



**UNION COUNTY LAW LIBRARY ASSOCIATION  
UNION COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2005-2004**



**Auditor of State  
Betty Montgomery**



**UNION COUNTY LAW LIBRARY ASSOCIATION  
UNION COUNTY**

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## Auditor of State Betty Montgomery

### INDEPENDENT ACCOUNTANTS' REPORT

Union County Law Library Association  
Union County  
215 West Fifth Street P.O. Box 723  
Marysville, Ohio 43040

To the Board of Trustees:

We have audited the accompanying financial statements of the governmental activities and each major fund of the Union County Law Library Association, Union County, Ohio (the Law Library), as of and for the years ended December 31, 2005 and December 31, 2004, which collectively comprise the Law Library's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Law Library's management. Our responsibility is to express opinions 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 Controller 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 opinions.

As discussed in Note 2, the accompanying financial statements and notes follow the modified 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 modified cash financial position of the governmental activities and each major fund of the Union County Law Library Association as of December 31, 2005, and December 31, 2004, and the respective changes in modified cash financial position thereof for the years then ended in conformity with the basis of accounting Note 2 describes.

For the years ended December 31, 2005, and December 31, 2004, the Law Library revised its financial 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 July 14, 2006, 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 controls 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.

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Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board 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

July 14, 2006

**UNION COUNTY LAW LIBRARY ASSOCIATION  
UNION COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004  
UNAUDITED**

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This discussion and analysis of the Union County Law Library Association's (the Law Library), financial performance provides an overall review of the Law Library's financial activities for the years ended December 31, 2005, and December 31, 2004, within the limitations of the Law Library's modified cash basis of accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Law Library's financial performance.

**Highlights**

Key highlights for 2005 are as follows:

Net assets of governmental activities increased \$44,242, or 66 percent, a significant change from the prior year.

The Law Library's charges for services program receipts are mostly from the Common Pleas and Municipal Court and the Marysville City Auditor. Additionally, per the Ohio Revised Code a flat fee of \$1,250 per year is collected from the Union County Clerk of Courts. In total these receipts represent 99% of the total cash received for governmental activities during the year.

Disbursements were significantly down. Costs for print publications were down, while online services continue to vary.

Interest income was also slightly higher than in 2004 due to higher interest rates and increased receipts.

The Retained Monies Fund, which has continued to grow, saw an increase of \$2,531.

Key highlights for 2004 are as follows:

The Law Library's charges for services program receipts are mostly from the Common Pleas and Municipal Court and the Marysville City Auditor. Additionally, per the Ohio Revised Code a flat fee of \$1,250 per year is collected from the Union County Clerk of Courts. In total these receipts represent 99% of the total cash received for governmental activities during the year.

Disbursements were up due to online subscription increases.

Interest income was also slightly higher than in 2003 due to higher interest rates.

The Retained Monies Fund, which has continued to grow, saw an increase of \$6,640.

**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 Law Library's modified cash basis of accounting.

**UNION COUNTY LAW LIBRARY ASSOCIATION  
UNION COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004  
UNAUDITED  
(Continued)**

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**Report Components**

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

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

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

As a result of using the modified 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 Government as a Whole**

The statement of net assets and the statement of activities reflect how the Law Library did financially during 2005 and 2004, within the limitations of the modified cash basis accounting. The statement of net assets presents the modified cash balances of the Law Library at the year end. The statement of activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's services. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Law Library's general receipts.

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

The statement of net assets and the statement of activities include only Governmental activities and the Law Library's basic services are reported here, including use of online services and use of publications.

**Reporting the Government's Most Significant Funds**

Fund financial statements provide detailed information about the Law Library's major funds. The Law 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. The funds of the Law Library include only government funds.



**UNION COUNTY LAW LIBRARY ASSOCIATION  
UNION COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004  
UNAUDITED  
(Continued)**

Governmental Funds – The Law Library’s activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Law 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 Law Library’s programs. The Law Library’s governmental funds are presented on the financial statements in separate columns. The Law Library’s major governmental funds are the General Fund and the Retained Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

**The Government as a Whole**

Table 1 provides a summary of the Law Library’s net assets for 2005, 2004 and 2003 comparatively on the modified cash basis:

**Table 1  
Net Assets**

	<b>Governmental Activities</b>		
	2005	2004	2003
<b>Assets</b>			
Cash and Cash Equivalents	\$ 55,424	\$ 13,713	\$ 57,551
Investments	55,760	53,229	46,589
Total Assets	<u>\$ 111,184</u>	<u>\$ 66,942</u>	<u>\$ 104,140</u>
<b>Net Assets</b>			
Restricted for:			
Funds	111,184	66,942	104,140
Total Net Assets	<u>\$111,184</u>	<u>\$66,942</u>	<u>\$104,140</u>

Net assets of governmental activities increased \$44,242 or approximately 66% during 2005. The primary reason contributing to the increase in modified cash balance is the increase of court fines received from Union County and decrease in overall cash disbursements.

Net assets of governmental activities decreased \$37,198 or approximately 36% during 2004. The primary reason contributing to the decrease in modified cash balance is due to increase of refund of relative income sources expenditure.

Table 2 reflects the changes in net assets in 2005, 2004, and 2003.

**UNION COUNTY LAW LIBRARY ASSOCIATION  
UNION COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004  
UNAUDITED  
(Continued)**

**Table 2  
Changes in Net Assets**

	<b>Governmental Activities</b>		
	2005	2004	2003
Receipts:			
<b>Program Receipts:</b>			
Charges for Services	\$178,552	\$147,934	\$176,925
Total Program Receipts	<u>178,552</u>	<u>147,934</u>	<u>176,925</u>
<b>General Receipts:</b>			
Interest	1,518	1,206	924
Other	25		28
Total General Receipts	<u>1,543</u>	<u>1,206</u>	<u>952</u>
Total Receipts	<u>180,095</u>	<u>149,140</u>	<u>177,877</u>
Disbursements:			
Books & Subscriptions	116,028	122,999	111,502
Salaries & Benefits			1,113
Supplies & Materials	1,011	1,488	
Refund to Relative Income Sources	12,342	51,797	39,129
Equipment	6,398	9,629	4,847
Other	74	425	2,284
Total Disbursements	<u>135,853</u>	<u>186,338</u>	<u>158,875</u>
Increase (Decrease) in Net Assets	44,242	(37,198)	19,002
Net Assets, January 1	66,942	104,140	85,138
Net Assets, December 31	<u>\$111,184</u>	<u>\$66,942</u>	<u>\$104,140</u>

For 2005, 2004 and 2003, program receipts represent 99% of the Law Library's total receipts.

For 2005, 2004 and 2003, disbursements for the Law Library represent the overhead costs of running the Law Library. These include the cost of publication, online services, and equipment.

**Governmental Activities**

If you look at the Statement of Activities on pages 10 and page 14, you will see the first column lists the major services provided by the Law Library. For 2005 and 2004, the major program disbursements for governmental activities are for publication and online research which account for 86% of all Law Library disbursements of 2005 and 67% of 2004 Law Library disbursements. A comparison between the total cost of service and net cost is presented in Table 3 for 2005 and 2004..

**UNION COUNTY LAW LIBRARY ASSOCIATION  
UNION COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004  
UNAUDITED  
(Continued)**

**Table 3  
Governmental Activities**

	Total Cost Of Services 2005	Net Cost of Services 2005	Total Cost Of Services 2004	Net Cost of Services 2004
Book & Subscriptions	\$ 116,028	\$ 51,811	\$ 122,999	\$ 11,621
Supplies & Materials	1,011	774	1,488	(8)
Refund to Relative Income Sources	12,342	(12,342)	51,797	(51,797)
Equipment	6,398	2,530	9,629	726
Other	74	(74)	425	1,054
<b>Total Expenses</b>	<b>\$135,853</b>	<b>\$42,699</b>	<b>\$186,338</b>	<b>(\$38,404)</b>

**The Government's Funds**

**In 2005:**

Total governmental funds had receipts of \$180,095, and disbursements of \$135,853. The greatest change within governmental funds occurred within the General Fund. Expenditures in the General Fund decreased by \$50,485 in 2005 due to a decrease in the refunds to relative income sources expenditure line item. Receipts in the General Fund increased by \$30,681 in 2005 due to an increase in fines collected in Union County.

**In 2004:**

Total governmental funds had receipts of \$149,140, and disbursements of \$186,338. The General Fund receipts were less than disbursements, indicating that the General Fund is in a deficit spending situation. It was recommended by the Board that the Librarian review the usage of several subscriptions and that some cancellations be made.

**Current Issues**

The challenge is to provide quality publications and online services to the attorneys in the County and the public while staying within the restrictions imposed by limited, and in some cases shrinking funding. The Law Library relies heavily on Court fines. Further, we are aware that as a result of HB 66 and a subsequent HB363, that there will be changes in Law Library funding for the facility which will begin to impact us in the calendar year 2008.

**Contacting the Government's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Law Library's finances and to reflect the Law 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 Monica Overly, Librarian or Julia Smith, Treasurer, Union County Law Library Association (DBA: Union County Law Library), Union County Courthouse, 215 W. 5<sup>th</sup> St., Marysville, Ohio, 43040.

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**UNION COUNTY LAW LIBRARY ASSOCIATION  
UNION COUNTY**

*Statement of Net Assets - Modified Cash Basis  
December 31, 2005*

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	Governmental Activities
<b>Assets</b>	
Equity in Cash and Cash Equivalents	\$55,424
Investments	<u>55,760</u>
<i>Total Assets</i>	<u><u>\$111,184</u></u>
<b>Net Assets</b>	
Restricted for:	
Other Purposes/Retained Funds	<u>111,184</u>
<i>Total Net Assets</i>	<u><u>\$111,184</u></u>

See accompanying notes to the basic financial statements

**UNION COUNTY LAW LIBRARY ASSOCIATION  
UNION COUNTY**

*Statement of Activities - Modified Cash Basis  
For the Year Ended December 31, 2005*

	<b>Cash Disbursements</b>	<b>Program Cash Receipts Charges for Services</b>	<b>Net (Disbursements) Receipts and Changes in Net Assets Governmental Activities</b>
<b>Governmental Activities</b>			
Book & Subscriptions	\$116,028	\$ 167,839	51,811
Supplies & Materials	1,011	1,785	774
Refund to Relative Income Sources-See Note 4	12,342		(12,342)
Equipment	6,398	8,928	2,530
Other	74		(74)
<b>Total</b>	<b>\$135,853</b>	<b>\$ 178,552</b>	<b>42,699</b>
<b>General Receipts</b>			
Interest			1,518
Other			25
<i>Total General Receipts</i>			<i>1,543</i>
Change in Net Assets			44,242
<i>Net Assets Beginning of Year</i>			<i>66,942</i>
<i>Net Assets End of Year</i>			<i>\$111,184</i>

See accompanying notes to the basic financial statements

**UNION COUNTY LAW LIBRARY ASSOCIATION  
UNION COUNTY**

*Statement of Modified Cash Basis Assets and Fund Balances  
Governmental Funds  
December 31, 2005*

	General	Retained Monies	Total Governmental Funds
<b>Assets</b>			
Equity in Cash and Cash Equivalents	\$55,424	\$0	\$55,424
Investments		55,760	55,760
<i>Total Assets</i>	<u>\$55,424</u>	<u>55,760</u>	<u>\$111,184</u>
<b>Fund Balances</b>			
Unreserved:			
Undesignated Reported in:			
General Fund	55,424		55,424
Retained Monies Fund		55,760	55,760
<i>Total Fund Balances</i>	<u>\$55,424</u>	<u>55,760</u>	<u>\$111,184</u>

See accompanying notes to the basic financial statements

**UNION COUNTY LAW LIBRARY ASSOCIATION  
UNION COUNTY**

*Statement of Cash Receipts, Disbursements and Changes in Modified-Cash Basis Fund Balances  
Governmental Funds  
For the Year Ended December 31, 2005*

	General	Retained Monies Fund	Total Governmental Funds
<b>Receipts</b>			
Union County Auditor	\$136,829	\$0	\$136,829
Marysville City Auditor	36,473		36,473
Municipal Court	4,000		4,000
Clerk of Courts	1,250		1,250
Interest	358	1,160	1,518
Miscellaneous	25		25
<i>Total Receipts</i>	<u>178,935</u>	<u>1,160</u>	<u>180,095</u>
<b>Disbursements</b>			
Current:			
Book & Subscriptions	116,028		116,028
Supplies & Materials	1,011		1,011
Refunds to Relative Income Sources-See Note 4	12,342		12,342
Equipment	6,398		6,398
Other	74		74
<i>Total Disbursements</i>	<u>135,853</u>	<u>0</u>	<u>135,853</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>43,082</u>	<u>1,160</u>	<u>44,242</u>
<b>Other Financing Sources (Uses)</b>			
Remittance to Retained Funds	(1,371)	1,371	0
<i>Total Other Financing Sources (Uses)</i>	<u>(1,371)</u>	<u>1,371</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	41,711	2,531	44,242
<i>Fund Balances Beginning of Year</i>	<u>13,713</u>	<u>53,229</u>	<u>66,942</u>
<i>Fund Balances End of Year</i>	<u><u>\$55,424</u></u>	<u><u>\$55,760</u></u>	<u><u>\$111,184</u></u>

See accompanying notes to the basic financial statements



**UNION COUNTY LAW LIBRARY ASSOCIATION  
UNION COUNTY**

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

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	Governmental Activities
<b>Assets</b>	
Equity in Cash and Cash Equivalents	\$13,713
Investments	<u>53,229</u>
<i>Total Assets</i>	<u><u>\$66,942</u></u>
<b>Net Assets</b>	
Restricted for:	
Other Purposes/Retained Funds	<u>66,942</u>
<i>Total Net Assets</i>	<u><u>\$66,942</u></u>

See accompanying notes to the basic financial statements

**UNION COUNTY LAW LIBRARY ASSOCIATION  
UNION COUNTY**

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

	<u>Cash Disbursements</u>	<u>Program Cash Receipts Charges for Services</u>	<u>Net (Disbursements) Receipts and Changes in Net Assets Governmental Activities</u>
<b>Governmental Activities</b>			
Book & Subscriptions	\$122,999	\$ 134,620	11,621
Supplies & Materials	1,488	1,480	(8)
Refund to Relative Income Sources-See Note 4	51,797		(51,797)
Equipment	9,629	10,355	726
Other	425	1,479	1,054
<b>Total</b>	<u>\$186,338</u>	<u>\$ 147,934</u>	<u>(38,404)</u>
<b>General Receipts</b>			
Interest			<u>1,206</u>
<i>Total General Receipts</i>			<u>1,206</u>
Change in Net Assets			(37,198)
<i>Net Assets Beginning of Year</i>			<u>104,140</u>
<i>Net Assets End of Year</i>			<u><u>\$66,942</u></u>

See accompanying notes to the basic financial statements

**UNION COUNTY LAW LIBRARY ASSOCIATION  
UNION COUNTY**

*Statement of Modified Cash Basis Assets and Fund Balances  
Governmental Funds  
December 31, 2004*

	<u>General</u>	<u>Retained Monies</u>	<u>Total Governmental Funds</u>
<b>Assets</b>			
Equity in Cash and Cash Equivalents	\$13,713	\$0	\$13,713
\		53,229	53,229
<i>Total Assets</i>	<u>\$13,713</u>	<u>\$53,229</u>	<u>\$66,942</u>
<b>Fund Balances</b>			
Unreserved:			
Undesignated Reported in:			
General Fund	13,713		13,713
Retained Monies Fund		53,229	53,229
<i>Total Fund Balances</i>	<u>\$13,713</u>	<u>\$53,229</u>	<u>\$66,942</u>

See accompanying notes to the basic financial statements

**UNION COUNTY LAW LIBRARY ASSOCIATION  
UNION COUNTY**

*Statement of Cash Receipts, Disbursements and Changes in Modified-Cash Basis Fund Balances  
Governmental Funds  
For the Year Ended December 31, 2004*

	General	Retained Monies Fund	Total Governmental Funds
<b>Receipts</b>			
Union County Auditor	\$106,672	\$0	\$106,672
Marysville City Auditor	36,012		36,012
Municipal Court	4,000		4,000
Clerk of Courts	1,250		1,250
Interest	320	886	1,206
<i>Total Receipts</i>	<u>148,254</u>	<u>886</u>	<u>149,140</u>
<b>Disbursements</b>			
Current:			
Book & Subscriptions	122,999		122,999
Supplies & Materials	1,488		1,488
Refunds to Relative Income Sources-See Note 4	51,797		51,797
Equipment	9,629		9,629
Other	425		425
<i>Total Disbursements</i>	<u>186,338</u>	<u>0</u>	<u>186,338</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(38,084)</u>	<u>886</u>	<u>(37,198)</u>
<b>Other Financing Sources (Uses)</b>			
Remittance to Retained Funds	(5,754)	5,754	0
<i>Total Other Financing Sources (Uses)</i>	<u>(5,754)</u>	<u>5,754</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	(43,838)	6,640	(37,198)
<i>Fund Balances Beginning of Year</i>	<u>57,551</u>	<u>46,589</u>	<u>104,140</u>
<i>Fund Balances End of Year</i>	<u>\$13,713</u>	<u>\$53,229</u>	<u>\$66,942</u>

See accompanying notes to the basic financial statements

**UNION COUNTY LAW LIBRARY ASSOCIATION  
UNION COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2005 AND 2004**

**1. REPORTING ENTITY**

The Union County Law Library Association, (the Law Library) is directed by a board of three trustees who are appointed as needed by members of the Union County Bar Association. The Law Library provides free access for 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 (and any associated interest) 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 Union County Commissioners to provide adequate facilities for the Law Library, including suitable bookcases, heating and lighting for the rooms.

The Board of Trustees hires a librarian and not more than two assistant law librarians. The Judges of the Court of Common Pleas of Union County fix the compensation pursuant to ORC § 3375.48. If the Law Library provides free access to all county officers and the judges of the several courts, the County treasury pays the librarian and up to two assistants should be paid from the county treasury. If the condition above is not met, then the salary of the librarian and any assistants should be paid by the Law Library.

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

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

As discussed further in Note 2.C, these financial statements are presented on a modified cash basis of accounting. This modified 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 modified cash basis of accounting. In the government-wide financial statements Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the modified 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 Law Library's accounting policies.

**UNION COUNTY LAW LIBRARY ASSOCIATION  
UNION COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2005 AND 2004  
(Continued)**

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

**A. Basis of Presentation**

The Law 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.

**1. Government-Wide Financial Statements**

The statement of net assets and the statement of activities display information about the Law Library as a whole. These statements include the financial activities of the primary government.

The statement of net assets presents the modified cash balance of the governmental activities of the Law Library at the year end. The statement of activities compares disbursements with program receipts for each of the Law Library's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Law Library is responsible. Program receipts include fines and forfeitures paid by the Courts to the Law 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 function is self-financing on a modified cash basis or draws from the Library's general receipts.

**2. Fund Financial Statements**

During the year, the Law Library segregates transactions related to certain Law 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 Law Library at this more detailed level. The focus of governmental financial statements is on major funds. Each of the Law Library's two funds is considered to be a major fund, and is presented in a separate column.

**B. Fund Accounting**

The Law 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 Law Library only has one category of funds which is governmental.

**Governmental Funds**

The Law Library classifies all funds as governmental funds. The Law Library's major governmental funds are the General Fund and the Retained Monies Fund.

**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.

**UNION COUNTY LAW LIBRARY ASSOCIATION  
UNION COUNTY**

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

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

**B. Fund Accounting (Continued)**

**Governmental Funds (Continued)**

**Retained Monies Fund**

Retained Monies Fund consists of monies retained by the Law Library under Ohio Revised Code § 3375.56. At the end of each calendar year the Law Library is permitted under law to retain up to ten percent of their unencumbered balance.

**C. Basis of Accounting**

The Law Library's financial statements are prepared using the modified cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Law 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.

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) 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 and Investments**

To improve cash management, cash received by the Law Library is placed in a demand deposit account and the amount held in the Retained Monies Fund is invested.

Investments with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments. Investments are reported as assets. Accordingly, purchase of investments is not recorded as disbursements, and sales of investments are not recorded as receipts. Gain or losses at the time of sale are recorded as receipts or negative receipts (contra revenue), respectively.

During 2005 and 2004, the Law Library invested in nonnegotiable certificates of deposits. The nonnegotiable certificates of deposit fund are recorded at the amount reported by Richwood Banking Company on December 31.

Interest earnings are allocated to Law Library funds according to State statutes. Interest receipts credited to the General Fund were \$358 in 2005, and \$320 in 2004. Interest receipts credited to the Retained Monies Fund were \$1,160 in 2005 and \$886 in 2004.

**E. Restricted Assets**

Cash, cash equivalents, and investments are reported as restricted when limitation on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation.

**UNION COUNTY LAW LIBRARY ASSOCIATION  
UNION COUNTY**

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

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

**F. Inventory and Prepaid Items**

The Law Library reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

**G. Capital Assets**

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

**H. Refund to Relative Income Sources**

If certain conditions are met, the Law Library is required to refund at least ninety percent of any balance to political subdivision that provide revenues to the Law Library. Refer to footnote 4 for additional information.

**I. 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.

**J. Fund Balance Reserves**

The Law Library reserves any portion of fund balances which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance which is available in future periods.

**3. CHANGE IN REPORTING PRESENTATION**

For the years ended December 31, 2005 and December 31, 2004, the Law Library revised its financial statements presentation to be 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. CALCULATION OF REFUND TO RELATIVE INCOME SOURCES AND AMOUNT RETAINED**

In any year that revenues exceed disbursements, the Law Library refunds at least ninety percent of the balance to the political subdivisions who provided the fund and retains the remaining amount. This refund process is referred the application of ORC § 3375.56 or refund to relative income sources. The following charts present the refunded and retained amounts during 2004 and 2005.



**UNION COUNTY LAW LIBRARY ASSOCIATION  
UNION COUNTY**

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

**4. CALCULATION OF REFUND TO RELATIVE INCOME SOURCES AND AMOUNT RETAINED  
(Continued)**

<b>Unencumbered Balance at December 31, 2003</b>	
<b>Refunded and Retained During Calendar Year 2004</b>	
Unencumbered Balance at December 31, 2003	\$57,551
Refunded to Relative Sources during 2004	51,797
Retained Funds Amount during 2004	<u>\$5,754</u>

<b>Unencumbered Balance at December 31, 2004</b>	
<b>Refunded and Retained During Calendar Year 2005</b>	
Unencumbered Balance at December 31, 2004	\$13,713
Refunded to Relative Sources during 2005	12,342
Retained Funds Amount during 2005	<u>\$1,371</u>

**5. EQUITY IN CASH AND INVESTMENTS**

Monies held by the Law Library are classified into three categories.

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

Inactive deposits are public deposits that the Trustees have identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposits maturing not later than the end of the current period of designation of depositories, or by saving or deposit accounts including, but not limited to passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before of the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the Law Library can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligations or security issued by the United State Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan.

**UNION COUNTY LAW LIBRARY ASSOCIATION  
UNION COUNTY**

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

**5. EQUITY IN CASH AND INVESTMENTS (Continued)**

Marketing Association. All federal agency securities shall be direct issuance of federal government agencies or instrumentalities;

3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreements must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days.
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposits or savings or deposit account including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligation described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institution;
7. The State Treasurer's investment pool (STAR Ohio)

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligations or debt of the Law Library, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

As of December 31, 2005 and 2004, the Law Library had no un-deposited cash on hand.

**A. Deposits**

The Law Library has no deposit policy for custodial risk beyond the requirements of State statute. Protection of the Law Library's deposits is provided by federal depository insurance or eligible securities pledged to and deposited either with the Law Library or a qualified trustee by the financial institution as security for repayment.

At fiscal year end, the carrying amounts of the Law Library's deposits were \$55,424 as of December 31, 2005 and \$13,713 as of December 31, 2004. At December 31, 2005 and December 31, 2004 the bank balances were \$81,522 and \$29,187.

**B. Investments**

The Law Library does not have a investment policy. Therefore, all investments are nonnegotiable certificate of deposits.

**UNION COUNTY LAW LIBRARY ASSOCIATION  
UNION COUNTY**

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

**5. EQUITY IN CASH AND INVESTMENTS (Continued)**

As of December 31, 2004 the Law Library had the following investments:

	<u>Value</u>	<u>Maturity</u>
Certificate of Deposit	\$47,436	4/2/05
Certificate of Deposit	5,793	1/28/05
Total Portfolio	<u>\$53,229</u>	

As of December 31, 2005 the Law Library had the following investments:

	<u>Value</u>	<u>Maturity</u>
Certificate of Deposit	\$48,468	4/2/06
Certificate of Deposit	5,894	1/28/06
Certificate of Deposit	1,398	1/24/06
Total Portfolio	<u>\$55,760</u>	

**6. RISK MANAGEMENT**

**Commercial Insurance**

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

- Comprehensive property and general liability

There were no significant reductions in coverage from prior years and claims have not exceeded insurance coverage in any of the past three years.

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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**

Union County Law Library Association  
Union County  
215 West Fifth Street  
Marysville, Ohio 43040

To the Board of Trustees:

We have audited the financial statements of the Union County Law Library Association, Union County, Ohio, (the Law Library) as of and for the year ended December 31, 2005, and December 31, 2004, which collectively comprise the Law Library's basic financial statements and have issued our report thereon dated July 14, 2006, wherein we noted the Law Library uses a comprehensive basis of accounting other than generally accepted accounting principles and revised its financial presentation comparable to the requirements of Government Accounting Standard No. 34. 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.

**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*. In a separate letter to the Law Library's management dated July 14, 2006, we reported other matters related to noncompliance we deemed immaterial.

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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

July 14, 2006

**UNION COUNTY LAW LIBRARY ASSOCIATION  
UNION COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2005 AND 2004**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2003-001	Ohio Rev. Code § 3375.54—Unallowable expenditures based on Ohio Rev. Code	Yes	N/A







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**LAW LIBRARY ASSOCIATION**

**UNION 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 12, 2006**