



**Auditor of State
Betty Montgomery**

**BROWN COUNTY LAW LIBRARY ASSOCIATION
BROWN COUNTY**

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Brown County Law Library Association
Brown County
204D East Cherry Street
Georgetown, Ohio 45121

To the Board of Trustees:

We have audited the accompanying financial statements of the Brown County Law Library Association, Brown 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the fund cash balances and reserve for encumbrances of the Library 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 2, 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.

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.

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

Betty Montgomery
Auditor of State

July 2, 2004

**BROWN COUNTY LAW LIBRARY ASSOCIATION
BROWN COUNTY**

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

	General Fund	Retained Monies Fund	Totals (Memorandum Only)
Cash Receipts:			
Fine and Forfeitures	\$113,864		\$113,864
Interest		44	44
Miscellaneous Receipts	385		385
Total Cash Receipts	114,249	44	114,293
Cash Disbursements:			
Salaries and Benefits	893		893
Library Materials	113,819	1,458	115,277
Other	1,163		1,163
Total Cash Disbursements	115,875	1,458	117,333
Total Cash Receipts Over/(Under) Cash Disbursements	(1,626)	(1,414)	(3,040)
Fund Cash Balances, January 1	1,626	1,729	3,355
Fund Cash Balances, December 31	\$0	\$315	\$315
Reserves for Encumbrances, December 31	\$7,696	\$0	\$7,696

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

**BROWN COUNTY LAW LIBRARY ASSOCIATION
BROWN COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL 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	\$139,893	\$0	\$139,893
Interest		176	176
Miscellaneous Receipts	166		166
	<u>140,059</u>	<u>176</u>	<u>140,235</u>
Total Cash Receipts			
Cash Disbursements:			
Salaries and Benefits	893		893
Library Materials	139,384		139,384
Other	4,147		4,147
	<u>144,424</u>	<u>0</u>	<u>144,424</u>
Total Cash Disbursements			
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(4,365)</u>	<u>176</u>	<u>(4,189)</u>
Fund Cash Balances, January 1	<u>5,991</u>	<u>1,553</u>	<u>7,544</u>
Fund Cash Balances, December 31	<u>\$1,626</u>	<u>\$1,729</u>	<u>\$3,355</u>
Reserves for Encumbrances, December 31	<u>\$4,639</u>	<u>\$0</u>	<u>\$4,639</u>

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

**BROWN COUNTY LAW LIBRARY ASSOCIATION
BROWN COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Brown County Law Library Association, Brown County, Ohio (the Library), is directed by a board of three trustees who are elected annually by members of the Brown 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 Brown 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 law librarian and the assistant law librarian. The Judge of the Court of Common Pleas of Brown County fixes the compensation of the law librarian and the assistant law 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 and the assistant is to be paid from the county treasury. If the conditions above are not met, then the salary of the librarian and the assistant should be paid by the Library. As these conditions have been met for the Library, the salaries of the librarian and the assistant are paid from Brown County's General Fund.

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 statements represent commitment 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.

C. Cash

The Library maintains an interest bearing checking account with a local commercial bank. 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:

**BROWN COUNTY LAW LIBRARY ASSOCIATION
BROWN COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 Note 4 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. At December 31, 2003 and December 31, 2002 the Association had encumbrances listed on their annual report that exceeded their available cash fund balance.

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. 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. EQUITY IN POOLED CASH DEPOSITS

The Library maintains a cash deposits pool used by all funds. The Ohio Revised Code prescribes allowable deposits. The carrying amount of cash deposits at December 31 follows:

Demand deposits	<u>\$315</u>	<u>\$3,355</u>
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Deposits are insured fully by the Federal Depository Insurance Corporation.

**BROWN COUNTY LAW LIBRARY ASSOCIATION
BROWN COUNTY**

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

3. RISK MANAGEMENT

The Brown County Commissioners carries commercial insurance for comprehensive property and general liability risks. In addition, the Law Library Association has insurance coverage for computer hardware and software.

4. CALCULATION OF REFUND TO RELATIVE INCOME SOURCES AND AMOUNT RETAINED

The application of Ohio Rev. Code, Section 3375.56, allows that in any year revenues exceed disbursements, the Library refunds at least ninety percent of the unencumbered balance (if the encumbrance method is used) to the political subdivisions that provided the funds and retains the remaining amount. Revenues did not exceed disbursements for 2003 and 2002. Additionally, at December 31, 2003 and 2002 encumbrances outstanding exceeded available fund balances. As a result the Library was not required to refund any funds for 2003 and 2002.

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Auditor of State Betty Montgomery

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

Brown County Law Library Association
Brown County
204D East Cherry Street
Georgetown, Ohio 45121

To the Board of Trustees:

We have audited the accompanying financial statements of the Brown County Law Library Association, Brown County, Ohio (the Library), as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated July 2, 2004. 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 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 July 2, 2004.

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

July 2, 2004

**BROWN COUNTY LAW LIBRARY ASSOCIATION
BROWN COUNTY**

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

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2001-60408-001	Ohio Rev. Code, Section 149.351 prohibits the destruction of public records	yes	
2001-60408-002	Ohio Rev. Code, Section 3375.56 requires on the first Monday of each year, the board shall make a detailed statement to the county auditor of the money expended by the library.	yes	
2001-60408-003	Reportable Condition – monthly reconciliations were not always performed	yes	



**Auditor of State
Betty Montgomery**

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BROWN COUNTY LAW LIBRARY ASSOCIATION

BROWN 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
AUGUST 10, 2004**