



**Auditor of State
Betty Montgomery**

LAW LIBRARY ASSOCIATION
SHELBY COUNTY

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**Auditor of State
Betty Montgomery**

Law Library Association
Shelby County
Courtview Center – Suite 300
100 South Main Street
Sidney, Ohio 45365

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 Library 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

August 14, 2006

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Law Library Association
Shelby County
Courtview Center – Suite 300
100 South Main Street
Sidney, Ohio 45365

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, Shelby County, (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 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 that our audit provides a reasonable basis for our opinion.

The financial statements present only the general fund and the retained monies fund and do not intend to present fairly the financial position or results of operations of the all Library funds.

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 year ended December 31, 2004. Instead of the funds the accompanying financial statements present 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.

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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 year 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 Library as of December 31, 2005 and 2004, 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 fund cash balances of the general and the retained monies funds of the Law Library Association, Shelby County, as of December 31, 2005 and 2004, and its cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

As discussed in Note 3, 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 August 14, 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

August 14, 2006

**LAW LIBRARY ASSOCIATION
SHELBY COUNTY**

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

	General Fund	Retained Monies Fund	Totals (Memorandum Only)
Cash Receipts:			
Fine and Forfeitures	\$136,011		\$136,011
Interest	106		106
Miscellaneous Receipts	134		134
	<hr/>		<hr/>
Total Cash Receipts	136,251		136,251
Cash Disbursements:			
Supplies and Materials	125,804		125,804
Refunds to Relative Income Sources - See Note 2	54,461		54,461
Capital Outlay	2,225		2,225
Other Expenses	640		640
	<hr/>		<hr/>
Total Cash Disbursements	183,130		183,130
	<hr/>		<hr/>
Total Cash Receipts Over/(Under) Cash Disbursements	(46,879)		(46,879)
Other Financing Disbursements:			
Remittance to Retained Funds	(6,051)	\$6,051	
	<hr/>	<hr/>	
Excess (Deficiency) of Cash Receipts Over(Under) Cash Disbursements and Other Financing Disbursements	(52,930)	6,051	(46,879)
	<hr/>	<hr/>	<hr/>
Public Fund Cash Balances, January 1	58,379	10,218	68,597
	<hr/>	<hr/>	<hr/>
Public Fund Cash Balances, December 31	<u>\$5,449</u>	<u>\$16,269</u>	<u>\$21,718</u>

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

**LAW LIBRARY ASSOCIATION
AUGLAIZE COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2004**

	General Fund
Cash Receipts:	
Fine and Forfeitures	\$77,906
Miscellaneous Receipts	929
Total Cash Receipts	78,835
Cash Disbursements:	
Supplies and Materials	67,923
Contract Services	16,173
Total Cash Disbursements	84,096
Total Cash Receipts Over/(Under) Cash Disbursements	(5,261)
Other Financing Receipts	
Transfers-In	4,500
Excess (Deficiency) of Cash Receipts and Other Financing Receipts Over (Under) Cash Disbursements	(761)
Fund Cash Balance, January 1	761
Fund Cash Balance, December 31	\$0

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

**LAW LIBRARY ASSOCIATION
SHELBY COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Shelby County Law Library Association, (the Library), is governed by a board of five trustees who are elected annually by members of the Shelby County Bar Association. The Library provides free 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) Sections 3375.50 to .53, inclusive. The Library is authorized under ORC Section 3375.54 to expend funds 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 Shelby 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 may hire a librarian and not more than two assistant law librarians. The Judges of the Court of Common Pleas of Shelby County fix the compensation of these librarians pursuant to ORC Section 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 conditions above are not met, then the salary of the librarian and any assistants should be paid by the Library.

The Library's management believes these financial statements present all public funds for which the Library is financially accountable. Some funds received by law libraries are considered private monies.

The Library deems some funds it receives as private monies. Private monies include: membership dues, overdue book charges and photocopying charges. Fees the Library collects for the use of books and copies remain private even though the books and copiers may have been purchased with public funds. The Shelby County Law Library does not have any private funds.

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 prescribed or permitted by the Auditor of State.

**LAW LIBRARY ASSOCIATION
SHELBY COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Cash and Investments

The Library's accounting basis includes investments as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

D. Fund Accounting

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

2. Retained Monies Fund

Retained Monies Fund reports funds the Library retains under Ohio Revised Code § 3375.56. At the end of each calendar year the Library is permitted under law to retain up to ten percent of their unencumbered balance. See Note 3 for additional information.

E. Property, Plant and Equipment

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

F. Refund to Relative Income Sources

If certain conditions are met, Ohio Revised Code Section 3375.56 requires the Library to refund at least ninety percent of any balance to political subdivisions that provided revenues to the Library. See Note 3 for additional information.

G. 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.

**LAW LIBRARY ASSOCIATION
SHELBY COUNTY**

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

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	2005	2004
Demand deposits	\$21,718	\$68,597

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

3. REFUND TO RELATIVE INCOME SOURCES AND AMOUNT RETAINED

In any year that revenues exceed disbursements, the Library refunds at least ninety percent of the balance to the political subdivisions who provided the funds and retains the remaining amount. Ohio Revised Code Section 3375.56 requires this refund to relative income sources. The following tables present the refunded and retained amounts during 2005 and 2004.

Balance at December 31, 2003	
Refunded and Retained During Calendar Year 2004	
Balance at December 31, 2003	\$ 78,496
Refunded to Relative Sources during 2004	72,778
Retained Funds Amount during 2004	7,850

Balance at December 31, 2004	
Refunded and Retained During Calendar Year 2005	
Balance at December 31, 2004	\$ 60,511
Refunded to Relative Sources during 2005	54,460
Retained Funds Amount during 2005	6,051

The calculation was incorrect for the 2003 refunds deducted in 2004, which resulted in the amount of \$2,133 refunded relative sources in excess of the actual amount required. This resulted in a shortage of fund balance to meet refund requirements in 2005 and 2004.

4. RISK MANAGEMENT

Commercial Insurance

The Shelby County Law Library has obtained commercial insurance for the following risks:

- Valuable papers and records coverage;
- Equipment; and
- Errors and omissions.

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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
Shelby County
Courtview Center – Suite 300
100 South Main Street
Sidney, Ohio 45365

To the Board of Trustees:

We have audited the financial statements of Law Library Association, Shelby County, (the Library), as of and for the years ended December 31, 2005 and 2004, and have issued our report thereon dated August 14, 2006, wherein we noted that the Library prepared its financial statements using 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 and retained monies funds. 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 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. In a separate letter to the Library's management dated August 14, 2006, we reported other matters involving internal control over financial reporting we did not deem a reportable condition.

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
Shelby 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 management and 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

August 14, 2006

LAW LIBRARY ASSOCIATION
SHELBY COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
FISCAL YEAR END DECEMBER 31, 2005

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2003-001	Purchase of Bookcases	Yes	



**Auditor of State
Betty Montgomery**

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LAW LIBRARY ASSOCIATION

SHELBY 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**