



**Auditor of State
Betty Montgomery**

**LAW LIBRARY ASSOCIATION
MARION COUNTY**

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Law Library Association
Marion County
258 West Center Street
Marion, Ohio 43302

To the Board of Trustees:

We have audited the accompanying financial statements of the general fund and retained monies fund of the Law Library Association, Marion County, Ohio, (the Association) as of and for the years ended December 31, 2004, and December 31, 2003. These financial statements are the responsibility of the Association'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 Association 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 accounting principles generally accepted in the United States of America. 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 Association 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 Association's general fund and retained monies fund as of December 31, 2004, and December 31, 2003, 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 February 7, 2005, on our consideration of the Association's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. It does not opine on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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Independent Accountants' Report
Law Library Association
Marion County
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We intend this report solely for the information and use of management and the Board of Trustees, and other officials authorized to receive this report under Section 117.26, Ohio Revised Code. No one else should use it.

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

Betty Montgomery
Auditor of State

February 7, 2005*

**LAW LIBRARY ASSOCIATION
MARION COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL PUBLIC FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>General Fund</u>	<u>Retained Monies Fund</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:			
Fines & Forfeitures	\$116,332	\$0	\$116,332
Interest	30	0	30
Other Revenue	14	0	14
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	116,376	0	116,376
	<hr/>	<hr/>	<hr/>
Cash Disbursements:			
Salary and Wages	30,100	0	30,100
Books and Subscriptions	74,698	0	74,698
Supplies, Services, and Equipment	11,527	0	11,527
Employers Tax	436	0	436
Employer PERS	4,079	0	4,079
Insurance	13,004	0	13,004
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	133,844	0	133,844
	<hr/>	<hr/>	<hr/>
Total Cash Receipts (Under) Cash Disbursements	(17,468)	0	(17,468)
	<hr/>	<hr/>	<hr/>
Other Financing Receipts:			
Remittance from Private Funds	17,468	0	17,468
	<hr/>	<hr/>	<hr/>
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements	0	0	0
	<hr/>	<hr/>	<hr/>
Public Funds Cash Balances, January 1 , 2004	(13)	707	694
	<hr/>	<hr/>	<hr/>
Public Funds Cash Balances, December 31, 2004	<u>(\$13)</u>	<u>\$707</u>	<u>\$694</u>

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

**LAW LIBRARY ASSOCIATION
MARION COUNTY**

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

	General Fund	Retained Monies Fund	Totals (Memorandum Only)
Cash Receipts:			
Fines & Forfeitures	\$152,165	\$0	\$152,165
Interest	35	25	60
Other Revenue	186	0	186
Total Cash Receipts	<u>152,386</u>	<u>25</u>	<u>152,411</u>
Cash Disbursements:			
Salary and Wages	29,600	0	29,600
Refunds to Relative Income Sources - See Note 2	3	0	3
Books and Subscriptions	94,833	5,151	99,984
Supplies, Services, and Equipment	10,388	1,175	11,563
Employers Tax	429	0	429
Employer PERS	4,011	0	4,011
Insurance	11,299	0	11,299
Other Expenses	1,839	12	1,851
Total Cash Disbursements	<u>152,402</u>	<u>6,338</u>	<u>158,740</u>
Total Cash Receipts (Under) Cash Disbursements	(16)	(6,313)	(6,329)
Public Funds Cash Balances, January 1 , 2003	<u>3</u>	<u>7,020</u>	<u>7,023</u>
Public Funds Cash Balances, December 31, 2003	<u>(\$13)</u>	<u>\$707</u>	<u>\$694</u>

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

**LAW LIBRARY ASSOCIATION
MARION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Marion County Law Library Association (the Association) is directed by a board of five trustees who are elected to three-year terms by members of the Marion County Bar Association. The Association provides free access for all county officers and the judges of the several courts within the county.

The Association 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 Association is permitted to expend funds under ORC Section 3375.54. The funds of the Association 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 Marion County Commissioners are required by ORC Section 3375.49 to provide adequate facilities for the Association. The Board of County Commissioners is required to provide suitable bookcases, heating and lighting for the rooms.

The Board of Trustees hires an Assistant Law Librarian. If the Association provides free access to all county officers and the judges of the several courts, the salary of the assistant law librarian should be paid from the county treasury. If the conditions above are not met, then the salary of the assistant law librarian should be paid by the Association. For fiscal years 2004 and 2003, the Association paid the salary of the Assistant Law Librarian, contrary to Ohio Revised Code Section 3375.48.

The Association's management believes these financial statements present all public funds for which the Association is financially accountable. Some funds received by the Association are considered private monies, comprised of 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 Association. 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.

C. Cash and Investments

The Association maintains two interest-bearing checking accounts.

**LAW LIBRARY ASSOCIATION
MARION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting

The Association uses fund accounting to segregate cash that is restricted as to use. The Association 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

The Retained Monies Fund consists of monies retained by the Association under Ohio Revised Code § 3375.56. At the end of each calendar year the Association is permitted under law to retain up to ten percent of their unexpended balance. See footnote 2 for additional information.

E. 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.

F. Refund to Relative Income Sources

If certain conditions are met, the Association is required to refund at least ninety percent of any unexpended balance to political subdivisions that provided revenues to the Association. See Footnote 2 for additional information.

G. 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 Association refunds at least ninety percent of the unexpended 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 2004 and 2003.

**LAW LIBRARY ASSOCIATION
MARION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

**2. CALCULATION OF REFUND TO RELATIVE INCOME SOURCES AND AMOUNT RETAINED
(Continued)**

Unexpended Balance at December 31, 2003 Refunded and Retained During Calendar Year 2004	
Unexpended Balance at December 31, 2003	(\$13)
Refunded to Relative Sources during 2004	\$0
Retained Funds Amount during 2004	\$0

Unexpended Balance at December 31, 2002 Refunded and Retained During Calendar Year 2003	
Unexpended Balance at December 31, 2002	\$3
Refunded to Relative Sources during 2003	\$3
Retained Funds Amount during 2003	\$0

3. EQUITY IN POOLED CASH

The Association maintains two interest-bearing checking accounts, one for the General fund and one for the Retained Monies fund. The Ohio Revised Code prescribes allowable deposits. The carrying amount of cash at December 31 follows:

	<u>2004</u>	<u>2003</u>
Demand deposits	\$694	\$694

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

4. RISK MANAGEMENT

Commercial Insurance

The Association has obtained commercial insurance for the following risks:

- Comprehensive property and commercial general liability;
- Non-Owned Vehicle

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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
Marion County
258 West Center Street
Marion, Ohio 43302

To the Board of Trustees:

We have audited the accompanying financial statements of the Law Library Association, Marion County, Ohio, (the Association) as of and for the years ended December 31, 2004, and December 31, 2003, and have issued our report thereon dated February 7, 2005, wherein we indicated the financial statements only include the general fund, and the retained monies 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 Association'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 directly and materially affect 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 non-compliance that we must report under *Government Auditing Standards*, which is described in the accompanying schedule of findings as item 2004-001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Association'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 matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to the Association's management in a separate letter dated February 7, 2005.

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Law Library Association
Marion 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

February 7, 2005

**LAW LIBRARY ASSOCIATION
MARION COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2004 AND 2003**

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

Finding Number	2004-001
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Compensation and Fringe Benefits of Assistant Law Librarian

Ohio Rev. Code Section 3375.48 provides in part that a law librarian and not more than two additional persons to act as assistant law librarians shall be paid out of the county treasury. Furthermore, monies received by a law library under Ohio Rev. Code Sections 3375.50 – 3375.53 may only be expended for purposes outlined in Ohio Rev. Code Section 3375.54, such as the support and operation of the law library association and in the purchase, lease, or rental of lawbooks, a computer communications console that is a means of access to a system of computerized legal research, microform materials and equipment, videotape materials and equipment, and other services, materials, and equipment that provide legal information or facilitate legal research.

The Assistant Law Librarian's gross salary of \$26,500 for 2004, and \$26,000 for 2003, and health insurance premiums of \$12,525 for 2004 and \$10,836 for 2003 were paid directly by the Law Library Association from monies received under Ohio Rev. Code Sections 3375.50 – 3375.53 instead of from the county treasury.

In January 2005, the Board of Trustees implemented a plan to correct this non-compliance. The Assistant Law Librarian's duties are split between the traditional duties of a law librarian and those of a clerk. The plan includes funding the portion of her salary and benefits attributable to her duties as law librarian from the county treasury.

**LAW LIBRARY ASSOCIATION
MARION COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2004 AND 2003**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2002-001	Ohio Rev. Code 3375.48 - Compensation of Law Librarian	No	This was reissued in the current Schedule of Findings as finding 2004-001.



**Auditor of State
Betty Montgomery**

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MARION LAW LIBRARY

MARION 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

MARCH 29, 2005