

Richland County Law Library Association
Richland County

Regular Audit

For the Years Ended December 31, 2004 - 2003



**Auditor of State
Betty Montgomery**

Board of Trustees
Richland County Law Library Association
6 Water Street
Shelby, Ohio 44875

We have reviewed the *Independent Accountants' Report* of the Richland County Law Library Association, Richland County, prepared by Knox & Knox, CPA's, for the audit period January 1, 2003 to 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 Accountants' 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 Accountants' 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 Richland County Law Library Association is responsible for compliance with these laws and regulations.

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

BETTY MONTGOMERY
Auditor of State

October 6, 2005

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RICHLAND COUNTY LAW LIBRARY ASSOCIATION
RICHLAND COUNTY

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Independent Accountants' Report

Richland County Law Library Association
Richland County
50 park Avenue East
Mansfield, OH 44902

We have audited the accompanying financial statements of the Richland County Law Library Association, Richland County, Ohio , (the Library) as of and for the years ended December 31, 2004 and 2003. 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, if any, 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 are not intended to present fairly the financial position and results of operations of the Library in conformity with the accounting basis Note 1 describes.

As described more fully in Note 1, the Library has prepared its 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 accounting principles generally accepted in the United States of America, 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 year ended December 31, 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 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 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 Richland County Law Library Association's, Richland County general fund as of December 31, 2004, or their 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 fund cash balances of the Richland County Law Library Association, Richland County, as of December 31, 2004 and 2003, 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 year ended December 31, 2004. The Library has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United State 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 27, 2005, on our consideration of the Library's internal control over financial reporting and our tests of its compliance with laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Knox & Knox

*Orrville, Ohio
July 27, 2005*

RICHLAND COUNTY LAW LIBRARY ASSOCIATION
RICHLAND COUNTY

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

	2004	2003
Cash Receipts:		
Fine and Forfeitures	\$239,343	\$ 218,412
Interest	154	111
Miscellaneous	2,709	3,694
Total Cash Receipts	242,206	222,217
Cash Disbursements:		
Books and Services	216,099	189,342
Office Supplies	1,742	1,299
Repairs, Maintenance, and Service	6,804	5,687
Equipment	2,908	
Officers' Salaries	8,000	8,000
Insurance	190	171
Continuing Education	385	1,654
Audit Fees	292	2,097
Miscellaneous	223	224
Total Cash Disbursements	236,643	208,474
Total Cash Receipts (Under) Cash Disbursements	5,563	13,743
Public Fund Cash Balances, January 1	34,169	20,426
Public Fund Cash Balances, December 31	\$ 39,732	\$ 34,169

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

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RICHLAND COUNTY LAW LIBRARY ASSOCIATION
RICHLAND COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 and 2003

1. Summary of Significant Accounting Policies

A. Description of the Entity

Richland County Law Library Association , Richland County, (the Library) is directed by a Board of Trustees who are appointed by members of the Richland County Law Library 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 communication 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 Richland 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 elect a librarian and not more than two assistant law librarians. The Judges of the Court of Common Pleas of Richland County fix the compensation of the librarian and up to two assistant librarians pursuant to ORC Section 3375.48. Because 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 is paid from the county treasury.

The Library's management believes these financial statements present all public funds for which the Library is financially accountable. Some funds received by the Library are considered private monies. Private monies include membership dues. Private monies can be disbursed at the discretion of the Library. The accompanying financial statements do not present private monies.

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.

RICHLAND COUNTY LAW LIBRARY ASSOCIATION
RICHLAND COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 and 2003

1. Summary of Significant Accounting Policies (continued)

B. Basis of Accounting (continued)

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

C. Cash

All funds of the Library were held in an interest bearing checking account. The Library has no investments.

D. Fund Accounting

The Library uses fund accounting to segregate cash and investments that are restricted as to use. The Library 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.

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 to 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 90 percent of any unencumbered balance to political subdivisions that provided revenues to the Library. However at December 31, 2004 and 2003, there were no unencumbered balances.

2. Equity in Pooled Cash

The Library maintains cash in segregated accounts for each fund. The Ohio Revised Code prescribes allowable deposits. The carrying amount of cash at December 31 follows:

	<u>2004</u>	<u>2003</u>
Demand deposits	<u>\$ 39,732</u>	<u>\$ 34,169</u>

Deposits are insured by the Federal Depository Insurance Corporation.

RICHLAND COUNTY LAW LIBRARY ASSOCIATION
RICHLAND COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 and 2003 (continued)

3. Risk Management

The Library has obtained commercial insurance for the following risks:

- Commercial Crime;
- Employee Dishonesty

4. Facilities

The Library has free use of office facilities provided by Richland County.

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

Richland County Law Library Association
Richland County
50 Park Avenue East
Mansfield, Ohio 44902-1892

We have audited the accompanying financial statements of the Richland County Law Library Association, Richland County, Ohio, (the Library) as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated July 27, 2005, wherein we indicated the financial statements include only the General Fund. We conducted our audits 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 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 audits 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 audits, 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 noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Library in a separate letter dated July 27, 2005.

This report is intended solely for the information and use of management and the Board of Trustees, and is not intended to be and should not be used by anyone other than these specified parties.

Knox & Knox

Orrville, Ohio
July 27, 2005



**Auditor of State
Betty Montgomery**

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LAW LIBRARY ASSOCIATION

RICHLAND 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 20, 2005**