



**SENECA LAW LIBRARY ASSOCIATION
SENECA COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2005 & 2006



Mary Taylor, CPA
Auditor of State

**SENECA LAW LIBRARY ASSOCIATION
SENECA COUNTY**

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Mary Taylor, CPA
Auditor of State

Seneca Law Library Association
Seneca County
100 East Perry Street
Tiffin, Ohio 44883-2311

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

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Auditor of State

July 2, 2007

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Seneca Law Library Association
Seneca County
100 East Perry Street
Tiffin, Ohio 44883-2311

To the Board of Trustees:

We have audited the accompanying financial statements of the general fund and the retained monies fund of the Seneca Law Library Association, Seneca County, (the Library) as of and for the years ended December 31, 2006 and 2005. 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.

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.

Instead of the funds the accompanying financial statements present for 2006 and 2005, GAAP requires presenting entity wide statements for 2006 and 2005. 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, 2006 and 2005, 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, 2006 and 2005, 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 general and retained monies fund cash balances and reserves for encumbrances of the Seneca Law Library Association, Seneca County as of December 31, 2006 and 2005, and its cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

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 July 2, 2007, 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.



Mary Taylor, CPA
Auditor of State

July 2, 2007

**SENECA LAW LIBRARY ASSOCIATION
SENECA COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL PUBLIC FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2006**

	General Fund	Retained Monies Fund	Totals (Memorandum Only)
Cash Receipts:			
Fine and Forfeitures	\$118,233		\$118,233
Interest	430	\$29	459
Miscellaneous Receipts	446		446
Total Cash Receipts	119,109	29	119,138
Cash Disbursements:			
Books	48,889		48,889
Refunds to Relative Income Sources - See Note 2	57,136		57,136
Telephone	730		730
Miscellaneous Expenses	24,540		24,540
Total Cash Disbursements	131,295		131,295
Total Cash Receipts Over/(Under) Cash Disbursements	(12,186)	29	(12,157)
Other Financing Receipts(Disbursements):			
Remittance to Retained Funds	(6,349)	6,349	
Excess (Deficiency) of Cash Receipts and Other Financing Receipts Over (Under) Cash Disbursements	(18,535)	6,378	(12,157)
Public Fund Cash Balances, January 1	63,485	475	63,960
Public Fund Cash Balances, December 31	\$44,950	\$6,853	\$51,803
Reserves for Encumbrances, December 31	\$10,500		\$10,500

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

**SENECA LAW LIBRARY ASSOCIATION
SENECA 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	\$115,088		\$115,088
Interest	689	\$2	691
Miscellaneous Receipts	1,438		1,438
Total Cash Receipts	117,215	2	117,217
Cash Disbursements:			
Books	37,417		37,417
Telephone	739		739
Miscellaneous expenses	41,471		41,471
Total Cash Disbursements	79,627		79,627
Total Cash Receipts Over Cash Disbursements	37,588	2	37,590
Public Fund Cash Balances, January 1	25,897	473	26,370
Public Fund Cash Balances, December 31	\$63,485	\$475	\$63,960

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

**SENECA LAW LIBRARY ASSOCIATION
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Seneca Law Library Association (the Library) is governed by a board of seven trustees. Members of the Seneca County Bar Association appoint 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 Seneca 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 Seneca 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 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 copiers remain private even though the books and copiers may have been purchased with public funds. The Library need not comply with ORC § 3375.54 when disbursing private money. 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 Library recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. The Reserve for Encumbrances on the financial statement represents the Library's commitments for purchases. The Library recognizes encumbrances when it commits funds.

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:

**SENECA LAW LIBRARY ASSOCIATION
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

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 money 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.

D. Budgetary Process

The Ohio Revised Code does not require the Library to budget annually. However, under Ohio Revised Code § 3375.56 the Library may encumber funds equal to their commitments outstanding at year end. Encumbrances outstanding at year end are carried over to the subsequent year.

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 § 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.

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.

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 unencumbered 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 2006 and 2005.

**SENECA LAW LIBRARY ASSOCIATION
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
(Continued)**

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

Unencumbered Balance at December 31, 2005	
Refunded and Retained During Calendar Year 2006	
Unencumbered Balance at December 31, 2005	\$63,485
Refunded to Relative Sources during 2006	<u>57,136</u>
Retained Funds Amount during 2006	<u><u>\$6,349</u></u>

As of December 31, 2006 the Library had \$31,005 to be refunded to relative sources in 2007.

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:

	2006	2005
Demand deposits	\$44,950	\$63,485
Savings Accounts	6,853	475
Total Deposits	<u><u>\$51,803</u></u>	<u><u>\$63,960</u></u>

Deposits are insured by the Federal Depository Insurance Corporation.

4. RISK MANAGEMENT

Commercial Insurance

The Library has obtained commercial insurance for the following risks:

- Commercial property and general liability;
- Valuable papers.

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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*

Seneca Law Library Association
Seneca County
100 East Perry Street
Tiffin, Ohio 44883-2311

To the Board of Trustees:

We have audited the financial statements of the Seneca Law Library Association, Seneca County, (the Library) as of and for the years ended December 31, 2006 and 2005, and have issued our report thereon dated July 2, 2007, 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 also disclosed the financial statements include only the General and the Retained Money 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 July 2, 2007, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

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*.

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Seneca Law Library Association
Seneca 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 audit committee, 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 "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

July 2, 2007

**SENECA LAW LIBRARY ASSOCIATION
SENECA COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2006**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2004-001	Finding for Recovery – Compensation of the Librarian was paid by the Law Library instead of the County treasury.	Yes	Finding no longer valid; under H.B. 363 passed August 3, 2006, the Board of Trustees may elect to assume responsibility for 100 percent of the compensation of the librarians prior to 2011.



Mary Taylor, CPA
Auditor of State

LAW LIBRARY ASSOCIATION

SENECA 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
AUGUST 2, 2007**