

**ASHLAND COUNTY LAW LIBRARY ASSOCIATION  
ASHLAND COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2004 AND DECEMBER 31, 2003**





**Auditor of State  
Betty Montgomery**

Board of Trustees  
Ashland County Law Library Association  
2615 Mifflin Avenue  
Ashland, OH 44805

We have reviewed the *Independent Accountants' Report* of the Ashland County Law Library Association, Ashland County, prepared by Knox & Knox, for the audit period January 1, 2003 through December 31, 2004. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Accountants' Report* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Accountants' Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Ashland County Law Library Association is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Betty Montgomery".

BETTY MONTGOMERY  
Auditor of State

July 10, 2006

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**ASHLAND COUNTY LAW LIBRARY ASSOCIATION  
ASHLAND COUNTY**

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# KNOX & KNOX

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Accountants and Consultants

## Independent Accountants' Report

Ashland County Law Library Association  
Ashland County  
2615 Mifflin Avenue  
Ashland, Ohio 44805

We have audited the accompanying financial statements of Ashland County Law Library Association, Ashland County, Ohio, (the Library) as of and for the years ended December 31, 2004 and 2003. 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 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 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, if any, made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The financial statements present only the public funds and are not intended to present fairly the financial position and results of operation of the Library in conformity with the accounting basis Note 1 describes.

As discussed in Note 1, the Library has prepared these financial statements using accounting practices of 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 generally accepted in the United States of America, we presume they are material.

Revisions to GAAP would require the Library to reformat its financial statement presentation and make other changes effective for the year ended December 31, 2004 (and 2003). The revisions require presenting entity wide statements and also to present its larger (i.e., major) funds separately for 2004. While the Library does not follow GAAP, generally accepted auditing standards require us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of the State of Ohio 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 of 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 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Ashland County Law Library Association's Ashland County public funds as of December 31, 2004, or their changes in financial position for the year then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Ashland County Law Library Association, Ashland County, as of December 31, 2004 and 2003, and its cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

The aforementioned revision to generally accepted accounting principles also requires the Library to include Management's Discussion and Analysis for the year ended December 31, 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 December 20, 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. The purpose of the report is to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion 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.

*Knox & Knox*

Orrville, Ohio  
December 20, 2005



**ASHLAND COUNTY LAW LIBRARY ASSOCIATION  
ASHLAND COUNTY**

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

	<b>General</b>	<b>Retained Monies Fund</b>	<b>Totals (Memorandum Only)</b>
<b>Cash Receipts:</b>			
Fines and Forfeitures	\$ 262,430		\$ 262,430
Interest		\$ 3,232	3,232
Returns and Reimbursements		3,419	3,419
Total Cash Receipts	262,430	6,651	269,081
<b>Cash Disbursements:</b>			
Books and Supplies	214,723		214,723
Refunds to Relative Income Sources	34,192		34,192
Payroll	25,054		25,054
Postage	37		37
Equipment	1,598		1,598
Utilities	1,022		1,022
Dues	250		250
Miscellaneous	1,847	100	1,947
Insurance	2,540		2,540
Total Cash Disbursements	281,263	100	281,363
Total Cash Receipts (Under)/Over Cash Disbursements	< 18,833 >	6,551	< 12,282 >
<b>Other Financing Receipts:</b>			
Refunds from Venders	889		889
(Deficiency)/Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	<17,944 >	6,551	< 11,393 >
Public Fund Cash Balances, January 1	34,192	160,802	194,994
<b>Public Fund Cash Balances, December 31</b>	<b>\$ 16,248</b>	<b>\$ 167,353</b>	<b>\$ 183,601</b>

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

**ASHLAND COUNTY LAW LIBRARY ASSOCIATION  
ASHLAND COUNTY**

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

	<u>General</u>	<u>Retained Monies Fund</u>	<u>Totals (Memorandum Only)</u>
<b>Cash Receipts:</b>			
Fines and Forfeitures	\$ 300,766		\$ 300,766
Interest		\$ 2,403	2,403
Returns and Reimbursements	<u>                    </u>	<u>4,073</u>	<u>4,073</u>
Total Cash Receipts	300,766	6,476	307,242
<b>Cash Disbursements:</b>			
Books and Supplies	234,981		234,981
Refunds to Relative Income Sources	40,728		40,728
Payroll	22,449		22,449
Audit Fees	2,095		2,095
Equipment	2,119		2,119
Utilities	1,067		1,067
Dues	400		400
Miscellaneous	4,305	100	4,405
Insurance	<u>2,000</u>	<u>          </u>	<u>2,000</u>
Total Cash Disbursements	<u>310,144</u>	<u>100</u>	<u>310,244</u>
Total Cash Receipts (Under)/Over Cash Disbursements	< <u>9,378</u> >	<u>6,376</u>	< <u>3,002</u> >
<b>Other Financing Receipts:</b>			
Refunds from Venders	<u>2,842</u>	<u>          </u>	<u>2,842</u>
(Deficiency)/Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	<6,536>	6,376	<160>
Public Fund Cash Balances, January 1	<u>40,728</u>	<u>154,426</u>	<u>195,154</u>
<b>Public Fund Cash Balances, December 31</b>	<b><u>\$ 34,192</u></b>	<b><u>\$ 160,802</u></b>	<b><u>\$ 194,994</u></b>

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

**ASHLAND COUNTY LAW LIBRARY ASSOCIATION  
ASHLAND COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Ashland County Law Library Association (the Library) is directed by a Board of five Trustees who are appointed by members of the Ashland 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 law books; computer communications consoles to access a system of computerized legal research; microfilm materials and equipment, videotape materials and equipment; audio or visual materials and equipment; and other services, materials, and equipment that provide legal information or facilitate legal research.

The Ashland County Commissioners are require 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 elect a librarian and not more than two assistant law librarians. The Judges of the Court of Common Pleas of Ashland County fix the compensation of the librarian and up to two assistant librarians pursuant to ORC Section 3375.48. Because the Library does not provide free access to all county officers and the judges of the several courts, the salary of the librarian and any assistants is paid by the County and then the Library reimburses the County.

The Library's management believes these financial statement present all public funds for which the Library is financially accountable. Some funds received by the Library are considered private monies. Private monies include: membership dues, overdue book charges and photocopying charges. Fees collected for the use of books and copiers remain private even though the books and copiers have been purchased with public funds. Private monies can be disbursed at the discretion of the Library. The accompanying financial statements do not present private monies.

**B. Basis of Accounting**

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash 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.

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

**C. Cash**

All funds of the Library are held in an interest bearing checking account, savings account, or certificates of deposit. The Library has no investments.

**ASHLAND COUNTY LAW LIBRARY ASSOCIATION  
ASHLAND COUNTY**

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

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

**D. Fund Accounting**

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

**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.

**Retained Monies Fund**

Retained Monies Fund consists of monies retained by the Library under Ohio Revised Code Section 3375.56. At the end of each calendar year the Library is permitted, under law, to retain up to 10 percent of their unencumbered balance. See Note 3 for additional information.

**E. Property, Plant and Equipment**

Acquisitions of equipment are recorded as equipment disbursements when paid. These items are not reflected as assets on the accompanying financial statements. Items purchased which are deemed to be equipment are computers, copiers, fax machines, and other items related to facilitating the use of the equipment.

**F. Refund to Relative Income Sources**

If certain conditions are met, the Library is required to refund at least 90 percent of any balance to political subdivisions that provided revenues to the Library. See Footnote 3 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 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. EQUITY IN POOLED CASH AND INVESTMENTS**

The Library maintains a cash and investment pool used by its fund. The Ohio Revised Code prescribes allowable deposits. The carrying amount of cash at December 31 was as follows:

	<u>2004</u>	<u>2003</u>
Demand deposits	\$ 73,475	\$ 85,749
Certificates of deposit	<u>110,126</u>	<u>109,245</u>
Total deposits	<u>\$ 183,601</u>	<u>\$ 194,994</u>

Deposits are insured by the Federal Depository Insurance Corporation.

**ASHLAND COUNTY LAW LIBRARY ASSOCIATION  
ASHLAND COUNTY**

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

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

In any year that revenues exceed disbursements, the Library refunds at least 90 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. The following charts present the refunded and retained amounts during 2004 and 2003.

<b>Balance at December 31, 2003 Refunded and Retained during Calendar Year 2004</b>	
Balance at December 31, 2003	\$ 34,192
Refunded to Relative Sources during 2004 including the Retained Monies Fund	\$ 34,192
Retained Funds Amount during 2004	\$ 3,419

<b>Balance at December 31, 2002 Refunded and Retained During Calendar Year 2003</b>	
Balance at December 31, 2002	\$ 40,728
Refunded to Relative Sources during 2003, including the Retained Monies Fund	\$ 40,728
Retained Funds Amount during 2003	\$ 4,073

**4. RISK MANAGEMENT**

The Library has obtained commercial insurance for the following risks:

- Commercial property and general liability;
- Public official bond.

**5. FACILITIES**

The Library has free use of office facilities provided by Ashland County.

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Accountants and Consultants

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

Ashland County Law Library Association  
Ashland County  
2615 Mifflin Avenue  
Ashland, Ohio 44805

We have audited the accompanying financial statements of Ashland County Law Library Association, Ashland County, Ohio (the Library), as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated December 20, 2005, wherein we indicated the financial statements include only the General Fund. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### 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 audits 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 audits, 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.

Ashland County Law Library Association  
Ashland County  
Independent Accountants' Report on Compliance and on Internal Control  
Required by *Government Auditing Standards*  
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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 the management of the Library in a separate letter dated December 20, 2005.

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

*Knox & Knox*

Orrville, Ohio  
December 20, 2005





**Auditor of State  
Betty Montgomery**

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**ASHLAND COUNTY LAW LIBRARY ASSOCIATION**

**ASHLAND 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  
JULY 20, 2006**