

Clermont County Law Library Association

Clermont County

Regular Audit

January 1, 2003 through December 31, 2004

Fiscal Years Audited Under GAGAS: 2003 - 2004

BALESTRA, HARR & SCHERER, CPAs, INC.

**CERTIFIED PUBLIC ACCOUNTANTS
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**Auditor of State
Betty Montgomery**

Board of Trustees
Clermont County Law Library Association
270 Main St.
Batavia, OH 45103

We have reviewed the *Independent Auditor's Report* of the Clermont County Law Library Association, Clermont County, prepared by Balestra, Harr & Scherer CPAs, Inc., for the audit period January 1, 2003 through December 31, 2004. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Auditor's Report* on your financial statements. While the Auditor of State 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. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Auditor's Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Clermont County Law Library Association is responsible for compliance with these laws and regulations.

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

November 2, 2005

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**CLERMONT COUNTY LAW LIBRARY ASSOCIATION
CLERMONT COUNTY
FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003**

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Member American Institute of Certified Public Accountants

Ohio Society of Certified Public Accountants

Independent Auditor's Report

Board of Trustees
Clermont County Law Library Association
270 Main Street
Batavia, Ohio 45103

We have audited the accompanying financial statements of the Clermont County Law Library Association, Clermont County, (the Association) as of and for the years ended December 31, 2004 and December 31, 2003. These financial statements are the responsibility of the Government'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.

As described more fully in Note 1, the government 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. Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, we presume they are material.

Revisions to GAAP require the Association to reformat its financial statement presentation and make other changes effective for the year ended December 31, 2004. Instead of the fund accompanying financial statements presented for 2004 (and 2003), the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2004. While the Association does not follow GAAP, generally accepted auditing standards require 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 association has elected not to reformat its statements. Since the Association does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts are materially misstated under 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 paragraph, the financial statements referred to above for the year ended December 31, 2004 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Government's combined funds as of December 31, 2004, or their changes in financial position for the year then ended.

Independent Auditor's Report
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Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of The Clermont County Law Library Association, Clermont County, as of December 31, 2004 and December 31, 2003, and its combined 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 Association to include Management's Discussion & Analysis for the year ended December 31, 2004. The Association has not presented Management's Discussion & 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 July 8, 2005, on our consideration of the Government'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. That report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. It does not opine on the internal control over financial reporting or on compliance. 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.



Balestra, Harr & Scherer, CPAs, Inc.

July 8, 2005

**CLERMONT COUNTY LAW LIBRARY ASSOCIATION
CLERMONT COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND
CHANGES IN FUND CASH BALANCES - GENERAL FUND -
FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003**

	<u>2004</u>	<u>2003</u>
Cash Receipts		
Clermont County Receipts:		
Clermont County Auditor	\$ 629,828	\$ 581,890
Other Receipts:		
Interest	181	223
Miscellaneous	<u>3,542</u>	<u>2,407</u>
Total Receipts	<u>633,551</u>	<u>584,520</u>
Expenditures		
Wages	77,841	78,095
Book Purchases	514,606	464,153
Office	<u>41,362</u>	<u>42,291</u>
Total Expenditures	<u>633,809</u>	<u>584,539</u>
Net Change in Fund Balance	<u>(258)</u>	<u>(19)</u>
Beginning Balance, January 1,	<u>34</u>	<u>53</u>
Ending Balance, December 31,	<u>\$ (224)</u>	<u>\$ 34</u>

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

**CLERMONT COUNTY LAW LIBRARY ASSOCIATION
CLERMONT COUNTY
FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003**

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Description of the Entity

The Clermont County Law Library Association (the Law Library), Clermont County, Ohio is a body established for the purpose of exercising the rights and privileges conveyed to it by the Constitution and laws of the State of Ohio. The Law Library is directed by a five member Board of Trustees. The Trustees are members of the Clermont County Bar Association and are appointed by the presiding judge of the Court of Common Pleas of Clermont County. They serve unlimited terms. The Law Library is formed for the purpose of providing a legal research and resource base to members.

The Law Librarian and assistants serve at the pleasure of the Board of Trustees. The Law Librarian=s and two of her assistant=s compensation is fixed by the Judge of Common Pleas Court and is paid out of the Clermont County General Fund. The Board of Trustees serve without compensation.

Management believes the financial statements included in this report represent all of the funds of the Law Library over which the Board of Trustees is financially accountable.

The Law Library controls only public funds that are received from the various courts of Clermont County. These public funds are restricted to purchases of law books, computer communication, salaries, and equipment. Some funds the Library receives are considered private monies which include fees charged for the use of the Library's computer system for legal research and from photocopying charges. Fees collected for the use of the computers and copiers remain private even though the equipment may have been purchased with public funds. The Library accounts for these monies within the General fund and can disburse these private monies at its discretion.

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.

C. Cash and Deposits

The Law Library maintains an interest bearing checking account for all of its deposits.

D. Fund Accounting

The Law Library uses fund accounting to account for the revenues and expenditures of public funds. The Law Library uses one fund to account for the related revenues and expenditures:

**CLERMONT COUNTY LAW LIBRARY ASSOCIATION
CLERMONT COUNTY
FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003**

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (Continued)

General Fund

The General Fund is the general operating fund of the Law Library. It is used to account for all financial resources except those required by law or contract to be restricted. The Law Library has no financial resources required by law or contract to be restricted.

E. Budgetary Process

The Law Library is not subject to Ohio budgetary law and is not a taxing subdivision.

F. Property, Plant and Equipment

Acquisitions of property, plant, and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements, and depreciation is not recorded for these assets.

2. Cash and Deposits

The Ohio Revised Code prescribes allowable deposits. Deposits are either insured by the Federal Depository Insurance Corporation, or collateralized by the financial institution's public entity deposit pool. The carrying amount of the Law Library's cash and deposits as of December 31, 2002 and 2001 were as follows:

	<u>2004</u>	<u>2003</u>
Total Demand Deposits	\$ <u>(224)</u>	\$ <u>34</u>

3. Risk Management

The Law Library has obtained commercial carrier insurance for the following risks: comprehensive property and general liability, public official's liability and errors and omissions.

The Law Library also provides health insurance coverage to fulltime employees through a private carrier.

There has been no significant change in coverage from last year. Settled claims have not exceeded commercial coverage in the past three years.

4. Retirement Systems

Employees of the Law Library were covered by the Public Employees Retirement System (PERS) of Ohio. The State of Ohio accounts for the activities of the retirement system and the amount of that fund is not reflected in the accompanying financial statements. The employees of the law library began contributing to PERS in June, 1996. Prior to June, 1996, the employees paid into the Social Security System. The employees contribute 8.5% of their gross salaries and Law Library contributed an amount equal to 10.84% of their gross wages. The Law Librarian and two of her assistants are County employees and thus contributed 8.5% of their gross wages. Clermont County contributes an amount equal to 10.84% of their gross wages.

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Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit Performed in Accordance with *Government Auditing Standards*

Board of Trustees
Clermont County Law Library Association
270 Main Street
Batavia, Ohio 45103

To the Board of Trustees:

We have audited the financial statements of the Clermont County Law Library Association, Clermont County, Ohio (the Association), as of and for the years ended December 31, 2004 and 2003 and have issued our report thereon dated July 8, 2005, wherein we noted the Association 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Association'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 an opinion 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 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 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Association's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, 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*.

Clermont County Law Library
Clermont County
Report on Internal Control Over Financial
Reporting and on Compliance and Other Matters Required by
Government Auditing Standards
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This report is intended for the information and use of the audit committee, management, the 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 cursive script that reads "Balestra, Harr & Scherer". The signature is written in dark ink on a light-colored background.

Balestra, Harr & Scherer, CPAs, Inc.

July 8, 2005



**Auditor of State
Betty Montgomery**

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LAW LIBRARY ASSOCIATION

CLERMONT 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
NOVEMBER 15, 2005**