



**UNION COUNTY LAW LIBRARY ASSOCIATION
UNION COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2007-2006



Mary Taylor, CPA
Auditor of State

**UNION COUNTY LAW LIBRARY ASSOCIATION
UNION COUNTY**

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Mary Taylor, CPA

Auditor of State

Union County Law Library Association
Union County
215 West Fifth Street
P.O. Box 723
Marysville, Ohio 43040

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 an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your Law Library 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 adverse 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 "Mary Taylor".

Mary Taylor, CPA
Auditor of State

April 28, 2008

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Union County Law Library Association
Union County
215 West Fifth Street
P.O. Box 723
Marysville, Ohio 43040

To the Board of Trustees:

We have audited the accompanying financial statements of the Union County Law Library Association, Union County, Ohio, (the Law Library) as of and for the years ended December 31, 2007 and 2006. 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 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 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 Law 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.

GAAP require presenting the Library's larger (i.e major) funds separately. While the Law Library does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require Law Libraries to reformat their statements. The Law 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 statements referred to above for the years ended December 31, 2007, and 2006, 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, 2007, and 2006, 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 Union County Law Library Association, Union County, Ohio as of December 31, 2007 and 2006, and its cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

As described in Note 1B, for the year ended December 31, 2006, the Law Library changed its financial presentation comparable to the requirements of Governmental Accounting Standard No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments* to the accounting practices the Auditor of State prescribes or permits.

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 April 28, 2008, on our consideration of the Law 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.



Mary Taylor, CPA
Auditor of State

April 28, 2008

**UNION COUNTY LAW LIBRARY ASSOCIATION
UNION COUNTY**

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

	<u>General Fund</u>	<u>Retained Monies Fund</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:			
Fine and Forfeitures	\$ 230,336	\$ -	\$ 230,336
Interest	609	2,156	2,765
Miscellaneous Receipts	70	-	70
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	231,015	2,156	233,171
Cash Disbursements:			
Books & Subscriptions	137,275	-	137,275
Supplies & Materials	1,692	-	1,692
Refunds to Relative Income Sources - See Note 4	16,980	-	16,980
Equipment	22,699	-	22,699
Other	175	-	175
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	178,821	-	178,821
Total Cash Receipts Over Cash Disbursements	<hr/>	<hr/>	<hr/>
	52,194	2,156	54,350
Other Financing Receipts/(Disbursements):			
Remittance to Retained Funds	(2,288)	2,288	-
	<hr/>	<hr/>	<hr/>
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	49,906	4,444	54,350
Fund Cash Balances, January 1	<hr/>	<hr/>	<hr/>
	19,269	64,078	83,347
Fund Cash Balances, December 31	<u><u>\$ 69,175</u></u>	<u><u>\$ 68,522</u></u>	<u><u>\$ 137,697</u></u>

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

**UNION COUNTY LAW LIBRARY ASSOCIATION
UNION COUNTY**

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

	<u>General Fund</u>	<u>Retained Monies Fund</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:			
Fine and Forfeitures	\$ 186,977	\$ -	\$ 186,977
Interest	402	2,776	3,178
	<u>187,379</u>	<u>2,776</u>	<u>190,155</u>
Total Cash Receipts			
Cash Disbursements:			
Salaries	42,607	-	42,607
Employee Fringe Benefits	3,300	-	3,300
Books & Subscriptions	112,467	-	112,467
Supplies & Materials	2,020	-	2,020
Refunds to Relative Income Sources - See Note 4	49,881	-	49,881
Equipment	5,421	-	5,421
Other	2,296	-	2,296
	<u>217,992</u>	<u>-</u>	<u>217,992</u>
Total Cash Disbursements			
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(30,613)</u>	<u>2,776</u>	<u>(27,837)</u>
Other Financing Receipts/(Disbursements):			
Remittance to Retained Funds	<u>(5,542)</u>	<u>5,542</u>	<u>-</u>
Excess (Deficiency) of Cash Receipts and Other Financing Receipts Over (Under) Cash Disbursements and Other Financing Disbursements	(36,155)	8,318	(27,837)
Fund Cash Balances, January 1	<u>55,424</u>	<u>55,760</u>	<u>111,184</u>
Fund Cash Balances, December 31	<u>\$ 19,269</u>	<u>\$ 64,078</u>	<u>\$ 83,347</u>

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

**UNION COUNTY LAW LIBRARY ASSOCIATION
UNION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Union County Law Library Association (the Law Library) is directed by a board of three trustees who are appointed as needed by members of the Union County Bar Association. The Law Library provides access to all county officers and the judges of the several courts within the county.

The Law 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 Law 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 §3375.49 requires the Union County Commissioners to provide adequate facilities for the Law Library, including suitable bookcases, heating and lighting for the rooms.

The Board of Trustees hires a librarian and one assistant law librarians. The Judges of the Court of Common Pleas of Union County fix the compensation pursuant to ORC § 3375.48. If the Law Library provides free access to all county officers and the judges of the several courts, the County treasury pays the librarian's salary. If the Law Library does not provide free access, the Law Library must pay the librarian's salary. For fiscal years 2006 Union County paid the salary of a librarian and an assistant law librarian, pursuant to Ohio Revised Code § 3375.48.

House Bill 66 amended Ohio Rev. Code Section 3375.48 to transfer the authority to fix the compensation of the law librarian and assistant law librarians from the judges of the common please court to the county law library association's board of trustees. Additionally, this bill and House Bill 363 amended Ohio Rev. Code Section 3375.49 to allocate the responsibility of the paying the compensation of the law librarian and up to two assistants as well as space, utilities, and fixtures, between the law library association and the county. Beginning in calendar year 2007, the proportionate share of which the Law Library is responsible for increases, and the county's share proportionately decreases, each calendar year until 2011 for compensation, and 2012 for space utilities and fixtures. At those times the law library association will be responsible for the entire amount of the librarians' compensation and space, utilities, furniture, and fixtures. For fiscal year 2007 the Law Library paid 100% of salary for the librarian and an assistant law librarian.

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

B. Accounting Basis

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 Law 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.

**UNION COUNTY LAW LIBRARY ASSOCIATION
UNION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Accounting Basis (continued)

For the year ended December 31, 2006, the Law Library changed its financial presentation comparable to the requirements of Governmental Accounting Standard No. 34, *Basic Financial Statements- and Management's Discussion and Analysis- for State and Local Governments* to the accounting practices the Auditor of State prescribes or permits. This change did not result in a restatement of the fund balance.

C. Cash and Investments

The Law Library's accounting basis includes investments as assets. This basis does not record disbursements for investment purchase or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

The Law Library values certificates of deposit at cost.

D. Fund Accounting

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

1. General Fund

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

2. Retained Monies Fund

Retained Monies Fund reports funds the Law Library retains under Ohio Revised Code § 3375.56. At the end of each calendar year the Law Library may retain up to ten percent of their cash balance. See Note 2 for additional information.

E. Property, Plant, and Equipment

The Law Library records disbursements for equipment acquisitions when paid. The accompanying financial statements do not report these items as assets.

F. Refund to Relative Income Sources

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

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

**UNION COUNTY LAW LIBRARY ASSOCIATION
UNION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

2. CALCULATION OF REFUNDED TO RELATIVE INCOME SOURCES AND AMOUNT RETAINED

In any year that receipts exceed disbursements, the Law Library refunds at least ninety percent of the cash balance to the political subdivisions who provided the funds and retains the remainder. Ohio Revised Code § 3375.56 requires this "refund to relative income sources." The following charts present the refunded and retained amounts during 2006 and 2007.

Unencumbered Balance at December 31, 2005	
Refunded and Retained During Calendar Year 2006	
Unencumbered Balance at December 31, 2005	\$55,424
Refunded to Relative Sources during 2006	49,882
Retained Funds Amount during 2006	\$5,542

Unencumbered Balance at December 31, 2006	
Refunded and Retained During Calendar Year 2007	
Unencumbered Balance at December 31, 2006	\$19,269
Refunded to Relative Sources during 2007	16,981
Retained Funds Amount during 2007	\$2,288

3. EQUITY IN CASH AND INVESTMENTS

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

	2007	2006
Demand deposits	\$69,175	\$19,269
Investments		
Certificates of deposit	68,522	64,078
Total deposits and investments	137,697	83,347

Deposits: Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by securities specifically pledged by the financial institution to the Law Library.

4. RETIREMENT SYSTEMS

The Law Library's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution. For 2007, OPERS members contributed 9.5 percent of their gross salaries and the Law Library contributed an equaling 13.85 percent, of participants' gross salaries. The Law Library has not paid any of the contribution required through December 31, 2007.

**UNION COUNTY LAW LIBRARY ASSOCIATION
UNION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

5. RISK MANAGEMENT

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

- Comprehensive property and general liability

There were no significant reductions in coverage from prior years and claims have not exceeded insurance coverage in any of the past three years.



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

Union County Law Library Association
Union County
215 West Fifth Street
P.O. Box 723
Marysville, Ohio 43040

To the Board of Trustees:

We have audited the financial statements of the Union County Law Library Association, Union County, Ohio, (the Law Library) as of and for the years ended December 31, 2007 and December 31, 2006, and have issued our report thereon dated April 28, 2008, wherein we noted as of December 31, 2006 the Law Library changed their financial presentation and 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 Law Library's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion 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 weakness. We did not identify any deficiencies in internal control over financial reporting that we consider material weakness, as defined above.

We noted a certain matter that we reported to the Law Library's management in a separate letter dated April 28, 2008.

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 an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2007-001.

The Law Library's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the Law Library's response and, accordingly, we express no opinion on it.

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



Mary Taylor, CPA
Auditor of State

April 28, 2008

**UNION COUNTY LAW LIBRARY ASSOCIATION
UNION COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2007 AND 2006**

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

FINDING NUMBER 2007-001

Finding for Recovery Repaid Under Audit

Ohio Rev. Code Section 3375.49 provides that the board of trustees of a law library association is responsible for paying twenty percent of the compensation of a librarian and up to two assistant librarians for calendar year 2007. In interpreting the components of compensation, **2007 Op. Att’y Gen. No. 2007-012** states that mandatory employer contributions to the Ohio Public Employees Retirement System cannot be considered compensation under the language of Ohio Rev. Code § 3375.49. These contributions are the sole obligation of the county law library association as employer, and are not compensation subject to allocation between the law library association and county under Ohio Rev. Code § 3375.49.

The Law Library did not pay the employer portion of the contributions to the Ohio Public Employees Retirement System on the 2007 earnable salaries of the Law Library’s financial director and library liaison.

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public money that is due but not collected is hereby issued against the Union County Law Library Association General Fund, in Union County in the amount of \$5,901.06.

On May 29, 2008, the Union County Law Library Association issued check number 5442 in the amount of \$ 5,901.06 to Union County.

Officials’ Response

The Union County Law Library has repaid the finding of \$5,901.06 for the 2007 employer portion of PERS. Going forward, the Law Library will include PERS in the total payment.



Mary Taylor, CPA
Auditor of State

LAW LIBRARY ASSOCIATION

UNION 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
JUNE 24, 2008**