



**PAULDING LAW LIBRARY ASSOCIATION  
PAULDING COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2005**



**Auditor of State  
Betty Montgomery**



**PAULDING LAW LIBRARY ASSOCIATION  
PAULDING COUNTY**

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**Auditor of State  
Betty Montgomery**

Paulding Law Library Association  
Paulding County  
200 N. Williams Street  
Paulding, Ohio 45879-1252

To the Board of Trustees:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to a February 2, 2005, interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

A handwritten signature in black ink that reads "Betty Montgomery".

**Betty Montgomery**  
Auditor of State

June 29, 2006

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

Paulding Law Library Association  
Paulding County  
200 N. Williams Street  
Paulding, Ohio 45879-1252

To the Board of Trustees:

We have audited the accompanying financial statements of the general fund and the retained monies fund of the Paulding Law Library Association, Paulding County, (the Library) as of and for the years ended December 31, 2005 and 2004. 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 reasonably assure 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 more fully in Note 1, the Library has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Revisions to GAAP would require the Library to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2005 and 2004. Instead of the funds the accompanying financial statements present for 2005 and 2004, the revisions require presenting entity wide statements for 2005 and 2004. While the Library does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Library has elected not to reformat its statements. Since this Library does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2005 and 2004, do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Library as of December 31, 2005 and 2004, or its changes in financial position for the years then ended.

Also 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 the retained monies fund as of December 31, 2005 and 2004, and its cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

The aforementioned revision to generally accepted accounting principles also requires the Library to include Management's Discussion and Analysis for the years ended December 31, 2005 and 2004. The Library has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2006, 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 grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



**Betty Montgomery**  
Auditor of State

June 29, 2006



**PAULDING LAW LIBRARY ASSOCIATION  
PAULDING COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>General Fund</u>	<u>Retained Monies Fund</u>	<u>Totals (Memorandum Only)</u>
<b>Cash Receipts:</b>			
Fine and Forfeitures	\$60,321		\$60,321
Miscellaneous Receipts	67		67
Total Cash Receipts	<u>60,388</u>		<u>60,388</u>
<b>Cash Disbursements:</b>			
Cost of Books	51,222		51,222
Salaries and Related Costs	13,770		13,770
Equipment and Supplies	337		337
Postage	105		105
Insurance and Contracts	282		282
Professional Dues	15		15
Total Cash Disbursements	<u>65,731</u>		<u>65,731</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(5,343)</u>		<u>(5,343)</u>
<b>Other Financing Receipts/(Disbursements):</b>			
Transfers-In	5,343		5,343
Transfers-Out		(\$5,343)	(5,343)
Total Other Financing Receipts/(Disbursements)	<u>5,343</u>	<u>(5,343)</u>	
Excess (Deficiency) of Cash Receipts and Other Financing Receipts Under Cash Disbursements and Other Financing Disbursements		(5,343)	(5,343)
Fund Cash Balances, January 1	<u>114</u>	<u>5,714</u>	<u>5,828</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$114</u></b>	<b><u>\$371</u></b>	<b><u>\$485</u></b>

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

**PAULDING LAW LIBRARY ASSOCIATION  
PAULDING COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>General Fund</u>	<u>Retained Monies Fund</u>	<u>Totals (Memorandum Only)</u>
<b>Cash Receipts:</b>			
Fine and Forfeitures	\$78,610		\$78,610
Miscellaneous Receipts	1		1
Total Cash Receipts	<u>78,611</u>		<u>78,611</u>
<b>Cash Disbursements:</b>			
Cost of Books	61,811		61,811
Salariaries and Related Costs	13,740		13,740
Equipment and Supplies	128		128
Postage	74		74
Insurance and Contracts	179		179
Maintenance of Books	609		609
Professional Dues	15		15
Refunds to Relative Income Sources	449		449
Audit Costs	1,570		1,570
Total Cash Disbursements	<u>78,575</u>		<u>78,575</u>
Total Cash Receipts Over Cash Disbursements	<u>36</u>		<u>36</u>
<b>Other Financing Receipts/(Disbursements):</b>			
Remittance to Retained Funds	(49)		(49)
Remittance from General Fund		\$49	49
Total Other Financing Receipts/(Disbursements)	<u>(49)</u>	<u>49</u>	
Excess (Deficiency) of Cash Receipts and Other Financing Receipts Over (Under) Cash Disbursements and Other Financing Disbursements	(13)	49	36
Fund Cash Balances, January 1	<u>127</u>	<u>5,665</u>	<u>5,792</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$114</u></b>	<b><u>\$5,714</u></b>	<b><u>\$5,828</u></b>

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

**PAULDING LAW LIBRARY ASSOCIATION  
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005 AND 2004**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Paulding Law Library Association (the Library) is governed by a board of three trustees. Members of the Paulding County Bar Association elect the board members. The Library provides access to 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) §§ 3375.50 to .53, inclusive. ORC § 3375.54 authorizes the Library to disburse funds to purchase, lease or rent 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.

ORC §3375.49 requires the Paulding County Commissioners to provide adequate facilities for the Library, including suitable bookcases, heating and lighting for the rooms.

The Board of Trustees elects a librarian and not more than two assistant law librarians. The Judges of the Court of Common Pleas of Paulding County fix these librarians' compensation pursuant to ORC § 3375.48. If the Library provides free access to all county officers and the judges of the several courts, the County treasury pays the librarians' salary. If the Library does not provide free access, the Library must pay the librarians' salary.

The Library's management believes these financial statements present all funds for which the Library is financially accountable.

**B. Basis of Accounting**

These financial statements follow the basis of accounting the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Library recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred.

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

**C. Fund Accounting**

The Library uses fund accounting to segregate cash that is restricted as to use. The Library classifies its funds into the following types:

**1. General Fund**

The General Fund accounts for all financial resources except those required to be accounted for in another fund.

**PAULDING LAW LIBRARY ASSOCIATION  
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005 AND 2004  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)**

**2. Retained Monies Fund**

Retained Monies Fund reports funds the Library retains under Ohio Revised Code § 3375.56. At the end of each calendar year the Library may retain up to ten percent of their unencumbered balance. See footnote 2 for additional information.

**D. Property, Plant, and Equipment**

The Library records disbursements for equipment acquisitions when paid. The accompanying financial statements do not report these items as assets. The Library deems computers, copiers, fax machines, and other items related toward facilitating the use of equipment as equipment.

**E. Refund to Relative Income Sources**

If certain conditions are met, Ohio Revised Code § 3375.56 requires the Library to refund at least ninety percent of any balance to political subdivisions that provided revenues to the Library. See Footnote 2 for additional information.

**F. 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 Library's accounting basis. Neither is such data comparable to a consolidation. The Library does not eliminate interfund transactions when aggregating this data.

**2. REFUND TO RELATIVE INCOME SOURCES AND AMOUNT RETAINED**

In any year that receipts exceed disbursements, the Library refunds at least ninety percent of the balance to the political subdivisions who provided the funds and retains the remainder. Ohio Revised Code § 3375.56 requires this "refund to relative income sources." The following tables present the refunded and retained amounts during 2005 and 2004.

Balance at December 31, 2004	
Refunded and Retained During Calendar Year 2005	
Balance at December 31, 2004	<u>\$114</u>
2005 Refunds not Remitted	<u><u>\$114</u></u>

**PAULDING LAW LIBRARY ASSOCIATION  
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005 AND 2004  
(Continued)**

**2. REFUND TO RELATIVE INCOME SOURCES AND AMOUNT RETAINED – (Continued)**

Balance at December 31, 2003	
Refunded and Retained During Calendar Year 2004	
2003 Balance Refunded to Relative Income Sources during 2004	127
2004 Partial Balance Refunded to Relative Income Sources during 2004	322
Total Refunded to Relative Income Sources during 2004	<u>449</u>

The Law Library Association failed to remit all of the refundable excess to the contributing political subdivision from 2004. The amount not refunded in 2005 was \$114.

**3. EQUITY IN POOLED CASH**

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

	<u>2005</u>	<u>2004</u>
Demand deposits	<u>\$485</u>	<u>\$5,828</u>

Deposits are insured by the Federal Depository Insurance Corporation.

**4. RISK MANAGEMENT**

Building and contents insurance is provided by the Paulding County Commissioners through the County Risk Sharing Authority (CORSAs).

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

Paulding Law Library Association  
Paulding County  
200 N. Williams Street  
Paulding, Ohio 45879-1252

To the Board of Trustees:

We have audited the financial statements of the Paulding Law Library Association, Paulding County, (the Library) as of and for the years ended December 31, 2005 and 2004, and have issued our report thereon dated June 29, 2006, wherein we noted the Library followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. 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 the Comptroller General of the United States' *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Library's internal control over financial reporting to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the Library's management dated June 29, 2006, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

**Compliance and Other Matters**

As part of reasonably assuring whether the Library's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect 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 an opinion. The results of our tests disclosed an instance of noncompliance or other matters that we must report under *Government Auditing Standards*, which is described in the accompanying schedule of findings as item 2005-001.

Paulding Law Library Association  
Paulding County  
Independent Accountants' Report on Internal Control Over  
Financial Reporting and on Compliance and Other Matters  
Required by *Government Auditing Standards*  
Page 2

We intend this report solely for the information and use of the management, and the Board of Trustees. It is not intended for 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

June 29, 2006



PAULDING LAW LIBRARY ASSOCIATION  
PAULDING COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2005 AND 2004

FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

FINDING NUMBER 2005-001

**Finding for Recovery**

Ohio Revised Code § 3375.56 states that: On the first Monday of each year, the board of trustees of the law library association shall make a detailed statement to the county auditor, verified by the oath of the treasurer of the association, of the amount of the fines and penalties received under sections 3375.50 to 3375.53, inclusive of the Revised Code, and of the money expended by the association.

If the total amount received under such sections during the preceding calendar year covered by such report exceeds the expenditures during the same period, the auditor shall certify such fact to the board which shall thereupon direct the treasurer of the association to refund proportionately to the treasurers of the political subdivisions from which such balance was received, not less than ninety percent of any unencumbered balance on hand from the preceding year.

The percentage calculation for 2004 included 2003 refunds to relative sources paid in 2004. This resulted in the Paulding Law Library Association making an underpayment of refunds to Paulding County for 2004:

<u>Paulding County</u>	<u>2004 Refund Paid in 2004</u>
Refund Recalculated	\$436.00
Refund Paid	<u>321.76</u>
Amount Underpaid	<u>\$ 114.24</u>

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public money due but not collected is hereby issued against the Paulding Law Library Association in the amount of one-hundred fourteen dollars and twenty-four cents (\$114.24), in favor of Paulding County General Fund.

**Officials' Response**

The Officials' did not response to this finding.





**Auditor of State  
Betty Montgomery**

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**PAULDING LAW LIBRARY ASSOCIATION**

**PAULDING 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 1, 2006**