



**Auditor of State  
Betty Montgomery**



**TOLEDO LAW ASSOCIATION  
LUCAS COUNTY**

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**Auditor of State  
Betty Montgomery**

Toledo Law Association  
Lucas County  
905 Jackson Street  
Toledo, Ohio 43624-1546

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

September 8, 2006

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## Auditor of State Betty Montgomery

### INDEPENDENT ACCOUNTANTS' REPORT

Toledo Law Association  
Lucas County  
905 Jackson Street  
Toledo, Ohio 43624-1546

To the Board of Trustees:

We have audited the accompanying financial statements of the general fund of the Toledo Law Association, Lucas County, (the Law Association) as of and for the years ended December 31, 2005 and 2004. These financial statements are the responsibility of the Law Association'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.

The financial statements present only the general fund and do not intend to present fairly the financial position or results of operations of the all Law Association's funds.

As described more fully in Note 1, the Law Association 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 Law Association to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2005 and 2004. While the Law Association 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 Law Association has elected not to reformat its statements. Since this Law Association 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.

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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 Law Association 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 Law Association's general 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 Law Association to include Management's Discussion and Analysis for the years ended December 31, 2005 and 2004. The Law Association 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 September 8, 2006, on our consideration of the Law association'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

September 8, 2006



**TOLEDO LAW ASSOCIATION  
LUCAS COUNTY**

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

	<b>General Fund</b>
<b>Cash Receipts:</b>	
Fine and Forfeitures	\$276,983
Miscellaneous Receipts	3,788
Total Cash Receipts	280,771
<b>Cash Disbursements:</b>	
Law Library - Books	176,787
Law Library - Periodicals	7,469
CD-ROM	166
On-line Resources	76,886
Office Administration	13,112
Bindery	1,190
Professional Expenses	243
Capital Outlay	3,877
Miscellaneous	1,041
Total Cash Disbursements	\$280,771
Public Fund Cash Balances, January 1	
<b>Public Fund Cash Balances, December 31</b>	

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

**TOLEDO LAW ASSOCIATION  
LUCAS COUNTY**

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

	<u>General Fund</u>
<b>Cash Receipts:</b>	
Fine and Forfeitures	\$347,003
Miscellaneous Receipts	<u>3,944</u>
Total Cash Receipts	<u>350,947</u>
<b>Cash Disbursements:</b>	
Law Library - Books	226,907
Law Library - Periodicals	7,828
CD-ROM	297
On-line Resources	91,685
Audio/Video	778
Office Administration	14,034
Bindery	2,345
Professional Expenses	2,117
Capital Outlay	3,985
Miscellaneous	<u>971</u>
Total Cash Disbursements	<u>\$350,947</u>
Public Fund Cash Balances, January 1	<u>                    </u>
<b>Public Fund Cash Balances, December 31</b>	<u><u>                    </u></u>

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

**TOLEDO LAW ASSOCIATION  
LUCAS COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Toledo Law Association (the Law Association) is governed by a board of twelve trustees who are elected for a three-year term by members of the Lucas County Law Association. The Law Association provides access to all county officers and the judges of the several courts within the county.

The Law Association 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 Law Association 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 Lucas County Commissioners to provide adequate facilities for the Law Association, including suitable bookcases, heating and lighting for the rooms.

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

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

The Law Association deems some funds it receives as private monies. Private monies include: membership dues and fax fees. The accompanying financial statements do not present private monies.

**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 Law Association 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.

**TOLEDO LAW ASSOCIATION  
LUCAS COUNTY**

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

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

**C. Fund Accounting**

The Law Association classifies its fund into the following type:

**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.

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

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

**2. EQUITY IN POOLED CASH**

The Ohio Revised Code prescribes allowable deposits. The carrying amount of cash at December 31, 2005 and 2004 was \$0.

**3. RISK MANAGEMENT**

**Commercial Insurance**

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

- Comprehensive property and general liability;
- Additional Commercial Umbrella; and
- Director and Officer Liability.

**4. OPERATING LEASES**

The Law Association has entered into a lease for the period May 6, 2002 through May 5, 2007 with Perry Corporation for the lease of two copy machines. Payments made totaled \$2,532 for fiscal year 2005 and \$2,532 for fiscal year 2004.

The following is a schedule of the future minimum payments required under the operating leases as of December 31, 2005.

Fiscal Year Ending December 31:	Copier Lease
2006	<u>2,532</u>
2007	<u>844</u>
Total minimum lease payments	<u><u>\$ 3,376</u></u>



**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***

Toledo Law Association  
Lucas County  
905 Jackson Street  
Toledo, Ohio 43624-1546

To the Board of Trustees:

We have audited the financial statements of the Toledo Law Association, Lucas County, (the Law Association) as of and for the years ended December 31, 2005 and 2004, and have issued our report thereon dated September 8, 2006, wherein we noted the Law Association followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We also disclosed the financial statements include only the general fund. 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 Law Association'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.

**Compliance and Other Matters**

As part of reasonably assuring whether the Law Association'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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Toledo Law Association  
Lucas 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 audit committee, 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

September 8, 2006



**Auditor of State  
Betty Montgomery**

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**TOLEDO LAW ASSOCIATION**

**LUCAS 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  
OCTOBER 5, 2006**