



**Auditor of State  
Betty Montgomery**



**GREENVILLE LAW LIBRARY ASSOCIATION  
DARKE COUNTY**

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## Auditor of State Betty Montgomery

### INDEPENDENT ACCOUNTANTS' REPORT

Law Library Association  
Darke County  
125 West Fifth Street  
Greenville, Ohio 45331

To the Board of Trustees:

We have audited the accompanying financial statements of the governmental activities and each major fund of Law Library Association, Darke County, (the Library), as of and for the years ended December 31, 2005 and 2004, 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 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 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 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 cash financial position of the governmental activities and each major fund of the Law Library Association as of December 31, 2005 and 2004, and the respective changes in 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 2004, the 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 May 22, 2006, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

May 22, 2006

**LAW LIBRARY ASSOCIATION  
DARKE COUNTY**

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

This discussion and analysis of the Darke County Law Library Association's, (the Library), financial performance provides an overall review of the Library's financial activities for the years ended December 31, 2005 and 2004, 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.

**Highlights**

Key highlights for **2005** are as follows:

- Net assets of governmental activities increased \$1,477, or approximately 3 ¼ percent, a significant change from the prior year when there was a 6 ½% decrease. The fund most affected by the increase in cash and cash equivalents was the Retained Fund, which realized the greatest increase in 2005 of \$1,477.
- The Library's general receipts are mostly from court fines from the Common Pleas Court through the Darke County Auditor and the Greenville City Auditor. Additionally, per the Ohio Revised Code a flat fee of \$1,250 per year is collected from the Darke County Clerk of Courts and from Darke County Juvenile Court. In total, these receipts represent 98 ½ % of the total cash received for governmental activities during the year. This year represents the first year for a change from a County Court to a Municipal Court operation and funding structure. New line items for the Greenville City Auditor as well as Juvenile Court are represented.
- General receipts were up approximately 15% over 2004. Disbursements were up slightly. Costs for print publications were down while costs for online services show an increase due to an advance payment yielding a 2% usage cost reduction. While the salary and fringe costs paid for the employees (librarian and assistant) show an approximate doubling over 2004, due to a timing issue, there was only a 1% salary increase for the librarian in 2005.
- Interest income of was also considerably higher than in 2004 due to higher interest rates, and increased receipts available to invest.
- The Retained Funds amount, which had been growing since 1995, declining only in 2004, saw an increase this year of \$1,477.

Key highlights for **2004** are as follows:

- Net assets of governmental activities decreased \$3,287, or approximately 6 ½ percent, a significant change from the prior year. The fund most affected by the decrease in cash and cash equivalents was the Retained Fund, which realized the greatest burden of increased costs in 2004.
- The Library's general receipts are mostly from court fines from the Common Pleas Court through the Darke County Auditor and from the Clerk of Courts. These receipts represent 98% of the total cash received for governmental activities during the year. Overall, Court fines were reduced. It has been reported by members of the Law Library Board that more Community Service was assigned than were fines.

**LAW LIBRARY ASSOCIATION  
DARKE COUNTY**

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

- While receipts were down approximately 21% over 2003, our disbursements were up slightly (costs for print publications were down slightly while costs for online services were up slightly). This was the first year since 1995 that the Law Library Board was not able to return unspent funds to the Commissioners, due to there being no excess of cash receipts over disbursements.
- Interest income of was also considerably lower than in 2003 due to lower interest rates, and reduced receipts available to invest.
- The Retained Funds amount, which had been growing since 1995, saw a decline this year.

**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, 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 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.

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.



**LAW LIBRARY ASSOCIATION  
DARKE COUNTY**

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

**Reporting the Government as a Whole**

The statement of net assets and the statement of activities reflect how the Library did financially during 2005 and 2004, within the limitations of modified cash basis accounting. The statement of net assets presents the cash balances of the Library at 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 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 include only Governmental activities and the Library's basic services are reported here, including use of online services and use of publications. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

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

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

**Governmental Funds** – The 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 Library's programs. The Library's governmental funds are presented on the financial statements in separate columns as both are considered to be major funds. The 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. We describe this relationship in reconciliations presented with the governmental fund financial statements.

**LAW LIBRARY ASSOCIATION  
DARKE COUNTY**

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

**The Government as a Whole**

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

<b>Table 1</b>			
<b>Net Assets</b>			
	<b>Governmental Activities</b>		
	<b>2005</b>	<b>2004</b>	<b>2003</b>
<b>Assets</b>			
Cash and Cash Equivalents	\$47,570	\$46,093	\$49,380
Total Assets:	<u>\$47,570</u>	<u>\$46,093</u>	<u>\$49,380</u>
<b>Net Assets</b>			
Restricted for:			
Other Purposes/Retained Funds	47,570	46,093	49,380
Total Net Assets:	<u>\$47,750</u>	<u>\$46,093</u>	<u>\$49,380</u>

As mentioned previously, net assets of governmental activities increased \$ 1,477 or approximately 3 ¼% during 2005. The primary reasons contributing to the increases in cash balances are as follows:

- The Library's general receipts are mostly from court fines. These receipts represented 98.1/2% of the total cash received for governmental activities during the year. Overall, funds received from Court fines increased. There was also a switch from a County Court to a Municipal Court system with a change in the funding structure and also funds being received from Juvenile Court for the first time
- Interest income was also considerably higher than in 2004 due to higher interest rates, and increased receipts available to invest.
- Salary increases reflect a timing issue and show two years' salaries for the librarian and assistant librarian. The increase to the librarian's salary was 1%. Increase to the assistant librarian was \$.50/hour.

As mentioned previously, net assets of governmental activities decreased \$ 3,287 or approximately 6 ½% during 2004. The primary reasons contributing to the decreases in cash balances are as follows:

- The Library's general receipts are mostly from court fines. These receipts represented 98% of the total cash received for governmental activities during the year. Overall, Court fines were reduced. It has been reported that more Community Service was assigned than were fines.
- Interest income of was also considerably lower than in 2003 due to lower interest rates, and reduced receipts available to invest.
- Increases in salaries were 2% as there was 0% change in 2003.

**LAW LIBRARY ASSOCIATION  
DARKE COUNTY**

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

Table 2 reflects the changes in net assets in 2005 and 2004. Since the Library did not prepare financial statements in this format for 2003, a comparative analysis of government-wide data has not been presented for 2003.

**Table 2  
Change in Net Assets**

	<b>Governmental Activities</b>	
	<b>2005</b>	<b>2004</b>
<b>Receipts:</b>		
<b>Service Receipts:</b>		
Charges for Services	\$88	\$132
<b>General Receipts:</b>		
Darke County Auditor	85,963	97,537
Greenville City Auditor	28,637	0
Darke County Clerk of Courts	1,250	1,250
Darke County Juvenile Court	1,250	0
Interest	1,067	450
Other Revenue	1,580	1,262
Total General Receipts	<u>119,747</u>	<u>100,499</u>
Total Receipts	<u>119,835</u>	<u>100,631</u>
<b>Disbursements:</b>		
Legal Publications	\$41,014	\$63,411
Salaries and Wages	16,569	0
Refunds per ORC	3,693	0
On Line Services	53,704	36,621
Insurance	1,187	1,109
Other Expenditures	378	1,958
Supplies	1,813	819
Total Disbursements	<u>\$118,358</u>	<u>\$103,918</u>

For 2005, general receipts represent 98 ½ percent of the Library's total receipts. Other receipts are very insignificant and somewhat unpredictable revenue sources.

For 2005, disbursements for the Library represent the overhead costs of running the Library. These include the costs of publications, online services, salaries and insurance.

For 2004, general receipts represent 98% percent of the Library's total receipts. Other receipts are very insignificant and somewhat unpredictable revenue sources.

For 2004, disbursements for the Law Library represent the overhead costs of running the library. These include the costs of publications, online services, salaries and insurance.

**LAW LIBRARY ASSOCIATION  
DARKE COUNTY**

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

**Governmental Activities**

If you look at the Statement of Activities on page 12 and 16, you will see that the first column lists the major services provided by the Library. The next column identifies the costs of reimbursing these services. For 2005, the major program disbursements for governmental activities are for publications and online research which account for approximately 35% and 45% of all Library disbursements, respectively. For 2004, the major program disbursements for governmental activities are for publications and online research which account for approximately 61% and 35% percent of all Law Library disbursements, respectively. A comparison between the total cost of services and the net cost is presented in Table 3 for 2005 and Table 4 for 2004.

**(Table 3)  
Governmental Activities**

	<b>Total Cost Of Services 2005</b>	<b>Charges for Services</b>	<b>Net Cost of Services 2005</b>
General Government			
Legal Publications	\$41,014		\$41,014
Salaries and Wages	16,569		16,569
Refunds per ORC	3,693		3,693
On line Services	53,704	\$88	53,616
Insurance	1,187		1,187
Supplies	1,813		1,813
Other Expenditures	378		378
<b>Total Expenses</b>	<b>\$118,358</b>	<b>\$88</b>	<b>\$118,270</b>

**(Table 4)  
Governmental Activities**

	<b>Total Cost Of Services 2004</b>	<b>Charges for Services</b>	<b>Net Cost of Services 2004</b>
General Government			
Legal Publications	\$63,411		\$63,411
On line Services	36,621	\$132	36,489
Insurance	1,109		1,109
Supplies	819		819
Other Expenditures	1,958		1,958
<b>Total Expenses</b>	<b>\$103,918</b>	<b>\$132</b>	<b>\$103,786</b>

**LAW LIBRARY ASSOCIATION  
DARKE COUNTY**

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

**The Government's Funds**

**In 2005:**

Total governmental funds had receipts of \$119,835 and disbursements of \$114,665. The greatest change within governmental funds occurred within the General Fund. There was a minimal increase in the cost of online services from 2004. It appears as a larger increase because a 2% discount on the total cost was made available for funds paid in for 2006 on our contract. There was a significant decrease in the cost of publications. The other changes were in increased receipts of over \$19,000. Other significant changes are reflected in receipts from Greenville City Auditor (previously just Darke Co. Auditor) and also Darke Co. Juvenile Court. Expenditures show an increase in salary which is due to timing.

The salary line shows a doubling over last year's expense because of a request to have the salary paid in January for that calendar year in lieu of December as was done previously. The salary for 2005 shows a 1% increase for the librarian only and a \$.50/hour increase for the assistant.

General Fund receipts were greater than disbursements by \$4,103 indicating that the General Fund/Retained Fund is in a positive spending situation. This is due to increased revenue and decreased expenses for legal publications.

**In 2004:**

Total governmental funds had receipts of \$100,631 and disbursements of \$103,918. The greatest change within governmental funds occurred within the General Fund, with funds from the Retained Funds being expended as well. With a minimal increase in the cost of online services from 2003 and a minimal decrease in the cost of publications, the greatest change in the balance of the Retained Fund (decrease of \$3287) is the result of decreased receipts.

The salary line shows "0" because of a request to have the salary paid in January for that calendar year in lieu of December as was done previously. The salary for 2004 shows a 2% increase, with a 0% increase in 2003.

General Fund receipts were less than disbursements by \$3,287 indicating that the General Fund/Retained Fund is in a deficit spending situation. It was the recommendation of the Board that numerous additional publications be cancelled.

Since the Government did not prepare financial statements in this format for 2003, a comparative analysis of government-wide data has not been presented. In future years, when prior year information is available, a comparative analysis will be presented.

**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. We rely heavily on Court fines. This will be the first full year with the change in funding from a County Court to a Municipal Court. 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 calendar year 2008.

**LAW LIBRARY ASSOCIATION  
DARKE COUNTY**

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

**Contacting the Government's Financial Management**

This financial report is designed to provide our citizens and taxpayers with a general overview of the Government's finances and to reflect the Government'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 Eileen Litchfield, Librarian or Jim Detling, Treasurer, Greenville Law Library Association (dba, Darke Co. Law Library, 124 West Fifth St., Greenville, Ohio 45441.

**LAW LIBRARY ASSOCIATION  
DARKE COUNTY**

**STATEMENT OF NET ASSETS - CASH BASIS  
DECEMBER 31, 2005**

	<u><b>Governmental Activities</b></u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$47,570</u>
Total Assets	<u><u>47,570</u></u>
<b>Net Assets</b>	
Restricted for:	
Other Purposes/Retained Funds	47,570
Unrestricted	<u>                    </u>
Total Net Assets	<u><u>\$47,570</u></u>

*See accompanying notes to the basic financial statements.*

**LAW LIBRARY ASSOCIATION  
DARKE COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<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>		
Current:		
Legal Publications	\$41,014	(\$41,014)
Salaries and Wages	16,569	(16,569)
Refunds per ORC	3,693	(3,693)
On line Services	53,704	(53,616)
	\$88	
Insurance	1,187	(1,187)
Supplies	1,813	(1,813)
Other Expenditures	378	(378)
Total Governmental Activities	<u>\$118,358</u>	<u>(118,270)</u>
 <b>General Receipts</b>		
Darke County Auditor		85,963
Greenville City Auditor		28,637
Darke County Juvenile Court.		1,250
Darke County Clerk Courts		1,250
Interest		1,067
Other Revenue		1,580
Total General Receipts		<u>119,747</u>
Change in Net Assets		1,477
Net Assets Beginning of Year		<u>46,093</u>
<b>Net Assets End of Year</b>		<u>\$47,570</u>

*See accompanying notes to the basic financial statements.*



**LAW LIBRARY ASSOCIATION  
DARKE COUNTY**

**STATEMENT OF ASSETS AND FUND BALANCES - CASH BASIS  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2005**

	<b>General</b>	<b>Retained Fund</b>	<b>Total Governmental Funds</b>
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$0	\$47,570	\$47,570
Total Assets	\$0	\$47,570	\$47,570
<b>Fund Balances</b>			
Unreserved:			
Undesignated Reported in:			
General Fund			
Retained Fund		47,570	47,570
Total Fund Balances	\$0	\$47,570	\$47,570

*See accompanying notes to the basic financial statements.*

**LAW LIBRARY ASSOCIATION  
DARKE COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES -  
CASH BASIS - GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>General</u>	<u>Retained Fund</u>	<u>Total Governmental Funds</u>
<b>Receipts</b>			
Darke County Auditor	\$85,963		\$85,963
Greenville City Auditor	28,637		28,637
Darke County Clerk of Courts	1,250		1,250
Darke County Juvenile Court	1,250		1,250
Fees for On-line Services	88		88
Interest		\$1,067	1,067
Other Revenue	1,580		1,580
Total Receipts	<u>118,768</u>	<u>1,067</u>	<u>119,835</u>
<b>Disbursements</b>			
Current:			
Legal Publications	41,014		41,014
Salaries and Wages	16,569		16,569
On line Services	53,704		53,704
Insurance	1,187		1,187
Supplies	1,813		1,813
Other Expenditures	378		378
Total Disbursements	<u>114,665</u>		<u>114,665</u>
Excess of Receipts Over (Under) Disbursements	<u>4,103</u>	<u>1,067</u>	<u>5,170</u>
<b>Other Financing Sources (Uses)</b>			
Remittance to Retained Funds	(410)	410	(3,693)
Remittance to County Auditor	(3,693)		(3,693)
Total Other Financing Sources (Uses)	<u>(4,103)</u>	<u>410</u>	<u>(7,386)</u>
Net Change in Fund Balances		1,477	1,477
Fund Balances Beginning of Year		<u>46,093</u>	<u>46,093</u>
<b>Fund Balances End of Year</b>	<u>\$0</u>	<u>\$47,570</u>	<u>\$47,570</u>

*See accompanying notes to the basic financial statements .*

**LAW LIBRARY ASSOCIATION  
DARKE COUNTY**

**STATEMENT OF NET ASSETS - CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u><b>Governmental Activities</b></u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$46,093</u>
Total Assets	<u><u>46,093</u></u>
<b>Net Assets</b>	
Restricted for:	
Other Purposes/Retained Funds	46,093
Unrestricted	
Total Net Assets	<u><u>\$46,093</u></u>

*See accompanying notes to the basic financial statements.*

**LAW LIBRARY ASSOCIATION  
DARKE COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<b>Cash Disbursements</b>	<b>Program Cash Receipts</b>	<b>Net (Disbursements) Receipts and Changes in Net Assets</b>
		<b>Charges for Services</b>	<b>Governmental Activities</b>
<b>Governmental Activities</b>			
Current:			
Legal Publications	\$63,411		(\$63,411)
On line Services	36,621	\$132	(36,489)
Insurance	1,109		(1,109)
Supplies	819		(819)
Other Expenditures	1,958		(1,958)
	<u>\$103,918</u>	<u>\$132</u>	<u>(103,786)</u>
Total Governmental Activities	<u>\$103,918</u>	<u>\$132</u>	<u>(103,786)</u>
 <b>General Receipts</b>			
Darke County Auditor			97,537
Darke County Clerk of Courts			1,250
Interest			450
Other Revenue			1,262
Total General Receipts			<u>100,499</u>
Change in Net Assets			(3,287)
Net Assets Beginning of Year			<u>49,380</u>
<b>Net Assets End of Year</b>			<u>\$46,093</u>

*See accompanying notes to the basic financial statements.*

**LAW LIBRARY ASSOCIATION  
DARKE COUNTY**

**STATEMENT OF ASSETS AND FUND BALANCES - CASH BASIS  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<b>General</b>	<b>Retained Fund</b>	<b>Total Governmental Funds</b>
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$0	\$46,093	\$46,093
Total Assets	\$0	\$46,093	\$46,093
<b>Fund Balances</b>			
Unreserved:			
Undesignated Reported in:			
General Fund			
Retained Fund		46,093	46,093
Total Fund Balances	\$0	\$46,093	\$46,093

*See accompanying notes to the basic financial statements.*

**LAW LIBRARY ASSOCIATION  
DARKE COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES -  
CASH BASIS - GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>General</u>	<u>Retained Fund</u>	<u>Total Governmental Funds</u>
<b>Receipts</b>			
Darke County Auditor	\$97,537		\$97,537
Darke County Clerk of Courts	1,250		1,250
Fees for Online services	132		132
Interest	450		450
Other Revenue	1,262		1,262
<b>Total Receipts</b>	<u>100,631</u>		<u>100,631</u>
<b>Disbursements</b>			
Current:			
Legal Publications	63,411		63,411
On line Services	36,621		36,621
Insurance	1,109		1,109
Supplies	819		819
Other Expenditures	1,958		1,958
<b>Total Disbursements</b>	<u>103,918</u>		<u>103,918</u>
Excess of Receipts Over (Under) Disbursements	<u>(3,287)</u>		<u>(3,287)</u>
<b>Other Financing Sources (Uses)</b>			
Remittance to Retained Funds	<u>3,287</u>	<u>(\$3,287)</u>	
<b>Total Other Financing Sources (Uses)</b>	<u>3,287</u>	<u>(3,287)</u>	
Net Change in Fund Balances	(0)	(3,287)	(3,287)
Fund Balances Beginning of Year		<u>49,380</u>	<u>49,380</u>
<b>Fund Balances End of Year</b>	<u>(\$0)</u>	<u>\$46,093</u>	<u>\$46,093</u>

*See accompanying notes to the basic financial statements.*

**LAW LIBRARY ASSOCIATION  
DARKE COUNTY**

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

**1. REPORTING ENTITY**

The Darke County Law Library (the Library) is directed by a board of seven trustees who are elected for a three year term by members of the Darke 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 communication 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 Darke County Commissioners are required by ORC Section 3375.49 to provide adequate facilities for the Library. The Board of County Commissioners is required to provide suitable bookcases, heating and lighting for the rooms.

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

The Library's management believes these financial statements 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 may 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.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

As discussed further in Note 2.C, 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 modified cash basis of accounting. In the government-wide financial statements and the fund financial statements for the proprietary funds, 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 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.

**LAW LIBRARY ASSOCIATION  
DARKE COUNTY**

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

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

**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.

**1. Government-Wide Financial Statements**

The statement of net assets and the statement of activities display information about the Library as a whole. These statements include the financial activities of the primary government. Governmental activities generally are financed through taxes, intergovernmental receipts or other non-exchange transactions.

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 function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Library is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program and receipts of interest earned on grants that is required to be used to support a particular program. 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 governmental function is self-financing on a cash basis or draws from the Library's general receipts.

**2. 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 financial statements is on major funds. Each of the Library's two public funds are considered to be major funds and are 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 Library only has one category of funds, which is governmental.

**1. Governmental Funds**

The Library classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other non-exchange transactions as governmental funds. The Library's major governmental funds are the General Fund and the Retained Monies Fund.



**LAW LIBRARY ASSOCIATION  
DARKE COUNTY**

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

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

**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 § 3375.56. At the end of each calendar year the Library is permitted under law to retain up to ten percent of their unencumbered balance.

**C. Basis of Accounting**

The Library's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, 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. Any such modifications made by the Library are described in the appropriate section in this note.

As a result of the use of this 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 Library is pooled and invested. Individual fund integrity is maintained through Library records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

Investments of the cash management pool and 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, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts (contra revenue), respectively.

During 2005 and 2004, the Library invested in nonnegotiable certificates of deposit. The nonnegotiable certificates of deposit fund are recorded at the amount reported by Edward Jones and the Second National Bank on December 31.

Interest earnings are allocated to Library funds according to State statutes. Interest receipts credited to the General Fund during 2004 was \$450 and interest receipts credited to Retained Monies Fund in 2005 was \$1,067.

**LAW LIBRARY ASSOCIATION  
DARKE COUNTY**

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

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

**E. Restricted Assets**

Cash, cash equivalents and investments are reported as restricted when limitations 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.

**F. Inventory and Prepaid Items**

The 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**

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

**H. Interfund Receivables/Payables**

The Library reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

**I. Accumulated Leave**

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Library's modified cash basis of accounting.

**J. Refund to Relative Income Sources**

If certain conditions are met, the Library is required to refund at least ninety percent of any *unencumbered* balance to political subdivisions that provided revenues to the Library. See Footnote 4 for additional information.

**K. Employer Contributions to Cost-Sharing Pension Plans**

The Library recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 7 and 8, the employer contributions include portions for pension benefits and for postretirement health care benefits.

**L. 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.

**M. 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 fund balance indicates that portion of fund balance which is available for appropriation in future periods.

**LAW LIBRARY ASSOCIATION  
DARKE COUNTY**

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

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

**N. 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.

**3. CHANGE IN BASIS OF ACCOUNTING AND RESTATEMENT OF FUND EQUITY**

Through 2003 the Library reported fund financial statements by fund type using the regulatory basis of accounting as prescribed by the State Auditor's Office. In 2004 and 2005 the Library implemented the cash basis of accounting described in Note 2. The fund financial statements now present each major fund in a separate column rather than a column for each fund type.

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

In any year that revenues exceed disbursements, the Library refunds at least ninety percent of the 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 2005 and 2004.

<b>Balance at December 31, 2003</b>	
<b>Refunded and Retained During Calendar Year 2004</b>	
Balance at December 31, 2003	\$0
Refunded to Relative Sources during 2004	0
Retained Funds Amount during 2004	\$0

  

<b>Balance at December 31, 2004</b>	
<b>Refunded and Retained During Calendar Year 2005</b>	
Balance at December 31, 2004	\$4,103
Refunded to Relative Sources during 2005	3,693
Retained Funds Amount during 2005	\$410

**5. EQUITY IN POOLED CASH AND INVESTMENTS**

Monies held by the Library are classified by State statute into three categories.

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.

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 deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

**LAW LIBRARY ASSOCIATION  
DARKE COUNTY**

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

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

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 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 Library can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States 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 Marketing Association. All federal agency securities shall be direct issuances 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 agreement 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 deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations 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 institutions;
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 obligation or debt of the 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 Library had no un-deposited cash on hand.

**A. Deposits**

The Library has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Library or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

**LAW LIBRARY ASSOCIATION  
DARKE COUNTY**

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

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

**B. Investments**

The Library's investment policy is limited to complying with state statute. All investments are nonnegotiable certificate of deposits.

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

	<u>Value</u>	<u>Maturity</u>
Certificate of Deposit	\$ 6,532.17	01/27/05
Certificate of Deposit	14,985.00	03/29/05
Money Market	2,533.18	N/A
Total Portfolio	<u>\$24,050.35</u>	

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

	<u>Value</u>	<u>Maturity</u>
Certificate of Deposit	\$ 5,000.00	12/27/05
Certificate of Deposit	14,997.90	01/04/06
Money Market	22,009.09	N/A
Total Portfolio	<u>\$42,006.99</u>	

Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The Library's investment policy addresses interest rate risk by requiring that the Library's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments, thereby avoiding that need to sell securities on the open market prior to maturity, and by investing operating funds primarily in short-term investments.

The Library has no investment policy dealing with investment custodial risk beyond the requirements in ORC 135.14(M)(2) which states, "Payment for investments shall be made only upon the delivery of securities representing such investments to the treasurer, investing authority, or qualified trustee. If the securities transferred are not represented by a certificate, payment shall be made only upon receipt of confirmation of transfer from the custodian by the treasurer, governing board, or qualified trustee."

**6. RISK MANAGEMENT**

**Commercial Insurance**

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

- Comprehensive property and general liability;
- Electronic data processing; and
- Valuable papers.

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

**LAW LIBRARY ASSOCIATION  
DARKE COUNTY**

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

**7. DEFINED BENEFIT PENSION PLAN**

**Ohio Public Employees Retirement System**

The Library participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings.

The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-6705 or (800) 222-7377.

For the years ended December 31, 2005 and 2004, the members participated in the traditional plan, and were required to contribute 8.5 percent of their annual covered salaries. The Library's contribution rate for pension benefits for 2005 and 2004 was 13.55 percent. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Library's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2005, 2004, and 2003 were \$928, \$931, and \$1,109 respectively. The full amount has been contributed for 2005, 2004 and 2003. The Public Employees Retirement System of Ohio (PERS) is a state operated, cost-sharing, multiple employer public employee retirement system. PERS provides retirement benefits to vested employees who are eligible to retire based upon years of service. PERS also provides survivor and disability benefits to vested employees.

**8. POSTEMPLOYMENT BENEFITS**

**Ohio Public Employees Retirement System**

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Post-employment Benefit as described in *GASB Statement No. 12*. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2005 local government employer contribution rate was 13.55 percent of covered payroll. 4.00 percent of covered payroll was the portion that was used to fund health care.

**LAW LIBRARY ASSOCIATION  
DARKE COUNTY**

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

**8. POSTEMPLOYMENT BENEFITS (Continued)**

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2004, include a rate of return on investments of 8.00 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase between 1.00 and 6.00 percent annually for the next eight years and 4.00 percent annually after eight years.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually.

The number of active contributing participants in the traditional and combined plans was 369,885. Actual employer contributions for 2005 and 2004 which were used to fund post-employment benefits were \$276 and \$284, respectively. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2004, (the latest information available) were \$10.5 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$26.9 billion and \$16.4 billion, respectively.

On September 9, 2005, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2008. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care costs.

**9. FUNDS WITH FISCAL AGENT**

Darke County handles payroll transactions for the Law Library including the payment of retirement and remittance of amounts withheld. The Library had amounts on deposit with Darke County of \$398 and \$0 as of December 31, 2005 and 2004 respectively.

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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***

Law Library Association  
Darke County  
125 West Fifth Street  
Greenville, Ohio 45331

To the Board of Trustees:

We have audited the financial statements of the governmental activities and each major fund of the Law Library Association, Darke County, (the Library) as of and for the years ended December 31, 2005 and 2004, which collectively comprise the Library's basic financial statements and have issued our report thereon dated May 22, 2006, wherein we noted the District uses a comprehensive basis of accounting other than generally accepted accounting principles and revised its financial presentation comparable to the requirements of Governmental 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 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.

#### **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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[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

We intend this report solely for the information and use of the management and 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

May 22, 2006



**Auditor of State  
Betty Montgomery**

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140

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800-282-0370

Facsimile 614-466-4490

**LAW LIBRARY ASSOCIATION**

**DARKE COUNTY**

**CLERK'S CERTIFICATION**

**This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.**

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JUNE 13, 2006**