



**MEDINA COUNTY LAW LIBRARY ASSOCIATION
MEDINA COUNTY
REGULAR AUDIT
FOR THE YEARS ENDED DECEMBER 31, 2001-2000**



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**MEDINA COUNTY LAW LIBRARY ASSOCIATION
MEDINA COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Medina County Law Library Association
Medina County
93 Public Square
Medina, Ohio 44256

To the Board of Trustees:

We have audited the accompanying financial statements of the general fund of the Medina County Law Library Association, Medina County, Ohio, (the Library) as of and for the years ended December 31, 2001 and 2000. 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 audits.

We conducted our audits 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 audits 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 audits provide 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. Also, the financial statements present only the general fund, and are not intended to present fairly the financial position and results of operations of the Library 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 and reserves for encumbrances of the Library's general fund as of December 31, 2001 and 2000, 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 August 27, 2002, 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 audits.

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.

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Jim Petro
Auditor of State

August 27, 2002

**MEDINA COUNTY LAW LIBRARY ASSOCIATION
MEDINA COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - GENERAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000**

	2001	2000
Cash Receipts:		
Fines	\$504,349	\$522,421
Interest	1,507	3,366
Refunds and Reimbursements	1,748	482
Miscellaneous	1,177	1,193
Total Cash Receipts	508,781	527,462
Cash Disbursements:		
Current:		
Salaries and Benefits	56,853	53,140
Supplies and Materials	301,759	311,018
Purchased Services	51,184	43,593
Refunds to Relative Income Sources	102,511	68,102
Miscellaneous	7,482	6,169
Equipment	9,516	10,330
Total Cash Disbursements	529,305	492,352
Total Cash Receipts (Under) Cash Disbursements	(20,524)	35,110
Other Financing Disbursements:		
Remittance to Retained Funds	11,390	7,567
(Deficiency) of Cash Receipts (Under) Cash Disbursements and Other Financing Disbursements	(31,914)	27,543
Fund Cash Balance, January 1 - See Note 1	129,212	101,669
Fund Cash Balance, December 31	\$97,298	\$129,212
Reserves for Encumbrance, December 31	\$10,000	\$15,311

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

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**MEDINA COUNTY LAW LIBRARY ASSOCIATION
MEDINA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Medina County Law Library Association, Medina County, Ohio, (the Library) is directed by a Board of Trustees which consists of 5 members who are elected by members of the Medina 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 Medina 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 may hire a librarian and not more than two assistant law librarians. The Judges of the Court of Common Pleas of Medina 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 pays the librarian and assistant salaries.

The Library's management believes these financial statements present all public funds for which the Library is financially accountable, except those maintained in the Retained Monies Fund. At the end of each calendar year, the Library is permitted under Ohio Revised Code § 3375.56 to retain up to ten percent of their unencumbered General Fund balance. These monies are maintained in a separate fund and include private monies from copier and other fees and are not included in these financial statements.

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 Reserves for Encumbrances on the financial statement represent 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.

**MEDINA COUNTY LAW LIBRARY ASSOCIATION
MEDINA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Cash and Investments

Investments are included in the Fund Cash Balance. 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.

Repurchase agreements are valued at cost.

D. Fund Accounting

The Library uses fund accounting to segregate cash and investments that are restricted as to use. The Library has the following fund type:

General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except retained monies and private revenues.

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 receipts to the Library. See Note 2 for additional information.

**MEDINA COUNTY LAW LIBRARY ASSOCIATION
MEDINA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

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

In any year that receipts exceed disbursements, the Library refunds at least ninety percent of the unencumbered balance to the political subdivisions which 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 chart present the refunded and retained amounts during 2001 and 2000.

Unencumbered Balance at December 31, 2000
Refunded and Retained During Calendar Year 2001

Unencumbered Balance at December 31, 2000	\$113,901
Refunded to Relative Sources during 2001	<u>102,511</u>
Retained Funds Amount during 2001	<u>\$11,390</u>

Unencumbered Balance at December 31, 1999
Refunded and Retained During Calendar Year 2000

Unencumbered Balance at December 31, 1999	\$75,669
Refunded to Relative Sources during 2000	<u>68,102</u>
Retained Funds Amount during 2000	<u>\$7,567</u>

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 and investments at December 31 follows:

	2001	2000
Demand deposits	\$22,298	\$24,212
Repurchase agreement	<u>75,000</u>	<u>105,000</u>
Total deposits and investments	<u>\$97,298</u>	<u>\$129,212</u>

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

Investments: The Library's financial institution transfers the securities to the Library's agent to collateralize repurchase agreements. The securities are not in the Library's name.

4. RISK MANAGEMENT

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

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

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

Medina County Law Library Association
Medina County
93 Public Square
Medina, Ohio 44256

To the Board of Trustees:

We have audited the accompanying financial statements of the Medina County Law Library Association, Medina County, Ohio, (the Library) as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated August 27, 2002, wherein we indicated the financial statements only include the general fund. We conducted our audits 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 audits 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 a certain immaterial instance of noncompliance that we have reported to management of the Library in a separate letter dated August 27, 2002.

Internal Control Over Financial Reporting

In planning and performing our audits, 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 another matter involving the internal control over financial reporting that does require inclusion in this report, that we have reported to management of the Library in a separate letter dated August 27, 2002.

Medina County Law Library Association
Medina County
Report of Independent Accountants on Compliance and on Internal Control
Required by *Government Auditing Standards*
Page 2

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.

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Jim Petro
Auditor of State

August 27, 2002



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MEDINA COUNTY LAW LIBRARY ASSOCIATION

MEDINA 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 26, 2002**