



**Auditor of State  
Betty Montgomery**



CINCINNATI LAW LIBRARY ASSOCIATION  
HAMILTON COUNTY

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**Auditor of State  
Betty Montgomery**

Cincinnati Law Library Association  
Hamilton County  
1000 Main Street  
Room 601  
Cincinnati, Ohio 45202

To the Board of Trustees:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

A handwritten signature in cursive script that reads "Betty Montgomery".

**Betty Montgomery**  
Auditor of State

February 21, 2006

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## Auditor of State Betty Montgomery

### INDEPENDENT ACCOUNTANTS' REPORT

Cincinnati Law Library Association  
Hamilton County  
1000 Main Street  
Room 601  
Cincinnati, Ohio 45202

To the Board of Trustees:

We have audited the accompanying financial statements of the general fund of the Cincinnati Law Library Association, Hamilton County, Ohio (the Library), as of and for the years ended December 31, 2004 and 2003. These financial statements are the responsibility of the Library's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The financial statements present only the general fund and do not intend to present fairly the financial position or results of operations of the all Library funds.

As described more fully in Note 1, the Library has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Revisions to GAAP would require the Library to reformat its financial statement presentation and make other changes effective for the year ended December 31, 2004. Instead of the general fund the accompanying financial statements present for 2004 (and 2003), the revisions require presenting entity wide statements for 2004. While the Library does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Library has elected not to reformat its statements. Since this Library does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the year ended December 31, 2004 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Library as of February 21, 2006, or its changes in financial position for the year then ended.

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

The aforementioned revision to generally accepted accounting principles also requires the Library to include Management's Discussion and Analysis for the year ended December 31, 2004. The Library has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

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



**Betty Montgomery**  
Auditor of State

February 21, 2006



**CINCINNATI LAW LIBRARY ASSOCIATION  
HAMILTON COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
GENERAL FUND  
FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003**

	<b>2004</b>	<b>2003</b>
<b>Cash Receipts:</b>		
Fine and Forfeitures	\$833,563	\$915,206
Interest	251	69
Miscellaneous Receipts	18,481	20,333
Total Cash Receipts	852,295	935,608
<b>Cash Disbursements:</b>		
Supplies and Materials	605,539	664,677
Equipment	5,688	7,809
Salaries and Benefits	249,284	252,180
Miscellaneous	38,562	57,988
Total Cash Disbursements	899,073	982,654
Total Cash Receipts (Under) Cash Disbursements	(46,778)	(47,046)
<b>Other Financing Receipts:</b>		
Loan from Private Funds	0	114,400
Total Other Financing Receipts	0	114,400
Excess (Deficiency) of Cash Receipts and Other Financing Receipts Over (Under) Cash Disbursements	(46,778)	67,354
Public Fund Cash Balances, January 1	46,806	(20,548)
<b>Public Fund Cash Balances, December 31</b>	<b>\$28</b>	<b>\$46,806</b>

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

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**CINCINNATI LAW LIBRARY ASSOCIATION  
HAMILTON COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Cincinnati Law Library Association, (the Library) is governed by a board of twelve trustees. Nine of the members are elected annually by the voting members of the Law Library. One member is appointed by the presiding Judge of the Court of Common Pleas and two members are appointed by the Cincinnati Bar Association. The Library provides free access to all county officers and the judges of the several courts within the county.

The Library operates by receiving a portion of fine and forfeiture monies from the courts (and any associated interest) under Ohio Revised Code (ORC) §§ 3375.50 to .53, inclusive. ORC § 3375.54 authorizes the Library to disburse funds to purchase, lease or rent lawbooks; computer communications consoles to access a system of computerized legal research; microfilm materials and equipment, videotape materials and equipment; audio or visual materials and equipment; and other services, materials, and equipment that provide legal information or facilitate legal research.

ORC §3375.49 requires the Hamilton County Commissioners to provide adequate facilities for the Library, including suitable bookcases, heating and lighting for the rooms.

The Board of Trustees hire a librarian and not more than two assistant law librarians. The Judges of the Court of Common Pleas of Hamilton County fix these librarians' compensation pursuant to ORC § 3375.48. If the Library provides free access to all county officers and the judges of the several courts, the County treasury pays the librarians' salary. If the Library does not provide free access, the Library must pay the librarians' salary.

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.

**B. Basis of Accounting**

These financial statements follow the basis of accounting the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Library recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred.

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

**CINCINNATI LAW LIBRARY ASSOCIATION  
HAMILTON COUNTY**

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

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

**C. Cash and Investments**

The Library's accounting basis includes Investments as assets. Accordingly, this basis does not record disbursements for investment purchases or receipts for investment sales. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

Money market mutual funds are recorded at share values the mutual fund reports.

**D. Fund Accounting**

The Library uses fund accounting to segregate cash and investments that are restricted as to use. The Library accounts for all statute financial activity in the General Fund. The majority of the statute resources are receipts from Hamilton County Municipal Court Fines.

**E. Property, Plant, and Equipment**

The Library records disbursements for equipment acquisitions when paid. The accompanying financial statements do not report these items as assets. The Library deems computers, copiers, fax machines, and other items related toward facilitating the use of equipment as equipment.

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

The Library maintains a cash and investments pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 follows:

	2004	2003
Demand deposits	(\$21,047)	\$25,931
Fountain Square U.S. Treasury Mutual Fund	21,075	20,875
Total deposits	\$28	\$46,806

Although the carrying amount of deposits was a negative \$21,047 at December 31, 2004, the bank balance was \$94,947. The variance is due to reconciling items.

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

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

**CINCINNATI LAW LIBRARY ASSOCIATION  
HAMILTON COUNTY**

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

**3. DEBT**

Debt outstanding at December 31, 2004 was as follows:

	Principal	Interest Rate
Loan from Private Funds	\$355,500	0.0%

The Cincinnati Law Library Association receives membership dues and financial gifts from its members and supporters. These monies are the private funds of the Cincinnati Law Library Association, not public moneys. These monies are recorded in the Private Fund. Upon approval of the Board of Trustees of the Cincinnati Law Library Association, which is elected by its membership, the Private Fund periodically during the audit period loaned monies to the Public Fund (the statutory fund) to assist the Library in meeting its statutory requirements. During the audit period the Cincinnati Law Library Association loaned the Library a total of \$114,400. In addition to the loans made during the audit period, the Cincinnati Law Library Association also loaned the Library \$144,000 in 2002 and \$136,600 in 2001.

On May 29, 2003, the Library Board established a payment schedule to repay the loan of \$395,500 in annual installments of \$39,500, over 10 years, starting December 2004. On October 28, 2004, the Cincinnati Law Library Association approved forgiveness of \$39,500 of the debt.

This loan is not collateralized. However, the Library Board anticipates being able to repay the loan by reducing future contract expenditures, cutting Library staff through attrition, and increasing revenue with interest income from their sweep account and Municipal fine receipts.

As of December 31, 2004 and 2003, the Library's unaudited private fund cash and investments, after transfers to the Public Funds, were adequate to cover the deficit

Amortization of the above debt, including interest, is scheduled as follows:

	Loan from Private Fund
Year ending December 31:	
2005	\$39,500
2006	39,500
2007	39,500
2008	39,500
2009	39,500
2010 - 2012	158,000
Total	\$355,500

**CINCINNATI LAW LIBRARY ASSOCIATION  
HAMILTON COUNTY**

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

**4. RISK MANAGEMENT**

**Commercial Insurance**

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

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.



## **Auditor of State Betty Montgomery**

### **INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

Cincinnati Law Library Association  
Hamilton County  
1000 Main Street  
Room 601  
Cincinnati, Ohio 45202

To the Board of Trustees:

We have audited the financial statements of the Cincinnati Law Library Association, Hamilton County, Ohio (the Library), as of and for the year ended December 31, 2004 and 2003, and have issued our report thereon dated February 21, 2006, wherein we noted the Library followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We also disclosed the financial statements include only the general fund. 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 to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the Library's management dated February 21, 2006, we reported other matters involving internal control over financial reporting we did not deem a reportable condition.

#### **Compliance and Other Matters**

As part of reasonably assuring whether the Library's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Cincinnati Law Library Association  
Hamilton County  
Independent Accountants' Report on Internal Control Over  
Financial Reporting and on Compliance and Other Matters  
Required by *Government Auditing Standards*  
Page 2

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

February 21, 2006



CINCINNATI LAW LIBRARY ASSOCIATION  
HAMILTON COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2005

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>
2002-001	Negative fund balance, and no repayment plan for loans.	Yes.	





**Auditor of State  
Betty Montgomery**

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**CINCINNATI LAW LIBRARY ASSOCIATION**

**HAMILTON 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  
MARCH 9, 2006**