



**Auditor of State
Betty Montgomery**

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HARRISON COUNTY LAW LIBRARY ASSOCIATION
HARRISON COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Cover Letter	1
Independent Accountants' Report.....	3
Statement of Cash Receipts, Cash Disbursements, and Changes in Cash Balances - All Public Funds - For the Year Ended December 31, 2005.....	5
Statement of Cash Receipts, Cash Disbursements, and Changes in Cash Balances - All Public Funds - For the Year Ended December 31, 2004.....	6
Notes to the Financial Statements	7
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	11

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**Auditor of State
Betty Montgomery**

Harrison County Law Library Association
Harrison County
117 West Market Street
Cadiz, Ohio 43907-0427

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.

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Betty Montgomery
Auditor of State

September 8, 2006

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Harrison County Law Library Association
Harrison County
117 West Market Street
Cadiz, Ohio 43907-0427

To the Board of Trustees:

We have audited the accompanying financial statements of general fund and the retained monies fund of the Harrison County Law Library Association, Harrison County, (the Library) as of and for the years ended December 31, 2005 and 2004. 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 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 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 years ended December 31, 2005 and 2004. Instead of the accompanying financial statements present for 2005 and 2004, the revisions require presenting entity wide statements for 2005 and 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 years ended December 31, 2005 and 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 December 31, 2005 and 2004, or its changes in financial position for the years then ended.

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Also in our opinion, the financial statements referred to above present fairly, in all material respects, the fund cash balances and reserves for encumbrances of the Library's general fund and the retained monies fund as of December 31, 2005 and 2004, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

As discussed in Note 3, the Library has included activity associated with the Retained Monies Fund.

The aforementioned revision to generally accepted accounting principles also requires the Library to include Management's Discussion and Analysis for the years ended December 31, 2005 and 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 September 8, 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

September 8, 2006

HARRISON COUNTY LAW LIBRARY ASSOCIATION
HARRISON COUNTY

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

	General Fund	Retained Monies Fund	Totals (Memorandum Only)
Cash Receipts:			
Fine and Forfeitures	\$34,842		\$34,842
Total Cash Receipts	34,842		34,842
Cash Disbursements:			
Supplies and Materials	26,635		26,635
Refunds to Relative Income Sources - See Note 3	13,360		13,360
Equipment	3,439		3,439
Travel Reimbursements	1,718		1,718
Total Cash Disbursements	45,152		45,152
Total Cash Receipts Over/(Under) Cash Disbursements	(10,310)		(10,310)
Other Financing Receipts/(Disbursements):			
Remittance to Retained Funds	(1,484)	\$1,484	
Total Other Financing Receipts/(Disbursements)	(1,484)	1,484	
Excess (Deficiency) of Cash Receipts and Other Financing Receipts Over (Under) Cash Disbursements and Other Financing Disbursements	(11,794)	1,484	(10,310)
Public Fund Cash Balances, January 1	22,233	14,629	36,862
Public Fund Cash Balances, December 31	\$10,439	\$16,113	\$26,552
Reserves for Encumbrances, December 31	\$0	\$0	\$0

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

**HARRISON COUNTY LAW LIBRARY ASSOCIATION
HARRISON COUNTY**

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

	<u>General Fund</u>	<u>Retained Monies Fund</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:			
Fine and Forfeitures	\$33,827		\$33,827
Total Cash Receipts	<u>33,827</u>		<u>33,827</u>
Cash Disbursements:			
Supplies and Materials	15,584		15,584
Refunds to Relative Income Sources - See Note 3	29,358		29,358
Utilities	2,810		2,810
Miscellaneous	200		200
Total Cash Disbursements	<u>47,952</u>		<u>47,952</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(14,125)</u>		<u>(14,125)</u>
Other Financing Receipts/(Disbursements):			
Remittance to Retained Funds	<u>(3,262)</u>	<u>\$3,262</u>	
Total Other Financing Receipts/(Disbursements)	<u>(3,262)</u>	<u>3,262</u>	
Excess (Deficiency) of Cash Receipts and Other Financing Receipts Over (Under) Cash Disbursements and Other Financing Disbursements	<u>(17,387)</u>	<u>3,262</u>	<u>(14,125)</u>
Public Fund Cash Balances, January 1 (Restated See Note 3)	<u>39,620</u>	<u>11,367</u>	<u>50,987</u>
Public Fund Cash Balances, December 31	<u>\$22,233</u>	<u>\$14,629</u>	<u>\$36,862</u>
Reserves for Encumbrances, December 31	<u>\$7,389</u>	<u>\$0</u>	<u>\$7,389</u>

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

**HARRISON COUNTY LAW LIBRARY ASSOCIATION
HARRISON COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Harrison County Law Library Association (the Library) is governed by a board of five trustees. Members of the Harrison County Bar Association annually elect the board members. The Library provides 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 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 Harrison County Commissioners to provide adequate facilities for the Library, including suitable bookcases, heating and lighting for the rooms.

The Board of Trustees elect a librarian and not more than two assistant law librarians. The Judges of the Court of Common Pleas of Harrison 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.

The Library deems some funds it receives as private monies. Private monies include: membership dues, overdue book charges, and photocopying charges. Fees the 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 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. The Library recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. The Reserve for Encumbrances on the financial statement represents the Library's commitments for purchases. The Library recognizes encumbrances when it commits funds.

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

**HARRISON COUNTY LAW LIBRARY ASSOCIATION
HARRISON COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Fund Accounting

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

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 Library retains under Ohio Revised Code § 3375.56. At the end of each calendar year the Library may retain up to ten percent of their unencumbered balance. See Note 3 for additional information.

D. Budgetary Process

The Ohio Revised Code does not require the Library to budget annually. However, under Ohio Revised Code § 3375.56 the Library may encumber funds equal to their commitments outstanding at year end. Encumbrances outstanding at year end are carried over to the subsequent year.

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.

F. Refund to Relative Income Sources

If certain conditions are met, Ohio Revised Code § 3375.56 requires the Library to refund at least ninety percent of any *unencumbered* balance to political subdivisions that provided revenues to the Library. See Footnote 2 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 Library does not eliminate interfund transactions when aggregating this data.

**HARRISON COUNTY LAW LIBRARY ASSOCIATION
HARRISON COUNTY**

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

2. RESTATEMENT OF BEGINNING BALANCES

The Harrison County Law Library Association refunded more than should have been refunded to relative income sources and to the Retained Monies Fund for fiscal year 2003. To correct the over payments, the balances of December 31, 2003 have been adjusted.

	General Fund	Retained Monies Fund
Beginning Balance (as previously stated)	\$ 29,509	\$ 12,376
Amount overpaid to relative income sources	9,102	0
Amount overpaid to retained monies	<u>1,009</u>	<u>(1,009)</u>
Restated Balance, December 31, 2003	<u>\$ 39,620</u>	<u>\$ 11,367</u>

3. REFUND TO RELATIVE INCOME SOURCES AND AMOUNT RETAINED

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

Unencumbered Balance at December 31, 2004
Refunded and Retained During Calendar Year 2005

Unencumbered Balance at December 31, 2004	\$14,844
Refunded to Relative Sources during 2005	<u>(13,360)</u>
Retained Funds Amount during 2005	<u><u>\$1,484</u></u>

Unencumbered Balance at December 31, 2003
Refunded and Retained During Calendar Year 2004

Unencumbered Balance at December 31, 2003 (Restated)	\$32,620
Refunded to Relative Sources during 2004	<u>(29,358)</u>
Retained Funds Amount during 2004	<u><u>\$3,262</u></u>

3. EQUITY IN POOLED CASH

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

	<u>2005</u>	<u>2004</u>
Demand deposits	\$26,552	\$36,862

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

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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*

Harrison County Law Library Association
Harrison County
117 West Market Street
Cadiz, Ohio 43907-0427

To the Board of Trustees:

We have audited the financial statements of the Harrison County Law Library Association, Harrison County, (the Library) as of and for the years ended December 31, 2005 and 2004, and have issued our report thereon dated September 8, 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 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 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 September 8, 2006, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

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*. In a separate letter to the Library's management dated September 8, 2006, we reported another matter related to noncompliance we deemed immaterial.

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Harrison County Law Library Association
Harrison 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

September 8, 2006



**Auditor of State
Betty Montgomery**

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LAW LIBRARY ASSOCIATION

HARRISON 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
NOVEMBER 9, 2006**