

**COSHOCTON LAW LIBRARY ASSOCIATION  
COSHOCTON COUNTY, OHIO**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004**





**Auditor of State  
Betty Montgomery**

Board of Trustees  
Coshocton Law Library Association  
305 Main Street  
Coshocton, Ohio 43812

We have reviewed the *Report of Independent Accountants* of the Coshocton Law Library Association, Coshocton County, prepared by Knox & Knox, for the audit period January 1, 2004 through December 31, 2005. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Report of Independent Accountants* on your financial statements. While the Auditor of State 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. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Report of Independent Accountants* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Coshocton Law Library Association is responsible for compliance with these laws and regulations.

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

BETTY MONTGOMERY  
Auditor of State

November 1, 2006

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**COSHOCTON LAW LIBRARY ASSOCIATION  
COSHOCTON COUNTY, OHIO**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Report of Independent Accountants .....	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Public Funds For the Years Ended December 31, 2005 and 2004 .....	3
Notes to Financial Statements .....	4
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i> .....	7

# KNOX & KNOX

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Accountants and Consultants

## REPORT OF INDEPENDENT ACCOUNTANTS

Coshocton Law Library Association  
Coshocton County  
305 Main Street, 4<sup>th</sup> Floor  
Coshocton, Ohio 43812

To the Board of Trustees

We have audited the accompanying financial statements of the Coshocton Law Library Association, Coshocton County, Ohio, (the Library) as of and for the years ended December 31, 2005, and December 31, 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.

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 funds 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, auditing standards generally accepted in the United States of America require 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 the 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.

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

The aforementioned revision to accounting principles generally accepted in the United States of America 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 June 23, 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.

KNOX & KNOX

Orrville, Ohio  
June 23, 2006

**COSHOCTON LAW LIBRARY ASSOCIATION  
COSHOCTON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN  
FUND CASH BALANCES - ALL PUBLIC FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2005 AND 2004**

	2005 General Fund	2004 General Fund
Cash Receipts:		
Fines and Forfeitures	\$76,213	\$77,693
Interest		131
Miscellaneous Receipts	<u>          </u>	<u>458</u>
Total Cash Receipts	<u>76,213</u>	<u>78,282</u>
Cash Disbursements:		
Supplies and Materials	<u>83,704</u>	<u>82,052</u>
Total Cash Disbursements	<u>83,704</u>	<u>82,052</u>
Excess (Deficiency) of Cash Receipts Over/(Under) Cash Disbursements	(7,491)	(3,770)
Public Fund Cash Balances, January 1	<u>13,216</u>	<u>16,986</u>
Public Fund Cash Balances, December 31	<u><u>\$5,725</u></u>	<u><u>\$13,216</u></u>

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



**COSHOCTON LAW LIBRARY ASSOCIATION  
COSHOCTON COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A. Description of Entity

Coshocton Law Library Association, Coshocton County (the Library) is directed by a board of 3 trustees who are elected for a 3-year term by members of the Coshocton County Bar Association. The Library provides free access for all county officers and the judges 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. The Library is permitted to expend funds under ORC Section 3375.54. The funds of the Library are expended on the purchase, lease or rental of lawbooks; computer consoles to access a system of computerized legal research; microfilm materials and equipment, videotape materials and equipment; audio or visual material and equipment; and other services, materials, and equipment that provide legal information or facilitate legal research.

The Coshocton County Commissioners are required by ORC Section 3375.49 to provide adequate facilities for the Library. The Board of County Commissioners is required to provide suitable bookcases, heating and lighting for the rooms.

The Board of Trustees hire a librarian. The judge of the Court of Common Pleas of Coshocton County fixes the compensation of the librarian pursuant to ORC Section 3375.48. If the Library provides free access to all county officers and the judges, the salary of the law librarian should be paid from the county treasury. If the conditions above are not met, then the salary of the librarian should be paid by the Library.

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred.

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash and Investments

All cash is in demand deposits. There are no investments.

**COSHOCTON LAW LIBRARY ASSOCIATION  
COSHOCTON COUNTY**

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

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

D. 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 is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

E. Property and Equipment

Acquisitions of equipment are recorded as equipment disbursements when paid. These items are not reflected as assets on the accompanying financial statements. Items purchased which are deemed to be equipment are computers, copiers, fax machines, and other items related to facilitating the use of the equipment.

F. Refund to Relative Income Sources

If certain conditions are met, the Library is required to refund at least 90 percent of any remaining balance to political subdivisions that provided revenues to the Library. See footnote 2 for additional information.

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

In any year that revenues exceed disbursements, the Library refunds at least 90 percent of the balance to the political subdivisions who provided the funds and retains the remaining amount. This refund process is referred to as the application of ORC 3375.56 or "refunds to relative income sources."

In 2003 and 2004 expenditures exceeded revenue; therefore, no refunds were required during 2004 or 2005, respectively.

**3. EQUITY IN POOLED CASH**

The Library maintains a cash pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash at December 31, was as follows.

	<u>2005</u>	<u>2004</u>
Demand deposits	\$ 5,725	\$ 13,216

Deposits

Deposits are (1) insured by the Federal Depository Insurance Corporation or (2) collateralized by the financial institution's public entity deposit pool.

**4. RISK MANAGEMENT**

The Coshocton Law Library Association has obtained insurance through CORSA, a risk sharing pool, for the following risks:

- Comprehensive property and general liability
- Public officials' liability
- Vehicle

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Accountants and Consultants

## **REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Coshocton Law Library Association  
Coshocton County  
305 Main Street, 4<sup>th</sup> Floor  
Coshocton, OH 43812

To the Board of Trustees:

We have audited the financial statements of the Coshocton Law Library Association, Coshocton County, Ohio (the Library), as of and for the years ended December 31, 2005 and 2004, and have issued our report there on dated June 23, 2006 wherein, we noted that the Library followed accounting practices prescribed by the Auditor of State rather than accounting principles generally accepted in the United States of America. 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.

### Compliance

As part of obtaining reasonable assurance about whether the Library's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on 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 such an opinion. The results of our tests disclosed no instance of noncompliance that is required to be reported under *Government Auditing Standards*.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the library's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted a matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the Library in a separate letter dated June 23, 2006.

CoshoctonLaw Library Association  
Coshocton County  
Report of Independent Accountants on Compliance and Internal  
Control Required by *Government Auditing Standards*  
Page 2

This report is intended for the information of the audit committee, management, and the Board of Trustees, and should not be used by anyone other than these specified parties.

*KNOX & KNOX*

Orrville, Ohio  
June 23, 2006





**Auditor of State  
Betty Montgomery**

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**LAW LIBRARY ASSOCIATION**

**COSHOCTON 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 14, 2006**