



Mary Taylor, CPA
Auditor of State

**HARDIN COUNTY LAW LIBRARY ASSOCIATION
HARDIN COUNTY**

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Mary Taylor, CPA

Auditor of State

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 adverse 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 black ink that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

September 11, 2007

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Mary Taylor, CPA

Auditor of State

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 Fund and the Retained Monies Fund of the Hardin County Law Library Association, Hardin County, (the Library) as of and for the years ended December 31, 2006 and 2005. 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.

Instead of the funds the accompanying financial statement present, GAAP require presenting entity wide statements and also presenting the Library's larger (i.e. major) funds separately. 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. 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, 2006 and 2005 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, 2006 and 2005, or its changes in financial position for the years 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 and the Retained Monies Fund as of December 31, 2006 and 2005, 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 2, the Library has included activity associated with the Retained Monies Fund.

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 11, 2007, 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.



Mary Taylor, CPA
Auditor of State

September 11, 2007

**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, 2006**

	General Fund	Retained Monies Fund	Totals (Memorandum Only)
Cash Receipts:			
Hardin County Auditor	\$62,236		\$62,236
City of Kenton	11,119		11,119
Hardin County Clerk of Courts	1,250		1,250
Hardin County Juvenile Court	369		369
Municipal Court First 4000	4,000		4,000
Interest		\$833	833
Miscellaneous Receipts	748		748
Total Cash Receipts	<u>79,722</u>	<u>833</u>	<u>80,555</u>
Cash Disbursements:			
Books, Pamphlets, Updates, Etc.	48,524		48,524
Office Supplies	1,207		1,207
Internet Services	19,838		19,838
CLE Workshop Expenses	1,430		1,430
Refunds to Relative Income Sources - See Note 2	338		338
Total Cash Disbursements	<u>71,337</u>		<u>71,337</u>
Total Cash Receipts Over Cash Disbursements	<u>8,385</u>	<u>833</u>	<u>9,218</u>
Other Financing Receipts/(Disbursements):			
Remittance to Retained Funds	<u>(38)</u>	<u>38</u>	
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	8,347	871	9,218
Public Fund Cash Balances, January 1	<u>376</u>	<u>41,053</u>	<u>41,429</u>
Public Fund Cash Balances, December 31	<u>\$8,723</u>	<u>\$41,924</u>	<u>\$50,647</u>

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, 2005**

	General Fund	Retained Monies Fund	Totals (Memorandum Only)
Cash Receipts:			
Hardin County Auditor	\$50,304		\$50,304
City of Kenton	8,646		8,646
Hardin County Clerk of Courts	1,250		1,250
Hardin County Juvenile Court	2,577		2,577
Municipal Court First 4000	4,000		4,000
Interest		\$408	408
Miscellaneous Receipts	1,348		1,348
Total Cash Receipts	<u>68,125</u>	<u>408</u>	<u>68,533</u>
Cash Disbursements:			
Books, Pamphlets, Updates, Etc.	41,830		41,830
Office Supplies	1,626		1,626
Internet Services	17,452		17,452
Miscellaneous Expenses	498		498
Audit Cost	1,872		1,872
CLE Workshop	1,700		1,700
Refunds to Relative Income Sources - See Note 2	764		764
Equipment	4,466		4,466
Total Cash Disbursements	<u>70,208</u>		<u>70,208</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(2,083)</u>	<u>408</u>	<u>(1,675)</u>
Other Financing Receipts/(Disbursements):			
Remittance to Retained Funds	<u>(85)</u>	<u>85</u>	
Excess (Deficiency) of Cash Receipts and Other Financing Receipts Over (Under) Cash Disbursements and Other Financing Disbursements	(2,168)	493	(1,675)
Public Fund Cash Balances, January 1	<u>2,544</u>	<u>40,560</u>	<u>43,104</u>
Public Fund Cash Balances, December 31	<u>\$376</u>	<u>\$41,053</u>	<u>\$41,429</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, 2006 AND 2005**

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 nine trustees. Members of the Hardin County Bar Association elected 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 (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 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 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.

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, money market, and certificate of deposit accounts are valued at cost.

**HARDIN COUNTY LAW LIBRARY ASSOCIATION
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting

The Library uses fund accounting to segregate cash and investments that are 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 footnote 2 for additional information.

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.

2. 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 2006 and 2005.

Unencumbered Balance at December 31, 2005	
Refunded and Retained During Calendar Year 2006	
Unencumbered Balance at December 31, 2005	\$376
Refunded to Relative Sources during 2006	338
Retained Funds Amount during 2006	<u>\$38</u>

**HARDIN COUNTY LAW LIBRARY ASSOCIATION
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
(Continued)**

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

Unencumbered Balance at December 31, 2004	
Refunded and Retained During Calendar Year 2005	
Unencumbered Balance at December 31, 2004	\$2,544
Less: Prior Audit Adjustment	1,695
Subtotal	849
Refunded to Relative Sources during 2005	764
Retained Funds Amount during 2005	\$85

The prior audit adjustment was to remove four expenditures that were written in 2005 but included on the 2004 trial balance. The Library used the unencumbered balance at December 31, 2004 that included those expenditures.

3. EQUITY IN POOLED CASH

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

	2006	2005
Demand deposits	\$8,724	\$376
Money Market Account	6,336	41,053
Certificates of deposit	35,587	
Total deposits	\$50,647	\$41,429

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

4. RISK MANAGEMENT

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

- Comprehensive property and general liability;

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

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Mary Taylor, CPA

Auditor of State

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 Library) as of and for the years ended December 31, 2006 and 2005, and have issued our report thereon dated September 11, 2007, wherein we noted the Library prepared its financial statements using accounting practices the Auditor of State prescribes or permits 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 Library's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Library's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Library's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Library's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Library's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

We consider the following deficiency described in the accompanying schedule of findings to be a significant deficiency in internal control over financial reporting: 2006-001

**Internal Control Over Financial Reporting
(Continued)**

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Library's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. However, we believe the significant deficiency described above as finding number 2006-001 is also a material weakness.

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 an instance of noncompliance or other matter that we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2006-002.

We also noted certain noncompliance or other matters not requiring inclusion in this report that we reported to the Library's management in a separate letter dated September 11, 2007.

We intend this report solely for the information and use of the management and the Board of Trustees. It is not intended for anyone other than these specified parties.



Mary Taylor, CPA
Auditor of State

September 11, 2007

**HARDIN COUNTY LAW LIBRARY ASSOCIATION
HARDIN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2006 AND 2005**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2006-001

Significant Deficiency/Material Weakness

Accuracy of Annual Financial Statements

The annual financial statements of the Library should reflect all balances and financial activity for the reporting period. In 2006 the following line items did not agree to the supporting ledgers: Interest; Books, Pamphlets, Updates; Remittance to Retained Funds; and Refunds to Relative Income Sources. In 2005 the following line items did not agree to the supporting ledgers: Remittance to Retained Funds; and Refunds to Relative Income Sources. In addition the 2005 beginning fund balance for the Retained Monies Fund did not agree to the 2004 audited ending balance. As a result, adjustments needed to be made to financial statements.

The failure to prepare complete and accurate annual financial statements inhibits the user's ability to fully understand the results of operations.

Prior to filing with the Auditor of State or making the financial statements available for public review, the Library's financial statements should be reviewed for accuracy.

FINDING NUMBER 2006-002

Noncompliance Citation

Ohio Rev. Code Section 117.38 provides that cash-basis entities 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 Library did not file its 2006 and 2005 annual financial reports with the Auditor of State or publish notice that they were available for public inspection.

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

OFFICIALS' RESPONSE

We did not receive a response from Officials to these findings.

**HARDIN COUNTY LAW LIBRARY ASSOCIATION
HARDIN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2006 AND 2005**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2004-001	Ohio Rev. Code 117.38 – the Library failed to file annual financial statements and publish a notice of the availability of these financial statements.	No	Not Corrected – Repeated as Finding 2006-001



Mary Taylor, CPA
Auditor of State

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
OCTOBER 18, 2007**