



**Auditor of State
Betty Montgomery**

LAW LIBRARY ASSOCIATION
ALLEN COUNTY

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Law Library Association
Allen County
3233 Spencerville Road
Lima, Ohio 45805

To the Board of Trustees:

We have audited the accompanying financial statements of the Law Library Association, Allen County, (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 described 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 of the Library as of December 31, 2003 and 2002, 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 April 20, 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.

Law Library Association
Allen County
Independent Accountants' Report
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This report is intended solely for the information and use of the audit committee, management, the 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 that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

April 20, 2004

**LAW LIBRARY ASSOCIATION
ALLEN COUNTY**

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

	<u>General</u>	<u>Retained Monies Fund</u>	<u>Private Monies Fund</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:				
Fines and Forfeitures	\$247,029			\$247,029
Interest		\$1,117	\$430	1,547
Miscellaneous Receipts			603	603
Total Cash Receipts	247,029	1,117	1,033	249,179
Cash Disbursements:				
Payroll Expenses	892			892
Legal Publications	182,598			182,598
Supplies	1,602			1,602
Equipment	4,373			4,373
Other Expenses	7,750			7,750
Total Cash Disbursements	197,215			197,215
Total Receipts Over/(Under) Disbursements	49,814	1,117	1,033	51,964
Fund Cash Balances, January 1		68,420	25,635	94,055
Fund Cash Balances, December 31	<u>\$49,814</u>	<u>\$69,537</u>	<u>\$26,668</u>	<u>\$146,019</u>

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

**LAW LIBRARY ASSOCIATION
ALLEN COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>General</u>	<u>Retained Monies Fund</u>	<u>Private Monies Fund</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:				
Fines and Forfeitures	\$263,586			\$263,586
Interest		\$4,011	\$881	4,892
Miscellaneous Receipts			348	348
Total Cash Receipts	263,586	4,011	1,229	268,826
Cash Disbursements:				
Payroll Expenses	25,000			25,000
Legal Publications	228,760	28,833		257,593
Refunds to Relative Income Sources - Note 3	17,088			17,088
Supplies	404			404
Other Expenses	9,422			9,422
Total Cash Disbursements	280,674	28,833		309,507
Total Receipts Over/(Under) Disbursements	(17,088)	(24,822)	1,229	(40,681)
Other Financing Receipts/(Disbursements):				
Remittance to Retained Funds	(1,431)	1,431		
Total Other Financing Receipts/(Disbursements)	(1,431)	1,431		
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(18,519)	(23,391)	1,229	(40,681)
Fund Cash Balances, January 1	18,519	91,811	24,406	134,736
Fund Cash Balances, December 31	<u>\$0</u>	<u>\$68,420</u>	<u>\$25,635</u>	<u>\$94,055</u>

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

**LAW LIBRARY ASSOCIATION
ALLEN COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Allen County Law Library (the Library) is directed by a board of five trustees who are elected every four years by members of the Allen 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 law books; 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 Allen County Commissioners are required by ORC Section 3375.49 to provide adequate facilities for the Library, which includes providing suitable bookcases, heating and lighting for the rooms.

The Board of Trustees may hire a law librarian and not more than two assistant law librarians. The Judges of the Court of Common Pleas of Allen 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 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. Although the Law Library provides free access, the assistant librarians were paid with Law Library funds for 2002.

The Library's management believes these financial statements present all 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.

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash and Investments

Investments are reported as assets and included in fund cash balances. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively. Interest income at the time of maturity is recorded as a receipt.

**LAW LIBRARY ASSOCIATION
ALLEN COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The 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 2 for additional information.

3. Private Monies

Some funds the Library receives are considered private monies. Private monies include donations and photocopying charges. Fees collected for the use of copiers remain private even though the copiers may have been purchased with public funds. The Library can disburse private monies at its discretion.

E. Equipment

Acquisitions of equipment are recorded as 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 Library is required to refund at least ninety percent of any *unencumbered* balance to political subdivisions that provided revenues to the Library. (See Note 2).

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.

**LAW LIBRARY ASSOCIATION
ALLEN COUNTY**

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

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

In any year that revenues exceed disbursements, the Library refunds at least ninety percent of the 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 relative to income sources. The following charts present the refunded and retained amounts during 2003 and 2002.

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

Balance at December 31, 2001	
Refunded and Retained During Calendar Year 2002	
Unencumbered Balance at December 31, 2001	\$18,519
Refunded to Relative Sources during 2002	\$17,088
Retained Funds Amount during 2002	\$ 1,431

3. EQUITY IN POOLED CASH AND INVESTMENTS

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

	<u>2003</u>	<u>2002</u>
Checking Account	\$ 57,561	\$ 18,120
Business Prime Savings	66,598	50,470
Money Market Accounts	<u>21,860</u>	<u>25,465</u>
Total deposits	<u><u>\$ 146,019</u></u>	<u><u>\$ 94,055</u></u>

Deposits: Deposits are either insured by the Federal Depository Insurance Corporation, or collateralized by the financial institution's public entity deposit pool.

4. RETIREMENT SYSTEMS

The Library's employees belong to the Public Employees Retirement System (PERS) of Ohio, as employees of Allen County. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including post retirement 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. PERS members contributed 8.5 percent of their gross salaries. Allen County contributed an amount equal to 13.55 percent of participants' gross salaries. Allen County has paid all contributions required through December 31, 2003.

**LAW LIBRARY ASSOCIATION
ALLEN COUNTY**

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

5. RISK MANAGEMENT

The Allen County Law Library Association has obtained insurance for loss due to fire, crime, and inland marine from State Auto Insurance Companies and from Westfield Companies for coverage of the data processing equipment.

Real property is insured through the Allen County Commissioners.



Auditor of State Betty Montgomery

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

Law Library Association
Allen County
3233 Spencerville Road
Lima, Ohio 45805

To the Board of Trustees:

We have audited the accompanying financial statements of the Law Library Association, Allen County, (the Library), as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated April 20, 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*. However, we noted an immaterial instance of noncompliance that we have reported to management of the Library in a separate letter dated April 20, 2004.

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 the management of the Library in a separate letter dated April 20, 2004.

Law Library Association
Allen County
Independent Accountants' Report on Compliance and on Internal Control
Required by *Government Auditing Standards*
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This report is intended solely for the information and use of the audit committee, 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

April 20, 2004

**LAW LIBRARY ASSOCIATION
ALLEN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2003 AND 2002**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2001-60202-001	Finding for Recovery to Relative Sources for distribution of excess funds to participating subdivisions	Yes	Viewed cancelled checks that were remitted to the subdivisions.
2001-60202-002	Collateralization of Funds on Deposit	No	Treasurer did not receive collateral statements – issued a management letter comment to management of the library.

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**Auditor of State
Betty Montgomery**

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LAW LIBRARY ASSOCIATION

ALLEN 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
MAY 13, 2004**