



**Auditor of State
Betty Montgomery**

WARREN COUNTY LAW LIBRARY ASSOCIATION
WARREN COUNTY

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**Auditor of State
Betty Montgomery**

Warren County Law Library
Warren County
500 Justice Drive
Lebanon, Ohio 45036

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.

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Betty Montgomery
Auditor of State

August 1, 2006

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Warren County Law Library
Warren County
500 Justice Drive
Lebanon, Ohio 45036

To the Board of Trustees:

We have audited the accompanying financial statements of the general fund, private monies fund, and the retained monies fund of the Warren County Law Library, Warren 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 combined funds the accompanying financial statements present for 2005 and 2004, the revisions require presenting entity wide statements for both years. 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 Library as of December 31, 2005 and 2004, or its changes in financial position for the years then ended.

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Also in our opinion, the financial statements referred to above present fairly, in all material respects, the fund cash of the Library's general fund, private monies, and the retained monies fund as of December 31, 2005 and 2004, and its combined 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 August 1, 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 1, 2006

**WARREN COUNTY LAW LIBRARY ASSOCIATION
WARREN COUNTY**

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

	<u>General Fund</u>	<u>Private Monies Fund</u>	<u>Retained Monies Fund</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:				
Fine and Forfeitures	\$457,069	\$0	\$0	\$457,069
Interest	3,344			3,344
Total Cash Receipts	460,413	0	0	460,413
Cash Disbursements:				
Supplies and Materials	4,365	0	0	4,365
Refunds to Relative Income Sources - See Note 2	248,061	0	0	248,061
Book Accounts	250,932	0	0	250,932
Equipment	17,290	0	0	17,290
Insurance	615	0	0	615
Phone	754	0	0	754
Miscellaneous	2,113	0	0	2,113
Total Cash Disbursements	524,130	0	0	524,130
Total Cash Receipts (Under) Cash Disbursements	(63,717)	0	0	(63,717)
Other Financing Receipts/(Disbursements):				
Remittance to Retained Funds	(27,563)	0	27,563	0
Total Other Financing Receipts/(Disbursements)	(27,563)	0	27,563	0
Excess (Deficiency) of Cash Receipts and Other Financing Receipts Over (Under) Cash Disbursements and Other Financing Disbursements	(91,280)	0	27,563	(63,717)
Fund Cash Balances, January 1	275,624	562	237,218	513,404
Fund Cash Balances, December 31	\$184,344	\$562	\$264,781	449,687

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

**WARREN COUNTY LAW LIBRARY ASSOCIATION
WARREN COUNTY**

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

	<u>General Fund</u>	<u>Private Monies Fund</u>	<u>Retained Monies Fund</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:				
Fine and Forfeitures	\$486,192	\$0	\$0	\$486,192
Interest	3,891	0	0	3,891
Miscellaneous Receipts	0	500	0	500
Total Cash Receipts	490,083	500	0	490,583
Cash Disbursements:				
Supplies and Materials	6,139	0	0	6,139
Refunds to Relative Income Sources - See Note 2	240,158	0	0	240,158
Book Accounts	202,321	0	0	202,321
Insurance	615	0	0	615
Phone	764	0	0	764
Miscellaneous	4,620	0	0	4,620
Total Cash Disbursements	454,617	0	0	454,617
Total Cash Receipts Over Cash Disbursements	35,466	500	0	35,966
Other Financing Receipts/(Disbursements):				
Remittance to Retained Funds	(26,684)	0	26,684	0
Total Other Financing Receipts/(Disbursements)	(26,684)	0	26,684	0
Excess (Deficiency) of Cash Receipts and Other Financing Receipts Over (Under) Cash Disbursements and Other Financing Disbursements	8,782	500	26,684	35,966
Fund Cash Balances, January 1 (restated)	266,842	62	210,534	477,438
Fund Cash Balances, December 31	<u>\$275,624</u>	<u>\$562</u>	<u>\$237,218</u>	<u>\$513,404</u>

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

**WARREN COUNTY LAW LIBRARY ASSOCIATION
WARREN COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Warren County Law Library, Warren County, Ohio (the Library), is governed by a board of 11 trustees who are elected for three year terms by the members of the Warren County Bar 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) §§ 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 Warren 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. The Judges of the Court of Common Pleas of Warren 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.

Some funds received by the Library are considered private monies. Private monies can be disbursed at the discretion of the Library. The accompanying financial statements also include private monies, see note 1D.

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. Cash and Investments

The Library maintains a money fund investment account for all of its investments.

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:

**WARREN COUNTY LAW LIBRARY ASSOCIATION
WARREN COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

General Fund

The General Fund is the general operating fund. The General Fund accounts for all financial resources except those required to be accounted for in another fund.

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 may retain up to ten percent of their unencumbered balance. See footnote 2 for additional information.

Private Monies

Private monies received by the Library were in the form of a donation. The Library can disburse private monies at its discretion.

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. Interfund eliminations have not been made in the aggregation of this data.

2. REFUND TO RELATIVE INCOME SOURCES AND AMOUNT RETAINED

In any year that revenue exceeds disbursements, the Library refunds at least ninety percent of the balance to the political subdivisions who provided the funds and retains the remaining amount. This refund process is referred to as the application of ORC 3375.56 or refund to relative income sources. Per ORC 3375.56, the Library must refund a minimum of 90% of the unencumbered balance of the previous year, if there is an excess of cash receipts less cash disbursements in the previous year. The following tables present the refunded and retained amounts during 2005 and 2004.

**WARREN COUNTY LAW LIBRARY ASSOCIATION
WARREN COUNTY**

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

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

Balance at December 31, 2004	
<u>Refunded and Retained During Calendar Year 2005</u>	
Balance at December 31, 2004	\$275,624
Refunded to Relative Sources during 2005	<u>248,061</u>
Retained Funds Amount during 2005	<u><u>\$27,563</u></u>

Balance at December 31, 2003	
<u>Refunded and Retained During Calendar Year 2004</u>	
Balance at December 31, 2003	\$266,842
Refunded to Relative Sources during 2004	<u>240,158</u>
Retained Funds Amount during 2004	<u><u>\$26,684</u></u>

3. EQUITY IN POOLED CASH AND DEPOSITS

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

	<u>2005</u>	<u>2004</u>
Total Money Fund Investment Amount	<u>\$449,686</u>	<u>\$513,404</u>

Deposits: Deposits are insured by the Federal Depository Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Library.

4. RISK MANAGEMENT

Commercial Insurance

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

- Comprehensive property and general liability
- Errors and omissions.

5. JANUARY 1, 2004 RESTATED FUND BALANCES

	<u>General Fund</u>	<u>Private Monies Fund</u>	<u>Retained Monies Fund</u>
December 31, 2003 balances	\$215,347	\$0	\$262,029
Restatement due to Previous years			
Statutory Distribution Correction	51,495		(51,495)
Restatement due to Private Funds Not Previously Reported		62	
January 1, 2004 Restated Balance	<u><u>\$266,842</u></u>	<u><u>\$62</u></u>	<u><u>\$210,534</u></u>

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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*

Warren County Law Library
Warren County
500 Justice Drive
Lebanon, Ohio 45036

To the Board of Trustees:

We have audited the financial statements of the Warren County Law Library, Warren County, Ohio (the Library), as of and for the year ended December 31, 2005 and 2004, and have issued our report thereon dated August 1, 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, the retained monies fund, and the other public 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 1, 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*.

Warren County Law Library
Warren 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, the Board of Trustees, and 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 1, 2006



**Auditor of State
Betty Montgomery**

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LAW LIBRARY ASSOCIATION

WARREN 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
NOVEMBER 9, 2006**