



**Auditor of State
Betty Montgomery**

**LAW LIBRARY ASSOCIATION
DARKE COUNTY**

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Law Library Association
Darke County
125 West Fifth Street
Greenville, Ohio 45331

To the Board of Trustees:

We have audited the accompanying financial statements of the general fund and retained monies fund of the Darke County Law Library Association, Darke 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 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's general fund and retained monies fund 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.

As discussed in Note 2, the Library has included activity associated with the Retained Monies Fund

In accordance with *Government Auditing Standards*, we have also issued our report dated May 4, 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
Darke County
Independent Accountants' Report
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This report is intended solely for the information and use of the 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.

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

Betty Montgomery
Auditor of State

May 4, 2004

**LAW LIBRARY ASSOCIATION
DARKE COUNTY**

**COMBINED 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:			
Darke County Auditor	\$114,359		\$114,359
Darke County Clerk of Courts	1,250		1,250
Fees for on-line Services	176		176
Interest	2,203		2,203
Other Revenue	11,043		11,043
	<hr/>		<hr/>
Total Cash Receipts	129,031		129,031
	<hr/>		<hr/>
Cash Disbursements:			
Legal Publications	64,049		64,049
Salaries and Wages	8,900		8,900
Refunds to Relative Income Sources - See Note 3	12,119		12,119
On line Services	35,482		35,482
Insurance	918		918
Supplies	3,391		3,391
Other Expenditures	622		622
	<hr/>		<hr/>
Total Cash Disbursements	125,481		125,481
	<hr/>		<hr/>
Total Cash Receipts Over/(Under) Cash Disbursements	3,550		3,550
	<hr/>		<hr/>
Other Financing Receipts/(Disbursements):			
Remittance to Retained Funds	(45,830)	\$45,830	
	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts/(Disbursements)	(45,830)	45,830	
	<hr/>	<hr/>	<hr/>
Excess (Deficiency) of Cash Receipts and Other Financing Receipts Over (Under) Cash Disbursements and Other Financing Disbursements	(42,280)	45,830	3,550
	<hr/>	<hr/>	<hr/>
Public Fund Cash Balances, January 1	45,830		45,830
	<hr/>	<hr/>	<hr/>
Public Fund Cash Balances, December 31	<u>\$3,550</u>	<u>\$45,830</u>	<u>\$49,380</u>

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

**LAW LIBRARY ASSOCIATION
DARKE COUNTY**

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

	General Fund
Cash Receipts:	
Darke County Auditor	\$118,522
Darke County Clerk of Courts	1,250
Fees for on-line Services	240
Interest	2,704
Other Revenue	1,038
 Total Cash Receipts	 123,754
Cash Disbursements:	
Legal Publications	67,572
Salaries and Wages	8,020
Refunds to Relative Income Sources - See Note 3	9,321
On line Services	31,179
Insurance	918
Supplies	1,249
Other Expenditures	1,755
 Total Cash Disbursements	 120,014
 Total Cash Receipts Over/(Under) Cash Disbursements	 3,740
 Public Fund Cash Balances, January 1	 42,090
 Public Fund Cash Balances, December 31	 \$45,830

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

**LAW LIBRARY ASSOCIATION
DARKE COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Darke County Law Library (the Library) is directed by a board of seven trustees who are elected for a three year term by members of the Darke 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 Darke 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 Darke 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'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.

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

**LAW LIBRARY ASSOCIATION
DARKE COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Cash and Investments

Investments are 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.

Certificates of deposit are valued at cost and money market mutual funds are recorded at share values reported by the mutual fund.

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

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 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 Library is required to refund at least ninety percent of any *unencumbered* balance to political subdivisions that provided revenues to the Library. See Footnote 3 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.

**LAW LIBRARY ASSOCIATION
DARKE COUNTY**

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

2. ACCOUNTING CHANGE

Prior to January 1, 2003, the retained monies fund was not disclosed by the Library. Effective January 1, 2003, the Library's approved minutes of March 3, 2003 states they have a balance in the Retained Monies Fund of \$45,830.50 at December 31, 2002, and have supported the reasonableness of this amount by providing bank account statements to support the balance.

3. CALCULATION OF REFUND TO RELATIVE 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 to relative 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	
Balance at December 31, 2002	\$45,830
Refunded to Relative Sources during 2003	12,119
Retained Funds Amount during 2003	\$ 1,347

Balance at December 31, 2001	
Refunded and Retained During Calendar Year 2002	
Balance at December 31, 2001	\$42,090
Refunded to Relative Sources during 2002	9,321
Retained Funds Amount during 2002	\$ 1,036

4. 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:

	2003	2002
Demand deposits	(\$6,127)	(\$165)
Money Market deposits	\$3,417	\$3,905
Certificates of deposit	52,090	42,090
Total deposits and investments	\$49,380	\$45,830

Deposits: Deposits are insured by the Federal Depository Insurance Corporation or Securities Insurance Protection Corporation.

Investments: Investments in mutual funds are not evidenced by securities that exist in physical or book-entry form.

**LAW LIBRARY ASSOCIATION
DARKE COUNTY**

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

5. RISK MANAGEMENT

Commercial Insurance

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

- Comprehensive property and general liability;
- Electronic data processing; and
- Valuable papers.

6. RETIREMENT SYSTEM

The Public Employees Retirement System of Ohio (PERS) is a state operated, cost-sharing, multiple employer public employee retirement system. PERS provides retirement benefits to vested employees who are eligible to retire based upon years of service. PERS also provides survivor and disability benefits to vested employees.

Contribution rates are prescribed by the Ohio Revised Code. The Library's PERS members contributed 8.5% of their gross salaries. The Library contributed an amount equal to 13.55% of participants' gross salaries. The Library has paid all contributions required through December 31, 2003.

7. FUNDS WITH FISCAL AGENT

Darke County handles payroll transactions for the Law Library including the payment of retirement and remittance of amounts withheld. The Library had on deposit with Darke County the amounts of \$72 and \$245 as of December 31, 2003 and 2002 respectively.



**Auditor of State
Betty Montgomery**

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

Law Library Association
Darke County
125 West Fifth Street
Greenville, Ohio 45331

To the Board of Trustees:

We have audited the accompanying financial statements of the Darke County Law Library Association, Darke County, (the Library), as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated May 4, 2004, wherein we noted the Library has included the retained monies fund for the first time. 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 a matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the Library in a separate letter dated May 4, 2004.

Law Library Association
Darke 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 management and 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

May 4, 2004



**Auditor of State
Betty Montgomery**

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DARKE COUNTY LAW LIBRARY ASSOCIATION

DARKE 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
JUNE 15, 2004**