



**Auditor of State  
Betty Montgomery**



**LAKE COUNTY LAW LIBRARY ASSOCIATION  
LAKE COUNTY**

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

Board of Trustees  
Lake County Law Library Association  
Lake County  
47 North Park Place  
Painesville, Ohio 44077

We have audited the accompanying financial statements of the Lake County Law Library Association, Lake County, Ohio, (the Library) as of and for the years ended December 31, 2003 and December 31, 2002. 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 obtain reasonable assurance about 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 discussed in Note 1, the Library prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the fund cash balances and reserves for encumbrances of the Lake County Law Library Association, Lake County, Ohio, as of December 31, 2003 and December 31, 2002, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 21, 2004 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 grants. 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.

Lake County Law Library Association  
Lake County  
Independent Accountants' Report  
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This report is intended solely for the information and use of the management, Board of Trustees and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by 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

May 21, 2004

**LAKE COUNTY LAW LIBRARY ASSOCIATION  
LAKE COUNTY**

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

	<u>General Fund</u>	<u>Retained Monies Fund</u>	<u>Totals (Memorandum Only)</u>
<b>Cash Receipts:</b>			
Photocopying Charges	\$0	\$31	\$31
Mentor Municipal Court	5,071	0	5,071
Painesville Municipal Court	40,875	0	40,875
Willoughby Municipal Court	5,701	0	5,701
County of Lake	344,994	0	344,994
Clerk of Courts	1,250	0	1,250
Juvenile Court	1,733	0	1,733
Interest	17,269	42	17,311
Total Cash Receipts	<u>416,893</u>	<u>73</u>	<u>416,966</u>
<b>Cash Disbursements:</b>			
Books , CD Rom, Audio and Video	259,968	0	259,968
Salaries and Withholding	5,754	0	5,754
Insurance	4,129	0	4,129
Lake Legal Views	7,000	0	7,000
Lexis Nexis	9,211	0	9,211
Westlaw	54,625	0	54,625
Service Contracts	5,789	0	5,789
Other	708	8	716
Meetings and Travel	4,532	0	4,532
Supplies and Materials	6,275	0	6,275
Refunds to Relative Income Sources - See Note 3	135,633	0	135,633
Total Cash Disbursements	<u>493,624</u>	<u>8</u>	<u>493,632</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(76,731)</u>	<u>65</u>	<u>(76,666)</u>
<b>Other Financing Receipts/(Disbursements):</b>			
Remittance to Retained Funds	(15,070)	15,070	0
Refunds from Vendors	1,206	0	1,206
Transfers-In	4,493	0	4,493
Transfers-Out	0	(4,493)	(4,493)
Total Other Financing Receipts/(Disbursements)	<u>(9,371)</u>	<u>10,577</u>	<u>1,206</u>
Excess (Deficiency) of Cash Receipts and Other Financing Receipts Over (Under) Cash Disbursements and Other Financing Disbursements	(86,102)	10,642	(75,460)
Fund Cash Balances, January 1 , 2003	<u>974,481</u>	<u>7,044</u>	<u>981,525</u>
<b>Fund Cash Balances, December 31, 2003</b>	<b><u>\$888,379</u></b>	<b><u>\$17,686</u></b>	<b><u>\$906,065</u></b>
Reserves for Encumbrances, December 31, 2003	<u>\$173,691</u>	<u>\$0</u>	<u>\$173,691</u>

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

**LAKE COUNTY LAW LIBRARY ASSOCIATION  
LAKE COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>General Fund</u>	<u>Retained Monies Fund</u>	<u>Totals (Memorandum Only)</u>
<b>Cash Receipts:</b>			
Photocopying Charges	\$0	\$91	\$91
Mentor Municipal Court	4,419	0	4,419
Painesville Municipal Court	50,823	0	50,823
Willoughby Municipal Court	6,931	0	6,931
County of Lake	351,857	0	351,857
Clerk of Courts	1,250	0	1,250
Juvenile Court	1,853	0	1,853
Interest	12,612	32	12,644
Total Cash Receipts	<u>429,745</u>	<u>123</u>	<u>429,868</u>
<b>Cash Disbursements:</b>			
Books , CD Rom, Audio and Video	193,843	0	193,843
Salaries and Withholding	4,359	0	4,359
Insurance	3,974	0	3,974
Lake Legal Views	6,500	0	6,500
Lexis Nexis	8,115	0	8,115
Westlaw	28,941	0	28,941
Service Contracts	6,385	0	6,385
Other	8,032	83	8,115
Meetings and Travel	3,199	0	3,199
Supplies and Materials	6,214	0	6,214
Refunds to Relative Income Sources - See Note 3	54,803	0	54,803
Total Cash Disbursements	<u>324,365</u>	<u>83</u>	<u>324,448</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>105,380</u>	<u>40</u>	<u>105,420</u>
<b>Other Financing Receipts/(Disbursements):</b>			
Remittance to Retained Funds	(6,089)	6,089	0
Refunds from Vendors	3,094	0	3,094
Transfers-In	2,965	0	2,965
Transfers-Out	0	(2,965)	(2,965)
Total Other Financing Receipts/(Disbursements)	<u>(30)</u>	<u>3,124</u>	<u>3,094</u>
Excess (Deficiency) of Cash Receipts and Other Financing Receipts Over (Under) Cash Disbursements and Other Financing Disbursements	105,350	3,164	108,514
Fund Cash Balances, January 1 , 2002- See Note 2	<u>869,131</u>	<u>3,880</u>	<u>873,011</u>
<b>Fund Cash Balances, December 31, 2002</b>	<b><u>\$974,481</u></b>	<b><u>\$7,044</u></b>	<b><u>\$981,525</u></b>
Reserves for Encumbrances, December 31, 2002	<u>\$173,691</u>	<u>\$0</u>	<u>\$173,691</u>

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



**LAKE COUNTY LAW LIBRARY ASSOCIATION  
LAKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Lake County Law Library Association (the Library) is directed by a board of five trustees who are elected annually by members of the Lake 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) 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 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.

The Lake 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 hires a librarian and one assistant law librarian. The Judges of the Court of Common Pleas of Lake County fix the compensation of the librarian and the assistant librarian pursuant to ORC Section 3375.48. If the Library provides free access to all county officers and the judges of the several courts, the salary of the law librarian and the assistant should be paid from the county treasury. If the conditions above are not met, then the salary of the librarian and the assistant should be paid by the Library.

The Library's management believes these financial statements present all funds for which the Library is financially accountable. The accompanying financial statements also include private monies, see note 1D.

**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 receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. The Reserve for Encumbrances on the financial statements represents commitments for purchases the Library has made. Encumbrances are recognized when a commitment is made.

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

**LAKE COUNTY LAW LIBRARY ASSOCIATION  
LAKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Cash and Investments**

Investments are included in Fund Cash Balances. 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.

Certificates of deposit are valued at cost. Money market mutual funds (including STAR Ohio) are recorded at share values reported by the mutual fund.

**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 is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

**2. Retained Monies Fund**

Retained Monies Fund consists of monies retained by the Library 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 footnote 2 for additional information.

**3. Private Monies**

Some funds the Library receives are considered private monies. Private monies consist of photocopying charges. Fees collected for the use of copiers remain private even though the copiers may have been purchased with public funds. The Library can disburse private monies at its discretion.

Since private monies were unable to be segregated, they were included in the retained monies fund column in the financial statements.

**E. Budgetary Process**

The Library is not required to budget annually; however, under Ohio Revised Code Section 3375.56 the Library is permitted to encumber funds equal to their commitments outstanding at year end. Encumbrances outstanding at year end are carried over to the subsequent year. Although the Library does not normally encumber funds, they have encumbered funds involving their moving to a new location.

**F. 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.

**LAKE COUNTY LAW LIBRARY ASSOCIATION  
LAKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**G. Refund to Relative Income Sources**

If certain conditions are met, the Library is required to refund at least ninety percent of any *unencumbered* balance to political subdivisions that provided revenues to the Library. See Footnote 3 for additional information.

**H. 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 basis of accounting described above. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

**2. ACCOUNTING CHANGE**

Prior to January 1, 2002, the retained monies fund was not disclosed by the Library. Effective January 1, 2002, the Library is not able to determine the Retained Monies Fund amount. Therefore, the Retained Monies Fund in the accompanying financial statements includes both retained monies and private Library monies. The Private Monies will be reported with the Retained Monies Fund until the Library is able to support the Retained Monies portion.

**3. CALCULATION OF REFUND TO RELATIVE INCOME SOURCES AND AMOUNT RETAINED**

In any year that revenues exceed disbursements, the Library refunds at least ninety percent of the *unencumbered* 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. The following charts present the refunded and retained amounts during 2003 and 2002.

<b><i>Unencumbered</i> Balance at December 31, 2002 Refunded and Retained During Calendar Year 2003</b>	
Unencumbered Balance at December 31, 2002	\$150,703
Refunded to Relative Sources during 2003	\$135,633
Retained Funds Amount during 2003	\$15,070

<b><i>Unencumbered</i> Balance at December 31, 2001 Refunded and Retained During Calendar Year 2002</b>	
Unencumbered Balance at December 31, 2001	\$60,892
Refunded to Relative Sources during 2002	\$54,803
Retained Funds Amount during 2002	\$6,089

**LAKE COUNTY LAW LIBRARY ASSOCIATION  
LAKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

**4. 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 and investments at December 31 follows:

	2003	2002
Demand deposits	\$51,490	\$154,368
Savings Accounts *	399,766	7,128
Certificates of deposit	153,954	522,483
Total deposits	605,210	683,979
STAR Ohio	300,855	297,546
Total investments	300,855	297,546
Total deposits and investments	\$906,065	\$981,525

\*Includes petty cash

**Deposits:** Deposits are either insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

**Investments:** Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

**5. RISK MANAGEMENT**

**Commercial Insurance**

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

- General liability and casualty;
- Public officials liability;
- Automotive;
- Inland marine; and
- Property.



**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL  
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Board of Trustees  
Lake County Law Library Association  
Lake County  
47 North Park Place  
Painesville, Ohio 44077

We have audited the financial statements of the Lake County Law Library Association, Lake County, Ohio, (the Library) as of and for the years ended December 31, 2003 and December 31, 2002, and have issued our report thereon dated May 21, 2004, wherein we noted the Library has included the retained monies fund for the first time. 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.

**Compliance**

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 grants, 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 that are required to be reported under *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 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 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 do not require inclusion in this report, that we have reported to management of the Library in a separate letter dated May 21, 2004.

Lake County Law Library Association  
Lake County  
Independent Accountants' Report on Compliance and on Internal Control  
Required by *Government Auditing Standards*  
Page 2

This report is intended solely for the information and use of the management and Board of Trustees, and is not intended to be and should not be used by 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

May 21, 2004



**Auditor of State  
Betty Montgomery**

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**LAKE COUNTY LAW LIBRARY ASSOCIATION**

**LAKE 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  
JUNE 17, 2004**