



**LAW LIBRARY ASSOCIATION
MARION COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007



Mary Taylor, CPA
Auditor of State

LAW LIBRARY ASSOCIATION
MARION COUNTY

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Mary Taylor, CPA

Auditor of State

Law Library Association
Marion County
258 West Center Street
Marion, Ohio 43302

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 Association 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

October 15, 2009

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Law Library Association
Marion County
258 West Center Street
Marion, Ohio 43302

To the Board of Trustees:

We have audited the accompanying financial statements of the general fund and retained monies fund of the Law Library Association, Marion County, Ohio (the Association) as of and for the years ended December 31, 2008 and 2007. These financial statements are the responsibility of the Association'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 our audit provides a reasonable basis for our opinion.

The financial statements present only the general fund and the retained monies fund and do not intend to present fairly the financial position or results of operations of the all Association funds.

As described more fully in Note 1, the Association 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.

While the Association 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 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 statements referred to above for the years ended December 31, 2008 and 2007 do 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, 2008 and 2007, 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 the Associations, general fund and retained monies 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 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 statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2009, 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

October 15, 2009

**LAW LIBRARY ASSOCIATION
MARION COUNTY**

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

	General Fund	Retained Monies Fund	Totals (Memorandum Only)
Cash Receipts:			
Fine and Forfeitures	\$ 164,561	\$ -	\$ 164,561
Intergovernmental	10,787	-	10,787
Interest	-	291	291
Miscellaneous Receipts	596	11	607
Total Cash Receipts	175,944	302	176,246
Cash Disbursements:			
Salaries	34,746	-	34,746
Employee Fringe Benefits	16,665	-	16,665
Books and Subscriptions	77,305	-	77,305
Supplies, Services, and Equipment	12,897	-	12,897
Refunds to Relative Income Sources - See Note 1	24,634	-	24,634
Total Cash Disbursements	166,247	-	166,247
Total Cash Receipts Over/(Under) Cash Disbursements	9,697	302	9,999
Other Financing Receipts/(Disbursements):			
Remittance to Retained Funds	(2,736)	2,736	-
Total Other Financing Receipts/(Disbursements)	(2,736)	2,736	-
Excess (Deficiency) of Cash Receipts and Other Financing Receipts Over (Under) Cash Disbursements and Other Financing Disbursements	6,961	3,038	9,999
Public Fund Cash Balances, January 1	27,105	508	27,613
Public Fund Cash Balances, December 31	\$ 34,066	\$ 3,546	\$ 37,612

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

**LAW LIBRARY ASSOCIATION
MARION COUNTY**

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

	General Fund	Retained Monies Fund	Totals (Memorandum Only)
Cash Receipts:			
Fine and Forfeitures	\$ 155,665	\$ -	\$ 155,665
Intergovernmental	13,946	-	13,946
Interest	-	265	265
Miscellaneous Receipts	935	-	935
Total Cash Receipts	170,546	265	170,811
Cash Disbursements:			
Salaries	33,840	-	33,840
Employee Fringe Benefits	16,413	-	16,413
Books and Subscriptions	80,073	-	80,073
Supplies, Services, and Equipment	12,502	-	12,502
Refunds to Relative Income Sources - See Note 1	15	-	15
Other	613	-	613
Total Cash Disbursements	143,456	-	143,456
Total Cash Receipts Over/(Under) Cash Disbursements	27,090	265	27,355
Other Financing Receipts/(Disbursements):			
Remittance to Retained Funds	(2)	2	-
Total Other Financing Receipts/(Disbursements)	(2)	2	-
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	27,088	267	27,355
Public Fund Cash Balances, January 1	17	241	258
Public Fund Cash Balances, December 31	\$ 27,105	\$ 508	\$ 27,613

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

**LAW LIBRARY ASSOCIATION
MARION COUNTY**

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

1. Summary of Significant Accounting Policies

A. Description of the Entity

The Marion County Law Library Association (the Association) is governed by a board of five trustees who are elected to three year terms by members of the Marion County Law Library Association. 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) §§ 3375.50 to .53, inclusive. ORC § 3375.54 authorizes the Association 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 Marion 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/Secretary/Treasurer) and an Assistant Law Librarian. The Judges of the Court of Common Pleas of Marion County fix the Assistant Law Librarian's compensation pursuant to ORC § 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. For fiscal years 2008 and 2007, Marion County paid the salary of the Assistant Law Librarian, pursuant to Ohio Revised Code §3375.48.

House Bill 66 amended Ohio Rev. Code Section 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 2009, the county commissioners were responsible for compensating the librarian and up to two assistants and for the costs of the space and utilities. 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 Ohio Revised Code Section 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 Ohio Revised Code Section 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 Association's management believes these financial statements present all public funds for which the Association is financially accountable. The Association deems some funds it receives as private monies, comprised of 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 § 3375.54 when disbursing private money. The accompanying financial statements do not present private monies.

**LAW LIBRARY ASSOCIATION
MARION COUNTY**

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

1. Summary of Significant Accounting Policies (Continued)

B. Accounting Basis

These financial statements follow the accounting basis 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.

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

C. Deposits

The Association maintains on interest bearing and one non-interest bearing checking account.

D. Fund Accounting

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

1. General Fund

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

2. Retained Monies Fund

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

E. Property, Plant, and Equipment

The Association records disbursements for acquisitions of equipment when paid. The accompanying financial statements do not report these items as assets. The Association deems computers, copies, fax machines and other items related toward facilitating the use of equipment as equipment.

F. Total Columns on Financial Statements

Total columns on the financial statements are captioned (Memorandum Only) to indicate that they are present only to facilitate financial analysis. Data in these columns do not present financial position, or results of operations in conformity with the Association's accounting basis. Neither is such data comparable to a consultation. The Association does not eliminate interfund transactions when aggregating this data.

G. Refund to Relative Income Sources

If certain conditions are met, Ohio Revised Code § 3375.56 requires the Library to refund at least ninety percent of any *unencumbered* balance to political subdivisions that provided revenues to the Library. See Footnote 2 for additional information.

**LAW LIBRARY ASSOCIATION
MARION COUNTY**

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

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 unexpended 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 tables present the refunded and retained amounts during 2008 and 2007.

Refunded and Retained During Calendar Year 2008	
Unexpended Balance at December 31, 2007	\$27,371
Refunded to Relative Sources during 2008	24,634
Retained Funds Amount during 2008	\$2,737

Unencumbered Balance at December 31, 2006 Refunded and Retained During Calendar Year 2007	
Unencumbered Balance at December 31, 2006	\$16
Refunded to Relative Sources during 2007	15
Retained Funds Amount during 2007	\$2

3. Equity in Pooled Deposits and Investments

The Association maintains an interest bearing checking account for the General Fund and a non-interest bearing account for the Retained Monies Fund. The Ohio Revised Code prescribes allowable deposits. The carrying amount of deposits at December 31 was as follows:

	2008	2007
Demand deposits	\$37,612	\$27,613

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

4. Retirement Systems

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 their employer (i.e. the Library or County) 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
MARION COUNTY**

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

5. Risk Management

Commercial Insurance

The Association has obtained commercial insurance for the following risks:

- Comprehensive property and general liability; and
- Non-Owned vehicles.



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
Marion County
258 West Center Street
Marion, Ohio 43302

To the Board of Trustees:

We have audited the financial statements of the Law Library Association, Marion County, Ohio, (the Association) as of and for the years ended December 31, 2008 and 2007, and have issued our report thereon dated October 15, 2009, wherein we noted the Association followed accounting practices the Auditor of State permits rather than accounting principles generally accepted in the United States of America. In addition, we disclosed the financial statements include only the general fund and the retained monies 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 Association'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 Association's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Association's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider a significant deficiency.

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.

We consider finding 2008-001 described in the accompanying schedule of findings to be a significant deficiency in internal control over financial reporting.

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 the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. We believe finding number 2008-001 is also material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the Association'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 instances of noncompliance or other matters that we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2008-001 and 2008-002.

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

October 15, 2009

**LAW LIBRARY ASSOCIATION
MARION 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/Material Weakness

Ohio Rev. Code Section 3375.56 states on the first Monday of each year, the board of trustees of the law library association shall make a detailed statement to the county auditor, verified by the oath of the treasurer of the association, of the amount of the fines and penalties received under sections 3375.50 to 3375.53, inclusive, of the Revised Code, and of the money expended by the association.

If the total amount received under such sections during the preceding calendar year covered by such report exceeds the expenditures during the same period, the auditor shall certify such fact to the board which shall thereupon direct the treasurer of the association to refund proportionately to the treasurers of the political subdivisions from which such balance was received, not less than ninety per cent of any unencumbered balance on hand from the preceding year.

The Association posted interest income in the General Fund in the amounts of \$291 and \$265 for 2008 and 2007, respectively. This resulted in the Marion Law Library Association (LLA) refunding Marion County and the City of Marion in 2008 in the amount of \$239. The 2007 refund to Marion County and the City of Marion was \$15 which was deemed immaterial. Interest earned on these public funds is not subject to the refunding procedure set forth by Ohio Rev. Code Section 3375.56, as it is not a fine or penalty received under Ohio Rev. Code Sections 3375.50 to 3375.53.

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Board Members; Ted Frericks, Lisa Hypes, Keith Kochheiser, Larry Heiser, and Brent Rowland, and Douglas Diequez, Treasurer, jointly and severally, in the amount of \$239, in favor of Marion County Law Library Association Retained Monies Fund.

We recommend that Board post all interest earned in the Retained Monies Fund.

In addition, financial statements and accounting records have been adjusted to reflect the interest earned in the Retained Monies Fund.

As noted in Finding 2008-002, the County and the Association agreed to "net" the \$100 overpaid to the County against the 20% rent due to the County. On November 25, 2009, the City reimbursed the Association, check 20291, in the amount of \$1,766.91. This amount includes an overpayment made to the City in 2009, as described in Finding 2008-002.

**LAW LIBRARY ASSOCIATION
MARION 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)**

FINDING NUMBER 2008-002

Finding for Recovery Repaid Under Audit

Ohio Rev. Code Section 3375.49 provides, beginning January 1, 2008, that the board of trustees of a law library association is responsible for 20% of space, utilities and fixtures the County Commissioners provide to the Law Library Association.

The Library's proportionate share for space, utilities, and fixtures amounted to \$ \$2,999 for 2008.

The Library did not pay or reimburse Marion County for their share of the required costs.

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code Section 117.38, a Finding for Recovery for public money that is due but not collected is hereby issued against the Marion County Law Library Association, in the amount of \$2,999 and in favor of Marion County.

As noted in Finding 2008-001, the Association overpaid the County \$100. In addition, in 2009 the Association refunded 90% of the General Fund's 12/31/08 cash balance to the County and City. The General Fund's cash balance was overstated by the \$2,999; as the Association should have encumbered this amount when determining the amount to be refunded. Based on these facts the Association had over-refunded the County a total of \$1,432.66.

Instead of requesting the County to pay back the \$1,432.66, the County and Association agreed to "net" the amount due to the County for the 20% rent. Thus on November 20, 2009, the Association issued check 11623, in the amount of \$1,566.44, to reimburse the County for the rent due.

Officials' Response:

We did not receive an official response on the above findings.



Mary Taylor, CPA
Auditor of State

LAW LIBRARY ASSOCIATION

MARION 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
DECEMBER 22, 2009**