



**COLUMBIANA LAW LIBRARY ASSOCIATION
COLUMBIANA COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999 - 1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**COLUMBIANA LAW LIBRARY ASSOCIATION
COLUMBIANA COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Columbiana Law Library Association
Columbiana County
105 South Market Street
Lisbon, Ohio 44432

To the Board of Trustees:

We have audited the accompanying financial statements of the Columbiana Law Library Association, Columbiana County, Ohio, (the Library) as of and for the years ended December 31, 1999 and December 31, 1998. 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 generally accepted auditing standards 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 of the Library as of December 31, 1999 and December 31, 1998, and its cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

As more fully described in Note 1 to the financial statements, certain changes in financial reporting practices were made in order to present the activity of the Retained Monies Fund in the financial statements. Such changes were adopted effective January 1, 1998, and to implement those changes, adjustments were made to restate fund cash balances as of that date.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2000 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.

This report is intended solely for the information and use of 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.

Jim Petro
Auditor of State

November 15, 2000

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**COLUMBIANA LAW LIBRARY ASSOCIATION
COLUMBIANA COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>General Fund</u>	<u>Fire Insurance Proceeds Fund</u>	<u>Retained Monies Fund</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:				
Fines and Forfeitures	\$360,892			\$360,892
Interest		\$37	\$9,009	9,046
Other Receipts	14,917		56	14,973
Total Cash Receipts	<u>375,809</u>	<u>37</u>	<u>9,065</u>	<u>384,911</u>
Cash Disbursements:				
Supplies and Materials	230,572			230,572
Refunds	108,468			108,468
Other Expenditures		2		2
Total Cash Disbursements	<u>339,040</u>	<u>2</u>		<u>339,042</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>36,769</u>	<u>35</u>	<u>9,065</u>	<u>45,869</u>
Other Financing Receipts/(Disbursements):				
Transfers-In	6,205			6,205
Transfers-Out		(6,205)		(6,205)
Total Other Financing Receipts/(Disbursements)	<u>6,205</u>	<u>(6,205)</u>		
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	42,974	(6,170)	9,065	45,869
Fund Cash Balances, January 1	<u>59,149</u>	<u>6,170</u>	<u>281,203</u>	<u>346,522</u>
Fund Cash Balances, December 31	<u>\$102,123</u>		<u>\$290,268</u>	<u>\$392,391</u>

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

**COLUMBIANA LAW LIBRARY ASSOCIATION
COLUMBIANA COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>General Fund</u>	<u>Fire Insurance Proceeds Fund</u>	<u>Retained Monies Fund</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:				
Fines and Forfeitures	\$230,047			\$230,047
Retained Unencumbered Funds			12,259	12,259
Interest		\$128	9,890	10,018
Other Receipts	16,562		266	16,828
	<u>246,609</u>	<u>128</u>	<u>22,415</u>	<u>269,152</u>
Total Cash Receipts				
Cash Disbursements:				
Supplies and Materials	190,109			190,109
Refunds	109,328			109,328
Retained Unencumbered Funds	12,259			12,259
Other Expenditures	195			195
	<u>311,891</u>			<u>311,891</u>
Total Cash Disbursements				
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(65,282)</u>	<u>128</u>	<u>22,415</u>	<u>(42,739)</u>
Fund cash balances, January 1 (See Note 1, D 2)	<u>124,431</u>	<u>6,042</u>	<u>258,788</u>	<u>389,261</u>
Fund Cash Balances, December 31	<u>\$59,149</u>	<u>\$6,170</u>	<u>\$281,203</u>	<u>\$346,522</u>

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

**COLUMBIANA LAW LIBRARY ASSOCIATION
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Columbiana County Commissioners are required by Revised Code Section 3375.49 to provide adequate facilities for a county law library. The Board of County Commissioners provides to the county law library association suitable bookcases, and heating and lighting for the rooms. Pursuant to Revised Code Section 3375.48, the compensation of the law librarian is paid from the county treasury.

The Columbiana County Law Library was formed in 1910 and is directed by a board of nine trustees who are elected annually by members of the Columbiana County Bar Association.

The Board of Trustees elect a person to act as librarian and not more than two additional persons to act as the assistant law librarians. The Judges of the Court of Common Pleas of Columbiana County fix the compensation of the librarian and are required to fix the salaries of the assistant librarians.

The Trustees appoint one member as the Secretary/Treasurer who is responsible to keep the minutes and to act as fiscal officer.

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 Law Library Association invests in certificates of deposit which are valued at cost and reported as Fund Cash Balances. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts.

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 statutory funds:

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. The financial resources which flow into the General Fund are those provided for under Ohio Revised Code Sections 3375.50 to 3375.53, inclusive.

**COLUMBIANA LAW LIBRARY ASSOCIATION
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. These monies can only be expended in accordance with Ohio Revised Code § 3375.54.

We have presented the Retained Monies Fund for the first time. Those beginning cash fund balances are included in the Retained Monies Fund and represent 92 percent of the cash fund balance at December 31, 1998, of the Retained Monies Fund.

3. Fire Insurance Proceeds Fund

The Fire Insurance Proceeds Fund represents the amount of the proceeds together with the cost of cleaning and shelving undamaged volumes as a result of a fire at the Courthouse. The Fire Insurance Proceeds Fund is segregated from the General Fund because these monies have already been retained by the Library and should not be considered in the application of Ohio Revised Code §3375.56. However, these monies can only be expended in accordance with Ohio Revised Code § 3375.54.

E. Budgetary Process

The Library is not required to budget annually.

F. Property, Plant and Equipment

Acquisitions of equipment are recorded as Supplies and Materials disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

G. Total Column 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 indicate financial position.

2. 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:

	<u>1999</u>	<u>1998</u>
Demand deposits	\$102,123	\$59,149
Certificates of deposit	<u>290,268</u>	<u>287,373</u>
Total deposits	<u>\$392,391</u>	<u>\$346,522</u>

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation or not collateralized in any manner.

**COLUMBIANA LAW LIBRARY ASSOCIATION
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

2. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)

At December 31, 1999, and December 31, 1998, \$11,324 and \$8,338, respectively, of demand deposits and \$72,942 and \$67,884, respectively, of certificates of deposit were not insured or collateralized, contrary to Chapter 135, Ohio Revised Code.

3. RISK MANAGEMENT

The Library has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Valuable Paper and Records
- Data Processing

Note, the Library does not own any vehicles.

The Library has no employees. The librarian is an employee of Columbiana County. The County is responsible to provide health insurance to the librarian.

4. CONTINGENT LIABILITIES

There were no contingent liabilities outstanding at December 31, 1999.

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

Columbiana Law Library Association
Columbiana County
105 South Market Street
Lisbon, Ohio 44432

To the Board of Trustees:

We have audited the accompanying financial statements of the Columbiana Law Library Association, Columbiana County, Ohio (the Library), as of and for the years ended December 31, 1999 and December 31, 1998, and have issued our report thereon dated November 15, 2000 in which we noted the Library changed certain fund balance retroactive to January 1, 1998. We conducted our audit in accordance with generally accepted auditing standards 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 instances of noncompliance that are required to be reported under Government Auditing Standards which are described in the accompanying schedule of findings as 1999-61215-001, 1999-61215-002, 1999-61215-003 and 1999-61215-004. We also noted a certain immaterial instance of noncompliance that we have reported to management of the Library in a separate letter dated November 15, 2000.

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. However, we noted certain matters involving internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely affect the Library's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings as items 1999-61215-002 and 1999-61215-004.

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered material weaknesses. However, of the reportable conditions described above, we consider items 1999-61215-002 and 1999-61215-004 to be material weaknesses. We also 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 November 15, 2000.

This report is intended 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.

Jim Petro
Auditor of State

November 15, 2000

**COLUMBIANA LAW LIBRARY ASSOCIATION
COLUMBIANA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 1999**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 1999-61215-001

Finding For Recovery

Ohio Revised Code § 135.21 states in part that all investment earnings from other moneys deposited by a treasurer, which by reason of being custodial funds, or funds belonging in the treasury of a taxing, assessing, or other district of which he is acting as ex officio treasurer, or for any other reason, do not belong in the treasury of the state or subdivision shall, except as provided in section 135.351 of the Revised Code, be apportioned among and credited to the funds in which the principal sums of such deposits or investments belong.

The December 31, 1997, year end Report on Unencumbered Funds, "Retained Monies Fund," reflected the following representation which was sworn before a Notary Public:

"Grand total does not include interest checks received from First National Community as they were inadvertently deposited in the Notary Funds account at Home Savings and Loan. These transferred funds will appear on the 1998 report."

The interest checks received from First National Community for both accounts totaled \$389.65 and \$2,386.64. The Home Savings and Loan account belongs to the private Bar Association. During the audit period, we reviewed for deposits in the Retained Monies Fund only to note interest received during the audit period was deposited in the Retained Monies accounts. Confirmations from financial institutions where the Library deposits its Retained Monies, reflected no additional deposits equaling the amount of the interest as reflected above.

In accordance with the abovementioned facts, and pursuant to Ohio Revised Code §117.28, a Finding For Recovery for public moneys due but not collected is hereby issued against the Columbiana County Bar Association in the amount of \$2,776.29.

On December 11, 2000, the Secretary/Treasurer responded to our notice of proposed findings by stating "the Bar Association will immediately switch the sum of \$2,776.29 to the retained earnings fund investments and provide you with proof." During the post audit, on December 15, 2000, the Board provided proof that the \$2,776.29 transaction had taken place.

FINDING NUMBER 1999-61215-002

Material Weakness / Noncompliance Citation

Ohio Revised Code §135.18 states in part that the treasurer shall require the institution designated as a public depository to pledge to and deposit with him, as security for the repayment of all public moneys to be deposited in the public depository during the period of designation pursuant to the award, eligible securities of aggregate market value equal to the excess of the amount of public moneys to be at the time so deposited, over and above such portion or amount of such moneys as is at such time insured by the federal deposit insurance corporation. Ohio Revised Code §135.12 states in part that each governing board other than the state board of deposit shall meet every five years on the third Monday or such regularly scheduled meeting date of the month next preceding the date of the expiration of its designation of depositories for the purpose of designating the public depositories of the public moneys of the subdivision, and at such meeting or any adjourned session thereof, shall designate such public depositories and award the public moneys

FINDING NUMBER 1999-61215-002
(Continued)

of the subdivision to and among the public depositories so designated for the period of five years commencing on the date of the expiration of the next preceding designation. The designation and award shall be made in duplicate; one copy shall be retained by the governing board of the subdivision and one copy shall be certified to the treasurer.

During 1999, demand deposits of \$11,324 and certificates of deposits equal to \$72,942 were not insured or collateralized. During 1998, demand deposits of \$8,338 and certificates of deposits equal to \$67,884 were not insured or collateralized.

We recommend the Board enter into depository agreements with their designated financial institutions at the earliest possible date. We also recommend all monies above the federal deposit insurance corporation's threshold of \$ 100,000 be secured by the institution designated as the Library's public depository. In addition, we recommend the Board make certain their deposits over the \$100,000 threshold for federal deposit insurance corporation are collateralized as public deposits.

FINDING NUMBER 1999-61215-003

Noncompliance Citation

Ohio Revised Code § 3375.56 states in part that on the first Monday of each year, the Board of Trustees of the law library must send a detailed statement to the county auditor which lists the amounts and sources of fine monies received under Ohio Revised Code Sections 3375.50 through 3375.53 inclusive. The statement should also contain a detailed listing of all fine money spent by the law library during the preceding year. If the total amount of fine money received by the law library exceeds expenditures and encumbrances made, the total amount to be refunded by the law library is to be at least 90% of the total unexpended balance remaining.

At December 31, 1998, the Law Library had a total General Fund unexpended funds equal to \$59,149.63, of which \$53,234.67 was refunded proportionately to the sources from which the library received its funds. However, the library did not take its 10% retained funds for the year which was equal to \$5,914.96.

We recommend the Library disburse a check equal to \$5,914.96 from its general operating bank account to its retained funds bank account. The disbursement can be treated as a refund of a prior years retained funds not taken from the December 31, 1998, reporting cycle.

Implementation of the above citation will help the library to reflect the proper balances in each of its funds.

FINDING NUMBER 1999-61215-004

Material Weakness / Noncompliance Citation

Ohio Revised Code § 3375.56 states in part that on the first Monday of each year, the Board of Trustees of the law library must send a detailed statement to the county auditor which lists the amounts and sources of fine monies received under Ohio Revised Code Sections 3375.50 through 3375.53 inclusive. The statement should also contain a detailed listing of all fine money spent by the law library during the preceding year. If the total amount of fine money received by the law library exceeds expenditures and encumbrances made, the total amount to be refunded by the law library is to be at least 90% of the total unexpended balance remaining.

The controls not followed leading to a material weakness are the following:

FINDING NUMBER 1999-61215-004
(Continued)

1. Untimely receipting of funds provided to the Board. The Secretary/Treasurer received funds during October, November and December of 1998, but did not deposit them until April 1999.
2. The former Secretary/Treasurer prepared the annual report for December 31, 1998, and included receipts posted and deposited in April 1999. The Board of Trustees then reviewed and approved the annual report, then certified the report to the County Auditor.

The following schedule depicts over/(under) payments made to the library's respective sources of income (explanation follows the chart):

Income Source	1997 Underpayment	1998 Overpayment	1999 Underpayment	Total Over/(Under) Payment
Columbiana County Auditor	(\$391.50)	\$39,655.72	(\$82.51)	\$39,181.71
Clerk of Courts	(444.29)	227.65	(0.36)	(217.00)
Eastern Area Court	(0.73)	76.13	(0.17)	75.23
Juvenile Court	(2.25)	218.54	(0.35)	215.94
Municipal Court, East Liverpool	(100.56)	8,504.40	(10.38)	8,393.46
Northwest Area Court	(60.72)	6,532.40	(10.59)	6,461.09
Southwest Area Court	(0.41)	18.21	(0.04)	17.76
Total	(\$1,000.46)	\$55,233.05	(\$104.40)	\$54,128.19

1. 1997 Underpayment - 1997 amounts are due to the respective income source because the library did not pay the full amount of \$110,328.01 owed during our audit period and based on the December 31, 1997 report. The library did remit \$49,711.65, however, still owed \$60,616.36. To correct the situation, the library disbursed funds in 1999. The funds disbursed did not meet the obligation they owed. As the chart depicts, not all the amounts owed from 1997 were repaid.
2. 1998 Overpayment - Book value at December 31, 1998, was equal to \$59,149.63, however, the application of § 3375.56 was applied out on \$120,519.68, instead of the correct fund balance \$59,149.63. In combining the 1997 obligation with the overestimated book balance at December 31, 1998, the Library overpaid \$55,233.05 to their respective income sources.
3. 1999 underpayment - Application did not include a \$116.00 voided check in the calculation. The amount applied out was \$102,007.84, as opposed to \$102,123.84. The \$104.40 is 90% of the \$116.00 check not included.

When the Board of Trustees of the Law Library submits their December 31, 2000, annual report to the County Auditor, we recommend the following to the Library Trustee's:

1. Apply out Ohio Revised Code § 3375.56 on your book balance being consistent with your normal procedures.
2. Net the amounts overpaid to your various income sources as stated in the above schedule.
3. Add the underpayment to the Clerk of Courts allocation.

FINDING NUMBER 1999-61215-004
(Continued)

4. Make out checks to your various income sources after consideration of the overpaid and underpaid amounts.
5. Attach a copy of this finding to your annual report so the County Auditor will understand why the amounts remitted back to your various income sources have been reduced or increased.
6. Submit your annual report to the County Auditor by the first Monday of calendar year 2001.



STATE OF OHIO
OFFICE OF THE AUDITOR

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COLUMBIANA LAW LIBRARY ASSOCIATION

COLUMBIANA 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
DECEMBER 28, 2000**