



**Auditor of State  
Betty Montgomery**



HANCOCK LAW LIBRARY ASSOCIATION  
HANCOCK COUNTY

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**Auditor of State  
Betty Montgomery**

Hancock Law Library Association  
Hancock County  
300 S. Main Street, 4<sup>th</sup> Floor  
Findlay, Ohio 45840-3309

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 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 cursive script that reads "Betty Montgomery".

**Betty Montgomery**  
Auditor of State

October 31, 2005

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

Hancock Law Library Association  
Hancock County  
300 S. Main Street, 4<sup>th</sup> Floor  
Findlay, Ohio 45840-3309

To the Board of Trustees:

We have audited the accompanying financial statements of the general fund of the Hancock Law Library Association, Hancock County, (the Library) as of and for the years ended December 31, 2004 and 2003. 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 audits.

We conducted our audits 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 audits provide a reasonable basis for our opinion.

The financial statements present only the general 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.

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. 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. Since this Library does not use GAAP to measure 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 year ended December 31, 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, 2004, or its changes in financial position for the year 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 as of December 31, 2004 and 2003, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

The aforementioned revision to generally accepted accounting principles also requires the Library to include Management's Discussion and Analysis for the year ended December 31, 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 October 31, 2005, 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 audits.



**Betty Montgomery**  
Auditor of State

October 31, 2005

HANCOCK LAW LIBRARY ASSOCIATION  
HANCOCK COUNTY

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN CASH BALANCES  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2004

	<u>General Fund</u>
<b>Cash Receipts:</b>	
Fine and Forfeitures	\$207,421
Interest	106
Miscellaneous Receipts	<u>595</u>
Total Cash Receipts	<u>208,122</u>
<b>Cash Disbursements:</b>	
Supplies and Materials	169,396
Salaries and Benefits	40,472
Travel Reimbursements	<u>2,610</u>
Total Cash Disbursements	<u>212,478</u>
Total Cash Disbursements Over Cash Receipts	<u>(4,356)</u>
<b>Other Financing Receipts:</b>	
Refunds from Vendors	<u>4,398</u>
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements	42
Cash Balance, January 1	<u>662</u>
<b>Cash Balance, December 31</b>	<u><u>\$704</u></u>

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

HANCOCK LAW LIBRARY ASSOCIATION  
HANCOCK COUNTY

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN CASH BALANCES  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2003

	<b>General Fund</b>
<b>Cash Receipts:</b>	
Fine and Forfeitures	\$251,884
Interest	195
Miscellaneous Receipts	1,406
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Total Cash Receipts	253,485
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<b>Cash Disbursements:</b>	
Supplies and Materials	197,237
Salaries and Benefits	54,635
Travel Reimbursements	2,365
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Total Cash Disbursements	254,237
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Total Cash Disbursements Over Cash Receipts	(752)
	<hr/>
<b>Other Financing Receipts:</b>	
Refunds from Vendors	5,901
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Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements	5,149
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Cash Balance, January 1	(4,487)
	<hr/>
<b>Cash Balance, December 31</b>	<b>\$662</b>
	<hr/> <hr/>

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

**HANCOCK LAW LIBRARY ASSOCIATION  
HANCOCK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Hancock Law Library Association (the Library) is governed by a board of six trustees. Members of the Hancock County Bar Association 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) §§ 3375.50 to .53, inclusive. ORC § 3375.54 authorizes the Library to disburse funds to purchase, lease or rent law books; 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 Hancock 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 Hancock 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. Fund Accounting**

The Library uses fund accounting to segregate cash that is restricted as to use. The Library classifies its funds into the following type:

**HANCOCK LAW LIBRARY ASSOCIATION  
HANCOCK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003  
(Continued)**

**1. General Fund**

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

**D. 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.

**E. 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 Library's accounting basis. Neither is such data comparable to a consolidation. The Library does not eliminate interfund transactions when aggregating this data.

**2. EQUITY IN POOLED CASH**

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

	<u>2004</u>	<u>2003</u>
Demand deposits	<u>\$704</u>	<u>\$662</u>

Deposits are insured by the Federal Depository Insurance Corporation.

**3. RISK MANAGEMENT**

**Commercial Insurance**

The Law Library Association has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Valuable papers and records and data processing; and
- Employee dishonesty.



**Auditor of State  
Betty Montgomery**

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

Hancock Law Library Association  
Hancock County  
300 S. Main Street, 4<sup>th</sup> Floor  
Findlay, Ohio 45840-3309

To the Board of Trustees:

We have audited the financial statements of the Hancock Law Library Association, Hancock County, (the Library) as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated October 31, 2005, 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 audits 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 to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the Library's management dated October 31, 2005, we reported another matter involving internal control over financial reporting we did not deem a reportable condition.

**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

Hancock Law Library Association  
Hancock County  
Independent Accountants' Report on Internal Control Over  
Financial Reporting and on Compliance and Other Matters  
Required by *Government Auditing Standards*  
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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 we must report under *Government Auditing Standards*, which is described in the accompanying schedule of findings as item 2004-001.

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

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

**Betty Montgomery**  
Auditor of State

October 31, 2005

**HANCOCK LAW LIBRARY ASSOCIATION  
HANCOCK COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2004 AND 2003**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

**FINDING NUMBER 2004-001**

**Finding for Recovery Repaid Under Audit**

During the month of December 2003, the salary of Assistant Law Librarian, Deb Ward, was transferred from being paid by the Law Library to being paid by Hancock County as required by Ohio Rev. Code Section 3375.48 (2004). Ms. Ward's Board approved salary was \$2,948.04 per month. Due to a miscalculation during the transition from being paid by the Law Library to being paid by the County she was compensated \$4,276.82, for the month of December 2003, resulting in an overpayment of \$1,328.78.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code §117.28, a finding for recovery for public money illegally expended is hereby issued against Assistant Law Librarian, Deb Ward, Daniel Snyder, Law Library Secretary/Treasurer, and The Cincinnati Insurance Company, his surety, jointly and severally in the amount of \$1,328.78 in favor of the Law Library Association Treasury.

On October 31, 2005, Ms. Ward repaid the amount through a payroll deduction.

**HANCOCK LAW LIBRARY ASSOCIATION  
HANCOCK COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2004 AND 2003**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2002-001	Finding for recovery for refunds to relative income sources.	No	The Association did not agree with the finding and as a result it has not been repaid, however, it was not an issue during this audit and has not been repeated.
2002-002	Finding for recovery for the reimbursement of personal expenses to the Executive Director	Yes	
2002-003	Finding for recovery for expenditures not necessary for legal research	Yes	
2002-004	Reportable condition – no invoices for support and no statutory authority for advances to vendors for future services	Yes	



**Auditor of State  
Betty Montgomery**

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**LAW LIBRARY ASSOCIATION**

**HANCOCK 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 29, 2005**