



**OTTAWA LAW LIBRARY ASSOCIATION  
OTTAWA COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2008**



**Mary Taylor, CPA**  
Auditor of State



**OTTAWA LAW LIBRARY ASSOCIATION  
OTTAWA COUNTY**

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Mary Taylor, CPA  
Auditor of State

Ottawa Law Library Association  
Ottawa County  
315 Madison Street  
Port Clinton, Ohio 43452-1944

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.

*Mary Taylor*

**Mary Taylor, CPA**  
Auditor of State

May 13, 2009

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# Mary Taylor, CPA

## Auditor of State

### INDEPENDENT ACCOUNTANTS' REPORT

Ottawa Law Library Association  
Ottawa County  
315 Madison Street  
Port Clinton, Ohio 43452-1944

To the Board of Trustees:

We have audited the accompanying financial statements of the general fund, the retained monies fund, and the private monies fund of the Law Library Association, Ottawa County, (the Library) as of and for the years ended December 31, 2008 and 2007. 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 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.

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.

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 GAAP presentation requirements. The Auditor of State permits, but does not require law libraries 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 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 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 statements referred to above present fairly, in all material respects, the fund cash balances and reserves for encumbrances of the Law Library Association, Ottawa County, general fund, retained monies fund, and private 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 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 May 13, 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

May 13, 2009



**OTTAWA LAW LIBRARY ASSOCIATION  
OTTAWA COUNTY**

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

	<u>General Fund</u>	<u>Retained Monies</u>	<u>Private Monies</u>	<u>Totals (Memorandum Only)</u>
<b>Cash Receipts:</b>				
Fine and Forfeitures	\$110,689			\$110,689
Miscellaneous Receipts			\$55	55
Total Cash Receipts	<u>110,689</u>		<u>55</u>	<u>110,744</u>
<b>Cash Disbursements:</b>				
Salaries and Fringe Benefits	46,715			46,715
Supplies and Materials	65,989			65,989
Purchases and Contract Services	1,737			1,737
Refunds to Relative Income Sources - See Note 2	12,650			12,650
Total Cash Disbursements	<u>127,091</u>			<u>127,091</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(16,402)</u>		<u>55</u>	<u>(16,347)</u>
<b>Other Financing Receipts/(Disbursements):</b>				
Remittance to Retained Funds	<u>(1,406)</u>	<u>\$1,406</u>		<u>0</u>
Excess (Deficiency) of Cash Receipts and Other Financing Receipts Over (Under) Cash Disbursements and Other Financing Disbursements	(17,808)	1,406	55	(16,347)
Fund Cash Balances, January 1	<u>35,609</u>	<u>610</u>	<u>560</u>	<u>36,779</u>
Fund Cash Balances, December 31	<u>\$17,801</u>	<u>\$2,016</u>	<u>\$615</u>	<u>\$20,432</u>
Reserves for Encumbrances, December 31	<u>\$30,583</u>	<u>\$0</u>	<u>\$0</u>	<u>\$30,583</u>

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

**OTTAWA LAW LIBRARY ASSOCIATION  
OTTAWA COUNTY**

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

	<u>General Fund</u>	<u>Retained Monies</u>	<u>Private Monies</u>	<u>Totals (Memorandum Only)</u>
<b>Cash Receipts:</b>				
Fine and Forfeitures	\$133,988			\$133,988
Miscellaneous Receipts			\$93	93
Total Cash Receipts	<u>133,988</u>		<u>93</u>	<u>134,081</u>
<b>Cash Disbursements:</b>				
Salaries and Fringe Benefits	43,540			43,540
Supplies and Materials	57,468			57,468
Purchases and Contract Services	5,109			5,109
Refunds to Relative Income Sources - 2006	5,488			5,488
Total Cash Disbursements	<u>111,605</u>			<u>111,605</u>
Total Cash Receipts Over Cash Disbursements	<u>22,383</u>		<u>93</u>	<u>22,476</u>
<b>Other Financing Receipts/(Disbursements)</b>				
Remittance to Retained Funds	(610)	\$610		0
Refunds from Vendors	99			99
Total Other Financing Receipts/(Disbursements)	<u>(511)</u>	<u>610</u>		<u>99</u>
Excess of Cash Receipts and Other Financing Receipts Over (Under) Cash Disbursements and Other Financing Disbursements	21,872	610	93	22,575
Fund Cash Balances, January 1	<u>13,737</u>		<u>467</u>	<u>14,204</u>
Fund Cash Balances, December 31	<u>\$35,609</u>	<u>\$610</u>	<u>\$560</u>	<u>\$36,779</u>
Reserves for Encumbrances, December 31	<u>\$21,553</u>	<u>\$0</u>	<u>\$0</u>	<u>\$21,553</u>

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

**OTTAWA LAW LIBRARY ASSOCIATION  
OTTAWA COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Law Library Association (the Library) is governed by a board of six trustees, three of who shall be elected from the members of the Ottawa County Bar Association, and three are the judges of the Courts of Common Pleas, Probate Division, and of Port Clinton Municipal Court. 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 Ottawa 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 Ottawa 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 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 pleas 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 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 Library is responsible for increases 20% annually, 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.

The Library's management believes these financial statements present all public funds for which the Library is financially accountable. The accompanying financial statements also include private monies, see note 1C.

**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 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 statements 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.

**OTTAWA LAW LIBRARY ASSOCIATION  
OTTAWA COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Fund Accounting**

The Library uses fund accounting to segregate cash and investments that are 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**

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

**3. Private Monies**

Private monies include membership dues, overdue book charges, and photocopying charges. Fees collected for book and copier usage remain private even though the books and copiers may have been purchased with public funds. The Library can disburse private monies at its discretion.

**D. Budgetary Process**

The Ohio Revised Code does not require the Library to budget annually. However, under Ohio Revised Code § 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.

**E. Property, Plant, and Equipment**

The Library records disbursements for acquisitions of property, plant, and equipment 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 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.

**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.

**OTTAWA LAW LIBRARY ASSOCIATION  
OTTAWA 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 Library refunds at least ninety percent of the unencumbered 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 2007.

<b>Unencumbered Balance at December 31, 2007 Refunded and Retained During Calendar Year 2008</b>	
Unencumbered Balance at December 31, 2007	\$14,056
Refunded to Relative Sources during 2008	12,650
Retained Funds Amount during 2008	<u>\$1,406</u>

**3. EQUITY IN POOLED DEPOSITS**

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

	<u>2008</u>	<u>2007</u>
Demand deposits	<u>\$20,432</u>	<u>\$36,779</u>

Deposits are insured by the Federal Depository 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, 2007. Calendar year 2008 contributions were paid in January 2009.

**5. RISK MANAGEMENT**

**Commercial Insurance**

The Ottawa County Board of County Commissioners is required to provide space in the County Building for the Association's law library. The County Commissioners have obtained commercial insurance for the following risks:

- Comprehensive property and general liability; and
- Errors and omissions.

The Library has obtained commercial insurance for public official's liability.

**Health Insurance**

The Library also provides health insurance coverage to fulltime employees through a private carrier.

**OTTAWA LAW LIBRARY ASSOCIATION  
OTTAWA COUNTY**

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

**6. SUBSEQUENT EVENTS**

Am. Sub H.B. 420, passed on December 17, 2008, creates in each county a county law library resources board to provide legal research, reference and a library to the county and its municipal corporations, townships, and courts and sets forth the board's membership and requirements. It also requires the law library association, on or before January 1, 2010, to transfer all unspent fines and penalties in the law library's general fund, retained monies, and all personal property purchased with such funds to the library's resources board in the county where the law library association is located.



# 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***

Ottawa Law Library Association  
Ottawa County  
315 Madison Street  
Port Clinton, Ohio 43452-1944

To the Board of Trustees:

We have audited the financial statements of the Law Library Association, Ottawa County, (the Library) as of and for the years ended December 31, 2008 and 2007, and have issued our report thereon dated May 13, 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 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 statements, 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.

### **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 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 management and the Board of Trustees. We intend it for no one other than these specified parties.

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

**Mary Taylor, CPA**  
Auditor of State

May 13, 2009





**Mary Taylor, CPA**  
Auditor of State

**LAW LIBRARY ASSOCIATION**

**OTTAWA 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 25, 2009**