



**DELAWARE COUNTY LAW LIBRARY ASSOCIATION  
DELAWARE COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2007-2006**



**Mary Taylor, CPA**  
Auditor of State



**DELAWARE COUNTY LAW LIBRARY ASSOCIATION  
DELAWARE COUNTY**

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Mary Taylor, CPA  
Auditor of State

Delaware County Law Library Association  
Delaware County  
20 West Central Avenue  
Delaware, Ohio 43015

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 15, 2008

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Delaware County Law Library Association  
Delaware County  
20 West Central Avenue  
Delaware, Ohio 43015

To the Board of Trustees:

We have audited the accompanying financial statements of the general fund and the retained monies fund of the Delaware County Law Library Association, Delaware County, Ohio (the Library) as of and for the years ended December 31, 2007 and 2006. 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 the all 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.

GAAP require 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 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, 2007 and 2006 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, 2007 and 2006, 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 Delaware County Law Library Association, Delaware County, Ohio, the general fund and the retained monies fund as of December 31, 2007 and 2006, and its cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Library has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 15, 2008, 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

September 15, 2008



**DELAWARE COUNTY LAW LIBRARY ASSOCIATION  
DELAWARE COUNTY**

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

	<b>General Fund</b>	<b>Retained Monies Fund</b>	<b>Totals (Memorandum Only)</b>
<b>Cash Receipts:</b>			
Fine and Forfeitures	\$ 291,660	\$ -	\$ 291,660
Interest	3,363	3,474	6,837
Total Cash Receipts	<u>295,023</u>	<u>3,474</u>	<u>298,497</u>
<b>Cash Disbursements:</b>			
Salaries	4,377	-	4,377
Employee Fringe Benefits	4,308	-	4,308
Supplies and Materials	170,288	-	170,288
Refunds to Relative Income Sources - See Note 1	26,757	-	26,757
Equipment	3,459	-	3,459
Travel Reimbursements	89	-	89
Other	19,905	-	19,905
Total Cash Disbursements	<u>229,183</u>	<u>-</u>	<u>229,183</u>
Total Cash Receipts Over Cash Disbursements	<u>65,840</u>	<u>3,474</u>	<u>69,314</u>
<b>Other Financing Receipts/(Disbursements):</b>			
Remittance to Retained Funds	(10,944)	10,944	-
Total Other Financing Receipts (Disbursements)	<u>(10,944)</u>	<u>10,944</u>	<u>-</u>
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	54,896	14,418	69,314
Public Fund Cash Balances, January 1 - See Note 2	<u>113,389</u>	<u>68,908</u>	<u>182,297</u>
<b>Public Fund Cash Balances, December 31</b>	<b><u>\$ 168,285</u></b>	<b><u>\$ 83,326</u></b>	<b><u>\$ 251,611</u></b>

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

**DELAWARE COUNTY LAW LIBRARY ASSOCIATION  
DELAWARE COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL PUBLIC FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<b>General Fund</b>	<b>Retained Monies Fund</b>	<b>Totals (Memorandum Only)</b>
<b>Cash Receipts:</b>			
Fine and Forfeitures	\$ 305,691	\$ -	\$ 305,691
Interest	3,950	2,245	6,195
Miscellaneous Receipts	173	-	173
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	309,814	2,245	312,059
	<hr/>	<hr/>	<hr/>
<b>Cash Disbursements:</b>			
Supplies and Materials	164,452	-	164,452
Refunds to Relative Income Sources - See Note 1	174,913	-	174,913
Equipment	16,912	-	16,912
Other	19,302	-	19,302
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	375,579	-	375,579
	<hr/>	<hr/>	<hr/>
Total Cash Receipts Over (under) Cash Disbursements	(65,765)	2,245	(63,520)
	<hr/>	<hr/>	<hr/>
<b>Other Financing Receipts/(Disbursements):</b>			
Remittance to Retained Funds	(19,906)	19,906	-
	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts/(Disbursements)	(19,906)	19,906	-
	<hr/>	<hr/>	<hr/>
Excess (Deficiency) of Cash Receipts and Other Financing Receipts Over (under) Cash Disbursements and Other Financing Disbursements	(85,671)	22,151	(63,520)
	<hr/>	<hr/>	<hr/>
Public Fund Cash Balances, January 1 - See Note 2	199,060	46,757	245,817
	<hr/>	<hr/>	<hr/>
<b>Public Fund Cash Balances, December 31</b>	<b><u>\$ 113,389</u></b>	<b><u>\$ 68,908</u></b>	<b><u>\$ 182,297</u></b>

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

**DELAWARE COUNTY LAW LIBRARY ASSOCIATION  
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006**

**1. Summary of Significant Accounting Policies**

**A. Description of the Entity**

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

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.

**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. Cash and Investments**

The Library maintains its monies in depository accounts.

**DELAWARE COUNTY LAW LIBRARY ASSOCIATION  
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006  
(Continued)**

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

**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. See footnote 3 for additional information.

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

The Library records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets

**F. Refund to Relative Income Sources**

If certain conditions are met, Ohio Revised Code § 3375.56 requires the Library to refund at least ninety percent of any unencumbered balance to political subdivisions that provided revenues to the Library. See Footnote 3 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 unencumbered balance to the political subdivisions who provided the funds and retains the remainder. Ohio Revised Code § 3375.56 requires this "refund to relative income sources". The following tables present the refunded and retained amounts during 2007 and 2006.

Unencumbered Balance at December 31, 2006	
<u>Refunded and Retained During Calendar Year 2007</u>	
Unencumbered Balance at December 31, 2006	\$109,440
Refunded to Relative Sources during 2007	26,757
Amount Owed to Relative Sources for 2006	<u>71,739</u>
Retained Funds Amount during 2006	<u><u>\$10,944</u></u>

**DELAWARE COUNTY LAW LIBRARY ASSOCIATION  
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006  
(Continued)**

**2. Refund to relative Income Sources and Amount Retained (Continued)**

Unencumbered Balance at December 31, 2005	
Refunded and Retained During Calendar Year 2006	
Unencumbered Balance at December 31, 2005	\$199,060
Refunded to Relative Sources during 2006	174,913
Amount Owed to Relative Sources for 2005	4,241
Retained Funds Amount during 2005	<u><u>\$19,906</u></u>

**3. Equity in Pooled Cash and Investments**

The Library maintains a cash 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:

	2007	2006
Demand deposits	\$251,611	\$182,297

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by securities specifically pledged by the financial institution to the Library.

**4. 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. For 2007, OPERS members contributed 9.5 percent of their gross salaries and the Library contributed an equaling 13.85 percent, of participants' gross salaries. The Library has paid all of the contribution required through December 31, 2007.

**5. Risk Management**

**Commercial Insurance**

The Library has obtained commercial insurance for the following risks:

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

**6. Subsequent Events**

The Library is the plaintiff in a lawsuit related to Court monies not distributed to the Delaware County Law Library by the Delaware County Auditor. The potential gain can not be fully calculated at this time.

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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*

Delaware County Law Library Association  
Delaware County  
20 West Central Avenue  
Delaware, Ohio 43015

To the Board of Trustees:

We have audited the financial statements of the Delaware County Law Library Association, Delaware County, Ohio (the Library) as of and for the years ended December 31, 2007 and 2006, and have issued our report thereon dated September 15, 2008, 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 conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Library's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Library's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Library's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Library's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Library's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

We consider the following deficiency described in the accompanying schedule of findings to be a significant deficiency in internal control over financial reporting: 2007-001.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Library's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of the 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 the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. However, we believe finding number 2007-001 is also a material weakness.

### **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 instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described as 2007-002 and 2007-003.

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



**Mary Taylor, CPA**  
Auditor of State

September 15, 2008



**DELAWARE COUNTY LAW LIBRARY ASSOCIATION  
DELAWARE COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2007 AND 2006**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2007-001**

**Significant Deficiency/Material Weakness**

Sound financial reporting is the responsibility of the Law Librarian and the Board of Trustees and is essential to ensure the information provided to the readers of the financial statements are complete and accurate.

The following audit adjustments were made to the December 31, 2007 financial statement:

1. An adjustment was made to the general fund in the amount of \$98,918 to properly record expenditures not included on the financial statement.
2. An adjustment was made to move \$3,474 of interest earned on the Library's retained monies bank account from the general fund to the retained monies fund.
3. Audit adjustments were made to properly report \$10,944 of remittance to retained funds in the general and retained monies funds in accordance to Ohio Revised Code § 3375.56.

The following audit adjustments were made to the December 31, 2006 financial statement:

1. An adjustment was made to the general fund in the amount of \$174,913 to properly record expenditures and receipts not included on the financial statement and to remove voided expenditures as of year end.
2. An adjustment was made to move \$2,245 of interest earned on the Library's retained monies bank account from the general fund to the retained monies fund.
4. Audit adjustments were made to properly report \$19,906 of remittance to retained funds in the general and retained monies funds in accordance to Ohio Revised Code § 3375.56.

The Law Librarian has posted the net effect of the audit adjustments identified above to the Library's fund balances reported on the accounting records.

The adjustments identified above should be reviewed by the Law Librarian to ensure that similar errors are not reported on the financial statements in subsequent years. In addition, the Library should adopt policies and procedures, including a final review of the financial statement and note disclosures by the Law Librarian and Board of Trustees, to identify and correct errors and omissions.

**DELAWARE COUNTY LAW LIBRARY ASSOCIATION  
DELAWARE COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2007 AND 2006  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (continued)</b>
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**FINDING NUMBER 2007-002**

**Non-Compliance Citation**

**Ohio Revised Code § 9.38** states that a person who is a public official shall deposit all public moneys received by that person with the treasurer of the public office or properly designated depository on the business day next following the day of receipt, if the total amount of such moneys received exceeds one thousand dollars. If the total amount of the public moneys so received does not exceed one thousand dollars, the person shall deposit the moneys on the business day next following the day of receipt, unless the public office of which that person is a public official adopts a policy permitting a different time period, not to exceed three business days next following the day of receipt, for making such deposits, and the person is able to safeguard the moneys until such time as the moneys are deposited. The policy shall include provisions and procedures to safeguard the public moneys until they are deposited.

The Library's internal cash control policy states that if cash or checks are received, the Law Librarian shall make every attempt to deposit said funds into the correct account within 48 hours.

Forty two percent of fines and forfeiture receipts collected were not deposited within 48 hours of collection. Fines and forfeiture checks were held for up to eighty five days prior to being deposited.

In order to ensure compliance with the Ohio Revised Code and the Law Library's cash collection policy, the Law Librarian should deposit all collections in a timely manner.

**FINDING NUMBER 2007-003**

**Finding for Recovery**

**Ohio Revised Code § 3375.56** requires a law library to refund proportionately to the treasurers of various contributing political subdivisions at least 90% of the public monies received under Sections 3375.50 to 3375.53 of the Revised Code that exceed expenditures during the same period.

The Library incorrectly calculated the total unexpended balance for 2005 and 2006. This results in the Library owing Delaware County an additional \$3,680.12 for 2005 and \$60,723.56 for 2006, respectively. Also the Library owes the City of Delaware an additional \$560.84 for 2005 and \$11,015.74 for 2006, respectively.

In accordance with the foregoing facts and pursuant to Ohio Revised Code Section 117.28, a finding for recovery for public monies collected but unaccounted for is hereby issued against the Delaware County Law Library Association's General Fund in the amount of \$75,980.26 and in favor of Delaware County's General Fund in the amount of \$64,403.68 and in favor of the City of Delaware's General Fund in the amount of \$11,576.58. The money paid to Delaware County should then be distributed to the appropriate entities proportionate to the amount of the funds that comprised the receipts to the Library during fiscal year 2005 and 2006.

**Officials' Response:**

We did not receive a response from officials to the findings reported above.



**Mary Taylor, CPA**  
Auditor of State

**DELAWARE COUNTY LAW LIBRARY ASSOCIATION**

**DELAWARE 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 13, 2008**