



Mary Taylor, CPA
Auditor of State

**LAW LIBRARY ASSOCIATION
GUERNSEY COUNTY**

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Mary Taylor, CPA Auditor of State

Law Library Association
Guernsey County
801 Wheeling Avenue
Cambridge, Ohio 43725

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.

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Mary Taylor, CPA
Auditor of State

May 19, 2010

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Law Library Association
Guernsey County
801 Wheeling Avenue
Cambridge, Ohio 43725

To the Board of Trustees:

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

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

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, Guernsey 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 May 19, 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.

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

Mary Taylor, CPA
Auditor of State

May 19, 2010

**LAW LIBRARY ASSOCIATION
GUERNSEY 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) |
|---|-------------------------|-------------------------------------|---|
| Cash Receipts: | | | |
| Fine and Forfeitures | \$125,535 | | \$125,535 |
| Interest | | \$1,268 | 1,268 |
| Miscellaneous Receipts | | 41 | 41 |
| Total Cash Receipts | 125,535 | 1,309 | 126,844 |
| Cash Disbursements: | | | |
| Salaries and Benefits | 29,656 | | 29,656 |
| Supplies and Materials | 69,753 | 27,943 | 97,696 |
| Transfer to County | | 40,246 | 40,246 |
| Computer Expenses | 19,609 | | 19,609 |
| Miscellaneous | 6,517 | | 6,517 |
| Total Cash Disbursements | 125,535 | 68,189 | 193,724 |
| Total Cash Receipts Over/(Under) Cash Disbursements | 0 | (66,880) | (66,880) |
| Public Fund Cash Balances, January 1 | 0 | 73,597 | 73,597 |
| Public Fund Cash Balances, December 31 | \$0 | \$6,717 | \$6,717 |

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

**LAW LIBRARY ASSOCIATION
GUERNSEY COUNTY**

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

| | General Fund | Retained Monies Fund | Totals (Memorandum Only) |
|--|-------------------------|-------------------------------------|---|
| Cash Receipts: | | | |
| Fine and Forfeitures | \$162,755 | | \$162,755 |
| Interest | | \$2,174 | 2,174 |
| Miscellaneous Receipts | | 18 | 18 |
| Total Cash Receipts | 162,755 | 2,192 | 164,947 |
| Cash Disbursements: | | | |
| Salaries and Benefits | 28,054 | | 28,054 |
| Supplies and Materials | 88,769 | 3,378 | 92,147 |
| Computer Expenses | 36,970 | | 36,970 |
| Miscellaneous | 9,909 | | 9,909 |
| Total Cash Disbursements | 163,702 | 3,378 | 167,080 |
| Total Cash Receipts Over/(Under) Cash Disbursements | (947) | (1,186) | (2,133) |
| Public Fund Cash Balances, January 1 | 947 | 74,783 | 75,730 |
| Public Fund Cash Balances, December 31 | \$0 | \$73,597 | \$73,597 |

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

**LAW LIBRARY ASSOCIATION
GUERNSEY 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 (the Library) is governed by a board of five trustees. Members of the Guernsey County Bar Association appoint the board members for a five year term. 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 Guernsey 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 Guernsey 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. The Library deems some funds it receives as private monies. Private monies include: membership dues, overdue book charges, and photocopying charges. Fees the Library collects for the use of books and copiers remain private even though the books and copiers may have been purchased with public funds. The Library need not comply with ORC § 3375.54 when disbursing private money. The accompanying financial statements do not present private monies.

**LAW LIBRARY ASSOCIATION
GUERNSEY COUNTY**

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

1. Summary of Significant Accounting Policies (Continued)

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Library recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred.

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

C. Deposits

The Library values certificates of deposit at cost.

D. Fund Accounting

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

1. General Fund

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

2. Retained Monies Fund

Retained Monies Fund reports funds the 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.

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. 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.

**LAW LIBRARY ASSOCIATION
GUERNSEY COUNTY**

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

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*. The Law Library Association did not transfer their entire public cash balance to the Guernsey County Auditor on or before January 1, 2010.

Below is the activity that took place after January 1, 2010.

| | |
|---|---------|
| Balance at December 31, 2009 | \$6,717 |
| Less Check # 4537 dated 2/16/2010 issued to Guernsey County Treasurer | (6,600) |
| Less Check # 4538 dated 3/25/2010 issued to Guernsey County Treasurer | (117) |
| Balance remaining to be transferred to Guernsey County | \$0 |

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 cash at December 31 was as follows:

| | 2009 | 2008 |
|-------------------------|---------|----------|
| Demand deposits | \$6,717 | \$23,597 |
| Certificates of deposit | | 50,000 |
| Total deposits | \$6,717 | \$73,597 |

Deposits: Deposits are insured by the Federal Deposit 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
Guernsey County
801 Wheeling Avenue
Cambridge, Ohio 43725

To the Board of Trustees:

We have audited the financial statements of the Law Library Association, Guernsey County, Ohio (the Library), as of and for the years ended December 31, 2009 and 2008, and have issued our report thereon dated May 19, 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 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 an instance of noncompliance or other matter we must report under *Government Auditing Standards* which is described in the accompanying Schedule of Findings as item 2009-001.

The Library's response to the finding identified in our audit is described in the accompanying Schedule of Findings. We did not audit the Library's response and, accordingly, we express no opinion on it.

We intend this report solely for the information and use of management, the audit committee, 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

May 19, 2010

**LAW LIBRARY ASSOCIATION
GUERNSEY COUNTY**

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

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

FINDING NUMBER 2009-001

Finding for Recovery Repaid Under Audit

Ohio Rev. Code Section 3375.49 provides that the board of trustees of a law library association is responsible for paying forty percent of the compensation of a librarian and up to two assistant librarians for calendar year 2008. For calendar year 2009, the county commissioners are responsible for paying the compensation of a librarian and up to two assistant librarians. Ohio Attorney General Opinion 2007-012 explains that mandatory employer contributions and payments to Ohio Public Employee Retirement System, the state unemployment compensation fund, and worker's compensation state insurance fund are not considered fringe benefits to employees. These contributions are the obligation of the county law library association and are not compensation subject to allocation between the law library association and county under Ohio Rev. Code Section 3375.49.

The Law Library Association paid all of the Assistant Librarian's compensation for both years and over reimbursed the County for the Law Librarian's compensation for 2008. This resulted in the Law Library Association paying \$15,215 and \$16,381 in excess of their statutorily required share for 2009 and 2008, 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 Guernsey County General Fund, in the amount of \$31,596 and in favor of the Guernsey 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 Guernsey County Law Library Resources Fund.

On April 26, 2010, Guernsey County transferred \$31,596 from the Guernsey County General Fund to the Guernsey County Law Library Resources Fund.

Officials' Response: Finding is repaid.



Mary Taylor, CPA
Auditor of State

LAW LIBRARY ASSOCIATION

GUERNSEY 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 1, 2010**