



**LAW LIBRARY ASSOCIATION  
LICKING COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2009-2008**



**Mary Taylor, CPA**  
Auditor of State



LAW LIBRARY ASSOCIATION  
LICKING COUNTY

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Mary Taylor, CPA  
Auditor of State

Law Library Association  
Licking County  
65 East Main Street, Lower Level  
Newark, Ohio 43058

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 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.

*Mary Taylor*

**Mary Taylor, CPA**  
Auditor of State

September 30, 2010

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# Mary Taylor, CPA

## Auditor of State

### INDEPENDENT ACCOUNTANTS' REPORT

Law Library Association  
Licking County  
65 East Main Street, Lower Level  
Newark, Ohio 43058

To the Board of Trustees:

We have audited the accompanying financial statements of the Law Library Association, Licking County, Ohio, (the Library) as of and for the years ended December 31, 2009 and 2008. 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 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, 2009 and 2008 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, 2009 and 2008, 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 reserve for encumbrances of the Law Library Association, Licking County, Ohio, as of December 31, 2009 and 2008, and its cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

As discussed in Note 1(D)(2), the Library has included activity associated with the Retained Monies Fund.

House Bill 420 of the 127th General Assembly required the Library to transfer its public cash and property purchased with public funds to the county on or before January 1, 2010. The County will assume accounting responsibilities for these funds commencing in 2010, and the County will present these funds in its financial statements.

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 September 30, 2010, 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.



**Mary Taylor, CPA**  
Auditor of State

September 30, 2010



**LAW LIBRARY ASSOCIATION  
LICKING COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>General Fund</u>	<u>Retained Monies Fund</u>	<u>Totals (Memorandum Only)</u>
<b>Cash Receipts:</b>			
Fine and Forfeitures	\$ 158,927	\$ -	\$ 158,927
Interest	72	574	646
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	158,999	574	159,573
<b>Cash Disbursements:</b>			
Salaries & Fringe Benefits	7,056	-	7,056
Supplies and Materials	481	-	481
Printing and Publishing	70,872	-	70,872
Charges and Fees	20	-	20
Telephone	358	-	358
Accounting Services	1,344	-	1,344
Insurance	3,081	-	3,081
Repairs and Maintenance	548	-	548
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	83,760	-	83,760
Total Cash Receipts Over Cash Disbursements	<hr/>	<hr/>	<hr/>
	75,239	574	75,813
<b>Other Financing Receipts/(Disbursements):</b>			
Transfer Out - To Licking County	(103,961)	-	(103,961)
Refund of Expenditures	430	-	430
Transfers-In	25,203	-	25,203
Transfers-Out	-	(25,203)	(25,203)
	<hr/>	<hr/>	<hr/>
Total Other Financing Disbursements	(78,328)	(25,203)	(103,531)
Excess (Deficiency) of Cash Receipts and Other Financing Receipts Over (Under) Cash Disbursements and Other Financing Disbursements	<hr/>	<hr/>	<hr/>
	(3,089)	(24,629)	(27,718)
Fund Cash Balances, January 1	<hr/>	<hr/>	<hr/>
	3,089	24,839	27,928
<b>Fund Cash Balances, December 31</b>	<hr/>	<hr/>	<hr/>
	<u>\$ -</u>	<u>\$ 210</u>	<u>\$ 210</u>

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

**LAW LIBRARY ASSOCIATION  
LICKING COUNTY**

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

	<b>General Fund</b>	<b>Retained Monies Fund</b>	<b>Totals (Memorandum Only)</b>
<b>Cash Receipts:</b>			
Fine and Forfeitures	\$ 59,125	\$ -	\$ 59,125
Interest	-	659	659
<b>Total Cash Receipts</b>	<b>59,125</b>	<b>659</b>	<b>59,784</b>
<b>Cash Disbursements:</b>			
Salaries & Fringe Benefits	10,717	-	10,717
Supplies and Materials	214	-	214
Printing and Publishing	43,100	-	43,100
Charges and Fees	109	-	109
Telephone	393	-	393
Accounting Services	4,066	-	4,066
Insurance	2,549	-	2,549
Repairs and Maintenance	379	-	379
<b>Total Cash Disbursements</b>	<b>61,527</b>	<b>-</b>	<b>61,527</b>
Total Cash Receipts Over/(Under) Cash Disbursements	(2,402)	659	(1,743)
Fund Cash Balances, January 1	5,491	24,180	29,671
<b>Fund Cash Balances, December 31</b>	<b>\$ 3,089</b>	<b>\$ 24,839</b>	<b>\$ 27,928</b>
Reserves for Encumbrances, December 31	\$ 7,057	\$ -	\$ 7,057

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

**LAW LIBRARY ASSOCIATION  
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008**

**1. Summary of Significant Accounting Policies**

**A. Description of the Entity**

The Law Library Association, Licking County, Ohio, (the Library) is governed by a board of five trustees. Members of the Licking County Bar Association 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 Licking 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 Licking 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.

During 2009, Ohio Rev. Code Section 3375.48 made the county commissioners 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 Library's management believes these financial statements present all public funds for which the Library is financially accountable.

**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.

**LAW LIBRARY ASSOCIATION  
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008  
(Continued)**

**1. Summary of Significant Accounting Policies (Continued)**

**C. Deposits**

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

The Library maintained an interest bearing checking account, a savings account and certificates of deposit. The Library values certificates of deposit at cost.

**D. 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**

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.

**E. 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

**F. 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.

**2. Closeout Transfer to County**

HB 420 of the 127th General Assembly required the Library to transfer its public cash and property purchased with public funds to the county on or before January 1, 2010. The County will assume accounting responsibilities for these funds commencing in 2010.

The 2009 financial statement displays this transaction as a *transfer*. Following this transfer, the Library received a refund and an interest receipt. As a result, Library transferred the remaining \$210 to the County on January 11, 2010.

**LAW LIBRARY ASSOCIATION  
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008  
(Continued)**

**3. Equity in Pooled Deposits**

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

	<u>2009</u>	<u>2008</u>
Demand deposits	\$210	\$3,023
Savings Account	0	495
Certificates of deposit	0	24,410
Total deposits	<u>\$210</u>	<u>\$27,928</u>

**Deposits:** 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 2009 and 2008, OPERS members contributed 10 percent, of their gross salaries and their employer (i.e. the Library or County) contributed an amount equaling 14 percent, of participants' gross salaries. The Library has paid all contributions required through December 31, 2009.

**5. Risk Management**

**Commercial Insurance**

The Library has obtained commercial insurance for the following risks:

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

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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  
Licking County  
65 East Main Street, Lower Level  
Mount Vernon, Ohio 43058

To the Board of Trustees:

We have audited the financial statements of the Law Library Association, Licking County, Ohio, (the Library) as of and for the years ended December 31, 2009 and 2008, and have issued our report thereon dated September 30, 2010, wherein we noted the Library followed accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. We also disclosed that State Statute requires the Library to transfer its funds to the County. The County will assume accounting responsibilities for the Library in 2010. 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 the purpose of expressing our opinion on the financial statements, but not for the purpose of opining 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 *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency or combination of deficiencies in internal control such that there is a reasonable possibility that material financial statement misstatements will not be prevented, or detected and timely corrected.

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 deficiencies in internal control that might be deficiencies, 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. However, we identified a certain deficiency in internal control over financial reporting, described in the accompanying schedule of findings that we consider a significant deficiency in internal control over financial reporting. We consider finding 2009-002 to be a significant deficiency. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

### **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 an instance of noncompliance we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item: 2009-001

We also noted a certain matter not requiring inclusion in this report that we reported to the Library's management in a separate letter dated September 30, 2010.

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

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

**Mary Taylor, CPA**  
Auditor of State

September 30, 2010



**LAW LIBRARY ASSOCIATION  
LICKING COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2009 AND 2008**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2009-001**

**Finding For Recovery - Repaid Under Audit – County Provided Services**

Ohio Rev. Code Section 3375.49 provides that the board of trustees of a law library association is responsible for paying twenty percent and the board of county commissioners is responsible for paying eighty percent of the utilities for the law library's space for calendar year 2008. Additionally, Ohio Rev. Code Section 3375.49 states that during calendar year 2009, the board of county commissioners shall be responsible for the costs of the space in the county courthouse or other building that the board provides for the use of the law library and the utilities for that space.

In 2008, the Law Library Association paid the County one hundred percent (\$353) of their telephone utility expenses. In 2009, the Law Library Association paid the County \$268 for telephone utility expenses. This resulted in the Law Library Association paying \$282 and \$268 in excess of their statutorily required share of expenditures for 2008 and 2009, respectively.

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 Licking County General Fund, in the amount of \$550 and in favor of the Licking County Law Library Association General Fund.

As of January 1, 2010, House Bill 420 required the Law Library Association to transfer funds to the newly created Law Library Resources Fund. Due to the changes required by House Bill 420, monies should be repaid to the Licking County Law Library Resources Fund.

The Law Library received \$550 from the Licking County General Fund on October 14, 2010 and was receipted into the Law Library Resources Fund.

**FINDING NUMBER 2009-002**

**Financial Statement Presentation – Significant Deficiency**

A monitoring system should be in place to prevent or detect material misstatements for the accurate presentation of the Library's financial statements. Additionally, bank reconciliations should be performed on a monthly basis to detect errors in record keeping.

In 2008 and 2009, the contracted Fiscal Agent and the Law Librarian, respectively, did not always accurately post receipts and disbursements to the Library's financial statements. The following posting errors were noted:

- In 2008 and 2009, interest revenue was not posted to the financial statements. For 2008 an adjustment was made to the Retained Monies Fund for \$659 and for 2009, adjustments were made to both the Retained Monies Fund and General fund for \$574 and \$72, respectively.
- In 2008, a salary and fringe benefit payment for \$3,688 and a printing and publishing payment for \$140 that were voided were included as disbursements on the financial statements.

**LAW LIBRARY ASSOCIATION  
LICKING COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2009 AND 2008  
(Continued)**

<p><b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b></p>
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**FINDING NUMBER 2009-002 (Continued)**

**Financial Statement Presentation – Significant Deficiency (Continued)**

- In 2009, a telephone utilities payment for \$87 and a printing and publishing payment for \$19 that were recorded in 2008, were also included as disbursements on the 2009 financial statements.
- In 2009, a payment to the Licking County Law Library Board of \$210 made in 2010 was included on the 2009 financial statements.

The adjustments above resulted from not performing monthly reconciliations between bank statements and accounting ledgers.

Not posting receipts and disbursements accurately on the financial statements required audit adjustments; furthermore, inaccurate accounting records could make it difficult for the Board of Trustees to effectively monitor the Law Library's activities or identify misstatements or errors in a timely manner.

We recommend the Law Library takes steps to ensure the accurate posting of all transactions to the financial statements. Cash receipts and disbursements should be posted in accordance with procedures and posting guidelines for the Law Library and bank reconciliations should be performed on a monthly basis.

The Law Library's financial statements and, where applicable, the accounting records have been adjusted to accurately reflect the proper line item classifications and totals.

**We did not receive an official's response for the comments denoted above.**

LAW LIBRARY ASSOCIATION  
LICKING COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2009 AND 2008

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2007-001	ORC 3375.49 - Finding for Recovery Repaid Under Audit- PERS Contributions	Yes	

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**Mary Taylor, CPA**  
Auditor of State

**LICKING COUNTY LAW LIBRARY ASSOCIATION**

**LICKING COUNTY**

**CLERK'S CERTIFICATION**

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
NOVEMBER 16, 2010**