



Mary Taylor, CPA
Auditor of State

**LAW LIBRARY ASSOCIATION
HOCKING COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Cover Letter	1
Independent Accountants' Report.....	3
Statement of Cash Receipts, Cash Disbursements, and Changes in Cash Balance – General Fund – For the Years Ended December 31, 2006 and 2005	5
Notes to the Financial Statement.....	7
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	9

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Mary Taylor, CPA

Auditor of State

Law Library Association
Hocking County
1 East Main Street, 3rd 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.

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Mary Taylor, CPA
Auditor of State

August 22, 2007

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Law Library Association
Hocking County
1 East Main Street, 3rd 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 Association), as of and for the years ended December 31, 2006 and 2005. This financial statement is the responsibility of the Association'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 that 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 Association's funds.

As described more fully in Note 1, the Association 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.

Instead of the accompanying financial statement presented, GAAP require presenting entity wide statements and presenting the Association's larger (i.e., major) funds separately. While the Association does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statement does not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require law library associations to reformat their statements. The Association 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, 2006 and 2005 does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Association as of December 31, 2006 and 2005, 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 reserve for encumbrances of the General Fund of the Law Library Association, Hocking County, as of December 31, 2006 and 2005, and its cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

The Association 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 August 22, 2007, on our consideration of the Association'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

August 22, 2007

**LAW LIBRARY ASSOCIATION
HOCKING COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN CASH BALANCES
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2006 AND 2005**

	2006	2005
Cash Receipts:		
Fines	\$ 4,000	\$ 4,000
Common Pleas, Juvenile, and Municipal Courts	39,030	39,692
Total Cash Receipts	43,030	43,692
Cash Disbursements:		
Publications	37,390	42,502
Operation of Library	308	1,755
Equipment	348	
Miscellaneous, Professional, and Travel Expenses	32	
Total Cash Disbursements	38,216	44,528
Total Cash Receipts Over/(Under) Cash Disbursements	4,814	(835)
Other Financing Receipts/(Disbursements):		
Refunds from Vendors		289
Total Other Financing Receipts/(Disbursements)	0	289
Excess (Deficiency) of Cash Receipts and Other Financing Receipts Over (Under) Cash Disbursements and Other Financing Disbursements	4,814	(546)
Cash Balance, January 1	454	1,000
Cash Balance, December 31	\$ 5,267	\$ 454
Reserves for Encumbrances, December 31	\$ 5,267	\$ 454

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, 2006 AND 2005**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Law Library Association, Hocking County (the Association), is governed by a board of five trustees. Members of the Hocking County Bar Association elected annually elect the board members. The Association provides access to all county officers and the judges of the several courts within the county.

The Association 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 Association 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 Association, 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 Hocking County fix these librarians' compensation pursuant to ORC Section 3375.48. If the Association provides free access to all county officers and the judges of the several courts, the County treasury pays the librarians' salary. If the Association does not provide free access, the Association must pay the librarians' salary.

The Association's management believes this financial statement presents all public funds for which the Association is financially accountable.

The Association deems some funds it receives as private monies. Private monies include: membership dues, overdue book charges, and photocopying charges. Fees the Association collects for the use of books and copiers remain private even though the books and copiers may have been purchased with public funds. The Association need not comply with ORC Section 3375.54 when disbursing private money. The accompanying financial statement does not present private monies.

B. Basis of Accounting

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 Association 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 Association's commitments for purchases. The Association recognizes encumbrances when it commits funds.

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

C. Cash and Investments

The Secretary/Treasurer deposits all available funds of the Association in an interest-bearing checking account.

**LAW LIBRARY ASSOCIATION
HOCKING COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting

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

1. 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 Association to budget annually. However, under Ohio Revised Code Section 3375.56 the Association 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 Association records disbursements for equipment acquisitions when paid. The accompanying financial statement does not report these items as assets. The Association deems computers, copiers, fax machines, and other items related toward facilitating the use of equipment as equipment.

2. REFUND TO RELATIVE INCOME SOURCES AND AMOUNT RETAINED

In any year that receipts exceed disbursements, the Association 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." At December 31, 2006 and 2005, the Association had no unencumbered balances subject to refunds.

3. EQUITY IN POOLED CASH

The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash at December 31 follows:

	<u>2006</u>	<u>2005</u>
Demand deposits	\$ 5,267	\$ 454

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

4. RISK MANAGEMENT

Commercial Insurance

The Association has obtained commercial insurance for the following risk:

- Comprehensive property and general liability.



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, 3rd Floor
Logan, Ohio 43138

To the Board of Trustees:

We have audited the financial statement of the Law Library Association, Hocking County, Ohio (the Association), as of and for the years ended December 31, 2006 and 2005, and have issued our report thereon dated August 22, 2007, wherein we noted the Association followed accounting practices the Auditor of State prescribes 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 the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Association'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 Association's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Association'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 Association'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 Association'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 Association'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.

Compliance and Other Matters

As part of reasonably assuring whether the Association'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 noted certain noncompliance matters that we reported to the Association's management in a separate letter dated August 22, 2007.

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

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

August 22, 2007



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
NOVEMBER 8, 2007**