



**LAW LIBRARY ASSOCIATION
PERRY COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2005 - 2004



**Auditor of State
Betty Montgomery**

**LAW LIBRARY ASSOCIATION
PERRY COUNTY**

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**Auditor of State
Betty Montgomery**

Law Library Association
Perry County
P.O. Box 88
New Lexington, Ohio 43764

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 cursive script that reads "Betty Montgomery".

Betty Montgomery
Auditor of State

March 30, 2006

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Law Library Association
Perry County
P.O. Box 88
New Lexington, Ohio 43764

To the Board of Trustees:

We have audited the accompanying financial statements of the General Fund and the Retained Monies Fund of the Law Library Association, Perry County, Ohio (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 fund financial statements presented 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 Law Library Association, Perry County, Ohio 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 Library Association, Perry County, Ohio 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.

As discussed in Note 2, the Library has included activity associated with the Retained Monies Fund.

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 March 30, 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

March 30, 2006

**LAW LIBRARY ASSOCIATION
PERRY COUNTY**

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

	<u>General Fund</u>	<u>Retained Monies Fund</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:			
Fine and Forfeitures	\$57,259	\$	\$57,259
Interest		189	189
Miscellaneous Receipts		132	132
Total Cash Receipts	<u>57,259</u>	<u>321</u>	<u>57,580</u>
Cash Disbursements:			
Supplies and Materials	56,031	19,294	75,325
Refunds to Relative Income Sources - See Note 2	3,166		3,166
Salaries	1,458		1,458
Total Cash Disbursements	<u>60,655</u>	<u>19,294</u>	<u>79,949</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(3,396)</u>	<u>(18,973)</u>	<u>(22,369)</u>
Other Financing Receipts/(Disbursements):			
Remittance to Retained Funds	(352)	352	0
Refunds from Vendors	230		230
Total Other Financing Receipts/(Disbursements)	<u>(122)</u>	<u>352</u>	<u>230</u>
Excess (Deficiency) of Cash Receipts and Other Financing Receipts Over (Under) Cash Disbursements and Other Financing Disbursements	<u>(3,518)</u>	<u>(18,621)</u>	<u>(22,139)</u>
Public Fund Cash Balances, January 1	<u>3,518</u>	<u>48,312</u>	<u>51,830</u>
Public Fund Cash Balances, December 31	<u><u>\$0</u></u>	<u><u>\$29,691</u></u>	<u><u>\$29,691</u></u>

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

**LAW LIBRARY ASSOCIATION
PERRY COUNTY**

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

	General Fund	Retained Monies Fund	Totals (Memorandum Only)
Cash Receipts:			
Fine and Forfeitures	\$64,175	\$	\$64,175
Interest		182	182
Miscellaneous Receipts		62	62
Total Cash Receipts	64,175	244	64,419
Cash Disbursements:			
Supplies and Materials	59,526	62	59,588
Refunds to Relative Income Sources - See Note 2	2,291		2,291
Salaries	1,428		1,428
Total Cash Disbursements	63,245	62	63,307
Total Cash Receipts Over/(Under) Cash Disbursements	930	182	1,112
Other Financing Receipts/(Disbursements):			
Remittance to Retained Funds	(255)	255	0
Refunds from Vendors	297		297
Total Other Financing Receipts/(Disbursements)	42	255	297
Excess (Deficiency) of Cash Receipts and Other Financing Receipts Over (Under) Cash Disbursements and Other Financing Disbursements	972	437	1,409
Public Fund Cash Balances, January 1 - See Note 6	2,546	47,875	50,421
Public Fund Cash Balances, December 31	\$3,518	\$48,312	\$51,830

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

**LAW LIBRARY ASSOCIATION
PERRY COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Law Library Association, Perry County (the Library), is governed by a board of five trustees. Members of the Perry County Bar Association annually 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 Perry County Commissioners to provide adequate facilities for the Library, 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 Perry 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 public funds for which the Library is financially accountable. The accompanying financial statements also include private monies, see note 1C.

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.

**LAW LIBRARY ASSOCIATION
PERRY COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Fund Accounting (Continued)

2. Retained Monies Fund

The 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.

3. Private Monies

Private monies include membership dues, overdue book charges, and photocopying charges. Fees collected for book and copier usage remain private even though the books and copiers may have been purchased with public funds. The Library can disburse private monies at its discretion. However, the Library collects only minimal private monies and has opted to include these in the Retained Monies Fund thereby subjecting them to the restrictions that apply to its public monies.

D. 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 *unencumbered* balance to political subdivisions that provided revenues to the Library. See Footnote 2 for additional information.

E. 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 2004.

Unencumbered Balance at December 31, 2003	
Refunded and Retained During Calendar Year 2004	
Unencumbered Balance at December 31, 2003	\$2,546
Refunded to Relative Sources during 2004	<u>2,291</u>
Retained Funds Amount during 2004	<u><u>\$255</u></u>

**LAW LIBRARY ASSOCIATION
PERRY COUNTY**

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

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

Unencumbered Balance at December 31, 2004	
<u>Refunded and Retained During Calendar Year 2005</u>	
Unencumbered Balance at December 31, 2004	\$3,518
Refunded to Relative Sources during 2005	<u>3,166</u>
Retained Funds Amount during 2005	<u><u>\$352</u></u>

3. EQUITY IN POOLED CASH

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

	<u>2005</u>	<u>2004</u>
Demand deposits	<u>\$29,691</u>	<u>\$51,830</u>

Deposits: Deposits are insured by the Federal Deposit Insurance Corporation.

4. RETIREMENT SYSTEM

The Library's Law Librarian and Treasurer belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2005 and 2004, the Law Librarian and the Treasurer contributed 8.5% of their gross salary. The Library contributed an amount equal to 13.55% of the participants' gross salary. The Library has paid all contributions required through December 31, 2005.

5. RISK MANAGEMENT

Commercial Insurance

The Library has obtained commercial insurance for comprehensive property and general liability risks as covered by the Perry County Commissioners.

**LAW LIBRARY ASSOCIATION
PERRY COUNTY**

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

6. RESTATEMENT OF FUND BALANCES

Based upon additional guidance provided in Auditor of State Bulletin 2004-007, the January 1, 2004 fund balances were restated from the previous audited financial statements in order to reflect the refunds to relative income sources and remittances to retained funds in the years they were actually made. Although refunds and remittances were made in the year following the year of collection, the audited financial statements for the years ended December 31, 2002 and 2003 reflected them as being made in the year of collection in order to reflect a zero balance in the General Fund.

	Audited Fund Balances December 31, 2003	Fund Balance Adjustments	Adjusted Fund Balances January 1, 2004
General Fund	\$0	\$2,546	\$2,546
Retained Monies Fund	48,130	(255)	47,875
Totals	<u>\$48,130</u>	<u>\$2,291</u>	<u>\$50,421</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***

Law Library Association
Perry County
P.O. Box 88
New Lexington, Ohio 43764

To the Board of Trustees:

We have audited the financial statements of the Law Library Association, Perry County, Ohio (the Library), as of and for the years ended December 31, 2005 and 2004, and have issued our report thereon dated March 30, 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 in order 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 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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Law Library Association
Perry 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 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

March 30, 2006



**Auditor of State
Betty Montgomery**

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LAW LIBRARY ASSOCIATION

PERRY 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
MAY 30, 2006**