



**LAW LIBRARY ASSOCIATION  
PAULDING COUNTY**

**REGULAR AUDIT**

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



**Mary Taylor, CPA**  
Auditor of State



PAULDING LAW LIBRARY ASSOCIATION  
PAULDING COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Cover Letter .....	1
Independent Accountants' Report.....	3
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Public Funds - For the Year Ended December 31, 2009.....	5
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Public Funds - For the Year Ended December 31, 2008.....	6
Notes to the Financial Statements .....	7
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	11
Schedule of Prior Audit Findings .....	13

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Mary Taylor, CPA  
Auditor of State

Paulding Law Library Association  
Paulding County  
200 N. Williams Street  
Paulding, Ohio 45879-1252

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

April 28, 2010

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Paulding Law Library Association  
Paulding County  
200 N. Williams Street  
Paulding, Ohio 45879-1252

To the Board of Trustees:

We have audited the accompanying financial statements of the general fund and the retained monies fund of the Paulding Law Library Association, Paulding 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.

GAAP requires presenting entity wide statements and also presenting the Library's larger (i.e. major) funds separately. 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 governments 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 Paulding Law Library Association, Paulding County, general fund and the retained monies fund 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 April 28, 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

April 28, 2010



**PAULDING LAW LIBRARY ASSOCIATION  
PAULDING COUNTY**

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

	General Fund	Retained Monies Fund	Totals (Memorandum Only)
<b>Cash Receipts:</b>			
Fine and Forfeitures	\$43,975		\$43,975
Miscellaneous Receipts	101		101
<b>Total Cash Receipts</b>	<b>44,076</b>		<b>44,076</b>
<b>Cash Disbursements:</b>			
Books and Subscriptions	34,666		34,666
Salaries	73		73
Employee Fringe Benefits	65		65
Supplies and Materials	48		48
Insurance and Contracts	183		183
Professional Dues	20		20
Refunds to Relative Income Sources - See Note 2	132		132
<b>Total Cash Disbursements</b>	<b>35,187</b>		<b>35,187</b>
<b>Total Cash Receipts Over Cash Disbursements</b>	<b>8,889</b>		<b>8,889</b>
<b>Other Financing Receipts (Disbursements):</b>			
Remittance to Retained Funds	(15)	\$15	
Transfer of Cash Assets to Paulding County	(9,021)	(218)	(9,239)
<b>Total Other Financing Receipts (Disbursements)</b>	<b>(9,036)</b>	<b>(203)</b>	<b>(9,239)</b>
<b>Excess Cash Disbursements and Other Financing Disbursements Over Cash Receipts</b>	<b>(147)</b>	<b>(203)</b>	<b>(350)</b>
<b>Fund Cash Balances, January 1</b>	<b>147</b>	<b>203</b>	<b>350</b>
<b>Fund Cash Balances, December 31</b>			

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

**PAULDING LAW LIBRARY ASSOCIATION  
PAULDING COUNTY**

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

	<u>General Fund</u>	<u>Retained Monies Fund</u>	<u>Totals (Memorandum Only)</u>
<b>Cash Receipts:</b>			
Fine and Forfeitures	\$50,039		\$50,039
<b>Cash Disbursements:</b>			
Books and Subscriptions	44,719		44,719
Salaries	2,837		2,837
Employee Fringe Benefits	404		404
Supplies and Materials	25		25
Insurance and Contracts	100		100
Professional Dues	40		40
Audit Costs	1,767		1,767
Refund of Prior Year Audit Finding	103		103
Total Cash Disbursements	49,995		49,995
Total Cash Receipts Over Cash Disbursements	44		44
Fund Cash Balances, January 1	103	203	306
<b>Fund Cash Balances, December 31</b>	<b>\$147</b>	<b>\$203</b>	<b>\$350</b>

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

**PAULDING LAW LIBRARY ASSOCIATION  
PAULDING COUNTY**

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

**1. Summary of Significant Accounting Policies**

**A. Description of the Entity**

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

The Board of Trustees elects a librarian and not more than two assistant law librarians. The Judges of the Court of Common Pleas of Paulding 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 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. The Library transferred all funds, totaling \$9,239, on December 23, 2009 to the LLRF. 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.

**PAULDING LAW LIBRARY ASSOCIATION  
PAULDING COUNTY**

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

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

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

**C. Fund Accounting**

The Library uses fund accounting to segregate cash 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.

**D. 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.

**E. 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.

**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 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". Disbursements exceeded receipts in 2007 and as a result there were no amounts required to be refunded in 2008. The following table presents the refunded and retained amounts during 2009.

**PAULDING LAW LIBRARY ASSOCIATION  
PAULDING COUNTY**

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

**2. REFUND TO RELATIVE INCOME SOURCES AND AMOUNT RETAINED (Continued)**

Balance at December 31, 2008	
<u>Refunded and Retained During Calendar Year 2009</u>	
Balance subject to refund at December 31, 2008	\$147
Refunded to Relative Sources during 2009	<u>(132)</u>
Retained Funds Amount during 2009	<u><u>\$15</u></u>

**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 2009 financial statement displays this transaction as a *transfer of cash assets*.

**4. 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>2009</u>	<u>2008</u>
Demand deposits	<u><u>          </u></u>	<u><u>\$350</u></u>

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

**5. 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.

**6. Risk Management**

Building and contents insurance is provided by the Paulding County Commissioners through the County Risk Sharing Authority

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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*

Paulding Law Library Association  
Paulding County  
200 N. Williams Street  
Paulding, Ohio 45879-1252

To the Board of Trustees:

We have audited the financial statements of the Paulding Law Library Association, Paulding County, (the Library) as of and for the years ended December 31, 2009 and 2008, and have issued our report thereon dated April 28, 2010, wherein we noted the Library prepared its financial statements using accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. We also disclosed the financial statements include only the general fund and the retained monies fund. We also disclosed that State Statute requires the Library to transfer its public 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 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 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, 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

April 28, 2010



PAULDING LAW LIBRARY ASSOCIATION  
PAULDING 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 3375.56 Failure to pay 90% of revenue back to the County.	Yes	



**Mary Taylor, CPA**  
Auditor of State

**PAULDING LAW LIBRARY ASSOCIATION**

**PAULDING 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  
MAY 20, 2010**