



Mary Taylor, CPA
Auditor of State

**LAW LIBRARY ASSOCIATION
ALLEN COUNTY**

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Mary Taylor, CPA
Auditor of State

Law Library Association
Allen County
204 North Main Street
Suite 102
Lima, Ohio 45801

To the Library 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

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May 24, 2010

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Law Library Association
Allen County
204 North Main Street
Suite 102
Lima, Ohio 45801

To the Library Board of Trustees:

We have audited the accompanying financial statements of the Law Library Association, Allen County, (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 of the Law Library Association, Allen County, 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.

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 May 24, 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

May 24, 2010

**LAW LIBRARY ASSOCIATION
ALLEN 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>Private Monies Fund</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:				
Fine and Forfeitures	\$206,787			\$206,787
Interest		\$74	\$666	740
Miscellaneous Receipts			106	106
Total Cash Receipts	<u>206,787</u>	<u>74</u>	<u>772</u>	<u>207,633</u>
Cash Disbursements:				
Supplies and Materials	691			691
Refunds to Relative Income Sources - See Note 2	23,055			23,055
Equipment	297			297
Legal Publications	102,493	93,134		195,627
Other	6,867			6,867
Total Cash Disbursements	<u>133,403</u>	<u>93,134</u>		<u>226,537</u>
Total Cash Receipts Over/(Under) Cash Disbursements	73,384	(93,060)	772	(18,904)
Other Financing Receipts/(Disbursements):				
Remittance to County - HB420	(76,900)			(76,900)
Remittance to Retained Funds	(390)	390		
Excess of Cash Receipts and Other Financing Receipts Over (Under) Cash Disbursements and Other Financing Disbursements	(3,906)	(92,670)	772	(95,804)
Fund Cash Balances, January 1	<u>3,906</u>	<u>101,480</u>	<u>30,405</u>	<u>135,791</u>
Fund Cash Balances, December 31	<u>\$0</u>	<u>\$8,810</u>	<u>\$31,177</u>	<u>\$39,987</u>

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

**LAW LIBRARY ASSOCIATION
ALLEN COUNTY**

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

	<u>General Fund</u>	<u>Retained Monies Fund</u>	<u>Private Monies Fund</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:				
Fine and Forfeitures	\$242,178			\$242,178
Interest		\$1,431		1,431
Miscellaneous Receipts			\$177	177
Total Cash Receipts	<u>242,178</u>	<u>1,431</u>	<u>177</u>	<u>243,786</u>
Cash Disbursements:				
Salaries	19,838			19,838
Supplies and Materials	439			439
Refunds to Relative Income Sources - See Note 2	58,049			58,049
Equipment	2,765			2,765
Legal Publications	214,073			214,073
Other	24,666			24,666
Total Cash Disbursements	<u>319,830</u>			<u>319,830</u>
Total Cash Receipts Over/(Under) Cash Disbursements	(77,652)	1,431	177	(76,044)
Other Financing Receipts/(Disbursements):				
Remittance to Retained Funds	<u>(6,450)</u>	<u>6,450</u>		
Excess of Cash Receipts and Other Financing Receipts Over (Under) Cash Disbursements and Other Financing Disbursements	(84,102)	7,881	177	(76,044)
Fund Cash Balances, January 1	<u>88,008</u>	<u>93,599</u>	<u>30,228</u>	<u>211,835</u>
Fund Cash Balances, December 31	<u>\$3,906</u>	<u>\$101,480</u>	<u>\$30,405</u>	<u>\$135,791</u>

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

**LAW LIBRARY ASSOCIATION
ALLEN 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 of Allen County (the Library) is governed by a board of 5 trustees. Members of the Allen County Bar Association elect the board members annually. 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 Allen 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 Allen County fix the librarians' compensation pursuant to ORC § 3375.48. If the Library provides free access to all county offices 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 percent of the librarian's and assistants' compensation and for 80 percent 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. The accompanying financial statements also include private monies, see note 1D.

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 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
ALLEN COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Cash and Investments

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. Interest income at the time of maturity is recorded as a receipt.

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

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.

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. Equipment

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

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
ALLEN COUNTY**

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

2. REFUND TO RELATIVE INCOME SOURCES AND AMOUNT RETAINED

Through the year 2008, if receipts exceeded disbursements, the Library was required to refund at least ninety percent of the unencumbered balance to the political subdivisions who provided the funds and retain the remainder. Ohio Revised Code § 3375.56 requires this “refund to relative income sources”. The following tables present the required refunded and retained amounts during 2009 and 2008.

**Unencumbered Balance at December 31, 2008
Refunded and Retained During Calendar Year 2009**

Unencumbered Balance at December 31, 2008	\$3,906
Refunded to Relative Sources during 2009	3,516
Retained Funds Amount during 2009	\$390

**Unencumbered Balance at December 31, 2007
Refunded and Retained During Calendar Year 2008**

Unencumbered Balance at December 31, 2007	\$64,499
Refunded to Relative Sources during 2008	58,049
Retained Funds Amount during 2008	\$6,450

3. 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 Library transferred \$76,900 to the County on December 17, 2009. As of May 24, 2010, the Library has not yet transferred the amount of \$8,810 to the County Law Library Resource Fund.

4. EQUITY IN POOLED CASH AND INVESTMENTS

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

	2009	2008
Checking Account	\$11,862	\$ 9,653
Business Prime Savings		98,782
Copy Account	10,171	10,061
Five year Certificate of Deposit	15,269	14,612
Gift Account	378	378
Clearing Account	2,307	2,305
Total deposits and investments	\$39,987	\$135,791

Deposits: Deposits are insured by the Federal Depository Insurance Corporation, or collateralized by the financial institution’s public entity deposit pool.

**LAW LIBRARY ASSOCIATION
ALLEN COUNTY**

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

5. 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 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 and County has paid all contributions required through December 31, 2009.

6. RISK MANAGEMENT

Commercial Insurance

The Library has obtained commercial insurance coverage for fire and related perils, crime and inland marine.

Real property is insured through the Allen County Commissioners.



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
Allen County
204 North Main Street
Suite 102
Lima, Ohio 45801

To the Library Board of Trustees:

We have audited the financial statements of the Law Library Association, Allen County, (the Library), as of and for the years ended December 31, 2009 and 2008, and have issued our report thereon dated May 24, 2010, 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 noted 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. 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 internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Library's financial statements 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 was not designed to identify all deficiencies in internal control over financial reporting 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.

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 or other matter that we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2009-001.

We intend this report solely for the information and use of finance/audit committee, management, and the Library Board of Trustees. 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

May 24, 2010

**LAW LIBRARY ASSOCIATION
ALLEN COUNTY**

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

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

FINDING NUMBER 2009-001

Finding Repaid Under Audit - Refund Distributions

Ohio Rev Code Section 3375.56, states that the Board of Trustees of the Law Library Association shall make a detailed statement to the county auditor of the amount of the fines and penalties received under Sections 3375.50 through 3375.53, Revised Code, inclusive, and the money expended by the Association. If the total amount received under such sections during the preceding calendar year exceeds expenditures during the same time period, the auditor shall certify such fact to the board which shall direct the treasurer of the association to refund proportionately to the political subdivisions from which the balance was received, not less than ninety percent of any unencumbered balance on hand from the preceding year.

The statement certified to the County Auditor included an incorrect General Fund balance which resulted in an increase in the amount calculated to be refunded to the subdivisions. The net effect of the calculation error resulted in a decrease in the amount due the subdivisions as indicated below:

	2008	
	<u>As Certified</u>	<u>As Adjusted</u>
Revenue From Fines	\$242,178	\$242,178
Eligible Expenditures	(216,561)	(238,272)
To be Distributed in 2009	25,617	3,906
Less 10% to Law Library	(2,562)	(390)
Refund Distributed in 2009	(23,055)	(23,055)
Excess Distribution	<u>\$ 0</u>	<u>(\$ 19,539)</u>

Based on the calculation errors, the excess distribution should be returned to the Allen County Law Library Resource Fund from the subdivisions as indicated below:

	2008
Lima Municipal Court	\$13,722
City of Lima	5,108
Allen County Clerk of Courts	428
Allen County Juvenile Court	281
	<u>\$19,539</u>

In accordance with the forgoing facts, and pursuant to Ohio Rev. Code Section 117.28, a finding for recovery for public money illegally expended is hereby issued against the Lima Municipal Court in the amount of \$13,722, the City of Lima in the amount of \$5,108, the Allen County Clerk of Courts in the amount of \$428 and the Allen County Juvenile Court in the amount of \$281, for a total amount of \$19,539, and in favor of the Allen County Law Library Resources Fund.

Payment was remitted by the City of Lima and the Lima Municipal Court to the Allen County Law Library Resources Fund on County Pay-in 76859, dated June 29, 2010. In addition, payment was remitted by the Allen County Clerk of Courts and the Allen County Juvenile Court on County Pay-ins 76325 and 76532 dated June 18, 2010 and June 21, 2010, respectively.

Response: Officials did not respond to this finding.



Mary Taylor, CPA
Auditor of State

LAW LIBRARY

ALLEN 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
JULY 13, 2010