



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

LAW LIBRARY ASSOCIATION
VINTON COUNTY

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STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

743 East State Street
Athens Mall Suite B
Athens, Ohio 45701
Telephone 740-594-3300
800-441-1389
Facsimile 740-594-2110
www.auditor.state.oh.us

REPORT OF INDEPENDENT ACCOUNTANTS

Law Library Association
Vinton County
114 East Main Street
McArthur, Ohio 45651

To the Board of Trustees:

We have audited the accompanying financial statement of the General Fund of the Law Library Association, Vinton County, Ohio (the Library), as of and for the years ended December 31, 2001 and 2000. This financial statement is the responsibility of the Library's management. Our responsibility is to express an opinion on this financial statement 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 statement 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 statement presents only the General Fund and is 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 statement referred to above presents fairly, in all material respects, the cash balance of the General Fund of the Law Library Association, Vinton County, of December 31, 2001 and 2000, and its 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 November 18, 2002, 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.

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Jim Petro
Auditor of State

November 18, 2002

**LAW LIBRARY ASSOCIATION
VINTON COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN CASH BALANCE
GENERAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000**

	2001	2000
Cash Receipts:		
Fine and Forfeitures	\$ 57,226	\$ 53,392
Interest	1,079	510
Miscellaneous	87	
Total Cash Receipts	58,392	53,902
Cash Disbursements:		
Books and Periodicals	42,414	27,864
Salaries and Fringes	4,701	4,484
Miscellaneous	91	20
Total Cash Disbursements	47,206	32,368
Total Cash Receipts Over/(Under) Cash Disbursements	11,186	21,534
Other Financing Receipts/(Disbursements):		
Refunds from Vendors	2,399	3,403
Total Other Financing Receipts/(Disbursements)	2,399	3,403
Excess (Deficiency) of Cash Receipts and Other Financing Receipts Over (Under) Cash Disbursements and Other Financing Disbursements	13,585	24,937
Cash Balance, January 1	40,873	15,936
Cash Balance, December 31	\$ 54,458	\$ 40,873

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

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**LAW LIBRARY ASSOCIATION
VINTON COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Law Library Association, Vinton County (the Library), is directed by a board of three trustees who are appointed for a three year term by members of the Vinton 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 Vinton 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 Vinton 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 this financial statement presents 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 statement does not present private monies.

B. Basis of Accounting

This financial statement follows 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.

This statement includes adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

**LAW LIBRARY ASSOCIATION
VINTON COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. 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 statement. Items purchased which are deemed to be equipment could include computers, copiers, fax machines, and other items related toward facilitating the use of the equipment.

D. Refund Relative to 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. There were no refunds made in either 2001 or 2000.

2. 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:

	<u>2001</u>	<u>2000</u>
Demand deposits	\$ 54,458	\$ 40,873

Deposits: Deposits are insured by the Federal Deposit Insurance Corporation.

3. RETIREMENT SYSTEM

The Library's employee belongs to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2001 and 2000, PERS members contributed 8.5% of their gross salaries. The Library contributed an amount equal to 13.55% of participants' gross salaries for 2001 and from January 1, 2000 through June 30, 2000. PERS temporarily reduced the employer contribution rate to 8.13%, effective July 1, 2000 through December 31, 2000. The Library has paid all employer contributions required through December 31, 2001.

**LAW LIBRARY ASSOCIATION
VINTON COUNTY**

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

4. RISK MANAGEMENT

Commercial Insurance

The Library has been insured through the Vinton County Commissioners for the following risks:

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

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Athens Mall Suite B
Athens, Ohio 45701
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Facsimile 740-594-2110
www.auditor.state.oh.us

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

Law Library Association
Vinton County
114 West Main Street
McArthur, Ohio 45651

To the Board of Trustees:

We have audited the accompanying financial statement of the Law Library Association, Vinton County, Ohio (the Library), as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated November 18, 2002, wherein we noted the financial statement only includes the General 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 statement is 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 Schedule of Findings as item 2001-60782-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the Library in a separate letter dated November 18, 2002.

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 statement 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 September 20, 2002.

Law Library Association
Vinton County
Report of Independent Accountants 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, appearing to read "Jim Petro". The signature is fluid and cursive, with a large loop at the end.

Jim Petro
Auditor of State

November 18, 2002

**LAW LIBRARY ASSOCIATION
VINTON 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 2001-60782-001

Finding for Recovery – Repaid Under Audit

Ohio Rev. Code Section 3375.56 provides that not less than ninety percent of any unencumbered balance on hand from the preceding year's excess of receipts over expenditures should be refunded proportionately to the treasurers of the political subdivisions from which the receipts were received.

For the calendar years ended December 31, 1998 through December 31, 2001, the Library's Board of Trustees routinely "encumbered" the entire balance held by the Library at year end. The minute record of the Library reflects that such encumbrances were for computer equipment, bills due but not paid, and reimbursement to Vinton County for capital improvements. However, subsequent review of the financial records of the Library revealed that no detailed encumbrance records existed to document bills due but not paid, nor had any funds been used to purchase computer equipment or reimburse Vinton County for capital improvements. Consequently, the unencumbered balance of funds in the Library's possession was overstated during this period, as shown in the chart below:

	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>Totals</u>
Revenue	\$ 40,897	\$ 47,713	\$ 57,305	\$ 60,791	
Expenditures	<u>(38,935)</u>	<u>(35,747)</u>	<u>(32,368)</u>	<u>(47,206)</u>	
Excess of Revenue over Expenditures	<u>\$ 1,962</u>	<u>\$ 11,966</u>	<u>\$ 24,937</u>	<u>\$ 13,585</u>	<u>\$ 52,450</u>
Amount Subject to Refund at 90%	\$ 1,766	\$ 10,769	\$ 22,443	\$ 12,227	\$ 47,205
Amount Subject to be Retained at 10%	<u>196</u>	<u>1,197</u>	<u>2,494</u>	<u>1,358</u>	<u>5,245</u>
Total	<u>\$ 1,962</u>	<u>\$ 11,966</u>	<u>\$ 24,937</u>	<u>\$ 13,585</u>	<u>\$ 52,450</u>

All monies received from the collections of fines for the Library came from various Vinton County courts. Accordingly, the excess amounts that were subject to being refunded should have been paid to the Vinton County General Fund in the amount of \$47,205.

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 Vinton County Law Library Association, in the amount of \$47,205, in favor of the Vinton County General Fund.

On November 25, 2002, the Library agreed to refund to Vinton County \$35,000 by November 30, 2002, and the balance due of \$12,705 by December 31, 2002. This proposal was accepted by the Vinton County Commissioners on that date.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

VINTON LAW LIBRARY ASSOCIATION

VINTON 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
DECEMBER 10, 2002**