



**TOLEDO LAW ASSOCIATION
LUCAS COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2007



Mary Taylor, CPA
Auditor of State

**TOLEDO LAW ASSOCIATION
LUCAS COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Cover Letter	1
Independent Accountants' Report.....	3
Statement of Cash Receipts, Cash Disbursements, and Changes in Cash Balance - Public Fund - For the Year Ended December 31, 2007	5
Statement of Cash Receipts, Cash Disbursements, and Changes in Cash Balance - Public Fund - For the Year Ended December 31, 2006.....	6
Notes to the Financial Statements	7
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	11

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Mary Taylor, CPA
Auditor of State

Toledo Law Association
Lucas County
905 Jackson Street
Toledo, Ohio 43604-1546

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.

Mary Taylor

Mary Taylor, CPA
Auditor of State

June 11, 2008

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Toledo Law Association
Lucas County
905 Jackson Street
Toledo, Ohio 43604-1546

To the Board of Trustees:

We have audited the accompanying financial statements of the Toledo Law Association, Lucas County, (the Law Association) as of and for the years ended December 31, 2007 and 2006. 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 the Comptroller General of the United States' *Government Auditing Standards*. 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 our audit provides a reasonable basis for our opinion.

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.

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 the 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.

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, 2007 and 2006, 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, 2007 and 2006, or its changes in financial position for the year then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the cash balance of the Toledo Law Association, Lucas County, as of December 31, 2007 and 2006, and its cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

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 June 11, 2008, 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.



Mary Taylor, CPA
Auditor of State

June 11, 2008

**TOLEDO LAW ASSOCIATION
LUCAS COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCE
PUBLIC FUND
FOR THE YEAR ENDED DECEMBER 31, 2007**

Cash Receipts:	
Fine and Forfeitures	\$291,799
Miscellaneous Receipts	1,378
	293,177
Total Cash Receipts	293,177
 Cash Disbursements:	
Salaries	8,530
Benefits	1,960
Law Library - Books	167,617
Law Library - Periodicals	7,681
CD-ROM	79
On-line Resources	76,798
Office Administration	11,672
Bindery	1,830
Professional Expenses	253
Capital Outlay	15,743
Miscellaneous	1,014
	\$293,177
Total Cash Disbursements	\$293,177
Total Cash Receipts Over/(Under) Cash Disbursements	_____
Public Fund Cash Balance, January 1	_____
Public Fund Cash Balance, December 31	_____

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 BALANCE
PUBLIC FUND
FOR THE YEAR ENDED DECEMBER 31, 2006**

Cash Receipts:	
Fine and Forfeitures	\$290,453
Miscellaneous Receipts	1,562
	<hr/>
Total Cash Receipts	292,015
	<hr/>
Cash Disbursements:	
Law Library - Books	176,112
Law Library - Periodicals	6,380
CD-ROM	85
On-line Resources	84,473
Office Administration	14,517
Bindery	1,291
Professional Expenses	2,191
Capital Outlay	5,868
Miscellaneous	1,098
	<hr/>
Total Cash Disbursements	\$292,015
	<hr/>
Total Cash Receipts Over/(Under) Cash Disbursements	<hr/>
Public Fund Cash Balance, January 1	<hr/>
Public Fund Cash Balance, December 31	<hr/> <hr/>

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, 2007 AND 2006**

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.

Pursuant to House Bill 363 and House Bill 66, beginning January 1, 2007, Ohio Rev. Code Section 3375.49 requires law libraries to pay 20% of the compensation for their librarian and up to two assistants from their own funds. The law library's funding obligation increases by 20 percentage points annually. Therefore, beginning January 1, 2011, law libraries must pay 100% of these librarians' compensation from law library funds.

The same law applies one year later for space, utilities and fixtures the county commissioners provide to the Law Library Association (LLA). Therefore, beginning January 1, 2008, LLA must pay 20% of these costs. The LLA's percentage increases 20% annually. Therefore, beginning January 1, 2012, LLA's libraries must pay 100% of their space, utilities and fixtures costs from law library funds.

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.

C. Fund Accounting

The Law Association uses fund accounting to segregate cash that is restricted as to use. The Law Association classifies its fund into the following type:

**TOLEDO LAW ASSOCIATION
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

General Fund

The General Fund is the general operating fund. It is used to account for all financial resources.

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.

E. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

2. CASH

The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash at December 31 follows:

	<u>2007</u>	<u>2006</u>
Demand deposits	<u>\$0</u>	<u>\$0</u>

Deposits are insured by the Federal Depository Insurance Corporation.

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. RETIREMENT SYSTEM

The Law Association's employees belong to the Public Employees Retirement System (OPERS) of Ohio. OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes retirement benefits, including postretirement healthcare, and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2007 OPERS members contributed 9.5 percent, of their gross salaries. The Law Association contributed an amount equal to 13.85 percent of participants' gross salaries. The Law Association has paid all contributions required through December 31, 2007.

TOLEDO LAW ASSOCIATION
LUCAS COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)

5. 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. The lease automatically renewed for a one year term at the end of the initial term extending the term until May 5, 2008. Payments made totaled \$2,532 for fiscal year 2007 and \$2,532 for fiscal year 2006.

The following is a schedule of the future minimum payments required under the operating leases as of December 31, 2007.

Fiscal Year Ending December 31:	Copier
2008	Lease
	<u>\$844</u>

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Mary Taylor, CPA

Auditor of State

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 43604-1546

To the Board of Trustees:

We have audited the financial statements of the Toledo Law Association, Lucas County, Ohio (the Law Association) as of and for the years ended December 31, 2007 and 2006, and have issued our report thereon dated June 11, 2008, wherein we noted the Law Association follows 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 Law Association's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Law Association's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the District's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the District's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Law Association's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

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*.

We intend this report solely for the information and use of management, audit committee, and the Board of Trustees. We intend it for no one other than these specified parties.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

June 11, 2008



Mary Taylor, CPA
Auditor of State

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
JULY 8, 2008**