



Mary Taylor, CPA
Auditor of State

LAW LIBRARY ASSOCIATION
SCIOTO COUNTY

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Mary Taylor, CPA Auditor of State

Law Library Association
Scioto County
602 Seventh Street
Portsmouth, Ohio 45662

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 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 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.

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Mary Taylor, CPA
Auditor of State

August 12, 2009

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Law Library Association
Scioto County
602 Seventh Street
Portsmouth, Ohio 45662

To the Board of Trustees:

We have audited the accompanying financial statement of the General Fund of the Law Library Association, Scioto County, Ohio (the Library), as of and for the years ended December 31, 2008 and 2007. This financial statement is the responsibility of the Library'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 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 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 Library funds.

As described more fully in Note 1, the Library 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.

While the Library does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statement does not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require law library associations to reformat their statements. The 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 statement referred to above for the years ended December 31, 2008 and 2007 does 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, 2008 and 2007, 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 fund cash balances and reserves for encumbrances of the Law Library Association, Scioto County, General Fund as of December 31, 2008 and 2007, and its cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

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 statement.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 12, 2009, 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.

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

Mary Taylor, CPA
Auditor of State

August 12, 2009

**LAW LIBRARY ASSOCIATION
SCIOTO COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL PUBLIC FUNDS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007**

	2008	2007
Cash Receipts:		
County Auditor	\$28,741	\$33,498
Common Pleas Court	1,250	1,250
Portsmouth Municipal Court	5,500	5,500
City of Portsmouth	50,116	45,958
Interest	2	68
Miscellaneous	127	135
	85,736	86,409
Cash Disbursements:		
Salaries and Fringe Benefits	19,822	14,781
Materials	50,176	63,172
Supplies	983	1,435
Equipment	6,185	21,117
Insurance	1,105	1,110
Audit		2,824
	78,271	104,439
Total Cash Receipts Over/(Under) Cash Disbursements	7,465	(18,030)
Public Fund Cash Balances, January 1	10,800	28,830
Public Fund Cash Balances, December 31	\$18,265	\$10,800
Reserves for Encumbrances, December 31	\$18,262	\$10,800

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

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**LAW LIBRARY ASSOCIATION
SCIOTO COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2008 AND 2007**

1. Summary of Significant Accounting Policies

A. Description of the Entity

The Law Library Association, Scioto County (the Library), is governed by a board of five trustees. Members of the Scioto 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 Scioto County Commissioners to provide adequate facilities for the Library, including suitable bookcases, heating and lighting for the rooms.

The Board of Trustees hire a librarian and not more than two assistant law librarians. The Judges of the Court of Common Pleas of Scioto 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.

House Bill 66 amended ORC § 3375.48 effective September 29, 2005 to transfer the authority to fix the compensation of the law librarian and assistant law librarians from the judges of the common pleas court to the county law library association's board of trustees. During 2008, the county commissioners were responsible for 60% of the librarian's and assistants' compensation and for 80% the costs of the space and utilities for the law library as required by ORC § 3375.49. During 2007, the county commissioners were responsible for 80% of the librarian's and assistants' compensation and for 100% of the costs of the space and utilities for the law library as required by ORC § 3375.49.

As of January 1, 2010, a Law Library Resources Board (LLRB) will govern county law libraries. Each county will establish a county law library resources fund (LLRF) as required by ORC § 307.514. On or before January 1, 2010 the Library must transfer money and property purchased with fine and penalties monies to the LLRB. Expenditures from the LLRF fund shall be made pursuant to the annual appropriation measure adopted by the commissioners.

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.

**LAW LIBRARY ASSOCIATION
SCIOTO COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2008 AND 2007
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

B. Accounting Basis

This financial statement follows the accounting basis 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. The reserve for encumbrances on the financial statement represents the Library's commitments for purchases. The Library recognizes encumbrances when it commits funds.

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Budgetary Process

The Ohio Revised Code does not require the Library to budget annually. However, under ORC § 3375.56 the Library may encumber funds equal to their commitments outstanding at year end. Encumbrances outstanding at year end are carried over to the subsequent year.

D. Property, Plant, and Equipment

The Library records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statement does not report these items as assets.

2. Refund To Relative Income Sources and Amount Retained

In any year that receipts exceed disbursements, the Library refunds at least ninety percent of the unencumbered balance to the political subdivisions who provided the funds and retains the remainder. ORC § 3375.56 requires this "refund to relative income sources". The Library did not refund or retain any funds during 2008 and 2007.

3. Deposits

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

	<u>2008</u>	<u>2007</u>
Demand deposits	\$18,265	\$10,800

Deposits are insured by the Federal Deposit Insurance Corporation.

4. Retirement System

The 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 rates. For 2008 and 2007, OPERS members contributed 10 percent and 9.5 percent, respectively, of their gross salaries and the Library contributed an amount equaling 14 percent and 13.85 percent, respectively, of participants' gross salaries. The Library has paid all contributions required through December 31, 2008.

**LAW LIBRARY ASSOCIATION
SCIOTO COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2008 AND 2007
(Continued)**

5. Risk Management

Commercial Insurance

The Library has obtained commercial insurance for comprehensive property and general liability.

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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
Scioto County
602 Seventh Street
Portsmouth, Ohio 45662

To the Board of Trustees:

We have audited the financial statement of the Law Library Association, Scioto County, Ohio (the Library), as of and for the years ended December 31, 2008 and 2007, and have issued our report thereon dated August 12, 2009, 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 statement includes only the General Fund. 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 Library'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 Library's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the 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 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 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 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.

We noted a certain matter that we reported to the Library's management in a separate letter dated August 12, 2009.

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Compliance and Other Matters

As part of reasonably assuring whether the Library'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 an instance of noncompliance or other matter that we must report under *Government Auditing Standards*, which is described in the accompanying Schedule of Findings as item 2008-001.

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

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.



Mary Taylor, CPA
Auditor of State

August 12, 2009

**LAW LIBRARY ASSOCIATION
SCIOTO COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2008 AND 2007**

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

FINDING NUMBER 2008-001

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 and forty percent of the compensation of a librarian and up to two assistant librarians, and twenty percent of the cost of space, utilities, and fixtures for calendar year 2008.

The Library paid the required percentages for compensation for calendar years 2007 and 2008 from law library funds. However, the Library also applied those percentages to employer related expenses for Public Employees Retirement and worker's compensation. Ohio Attorney General Opinion No. 2007-012 states that mandatory employer contributions and payments to the Ohio Public Employee Retirement System (OPERS), the state unemployment compensation fund, and the workers compensation state insurance fund are not considered fringe benefits to employees. These contributions are the obligation of the county law library association, and are not compensation subject to allocation between the law library association and county under Ohio Rev. Code Section 3375.49. Therefore, these employer contributions should have been paid entirely from law library funds. The following table illustrates the payment required by the Library:

2007	Total	County Share 80%	Library Share 20%
Salary	\$ 5,300.04	\$ 4,240.03	\$ 1,060.01
Health Insurance	16,633.08	13,306.46	3,326.62
PERS	734.06		734.06
Worker's Compensation	199.76		199.76
		\$ 17,546.50	\$ 5,320.44
Amount Paid by the Law Library Association			(4,573.39)
Amount Due to the Scioto County General Fund			747.05
2008	Total	County Share 60%	Library Share 40%
Salary	\$ 5,300.04	\$ 3,180.02	\$ 2,120.02
Health Insurance	16,676.64	10,005.98	6,670.66
PERS	742.01		742.01
Worker's Compensation	197.35		197.35
		\$ 13,186.01	\$ 9,730.03
Amount Paid by the Law Library Association			(9,166.00)
Amount Due to the Scioto County General Fund			564.03
Total Due to the Scioto County General Fund			\$ 1,311.08

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 Scioto County Law Library Association General Fund, in the amount of \$1,311.08 and in favor of the Scioto County General Fund.

LAW LIBRARY ASSOCIATION
SCIOTO COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2008 AND 2007
(Continued)

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2008-001
(Continued)

Finding For Recovery - Repaid Under Audit (Continued)

This Finding for Recovery was repaid to the Scioto County Auditor with Check Number 6872 on July 24, 2009.

Officials' Response: The Scioto County Law Library (SCLL) was unaware that the employer's share of PERS and workers compensation premiums were not considered as an employee fringe benefit. The SCLL has paid the sum of \$1,311.08 into the County General Fund to cover such expense.



Mary Taylor, CPA
Auditor of State

LAW LIBRARY ASSOCIATION

SCIOTO 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
AUGUST 27, 2009**