



**Auditor of State
Betty Montgomery**

FAYETTE COUNTY LAW LIBRARY ASSOCIATION
FAYETTE COUNTY

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**Auditor of State
Betty Montgomery**

Fayette County Law Library Association
Fayette County
110 East Court Street
Washington Court House, Ohio 43160

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

November 29, 2005

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Fayette County Law Library Association
Fayette County
110 East Court Street
Washington Court House, Ohio 43160

To the Board of Trustees:

We have audited the accompanying financial statements of the general fund and retained earnings fund of the Fayette County Law Library Association, Fayette County, Ohio (the Law Library), as of and for the years ended December 31, 2004 and 2003. These financial statements are the responsibility of the Law 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 Law 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 Law Library to reformat its financial statement presentation and make other changes effective for the year ended December 31, 2004 and 2003. Instead of the combined funds the accompanying financial statements present for 2004, the revisions require presenting entity wide statements for 2004. While the Law 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 Law Library has elected not to reformat its statements. Since this Law 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 year ended December 31, 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 as of December 31, 2004, or its changes in financial position for the year 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 balances of the Law Library's general fund and retained earnings fund as of December 31, 2004 and 2003, 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 Law Library has included activity associated with the Retained Monies Fund

The aforementioned revision to generally accepted accounting principles also requires the Law Library to include Management's Discussion and Analysis for the year ended December 31, 2004. The Law 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 November 29, 2005, on our consideration of the Law 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

November 29, 2005

**FAYETTE COUNTY LAW LIBRARY ASSOCIATION
FAYETTE 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	\$77,122	\$0	\$77,122
Interest	65	0	65
Total Cash Receipts	77,187	0	77,187
Cash Disbursements:			
Supplies and Materials	71,869	0	71,869
Refunds to Relative Income Sources - See Note 3	0	0	0
Insurance	612	0	612
Phone	528	0	528
Equipment	4,104	0	4,104
Miscellaneous	0	0	0
Total Cash Disbursements	77,113	0	77,113
Total Cash Receipts Over/(Under) Cash Disbursements	74	0	74
Other Financing Receipts/(Disbursements):			
Remittance to Retained Funds	(106)	106	0
Refunds from Vendors	16	0	16
Total Other Financing Receipts/(Disbursements)	(90)	106	16
Excess (Deficiency) of Cash Receipts and Other Financing Receipts Over (Under) Cash Disbursements and Other Financing Disbursements	(16)	106	90
Fund Cash Balances, January 1	50	16,259	16,309
Fund Cash Balances, December 31	\$34	\$16,365	\$16,399

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

**FAYETTE COUNTY LAW LIBRARY ASSOCIATION
FAYETTE COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL PUBLIC FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>General Fund</u>	<u>Retained Monies Fund</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:			
Fine and Forfeitures	\$89,664	\$0	\$89,664
Interest	227	0	227
Total Cash Receipts	<u>89,891</u>	<u>0</u>	<u>89,891</u>
Cash Disbursements:			
Supplies and Materials	84,577	0	84,577
Refunds to Relative Income Sources - See Note 3	0	0	0
Insurance	600	0	600
Phone	448	0	448
Equipment	4,102	0	4,102
Total Cash Disbursements	<u>89,727</u>	<u>0</u>	<u>89,727</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>164</u>	<u>0</u>	<u>164</u>
Other Financing Receipts/(Disbursements):			
Remittance to Retained Funds	(232)	232	0
Refunds from Vendors	75		75
Total Other Financing Receipts/(Disbursements)	<u>(157)</u>	<u>232</u>	<u>75</u>
Excess (Deficiency) of Cash Receipts and Other Financing Receipts Over (Under) Cash Disbursements and Other Financing Disbursements	<u>7</u>	<u>232</u>	<u>239</u>
Fund Cash Balances, January 1	<u>43</u>	<u>16,027</u>	<u>16,070</u>
Fund Cash Balances, December 31	<u><u>\$50</u></u>	<u><u>\$16,259</u></u>	<u><u>\$16,309</u></u>

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

**FAYETTE COUNTY LAW LIBRARY ASSOCIATION
FAYETTE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Fayette County Law Library, Fayette County, Ohio (the Law Library), is directed by a board of five trustees who are elected to one, two, three, or four year terms by members of the Fayette County Bar Association. Members of the Fayette County Bar Association elected annually elect the board members. The Law Library provides access to all county officers and the judges of the several courts within the county.

The Law Library operates by receiving a portion of fine and forfeiture monies from the courts under Ohio Revised Code (ORC) §§ 3375.50 to .53, inclusive. ORC § 3375.54 authorizes the Law 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 Fayette County Commissioners to provide adequate facilities for the Law Library, including suitable bookcases, heating and lighting for the rooms.

The Board of Trustees hire a librarian and not more than two assistant law librarians. The Judges of the Court of Common Pleas of Fayette 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 law librarian is paid from the county treasury.

The Law Library's management believes these financial statements present all public funds for which the Law Library is financially accountable.

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 Law 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 Deposits

The Law Library maintains a interest bearing checking. All deposits by the Law Library are covered by the Federal Depository Insurance Corporation.

D. Fund Accounting

The Law Library uses fund accounting to segregate cash and investments that are restricted as to use. The Law Library classifies its funds into the following types:

**FAYETTE COUNTY LAW LIBRARY ASSOCIATION
FAYETTE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(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 funds the Law Library retains under Ohio Revised Code § 3375.56. At the end of each calendar year the Law Library may retain up to ten percent of their unencumbered balance. See footnote 2 for additional information.

E. Property, Plant, and Equipment

The Law Library records disbursements for equipment acquisitions when paid. The accompanying financial statements do not report these items as assets. The Law 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 Law Library to refund at least ninety percent of any *unencumbered* balance to political subdivisions that provided revenues to the Law 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 Law Library's accounting basis. Neither is such data comparable to a consolidation. The Law 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 Law 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 Law Library did not have receipts in excess of disbursements, thus, no funds were returned or refunded.

**FAYETTE COUNTY LAW LIBRARY ASSOCIATION
FAYETTE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

3. EQUITY IN POOLED CASH AND DEPOSITS

The Law 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>2004</u>	<u>2003</u>
Demand deposits	<u>\$16,399</u>	<u>\$16,309</u>
Total deposits	<u>16,399</u>	<u>16,309</u>

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

4. RISK MANAGEMENT

Commercial Insurance

The Fayette County Law Library Association has obtained commercial insurance for Comprehensive property and general liability.

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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***

Fayette County Law Library Association
Fayette County
110 East Court Street
Washington Court House, Ohio 43160

To the Board of Trustees:

We have audited the financial statements of the Fayette County Law Library Association, Fayette County, Ohio (the Law Library), as of and for the year ended December 31, 2004 and 2003, and have issued our report thereon dated November 29, 2005, wherein we noted the Law 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 and the retained monies 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 Law 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 Law Library's management dated [REPORT DATE], we reported a matter involving internal control over financial reporting we did not deem a reportable conditions.

Compliance and Other Matters

As part of reasonably assuring whether the Law 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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Fayette County Law Library Association
Fayette 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, and 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

November 29, 2005

**FAYETTE COUTNY LAW LIBRARY ASSOCIATION
FAYETTE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
FISCAL YEAR END DECEMBER 31, 2004 AND 2003**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2002-001	Board did not designate officers.	No	Partially corrected. Reissued as Management Letter Recommendation



**Auditor of State
Betty Montgomery**

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LAW LIBRARY ASSOCIATION

FAYETTE 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
DECEMBER 15, 2005**