

**ASHLAND COUNTY LAW LIBRARY ASSOCIATION
ASHLAND COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2006 - 2005



Mary Taylor, CPA

Auditor of State

Board of Trustees
Ashland County Law Library Association
2615 Mifflin Avenue
Ashland, OH 44805

We have reviewed the *Independent Accountants' Report* of the Ashland County Law Library Association, Ashland County, prepared by Knox & Knox, for the audit period January 1, 2005 through December 31, 2006. 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 *Independent Accountants' Report* 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 *Independent Accountants' Report* 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 Ashland County Law Library Association is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

April 28, 2008

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ASHLAND COUNTY LAW LIBRARY ASSOCIATION
ASHLAND COUNTY

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KNOX & KNOX

Accountants and Consultants

Independent Accountants' Report

Ashland County Law Library Association
Ashland County
2615 Mifflin Avenue
Ashland , OH 44805

To the Board of Trustees:

We have audited the accompanying financial statements of Ashland County Law Library Association, Ashland County, Ohio, (the Law Library) as of and for the years ended December 31, 2006 and 2005. These financial statements are the responsibility of the Law 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 obtain reasonable assurance about 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, if any, 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 Law Library has prepared its 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 accounting principles generally accepted in the United States of America, we presume they are material.

Revisions to GAAP would require the Law Library to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2006 and 2005. In addition to the accompanying financial statements present for 2006 and 2005, the revisions require presenting entity wide statements. While the Law Library does not follow GAAP, generally accepted auditing standards 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 Law 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 Law 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 Ashland County Law Library Association, Ashland County, 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.

The Law 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 December 14, 2007, on our consideration of the Law Library's internal control over financial reporting and our tests of its compliance with laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards*. You should be read it in conjunction with this report in considering the results of our audit.

Knox & Knox

Orrville, Ohio
December 14, 2007

ASHLAND COUNTY LAW LIBRARY ASSOCIATION
ASHLAND COUNTY

COMBINED 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:			
Fines and Forfeitures	\$225,835		\$225,835
Interest		2,991	2,991
Returns and Reimbursements	377		377
Total Cash Receipts	226,212	2,991	229,203
CASH DISBURSEMENTS:			
Books and Supplies	197,892		197,892
Payroll	23,206		23,206
Postage	78		78
Utilities	1,151		1,151
Dues	250		250
Bank Charges	71		71
Insurance	4,057		4,057
Total Cash Disbursements	226,705		226,705
Total Cash Receipts (Under) Cash Disbursements	(493)	2,991	2,498
Public Fund Cash Balances, January 1	17,571	171,507	189,078
PUBLIC FUND CASH BALANCES, DECEMBER 31	\$17,078	\$174,498	\$191,576

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

ASHLAND COUNTY LAW LIBRARY ASSOCIATION
ASHLAND COUNTY

COMBINED 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:			
Fines and Forfeitures	\$262,501		\$262,501
Interest		4,154	4,154
Returns and Reimbursements	781		781
Total Cash Receipts	263,282	4,154	267,436
CASH DISBURSEMENTS:			
Books and Supplies	233,342		233,342
Payroll	23,837		23,837
Audit Fees	1,440		1,440
Postage	256		256
Utilities	1,147		1,147
Dues	250		250
Bank Charges	68		68
Insurance	1,619		1,619
Total Cash Disbursements	261,959		261,959
Total Cash Receipts (Under) Cash Disbursements	1,323	4,154	5,477
Public Fund Cash Balances, January 1	16,248	167,353	183,601
PUBLIC FUND CASH BALANCES, DECEMBER 31	<u>\$17,571</u>	<u>\$171,507</u>	<u>\$189,078</u>

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

ASHLAND COUNTY LAW LIBRARY ASSOCIATION
ASHLAND COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2006 and 2005

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. DESCRIPTION OF THE ENTITY

Ashland County Law Library Association, Ashland County, (the Library) is directed by a Board of Trustees who are appointed by members of the Ashland County Law Library Association. The Library provides free access for 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. 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 law books; computer communication 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.

The Ashland 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 elect a librarian and not more than two assistant law librarians. The Judges of the Court of Common Pleas of Richland County fix the compensation of the librarian and up to two assistant librarians pursuant to ORC Section 3375.48.

The Library's management believes these financial statements present all public funds for which the Library is financially accountable. Some funds received by the Library are considered private monies. Private monies include membership dues. Private monies can be disbursed at the discretion of the Library. The accompanying financial statements do not present private monies.

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

All funds of the Library are held in an interest bearing checking account, savings account, or certificates of deposit. The Library has no investments.

ASHLAND COUNTY LAW LIBRARY ASSOCIATION
ASHLAND COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2006 and 2005

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 fund into the following type

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.

2. **Retained Monies Fund**

Retained Monies Fund consists of monies retained by the Library under Ohio Revised Code Section 3755.56. At the end of each calendar year the Library is permitted under law, to retain up to 10 percent of their unencumbered balance.

E. **PROPERTY, PLANT 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 balance to political subdivisions that provided revenues to the Library. Those conditions were not met in 2006 and 2005.

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 basis of accounting described above. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

2. **EQUITY IN POOLED CASH AND INVESTMENTS**

The Library maintains cash in segregated accounts for each fund. The Ohio Revised Code prescribes allowable deposits. The carrying amount of cash at December 31 was as follows:

	<u>2006</u>	<u>2005</u>
Demand deposits	\$81,451	\$78,953
Certificates of deposit	<u>110,125</u>	<u>110,125</u>
Total Deposits	<u>\$191,576</u>	<u>\$189,078</u>

Deposits are insured by the Federal Depository Insurance Corporation.

ASHLAND COUNTY LAW LIBRARY ASSOCIATION
ASHLAND COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2006 and 2005

3. **RISK MANAGEMENT**

The Library has obtained commercial insurance for the following risks:

- Commercial property and general liability; and
- Public officials bond

4. **FACILITIES**

The Library has free use of the office facilities provided by Ashland County.

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KNOX & KNOX

Accountants and Consultants

**INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Ashland County Law Library Association
Ashland County
2615 Mifflin Avenue
Ashland , OH 44805

To the Board of Trustees:

We have audited the accompanying financial statements of Ashland County Law Library Association, Ashland County, Ohio (the Law Library) as of and for the years ended December 31, 2006 and 2005, and have issued our report thereon dated December 14, 2007, 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 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.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit, we considered the Library's internal control over financial reporting as basis for designing our audit procedures in order to express our opinions on the financial statements, but not to opine on the effectiveness of the Law Library's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Law 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 Law 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 Law 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 Law 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. However, we did note other matters that we reported to the management of the Law Library in a separate letter dated December 14, 2007.

COMPLIANCE AND OTHER MATTERS

As part of reasonably assuring whether the Law 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*.

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

KNOX & KNOX

Orrville, Ohio
December 14, 2007



Mary Taylor, CPA
Auditor of State

ASHLAND COUNTY LAW LIBRARY ASSOCIATION

ASHLAND 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
MAY 13, 2008**