



Mary Taylor, CPA  
Auditor of State



**LAW LIBRARY ASSOCIATION  
HOCKING COUNTY**

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Mary Taylor, CPA  
Auditor of State

Law Library Association  
Hocking County  
1 East Main Street, 3<sup>rd</sup> Floor  
Logan, Ohio 43138

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 statement due to an 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 statement in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statement presents are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statement you prepared using the cash basis and financial statement format the AOS permits.

*Mary Taylor*

**Mary Taylor, CPA**  
Auditor of State

November 20, 2009

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Law Library Association  
Hocking County  
1 East Main Street, 3<sup>rd</sup> Floor  
Logan, Ohio 43138

To the Board of Trustees:

We have audited the accompanying financial statement of the General Fund of the Law Library Association, Hocking County, Ohio (the Library), as of and for the years ended December 31, 2008 and 2007. This financial statement is the responsibility of the Library's management. Our responsibility is to express an opinion on this financial statement 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 statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. 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 statement presents only the General Fund and does not intend to present fairly the financial position or results of operations of all the Library funds.

As described more fully in Note 1, the Library has prepared this financial statement 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 statement of the variances between these regulatory accounting practices and GAAP, we presume they are material.

While the Library does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statement does not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require law libraries to reformat their statements. The Library has elected not to follow GAAP statement formatting requirements. 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 statement referred to above for the years ended December 31, 2008 and 2007 does 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, 2008 and 2007, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statement referred to above presents fairly, in all material respects, the cash balance and reserves for encumbrances of the Law Library Association, Hocking County, Ohio, General Fund as of December 31, 2008 and 2007, and its cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

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 statement.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2009, 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.

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**Mary Taylor, CPA**  
Auditor of State

November 20, 2009



**LAW LIBRARY ASSOCIATION  
HOCKING COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL PUBLIC FUNDS  
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007**

	<b>2008</b>	<b>2007</b>
<b>Cash Receipts:</b>		
Fine and Forfeitures	\$ 62,175	\$ 63,457
Miscellaneous Receipts	22	
Total Cash Receipts	62,197	63,457
<b>Cash Disbursements:</b>		
Supplies and Materials	117	265
Books, Periodicals, and Other Legal References	27,920	30,960
Equipment	204	
Operation of Library	3,101	1,570
Total Cash Disbursements	31,342	32,795
Total Cash Receipts Over/(Under) Cash Disbursements	30,855	30,662
<b>Other Financing Receipts/(Disbursements):</b>		
Refund to Relative Income Source	(31,587)	(29,950)
Total Other Financing Receipts/(Disbursements)	(31,587)	(29,950)
Excess (Deficiency) of Cash Receipts and Other Financing Receipts Over (Under) Cash Disbursements and Other Financing Disbursements	(732)	712
Public Fund Cash Balances, January 1	5,979	5,267
<b>Public Fund Cash Balances, December 31</b>	<b>\$ 5,247</b>	<b>\$ 5,979</b>
Reserves for Encumbrances, December 31	\$ 1,737	\$ 2,651

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

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**LAW LIBRARY ASSOCIATION  
HOCKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
DECEMBER 31, 2008 AND 2007**

**1. Summary of Significant Accounting Policies**

**A. Description of the Entity**

The Law Library Association, Hocking County (the Library), is governed by a board of five trustees. Members of the Hocking County Bar Association elected 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 (and any associated interest) under Ohio Revised Code (ORC) Sections 3375.50 to .53, inclusive. ORC Section 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 Section 3375.49 requires the Hocking County Commissioners to provide adequate facilities for the Library, including suitable bookcases, heating and lighting for the rooms.

The Board of Trustees elects a librarian and not more than two assistant law librarians. The judges of the Court of Common Pleas of Hocking County fix these librarians' compensation pursuant to ORC Section 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.

House Bill 66 amended Ohio Rev. Code Section 3375.48 effective September 29, 2005 to transfer the authority to fix the compensation of the law librarian and assistant law librarians from the judges of the Common Pleas Court to the county law library association's board of trustees. During 2008, the County Commissioners were responsible for 60% of the librarian's and assistant's compensation and for 80% of the costs of the space and utilities for the law library as required by Ohio Rev. Code Section 3375.49.

As of January 1, 2010, a Law Library Resource Board (LLRB) will govern county law libraries. Each county will establish a county Law Library Resource Fund (LLRF) as required by Ohio Rev. Code Section 307.514. On or before January 1, 2010 the Library must transfer money and property purchased with fine and penalties monies to the LLRB. Expenditures from the LLRF fund shall be made pursuant to the annual appropriation measure adopted by the commissioners.

The Library's management believes this financial statement presents 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 Section 3375.54 when disbursing private money. The accompanying financial statement does not present private monies.

**LAW LIBRARY ASSOCIATION  
HOCKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
DECEMBER 31, 2008 AND 2007  
(Continued)**

**1. Summary of Significant Accounting Policies (Continued)**

**B. Accounting Basis**

This financial statement follows 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.

This statement includes adequate disclosure of material matters, as the Auditor of State prescribes or permits.

**C. Deposits and Investments**

The Librarian deposits all available funds of the Library in an interest-bearing checking account.

**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 type:

**General Fund**

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

**E. Budgetary Process**

The Ohio Revised Code does not require the Library to budget annually. However, under Ohio Revised Code Section 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.

**F. Property, Plant, and Equipment**

The Library records disbursements for acquisitions of property, plant and equipment when paid. The accompanying financial statement does not report these items as assets.

**G. Refund to Relative Income Sources**

If certain conditions are met, Ohio Revised Code Section 3375.56 requires the Library to refund at least ninety percent of any unencumbered balance to political subdivision that provided revenues to the Library. See Footnote 2 for additional information.

**LAW LIBRARY ASSOCIATION  
HOCKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
DECEMBER 31, 2008 AND 2007  
(Continued)**

**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 Section 3375.56 requires this "refund to relative income sources". The following tables present the refunded and retained amounts during 2008 and 2007.

Unencumbered Balance at December 31, 2007	
<u>Refunded and Retained During Calendar Year 2008</u>	
Unencumbered Balance at December 31, 2007	\$35,072
Refunded to Relative Sources during 2008	<u>31,587</u>
Retained Funds Amount during 2008	<u><u>\$3,485</u></u>

Unencumbered Balance at December 31, 2006	
<u>Refunded and Retained During Calendar Year 2007</u>	
Unencumbered Balance at December 31, 2006	\$34,041
Refunded to Relative Sources during 2007	<u>29,950</u>
Retained Funds Amount during 2007	<u><u>\$4,091</u></u>

**2. Equity in Pooled Deposits**

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

	<u>2008</u>	<u>2007</u>
Demand deposits	<u>\$ 5,247</u>	<u>\$ 5,979</u>

**Deposits:** Deposits are insured by the Federal Deposit Insurance Corporation.

**3. Risk Management**

**Commercial Insurance**

The Library has obtained commercial insurance for the following risks:

- Comprehensive property and general liability.

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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*

Law Library Association  
Hocking County  
1 East Main Street, 3<sup>rd</sup> Floor  
Logan, Ohio 43138

To the Board of Trustees:

We have audited the financial statement of the Law Library Association, Hocking County, Ohio (the Library), as of and for the years ended December 31, 2008 and 2007, and have issued our report thereon dated November 20, 2009, 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 as a basis for designing our audit procedures for expressing our opinion on the financial statement, 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.

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.

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 internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

We noted a certain matter that we reported to the Library's management in a separate letter dated November 20, 2009.

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### **Compliance and Other Matters**

As part of reasonably assuring whether the Library's financial statement is 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*.

We did note a certain noncompliance or other matter that we reported to the Library's management in a separate letter dated November 20, 2009.

We intend this report solely for the information and use of the Board of Trustees and management. We intend it for no one other than these specified parties.

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

**Mary Taylor, CPA**  
Auditor of State

November 20, 2009





**Mary Taylor, CPA**  
Auditor of State

**LAW LIBRARY ASSOCIATION**

**HOCKING 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  
JANUARY 5, 2010**