



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**LAW LIBRARY ASSOCIATION
MERCER COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Law Library Association
Mercer County
Mercer County Courthouse – Room 201
Celina, OH 45822

To the Board of Trustees:

We have audited the accompanying financial statements of the general fund and the retained monies fund of the Law Library Association, Mercer County, Ohio, (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 and reserves for encumbrances of the Library's general and retained monies funds as of December 31, 2001 and December 31, 2000, and its 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 October 21, 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 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, appearing to read "Jim Petro", written in a cursive style.

Jim Petro
Auditor of State

October 21, 2002

**LAW LIBRARY ASSOCIATION
MERCER COUNTY**

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

	General Fund	Retained Monies Fund	Totals (Memorandum Only)
Cash Receipts:			
Fine and Forfeitures	\$38,071		\$38,071
Cash Disbursements:			
Supplies and Materials	28,687		28,687
Salaries	5,000		5,000
Contractual Services	689		689
Total Cash Disbursements	34,376		34,376
Total Cash Receipts Over Cash Disbursements	3,695		3,695
Other Financing Receipts:			
Refunds from Vendors	7		7
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements	3,702		3,702
Public Fund Cash Balances, January 1	3,782	924	4,706
Public Fund Cash Balances, December 31	\$7,484	\$924	\$8,408
Reserves for Encumbrances, December 31	\$9,320	\$0	\$9,320

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

**LAW LIBRARY ASSOCIATION
MERCER 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>
Cash Receipts:			
Fine and Forfeitures	\$57,874		\$57,874
Cash Disbursements:			
Supplies and Materials	40,948		40,948
Refunds to Relative Income Sources - See Note 1	13,907		13,907
Salaries	5,000		5,000
Contractual Services	1,698		1,698
Equipment	11,101		11,101
Total Cash Disbursements	72,654		72,654
Total Cash Receipts (Under) Cash Disbursements	(14,780)		(14,780)
Other Financing Receipts/(Disbursements):			
Remittance to Retained Funds	(823)	823	
Refunds from Vendors	505		505
Total Other Financing Receipts/(Disbursements)	(318)	823	505
Excess (Deficiency) of Cash Receipts and Other Financing Receipts Over (Under) Cash Disbursements and Other Financing Disbursements	(15,098)	823	(14,275)
Public Fund Cash Balances, January 1 - See Note 2	18,880	101	18,981
Public Fund Cash Balances, December 31	<u>\$3,782</u>	<u>\$924</u>	<u>\$4,706</u>

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

**LAW LIBRARY ASSOCIATION
MERCER COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Mercer County Law Library (the Library) is directed by a board of five trustees who are elected annually by members of the Mercer 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 Mercer 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. The Judges of the Court of Common Pleas of Mercer County fix the compensation of the 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 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.

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. 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.

**LAW LIBRARY ASSOCIATION
MERCER COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Cash and Investments

The Library has a non-interest bearing checking account valued at cost. The Library has no interest in investments.

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. See footnote 2 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 Note 3 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.

**LAW LIBRARY ASSOCIATION
MERCER COUNTY**

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

2. ACCOUNTING CHANGE

Prior to January 1, 2000, the retained monies fund was not disclosed by the Library. Effective January 1, 2000, the Library determined the amounts relating to their Retained Monies Fund by providing the Refund Calculation for 1998 and 1999 and the audited financial statements from December 31, 1999 to support the balance. The Refund Calculation is prepared by the County Auditor based upon the Library's annual financial reports.

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 2001 and 2000.

***Unencumbered Balance at December 31, 2000
Refunded and Retained During Calendar Year 2001***

Unencumbered Balance at December 31, 2000	\$3,782
Refunded to Relative Sources during 2001	\$ 0
Retained Funds Amount during 2001	\$ 0

The Library did not refund \$3,404 to political subdivisions as required by ORC 3375.56 during 2001, since 1999 encumbrances and the 2000 refund of relative sources were inappropriately included as current disbursements.

***Unencumbered Balance at December 31, 1999
Refunded and Retained During Calendar Year 2000***

Unencumbered Balance at December 31, 1999	\$14,730
Refunded to Relative Sources during 2000	13,907
Retained Funds Amount during 2000	\$ 823

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:

	2001	2000
Demand deposits	\$8,408	\$4,706

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

5. RISK MANAGEMENT

Commercial Insurance

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

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

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

Law Library Association
Mercer County
Mercer County Courthouse – Room 201
Celina, OH 45822

To the Board of Trustees:

We have audited the accompanying financial statements of the Law Library Association, Mercer County, (the Library), as of and for the years ended December 31, 2001 and December 31, 2000, and have issued our report thereon dated October 21, 2002, 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 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 2001-60254-001. We also noted a certain immaterial instance of noncompliance that we have reported to management of the Library in a separate letter dated October 21, 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 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 October 21, 2002.

Law Library Association
Mercer 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 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, appearing to read "Jim Petro". The signature is stylized with a large, looping initial "J" and a horizontal line extending to the right.

Jim Petro
Auditor of State

October 21, 2002

**LAW LIBRARY ASSOCIATION
MERCER COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2001 AND 2000**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2001-60254-001

Finding For Recovery - Repaid Under Audit

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

The Law Library Association prepared the required report and the County Auditor certified the excess balances as required for 2000, however the current Board of Trustees has represented they did not receive this certification letter. A prior year refund of excess balances was inappropriately included as a current expenditure in the comparison of current receipts to current expenditures calculation when determining if a refund was required for 2000. Based upon the proportionate share of the revenues, the following additional monies should have been refunded to the political subdivisions identified:

Mercer County	53.44%	\$1,819
Celina Corporation	35.33%	1,202
Celina Municipal Court	6.91%	235
Mercer County Clerk of Courts	2.16%	74
Mercer County Juvenile Court	2.16%	74
Total	100.00%	\$3,404

In accordance with the forgoing 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 Mercer County Law Library Association in the amount of \$3,404, and in favor of Mercer County in the amount of \$1,819, Celina Corporation in the amount of \$1,202, Celina Municipal Court in the amount of \$235 to be refunded to the political subdivisions from which the money was received, Mercer County Clerk of Courts in the amount of \$74 to be refunded to the political subdivisions from which the money was received, and Mercer County Juvenile Court in the amount of \$74 to be refunded to the political subdivisions from which the money was received.

The Law Library made the payments to the above political subdivisions and courts on October 31, 2001.

**LAW LIBRARY ASSOCIATION
MERCER 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; <i>Explain:</i>
1999-60254-001	3375.56 Rev. Code- Excess balances not paid correctly	Yes, subdivisions were paid	



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MERCER COUNTY LAW LIBRARY ASSOCIATION

MERCER 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 14, 2002**