



**Auditor of State
Betty Montgomery**

HIGHLAND COUNTY LAW LIBRARY ASSOCIATION
HIGHLAND COUNTY

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Highland County Law Library Association
Highland County
105 North High Street
Hillsboro, Ohio 45133

To the Board of Trustees:

We have audited the accompanying financial statements of the Highland County Law Library Association, Highland County, Ohio (the Library), as of and for the years ended December 31, 2002 and 2001. 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.

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 as of December 31, 2002 and 2001, 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 August 20, 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.

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 Section 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

August 20, 2003

**HIGHLAND COUNTY OF LAW LIBRARY ASSOCIATION
HIGHLAND COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
GENERAL FUND AND RETAINED MONIES FUND
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	\$75,430	\$0	\$75,430
Interest		389	389
Miscellaneous Receipts	27	693	720
	<u>75,457</u>	<u>1,082</u>	<u>76,539</u>
Total Cash Receipts			
Cash Disbursements:			
Supplies and Materials	71,826		71,826
Refunds to Relative Income Sources - See Note 3	0		0
Equipment	654		654
Miscellaneous	1,349		1,349
	<u>73,829</u>	<u>0</u>	<u>73,829</u>
Total Cash Disbursements			
Total Cash Receipts Over/(Under) Cash Disbursements	<u>1,628</u>	<u>1,082</u>	<u>2,710</u>
Fund Cash Balances, January 1	<u>17,359</u>	<u>2,241</u>	<u>19,600</u>
Fund Cash Balances, December 31	<u>\$18,987</u>	<u>\$3,323</u>	<u>\$22,310</u>
Reserves for Encumbrances, December 31	<u>\$18,963</u>	<u>\$0</u>	<u>\$18,963</u>

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

HIGHLAND COUNTY OF LAW LIBRARY ASSOCIATION
HIGHLAND COUNTY

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

	General Fund	Retained Monies Fund	Totals (Memorandum Only)
Cash Receipts:			
Fine and Forfeitures	\$74,416	\$0	\$74,416
Interest		361	361
Miscellaneous Receipts	117	776	893
Total Cash Receipts	74,533	1,137	75,670
Cash Disbursements:			
Supplies and Materials	74,920		74,920
Refunds to Relative Income Sources - See Note 1	0		0
Equipment	728		728
Miscellaneous	3,831		3,831
Total Cash Disbursements	79,479	0	79,479
Total Cash Receipts Over/(Under) Cash Disbursements	(4,946)	1,137	(3,809)
Fund Cash Balances, January 1 - See Note 2	22,305	1,104	23,409
Fund Cash Balances, December 31	\$17,359	\$2,241	\$19,600
Reserves for Encumbrances, December 31	\$17,316	\$0	\$17,316

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

**HIGHLAND COUNTY LAW LIBRARY ASSOCIATION
HIGHLAND COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Highland County Law Library Association, Highland County, Ohio (the Library), is directed by a board of five trustees who are elected every four years by members of the Highland 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 Highland 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 hire a librarian and not more than two assistant law librarians. The Judges of the Court of Common Pleas of Highland 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. The accompanying financial statements also include private monies, see note 1D.

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.

**HIGHLAND COUNTY LAW LIBRARY ASSOCIATION
HIGHLAND COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Cash Deposits

The Library maintains an interest bearing checking account and a savings account. All deposits are covered by federal depository insurance.

D. Fund Accounting

The Library uses fund accounting to segregate cash deposits 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.

3. Private Monies

Some funds the Library receives are considered private monies. Private monies include: membership dues, overdue book charges and photocopy 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. The Library can disburse private monies at its discretion. Private monies are included in the Retained Monies Fund.

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 3 for additional information.

**HIGHLAND COUNTY LAW LIBRARY ASSOCIATION
HIGHLAND COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

2. ACCOUNTING CHANGE

Prior to January 1, 2001, the retained monies funds were not disclosed by the Library. Effective January 1, 2001, the Library is not able to determine the Retained Monies Fund amount. Therefore, the Retained Monies Fund in the accompanying financial statements includes both retained monies and private Library monies. The Private Monies will be reported with the Retained Monies Fund until the Library is able to support the Retained Monies portion.

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 Library had no unencumbered balance at 12/31/01 or 12/31/02

4. EQUITY IN POOLED CASH DEPOSITS

The Library maintains a cash deposits 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:

	2002	2001
Demand deposits	\$18,987	\$17,359
Savings Accounts	\$3,323	\$2,241
Total deposits	\$22,310	\$19,600

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

5. RISK MANAGEMENT

Commercial Insurance

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

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

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**Auditor of State
Betty Montgomery**

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

Highland County Law Library Association
Highland County
105 North High Street
Hillsboro, Ohio 45133

To the Board of Trustees:

We have audited the accompanying financial statements of the Highland County Law Library Association, Highland County, Ohio (the Library), as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated August 20, 2003, wherein we 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.

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 a certain matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the Library in a separate letter dated August 20, 2003.

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

August 20, 2003



**Auditor of State
Betty Montgomery**

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HIGHLAND COUNTY LAW LIBRARY ASSOCIATION

HIGHLAND 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
SEPTEMBER 11, 2003**