

AKRON LAW LIBRARY ASSOCIATION

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2005 AND 2004





**Auditor of State  
Betty Montgomery**

Board of Trustees  
Akron Law Library Association  
209 South High Street  
Akron, Ohio 44308

We have reviewed the *Independent Auditor's Report* of the Akron Law Library Association, Summit County, prepared by Brott Mardis & Co., for the audit period January 1, 2004 through December 31, 2005. 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 Akron Law Library Association is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY  
Auditor of State

September 20, 2006

**This Page is Intentionally Left Blank.**

**AKRON LAW LIBRARY ASSOCIATION  
SUMMIT COUNTY**

**TABLE OF CONTENTS**

<u>TITLE</u>	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT	1-2
FINANCIAL STATEMENTS	
Statements of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances -- General Fund For the Years Ended December 31, 2005 and 2004	3
Notes to the Financial Statements	4-6
SUPPLEMENTAL DATA	
REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	8-9



**BROTT MARDIS & CO.**

Certified Public Accountants

222 South Main Street, Suite 210, Akron, Ohio 44308-1538  
tel: 330-762-5022 fax: 330-762-2727 www.brottmardis.com

---

INDEPENDENT AUDITOR'S REPORT

Akron Law Library Association  
Summit County  
209 South High Street – 4<sup>th</sup> Floor  
Summit County Courthouse  
Akron, Ohio 44308-1675

To the Board of Trustees:

We have audited the accompanying statements of general fund of the Akron Law Library Association, Summit 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 audits.

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. Those standards require that we plan and perform the audit to reasonably assure 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 audits provide a reasonable basis for our opinion.

The financial statements present only the general 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, 2005 and 2004. Instead of the combined 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.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Akron Law Library Association 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 Library's general fund 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.

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, 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 a report dated May 23, 2006, on our consideration of the Library's internal control over financial reporting and our test 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* and should be read in conjunction with this report in considering the results of our audit.

  
Certified Public Accountants  
May 23, 2006

**AKRON LAW LIBRARY ASSOCIATION**  
**SUMMIT COUNTY**

**STATEMENTS OF CASH RECEIPTS, CASH DISBURSEMENTS,**  
**AND CHANGES IN FUND CASH BALANCES**  
**GENERAL FUND**

**FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004**

	<u>General Fund</u>	
	<u>2005</u>	<u>2004</u>
<b>Cash Receipts:</b>		
Traffic fines	\$ 530,377	\$ 515,307
Miscellaneous Income	78	55
	<hr/>	<hr/>
<b>Total cash receipts</b>	<b>530,455</b>	<b>515,362</b>
<b>Cash Disbursements:</b>		
Salaries and benefits	85,031	84,661
Binding	1,014	1,391
Continuations	352,155	365,296
Books	22,263	14,473
Telephone	748	679
Computer services and supplies	1,898	3,938
Library and office supplies	41,801	10,706
Postage	2,139	2,093
Life and medical insurance expense	18,234	21,499
Conference expense	855	544
Liability insurance	3,573	3,354
Petty cash fund expense	12	45
Miscellaneous expense	540	7,090
	<hr/>	<hr/>
<b>Total cash disbursements</b>	<b>530,263</b>	<b>515,769</b>
<b>Total Cash Receipts Over (Under) Cash Disbursements</b>	<b>192</b>	<b>(407)</b>
<b>General Fund Cash Balances, January 1</b>	<hr/> <b>3,825</b>	<hr/> <b>4,232</b>
<b>General Fund Cash Balances, December 31</b>	<hr/> <b>\$ 4,017</b> <hr/>	<hr/> <b>\$ 3,825</b> <hr/>

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



**AKRON LAW LIBRARY ASSOCIATION  
SUMMIT COUNTY**

---

**NOTES TO THE FINANCIAL STATEMENTS**

**DECEMBER 31, 2005 AND 2004**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Akron Law Library Association, Summit County, (the Library) is directed by a board of eleven trustees who are elected annually by its membership. The Library provides reference material and other sources of multi-media to its members.

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 law books; 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.

The Summit County Council is required by ORC Section 3375.49 to provide adequate facilities for the Library. The County 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 Summit County fix the compensation of the librarian and up to two assistant 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 salaries of the law librarian and up to two assistants should be paid from the County treasury. If the conditions above are not met, then the salary of the librarian and any assistants should be paid by the Library. The County pays the librarian and assistant salaries.

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, overdue book charges and photocopying charges.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Description of the Entity (Continued)

Fees collected for the use of books and copiers should remain private, even though the books and copiers may have been purchased with public funds. The Library's current policy is to record fees collected in connection with copier and computer usage consistent with State guidelines. Private monies can be disbursed at the discretion of the Library. With the exception of the user charges above, 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 receipt and disbursement basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when incurred.

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

C. Cash

All Library cash is maintained in demand deposit accounts.

D. Fund Accounting

The Library uses fund accounting. The General Fund is the general operating fund. It is used to account for all financial resources except those required by law or contract to be restricted.

Retained monies are monies retained by the Library under Ohio Revised Code Section 3375.56, which are to be maintained in a separate fund. At the end of each calendar year the Library is permitted under law to retain up to 10% of their unencumbered balance. At December 31, 2005 and 2004, the Library had no retained monies.

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 toward facilitating the use of the equipment.

F. Unpaid Vacation and Sick Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused vacation and sick leave. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the Library.

2. CASH

The Library maintains general operating and payroll checking accounts. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash at December 31 follows:

	<u>2005</u>	<u>2004</u>
Total deposits	<u>\$4,017</u>	<u>\$3,825</u>

Deposits are insured by the Federal Depository Insurance Corporation.

3. RETIREMENT SYSTEM

The Library's employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS 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. PERS members contributed 8.5% of their gross salaries. The Library contributed an amount equal to 13.55% of participants' gross salaries. The Library has paid all contributions required through December 31, 2005 and 2004.

4. RISK MANAGEMENT

The Library has obtained commercial insurance for the following risks:

- General liability
- Director and Officer's liability
- Crime coverage
- Employee benefits liability

**SUPPLEMENTAL DATA**



**BROTT MARDIS & CO.**

Certified Public Accountants

222 South Main Street, Suite 210, Akron, Ohio 44308-1538  
tel: 330-762-5022 fax: 330-762-2727 www brottmardis com

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON  
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS*

Akron Law Library Association  
Summit County  
209 South High Street – 4<sup>th</sup> Floor  
Summit County Courthouse  
Akron, Ohio 44308-1675

To the Board of Trustees:

We have audited the financial statements of the Akron Law Library Association (the Library) as of and for the years ended December 31, 2005 and 2004, and have issued our report thereon dated May 23, 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 also disclosed the financial statements include only the general fund. 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 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 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. However, we noted other matters involving the internal control over financial reporting that we have reported to management of the Library in a separate letter dated May 23, 2006.

Compliance and Other Matters

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 audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

*Bostt Maudis & Co.*  
Certified Public Accountants  
May 23, 2006



**Auditor of State  
Betty Montgomery**

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140

Telephone 614-466-4514  
800-282-0370

Facsimile 614-466-4490

**AKRON LAW LIBRARY ASSOCIATION**

**SUMMIT 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 3, 2006**