



**Auditor of State  
Betty Montgomery**



**HARDIN COUNTY LAW LIBRARY ASSOCIATION  
HARDIN COUNTY**

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**Auditor of State  
Betty Montgomery**

Hardin County Law Library Association  
Hardin County  
One Courthouse Square  
Kenton, Ohio 43326

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

June 13, 2005

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## Auditor of State Betty Montgomery

### INDEPENDENT ACCOUNTANTS' REPORT

Hardin County Law Library Association  
Hardin County  
One Courthouse Square  
Kenton, Ohio 43326

To the Board of Trustees:

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

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

The financial statements present only the general fund and the retained monies 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 Law 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 Law Library to reformat its financial statement presentation and make other changes effective for the year ended December 31, 2004. While the Law 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 Law Library has elected not to reformat its statements. Since this Law 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 Law Library as of December 31, 2004, or their changes in financial position for the year then ended.

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

The aforementioned revision to generally accepted accounting principles also requires the Law Library to include Management's Discussion and Analysis for the year ended December 31, 2004. The Law 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 June 13, 2005, 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 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

June 13, 2005



**HARDIN COUNTY LAW LIBRARY ASSOCIATION  
HARDIN COUNTY**

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

	<b>General Fund</b>	<b>Retained Monies Fund</b>	<b>Totals (Memorandum Only)</b>
<b>Cash Receipts:</b>			
Hardin County Auditor	\$50,084		\$50,084
City of Kenton	7,929		7,929
Hardin County Clerk of Courts	1,250		1,250
Municipal Court First 4000	4,000		4,000
Interest		403	403
Miscellaneous Receipts	504		504
<b>Total Cash Receipts</b>	<b>63,767</b>	<b>403</b>	<b>64,170</b>
<b>Cash Disbursements:</b>			
Books, Pamphlets, Updates, Etc.	42,154		42,154
Office Services	865		865
Office Supplies	232		232
Internet Services	17,972		17,972
Refunds to Relative Income Sources - See Note 2	779		779
<b>Total Cash Disbursements</b>	<b>62,002</b>		<b>62,002</b>
<b>Total Cash Receipts Over Cash Disbursements</b>	<b>1,765</b>	<b>403</b>	<b>2,168</b>
<b>Other Financing Receipts (Disbursements):</b>			
Remittance to Retained Funds	(90)	90	
<b>Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements</b>	<b>1,675</b>	<b>493</b>	<b>2,168</b>
<b>Public Fund Cash Balances, January 1</b>	<b>869</b>	<b>40,067</b>	<b>40,936</b>
<b>Public Fund Cash Balances, December 31</b>	<b>\$2,544</b>	<b>\$40,560</b>	<b>\$43,104</b>

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

**HARDIN COUNTY LAW LIBRARY ASSOCIATION  
HARDIN COUNTY**

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

	<u>General Fund</u>	<u>Retained Monies Fund</u>	<u>Totals (Memorandum Only)</u>
<b>Cash Receipts:</b>			
Hardin County Auditor	\$54,450		\$54,450
City of Kenton	13,934		13,934
Clerk of Courts	1,250		1,250
Municipal Court First 4000	4,000		4,000
Interest		435	435
Miscellaneous Receipts	1,608		1,608
	<u>75,242</u>	<u>435</u>	<u>75,677</u>
<b>Cash Disbursements:</b>			
Books, Pamphlets, Etc.	54,885		54,885
Office Supplies	1,634		1,634
Internet Services	15,994	5,880	21,874
Refunds to Relative Income Sources - See Note 2	822		822
Audit Costs	1,860		1,860
	<u>75,195</u>	<u>5,880</u>	<u>81,075</u>
Total Cash Receipts Over/(Under) Cash Disbursements	47	(5,445)	(5,398)
<b>Other Financing Receipts/(Disbursements):</b>			
Remittance to Retained Funds	(91)	91	
(Deficiency) of Cash Receipts and Other Financing Receipts (Under) Cash Disbursements and Other Financing Disbursements	(44)	(5,354)	(5,398)
Public Fund Cash Balances, January 1	<u>913</u>	<u>45,421</u>	<u>46,334</u>
<b>Public Fund Cash Balances, December 31</b>	<u><u>\$869</u></u>	<u><u>\$40,067</u></u>	<u><u>\$40,936</u></u>

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

**HARDIN COUNTY LAW LIBRARY ASSOCIATION  
HARDIN COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Hardin County Law Library Association, Hardin County, (the "Library"), is governed by a board of eight trustees. The Hardin County Common Pleas Judges elect the board members. The Law Library provides access to 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 Hardin County Commissioners to provide adequate facilities for the 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 Hardin County fix these librarians' 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 librarians' salary. If the does not provide free access, the must pay the librarians' salary.

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

The Law Library deems some funds it receives as private monies. Private monies include: membership dues, overdue book charges, and photocopying charges. Fees the Law Library collects for the use of books and copiers remain private even though the books and copiers may have been purchased with public funds. The Law Library need not comply with ORC § 3375.54 when disbursing private money. 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. This basis of accounting 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.

**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.

The checking and money market accounts are valued at cost.

**HARDIN COUNTY LAW LIBRARY ASSOCIATION  
HARDIN COUNTY**

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

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

**D. Fund Accounting**

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

**1. General Fund**

The General Fund accounts for all financial resources except those required to be accounted for in another fund.

**2. Retained Monies Fund**

Retained Monies Fund reports funds the Law Library retains under Ohio Revised Code § 3375.56. At the end of each calendar year the Law Library may retain up to ten percent of their unencumbered balance. See footnote 2 for additional information.

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

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

**F. Refund to Relative Income Sources**

If certain conditions are met, Ohio Revised Code § 3375.56 requires the Law Library to refund at least ninety percent of any unencumbered balance to political subdivisions that provided revenues to the Library. See Footnote 3 for additional information

**G. Total Columns on Financial Statements**

Total columns on the financial statements are captioned (Memorandum Only) to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, or results of operations in conformity with the Library's accounting basis. Neither is such data comparable to a consolidation. The Law Library does not eliminate interfund transactions when aggregating this data.

**2. REFUND TO RELATIVE INCOME SOURCES AND AMOUNT RETAINED**

In any year that receipts exceed disbursements, the Law Library refunds at least ninety percent of the balance to the political subdivisions who provided the funds and retains the remainder. Ohio Revised Code § 3375.56 requires this "refund to relative income sources." The following tables present the refunded and retained amounts during 2004 and 2003.

<b>Unencumbered Balance at December 31, 2003</b>	
<b>Refunded and Retained During Calendar Year 2004</b>	
Unencumbered Balance at December 31, 2003	\$869
Refunded to Relative Sources during 2004	779
Retained Funds Amount during 2004	<u>\$90</u>

**HARDIN COUNTY LAW LIBRARY ASSOCIATION  
HARDIN COUNTY**

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

**2. REFUND TO RELATIVE INCOME SOURCES AND AMOUNT RETAINED (Continued)**

<b>Unencumbered Balance at December 31, 2002</b>	
<b>Refunded and Retained During Calendar Year 2003</b>	
Unencumbered Balance at December 31, 2002	\$913
Refunded to Relative Sources during 2003	822
Retained Funds Amount during 2003	\$91

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

The Law 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	\$2,544	\$869
Money Market Account	40,560	40,067
Total deposits	\$43,104	\$40,936

**Deposits:** Deposits are insured by the Federal Depository Insurance.

**4. RISK MANAGEMENT**

The Law Library is covered under the Hardin County policy for the following risks:

- Comprehensive property and general liability;

The Law Library has elected to not cover the office equipment which is in the Courthouse.

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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***

Hardin County Law Library Association  
Hardin County  
One Courthouse Square  
Kenton, Ohio 43326

To the Board of Trustees:

We have audited the financial statements of the Hardin County Law Library Association, Hardin County, (the "Law Library"), as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated June 13, 2005, wherein we noted the Law 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 and the retained monies 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 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. In a separate letter to the Law Library's management dated June 13, 2005, we reported an other matter involving internal control over financial reporting we did not deem a reportable condition

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

As part of reasonably assuring whether the 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 an instance of noncompliance or other matter we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2004-001. In a separate letter to the Law Library's management dated June 13, 2005, we reported another matter related to noncompliance we deemed immaterial.

One First National Plaza / 130 W. Second St. / Suite 2040 / Dayton, OH 45402  
Telephone: (937) 285-6677 (800) 443-9274 Fax: (937) 285-6688  
[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

Hardin County Law Library Association  
Hardin 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 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

June 13, 2005



**HARDIN COUNTY LAW LIBRARY ASSOCIATION  
HARDIN COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2004 AND 2003**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

**FINDING NUMBER 2004-001**

**Ohio Rev. Code Section 117.38** states that cash-basis entities must file annual reports with the Auditor of State within 60 days of the fiscal year end. These reports must be filed on forms prescribed by the Auditor of State. However, if the Auditor of State has not prescribed a form for the report, the public office shall submit its report on the form utilized by the public office. Also, the public office must publish notice in a local newspaper stating the financial report is available for public inspection at the office of the chief fiscal officer.

The Law Library did not file its 2004 and 2003 annual financial reports with the Auditor of State or publish notice that they were available for public inspection.

The Board should implement monitoring procedures to help assure the filing and public notification of annual financial reports.





**Auditor of State  
Betty Montgomery**

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

Telephone 614-466-4514  
800-282-0370

Facsimile 614-466-4490

**HARDIN COUNTY LAW LIBRARY ASSOCIATION**

**HARDIN 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  
AUGUST 4, 2005**