



**Auditor of State  
Betty Montgomery**



**LAW LIBRARY ASSOCIATION  
FAIRFIELD COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Accountants' Report.....	1
Management's Discussion and Analysis.....	3
<b>BASIC FINANCIAL STATEMENTS</b>	
Government-wide Financial Statements - December 31, 2004:	
Statement of Net Assets - Cash Basis –December 31, 2004 .....	9
Statement of Activities - Cash Basis - For the Year Ended December 31, 2004 .....	10
Fund Financial Statements - December 31, 2004:	
Statement of Cash Basis Assets and Fund Balance - General Fund - December 31, 2004 .....	11
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balance - General Fund - For the Year Ended December 31, 2004 .....	12
Government-wide Financial Statements - December 31, 2003:	
Statement of Net Assets - Cash Basis - December 31, 2003.....	13
Statement of Activities - Cash Basis - For the Year Ended December 31, 2003 .....	14
Fund Financial Statements - December 31, 2003:	
Statement of Cash Basis Assets and Fund Balance - General Fund - December 31, 2003 .....	15
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances - Governmental Funds - For the Year Ended December 31, 2003 .....	16
Notes to the Basic Financial Statements .....	17
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	21

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## Auditor of State Betty Montgomery

### INDEPENDENT ACCOUNTANTS' REPORT

Law Library Association  
Fairfield County  
Hall of Justice  
224 East Main Street  
Lancaster, Ohio 43130

To the Board of Trustees:

We have audited the accompanying financial statements of the governmental activities and each major fund of the Law Library Association, Fairfield County, Ohio (the Library) as of and for the years ended December 31, 2004 and December 31, 2003, which collectively comprise the Library's basic financial statements as listed in the table of contents. 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 the Comptroller General of the United States' *Government Auditing Standards*. 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 discussed in Note 2, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above, present fairly, in all material respects, the respective cash financial position of the governmental activities and each major fund of the Law Library Association, Fairfield County, Ohio, as of December 31, 2004 and December 31, 2003, and the respective changes in cash financial position thereof for the years then ended in conformity with the basis of accounting Note 2 describes.

As described in Note 3, during the years ended December 31, 2004 and December 31, 2003, the Library revised its financial statement presentation comparable to the requirements of Governmental Accounting Standard No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 10, 2005, 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. That report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. It does not opine on the internal control over financial reporting or on compliance. 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.

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Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information the Government Accounting Standards Board (GASB) requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

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 10, 2005

**Law Library Association  
Fairfield County**

Management's Discussion and Analysis  
For the Years Ended December 31, 2004 and 2003  
Unaudited

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This discussion and analysis of the Law Library Association's financial performance provides an overall review of the Library's financial activities for the years ended December 31, 2004 and December 31, 2003, within the limitations of the Library's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Library's financial performance.

**Financial Highlights**

Key highlights for 2004 are as follows:

Net assets decreased by 25 percent, or \$416, as compared to 2003.

The Library's primary funding source was fines and forfeiture receipts. These receipts represent over 99 percent of the total cash received for governmental activities during the year. Fines and forfeiture receipts decreased \$26,364 as compared to 2003 as fines collected by the various courts within Fairfield County were significantly less due to a decrease in the number of tickets issued.

Key highlights for 2003 are as follows:

Net assets decreased by 76 percent, or \$5,167, a significant change from the prior year. During 2003, fines and forfeiture receipts decreased while the costs for many publications increased.

The Library's primary funding source was fines and forfeiture receipts. These receipts represent over 99 percent of the total cash received for governmental activities during the year. Fines and forfeiture receipts unexpectedly decreased \$5,003 as compared to 2002. The decrease was due a decrease in the number of tickets issued.

**Using the Basic Financial Statements**

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Library's cash basis of accounting.

**Report Components**

The statement of net assets and the statement of activities provide information about the cash activities of the Library as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Library as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund.

The notes to the basic financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

**Basis of Accounting**

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Library has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Library's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

**Law Library Association  
Fairfield County**

Management's Discussion and Analysis  
For the Years Ended December 31, 2004 and 2003  
Unaudited  
(Continued)

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As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

**Reporting the Library as a Whole**

The statement of net assets and the statement of activities reflect how the Library did financially during 2004 and 2003, within the limitations of cash basis accounting. The statement of net assets presents the cash balances of the governmental activities of the Library at December 31, 2004 and December 31, 2003. The statement of activities compares cash disbursements with program receipts. Program receipts include fines and forfeitures paid by the Courts to the Library. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental activity draws from the Library's general receipts.

These statements report the Library's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Library's financial health. Over time, increases or decreases in the Library's cash position is one indicator of whether the Library's financial health is improving or deteriorating.

The statement of net assets and the statement of activities present governmental activities, which includes all the Library's services. Fines and forfeiture receipts finance most of these activities. The Library has no business-type activities.

**Reporting the Library's Funds**

Fund financial statements provide detailed information about the Library's major funds - not the Library as a whole. The Library establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. All of the Library's funds are governmental.

Governmental Funds - The Library's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Library's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Library's programs. The Library's significant governmental funds are presented on the financial statements in separate columns. The Library major governmental fund in 2004 was the General Fund. The Library's major governmental funds in 2003 were the General Fund and the Retained Monies Fund. The Library has no nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting). Because the Library reports on a cash basis, the total of the governmental funds matches governmental activities and no reconciliation is required.

**The Library as a Whole**

Table 1 provides a summary of the Library's net assets for 2004, 2003, and 2002 on the cash basis:



**Law Library Association  
Fairfield County**

Management's Discussion and Analysis  
For the Years Ended December 31, 2004 and 2003  
Unaudited  
(Continued)

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**(Table 1)  
Net Assets**

	Governmental Activities		
	2004	2003	2002
<b>Assets</b>			
Cash	\$1,234	\$1,650	\$6,817
Total Assets	\$1,234	\$1,650	\$6,817
<b>Net Assets</b>			
Restricted for:			
Legal Materials and Supplies			5,372
Unrestricted	1,234	1,650	1,445
Total Net Assets	\$1,234	\$1,650	\$6,817

Net assets of governmental activities have decreased \$5,583 since 2002 (\$416 and \$5,167 during 2004 and 2003, respectively). The primary reason contributing to the steady decline in cash balances occurred in 2003 and is attributed to the elimination of the Retained Monies fund for the purchase of legal materials and supplies not paid for by the General Fund. In addition, fine and forfeiture receipts have steadily decreased since 2002.

Table 2 reflects the changes in net assets in 2004 and 2003. Since the Library did not prepare financial statements in this format for 2002, a comparative analysis of government-wide data has not been presented for 2002.

**Law Library Association  
Fairfield County**

Management's Discussion and Analysis  
For the Years Ended December 31, 2004 and 2003  
Unaudited  
(Continued)

**(Table 2)  
Changes in Net Assets**

	Governmental Activities	
	2004	2003
Receipts:		
Program Receipts:		
Fines and Forfeitures	\$118,157	\$144,521
Total Program Receipts	118,157	144,521
General Receipts:		
Interest	20	72
Miscellaneous	857	340
Total General Receipts	877	412
Total Receipts	119,034	144,933
Disbursements:		
Supplies and Materials	113,725	143,104
Utilities	1,971	1,815
Contracts	2,900	2,772
Other	854	2,409
Total Disbursements	119,450	150,100
Increase (Decrease) in Net Assets	(416)	(5,167)
Net Assets, January 1, 2004	1,650	6,817
Net Assets, December 31, 2004	\$1,234	\$1,650

Program receipts represent 99 percent of total receipts and are the primary revenue source of the Library in both 2004 and 2003. These receipts are comprised of fines collected and distributed to the Library from the various courts within the County for violations of State traffic laws.

Other receipts are insignificant and somewhat unpredictable.

Disbursements for supplies and materials accounted for 95 percent of the total disbursements in both 2004 and 2003. Supplies and materials represent disbursements made in the purchase, lease or rental of law books, and other materials and equipment that provide legal information or to facilitate legal research.

**Governmental Activities**

If you look at the Statement of Activities for 2004 on page 10 and for 2003 on page 14, you will see that the first column lists the major disbursements of the Library. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for Supplies and Materials, which accounted for 95 percent of all disbursements in both 2004 and 2003. The next column of the Statement entitled Program Cash Receipts identifies amounts paid from the Courts to the Library that directly relate to providing the activities of the Library. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by general receipts. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

**Law Library Association  
Fairfield County**

Management's Discussion and Analysis  
For the Years Ended December 31, 2004 and 2003  
Unaudited  
(Continued)

**(Table 3)**

	<b><u>Governmental Activities</u></b>			
	Total Cost Of Services	Net Cost (Gain) of Services	Total Cost Of Services	Net Cost (Gain) of Services
	<u>2004</u>	<u>2004</u>	<u>2003</u>	<u>2003</u>
Supplies and Materials	\$113,725	\$1,240	\$143,104	\$5,375
Utilities	1,971	(38)	1,815	81
Contracts	2,900	64	2,772	26
Other	854	27	2,409	97
<b>Total Expenses</b>	<b><u>\$119,450</u></b>	<b><u>\$1,293</u></b>	<b><u>\$150,100</u></b>	<b><u>\$5,579</u></b>

Over 95 percent of disbursements were supported by program receipts in both 2004 and 2003.

**The Library's Funds**

Total governmental funds had receipts of \$119,034 and \$144,933, in 2004 and 2003, respectively. Total governmental funds had disbursements of \$119,450 and \$150,100, in 2004 and 2003, respectively. The greatest change within governmental funds occurred within the Retained Monies Fund. The fund balance of the Retained Monies Fund decreased \$5,372 in 2003 as the result of purchasing legal materials and supplies not paid for by the General Fund.

General Fund receipts decreased \$25,899 in 2004 compared to 2003 and \$5,683 in 2003 compared to 2002. The decrease was attributed to the unanticipated reduction in fines and forfeitures collected from the various courts within the County. As revenues decreased, the Library canceled subscriptions with numerous publications. Subscription cancellations implemented in 2004 attributed to the decrease in disbursements of \$25,278 in 2004 compared to 2003. These cuts will not eliminate the need for additional funds (or additional cuts) in the future if fines and forfeiture receipts remain stagnant.

**General Fund Budgeting Highlights**

Most local governments prepare budgets in accordance with Ohio law. The Library is a private association that receives public money in the form of fine distributions. As such, the Library is not a public entity, and is not required to follow Chapter 5705 of the Ohio Rev. Code.

**Capital Assets and Debt Administration**

**Capital Assets**

The Library does not currently keep track of its capital assets.

**Debt**

At December 31, 2004, the Library had no debt outstanding.

**Contacting the Government's Financial Management**

This financial report is designed to provide our citizens, the County and City with a general overview of the Library's finances and to reflect the Library's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Kelly Starkey, Law Librarian, Fairfield County Law Library Association, 224 East Main Street, Lancaster, Ohio 43130.

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**Law Library Association  
Fairfield County**

*Statement of Net Assets - Cash Basis  
December 31, 2004*

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	<u>Governmental Activities</u>
<b>Assets</b>	
Cash	<u>\$1,234</u>
<i>Total Assets</i>	<u><u>\$1,234</u></u>
<b>Net Assets</b>	
Unrestricted	<u>1,234</u>
<i>Total Net Assets</i>	<u><u>\$1,234</u></u>

See accompanying notes to the basic financial statements

**Law Library Association  
Fairfield County**

*Statement of Activities - Cash Basis  
For the Year Ended December 31, 2004*

	<u>Program Cash Receipts</u>	<u>Net (Disbursements) Receipts and Changes in Net Assets</u>
<u>Cash Disbursements</u>	<u>Charges for Services</u>	<u>Governmental Activities</u>
<b>Governmental Activities</b>		
Library Services:		
Supplies and Materials	\$113,725	(\$1,240)
Utilities	1,971	38
Contracts	2,900	(64)
Other	854	(27)
<i>Total Governmental Activities</i>	<u>\$119,450</u>	<u>(1,293)</u>
<b>General Receipts</b>		
Interest		20
Miscellaneous		857
<i>Total General Receipts</i>		<u>877</u>
Change in Net Assets		(416)
<i>Net Assets Beginning of Year</i>		<u>1,650</u>
<i>Net Assets End of Year</i>		<u>\$1,234</u>

See accompanying notes to the basic financial statements

**Law Library Association  
Fairfield County**

*Statement of Cash Basis Assets and Fund Balances  
General Fund  
December 31, 2004*

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	<u>General</u>
<b>Assets</b>	
Cash	\$1,234
<i>Total Assets</i>	<u><u>\$1,234</u></u>
<b>Fund Balance</b>	
Unreserved:	
Undesignated, Reported in:	
General Fund	1,234
<i>Total Fund Balance</i>	<u><u>\$1,234</u></u>

See accompanying notes to the basic financial statements

**Law Library Association  
Fairfield County**

*Statement of Cash Receipts, Disbursements and Changes in  
Cash-Basis Fund Balance - General Fund  
For the Year Ended December 31, 2004*

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	<u>General</u>
<b>Receipts</b>	
Fines and Forfeitures	\$118,157
Earnings on Investments	20
Miscellaneous	<u>857</u>
<i>Total Receipts</i>	<u>119,034</u>
<b>Disbursements</b>	
Current:	
Supplies and Materials	113,725
Utilities	1,971
Contracts	2,900
Other	<u>854</u>
<i>Total Disbursements</i>	<u>119,450</u>
<i>Net Change in Fund Balance</i>	(416)
<i>Fund Balance Beginning of Year</i>	<u>1,650</u>
<i>Fund Balance End of Year</i>	<u><u>\$1,234</u></u>

See accompanying notes to the basic financial statements



**Law Library Association  
Fairfield County**

*Statement of Net Assets - Cash Basis  
December 31, 2003*

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	<u>Governmental Activities</u>
<b>Assets</b>	
Cash	<u>\$1,650</u>
<i>Total Assets</i>	<u><u>\$1,650</u></u>
<b>Net Assets</b>	
Unrestricted	<u>1,650</u>
<i>Total Net Assets</i>	<u><u>\$1,650</u></u>

See accompanying notes to the basic financial statements

**Law Library Association  
Fairfield County**

*Statement of Activities - Cash Basis  
For the Year Ended December 31, 2003*

	Cash Disbursements	Program Cash Receipts	Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Charges for Services	Governmental Activities
<b>Governmental Activities</b>			
Library Services:			
Supplies and Materials	\$143,104	\$137,729	(\$5,375)
Utilities	1,815	1,734	(81)
Contracts	2,772	2,746	(26)
Other	2,409	2,312	(97)
<i>Total Governmental Activities</i>	<u>\$150,100</u>	<u>\$144,521</u>	(5,579)
<b>General Receipts</b>			
Interest			72
Miscellaneous			340
<i>Total General Receipts</i>			<u>412</u>
Change in Net Assets			(5,167)
<i>Net Assets Beginning of Year</i>			<u>6,817</u>
<i>Net Assets End of Year</i>			<u>\$1,650</u>

See accompanying notes to the basic financial statements

**Law Library Association  
Fairfield County**

*Statement of Cash Basis Assets and Fund Balance  
General Fund  
December 31, 2003*

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	<u>General</u>
<b>Assets</b>	
Cash	\$1,650
<i>Total Assets</i>	<u>\$1,650</u>
<b>Fund Balance</b>	
Unreserved:	
Undesignated, Reported in:	
General Fund	1,650
<i>Total Fund Balance</i>	<u>\$1,650</u>

**Law Library Association  
Fairfield County**

*Statement of Cash Receipts, Disbursements and Changes in Cash Basis  
Fund Balances - Governmental Funds  
For the Year Ended December 31, 2003*

	General	Retained Monies Fund	Total Governmental Funds
<b>Receipts</b>			
Fines and Forfeitures	\$144,521	\$0	\$144,521
Earnings on Investments	72	0	72
Miscellaneous	340	0	340
<i>Total Receipts</i>	<u>144,933</u>	<u>0</u>	<u>144,933</u>
<b>Disbursements</b>			
Current:			
Supplies and Materials	137,732	5,372	143,104
Utilities	1,815	0	1,815
Contracts	2,772	0	2,772
Other	2,409	0	2,409
<i>Total Disbursements</i>	<u>144,728</u>	<u>5,372</u>	<u>150,100</u>
<i>Net Change in Fund Balances</i>	205	(5,372)	(5,167)
<i>Fund Balances Beginning of Year</i>	<u>1,445</u>	<u>5,372</u>	<u>6,817</u>
<i>Fund Balances End of Year</i>	<u><u>\$1,650</u></u>	<u><u>\$0</u></u>	<u><u>\$1,650</u></u>

See accompanying notes to the basic financial statements

**LAW LIBRARY ASSOCIATION  
FAIRFIELD COUNTY**

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

**1. REPORTING ENTITY**

The Law Library Association, Fairfield County, Ohio (the Library), is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Library is governed by a board of five trustees. Members of the Fairfield County Bar Association annually elect 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 Fairfield County Commissioners to provide adequate facilities for the Library, including suitable bookcases, heating and lighting for the rooms.

The Board of Trustees hires the librarian. The Judges of the Court of Common Pleas of Fairfield County fixes the librarian's 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 librarian's salary. If the Library does not provide free access, the Library must pay the librarian's salary.

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

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

As discussed further in Note 2C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. Following are the more significant of the Library's accounting policies.

**A. Basis of Presentation**

The Library's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

**Government-wide Financial Statements**

The statement of net assets and the statement of activities display information about the Library as a whole.

**LAW LIBRARY ASSOCIATION  
FAIRFIELD COUNTY**

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

**2. - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**A. Basis of Presentation (Continued)**

**Government-wide Financial Statements (Continued)**

The statement of net assets presents the cash balance of the governmental activities of the Library at year end. The statement of activities compares disbursements with program receipts for each of the Library's governmental activities. Disbursements are reported by object. Program receipts include fines and forfeitures paid by the Courts to the Library. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each object is self-financing on a cash basis or draws from the Library's general receipts.

**Fund Financial Statements**

During the year, the Library segregates transactions related to certain Library functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Library at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column.

**B. Fund Accounting**

The Library uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are used to segregate resources that are restricted as to use. The funds of the Library are all governmental.

**Governmental Funds**

The Library classifies all funds as governmental funds. The Library's major governmental funds are the General Fund and Retained Monies Fund. The General Fund is used to account for all financial resources, except those required to be accounted for in the Retained Monies Fund. The General Fund balance accounts for all financial resources except those required to be accounted for in another fund. The General Fund also includes private monies. Private monies include; membership dues, overdue book charges and photocopying charges. Because the Library includes private monies in the General Fund, these resources must be used in accordance with the laws governing public funds. The Retained Monies Fund reports funds the Library retains under Ohio Revised Code §3375.56.

**C. Basis of Accounting**

The Library's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the Library's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

**LAW LIBRARY ASSOCIATION  
FAIRFIELD COUNTY**

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

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

**C. Basis of Accounting (Continued)**

As a result of the use of the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

**D. Cash**

Individual fund integrity is maintained through Library records and is presented as "Cash". During 2004 and 2003, the Library had no investments.

Interest earnings are allocated to Library's General fund. Interest revenue credited to the General Fund was \$20 and \$72 during 2004 and 2003, respectively.

**E. Capital Assets**

Acquisitions of property, plant, and equipment are recorded as disbursements when paid. These items are not reflected in the accompanying financial statements.

**F. Net Assets**

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Library had no restricted net assets as of December 31, 2004, or December 31, 2003.

**G. Fund Balance Reserves**

The Library reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved (*undesignated*) fund balance indicates that portion of fund balance which is available in future periods. The Library had no fund balance reserves as of December 31, 2004, or December 31, 2003.

**3. CHANGE IN REPORTING PRESENTATION**

For the years ended December 31, 2004 and December 31, 2003, the Library revised its financial statement presentation comparable to the requirements of Governmental Accounting Standard No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*.

**4. DEPOSITS**

Monies held by the Library have been classified into one category.

Active monies are public monies determined to be necessary to meet current demands upon the Library treasury. Active monies must be maintained either as cash in the Library treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

**LAW LIBRARY ASSOCIATION  
FAIRFIELD COUNTY**

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

**4. DEPOSITS (Continued)**

Protection of the Library's deposits is provided by the Federal Deposit Insurance Corporation (FDIC).

The Library, at December 31, 2004 and 2003, had \$39 and \$45, respectively, in undeposited cash on hand which is included as part of "Cash".

The carrying amount of the Library's deposits at December 31, 2004 was \$1,195 and the bank balance was \$11,522. The carrying amount of the District's deposits at December 31, 2003 was \$1,605 and the bank balance was \$2,703. For both years, the entire bank balance was covered by federal depository insurance.

**5. RISK MANAGEMENT**

The Library has obtained commercial insurance for errors and omissions.





## 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*

Law Library Association  
Fairfield County  
Hall of Justice  
224 East Main Street  
Lancaster, Ohio 43130

To the Board of Trustees:

We have audited the financial statements of the governmental activities and each major fund of the Law Library Association, Fairfield County, Ohio (the Library) as of and for the years ended December 31, 2004 and December 31, 2003, which collectively comprise the Library's basic financial statements and have issued our report thereon dated August 10, 2005, wherein we noted the Library revised its financial statement presentation comparable to the requirements of Governmental Accounting Standard No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. 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 in order 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 10, 2005, we reported a matter 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*.

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Law Library Association  
Fairfield 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 "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

August 10, 2005



**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

**FAIRFIELD COUNTY LAW LIBRARY**

**FAIRFIELD 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  
SEPTEMBER 22, 2005**