library Association, Medina County, Ohio, (the Library) as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated September 10, 2004, wherein we indicated the financial statements only include the general fund and the retained monies fund. We also 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 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 10, 2004.

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 another matter 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 September 10, 2004.

Medina County Law Library Association
Medina 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 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 10, 2004



**Auditor of State
Betty Montgomery**

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**MEDINA COUNTY LAW LIBRARY ASSOCIATION
MEDINA 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
NOVEMBER 4, 2004**