



**LAW LIBRARY ASSOCIATION
LICKING COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2007-2006



Mary Taylor, CPA
Auditor of State

LAW LIBRARY ASSOCIATION
LICKING COUNTY

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Mary Taylor, CPA

Auditor of State

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

To the Board of Trustees:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your Library to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

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Mary Taylor, CPA
Auditor of State

March 24, 2008

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Trustees:

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

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

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

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 date March 24, 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

March 24, 2008

**LAW LIBRARY ASSOCIATION
LICKING COUNTY**

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

| | General Fund | Retained Monies Fund | Totals (Memorandum Only) |
|--|-------------------------|-------------------------------------|---|
| Cash Receipts: | | | |
| Fine and Forfeitures | \$ 65,222 | \$ - | \$ 65,222 |
| Interest | - | 1,861 | 1,861 |
| Total Cash Receipts | 65,222 | 1,861 | 67,083 |
| Cash Disbursements: | | | |
| Supplies and Materials | 427 | - | 427 |
| Wages and Benefits | 11,214 | - | 11,214 |
| Printing and Publishing | 74,969 | - | 74,969 |
| Charges and Fees | 33 | - | 33 |
| Telephone | 372 | - | 372 |
| Accounting Services | 1,784 | - | 1,784 |
| Insurance | 2,613 | - | 2,613 |
| Repairs and Maintenance | 330 | - | 330 |
| Total Cash Disbursements | 91,742 | - | 91,742 |
| Total Cash Receipts Over/(Under) Cash Disbursements | (26,520) | 1,861 | (24,659) |
| Other Financing Receipts/(Disbursements): | | | |
| Transfers-In | 31,813 | - | 31,813 |
| Transfers-Out | - | (31,813) | (31,813) |
| Total Other Financing Receipts/(Disbursements) | 31,813 | (31,813) | - |
| Excess (Deficiency) of Cash Receipts and Other Financing Receipts Over (Under) Cash Disbursements and Other Financing Disbursements | 5,293 | (29,952) | (24,659) |
| Fund Cash Balances, January 1 | 198 | 54,132 | 54,330 |
| Fund Cash Balances, December 31 | \$ 5,491 | \$ 24,180 | \$ 29,671 |

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

**LAW LIBRARY ASSOCIATION
LICKING COUNTY**

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

| | <u>General Fund</u> | <u>Retained Monies Fund</u> | <u>Totals (Memorandum Only)</u> |
|--|-------------------------|-------------------------------------|---|
| Cash Receipts: | | | |
| Fine and Forfeitures | \$ 68,209 | \$ - | \$ 68,209 |
| Interest | - | 1,252 | 1,252 |
| Total Cash Receipts | <u>68,209</u> | <u>1,252</u> | <u>69,461</u> |
| Cash Disbursements: | | | |
| Supplies and Materials | 185 | - | 185 |
| Equipment | 534 | - | 534 |
| Printing and Publishing | 82,717 | - | 82,717 |
| Charges and Fees | 163 | - | 163 |
| Telephone | 290 | - | 290 |
| Accounting Services | 5,197 | - | 5,197 |
| Insurance | 2,559 | - | 2,559 |
| Repairs and Maintenance | 300 | - | 300 |
| Total Cash Disbursements | <u>91,945</u> | <u>-</u> | <u>91,945</u> |
| Total Cash Receipts Over/(Under) Cash Disbursements | <u>(23,736)</u> | <u>1,252</u> | <u>(22,484)</u> |
| Other Financing Receipts/(Disbursements): | | | |
| Transfers-In | 8,000 | - | 8,000 |
| Transfers-Out | - | (8,000) | (8,000) |
| Total Other Financing Receipts/(Disbursements) | <u>8,000</u> | <u>(8,000)</u> | <u>-</u> |
| (Deficiency) of Cash Receipts and Other Financing Receipts (Under) Cash Disbursements and Other Financing Disbursements | <u>(15,736)</u> | <u>(6,748)</u> | <u>(22,484)</u> |
| Fund Cash Balances, January 1 | <u>15,934</u> | <u>60,880</u> | <u>76,814</u> |
| Fund Cash Balances, December 31 | <u><u>\$ 198</u></u> | <u><u>\$ 54,132</u></u> | <u><u>\$ 54,330</u></u> |

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

**LAW LIBRARY ASSOCIATION
LICKING COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Licking County Law Library (the Library) is governed by a board of five trustees. Members of the Licking County Bar Association 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 lawbooks; computer communications consoles to access a system of computerized legal research; microfilm materials and equipment, videotape materials and equipment; audio or visual materials and equipment; and other services, materials, and equipment that provide legal information or facilitate legal research.

ORC §3375.49 requires the Licking County Commissioners to provide adequate facilities for the Library, including suitable bookcases, heating and lighting for the rooms.

The Board of Trustees hires a librarian and one assistant law librarian. The Judges of the Court of Common Pleas of Licking County fix these librarians' compensation pursuant to ORC § 3375.48. In 2006, the County treasury paid the librarians' salary. Beginning January 1, 2007, ORC § 3375.49 required law libraries to pay 20% of the compensation for their librarian and up to two assistants from their own funds and the Library's funding obligation increases by 20 percentage points, annually. Therefore, beginning January 1, 2011, law libraries must pay 100% of these librarians' compensation from law library funds.

The Library provides free access to all county officers and the judges of the several courts.

The Library's management believes these financial statements present all funds for which the Library is financially accountable.

Private monies include: membership dues, overdue book charges, and photocopying charges. Fees and 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 and the Library did not receive any private monies.

B. Accounting Basis

These financial statements follow the basis of accounting 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.

**LAW LIBRARY ASSOCIATION
LICKING COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Cash and Investments

The Library's accounting basis includes investments as assets. Accordingly, this basis does not record disbursements for investment purchases or receipts for investment sales. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

The Library values certificates of deposit at cost. The Library specifies the funds that the certificates of deposits are purchased for and allocates interest to the fund which purchased the Certificate of Deposit.

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 accounts for 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. For the period January 1, 2006 through December 31, 2007, the Library did not retain any additional retained monies.

E. Property, Plant, and Equipment

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

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Library maintains a cash and investments pool all funds use; except certificates of deposit which are specific to the Retained Monies Fund. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 follows:

| | 2007 | 2006 |
|--------------------------------|----------|----------|
| Demand deposits | 5,903 | 560 |
| Total deposits | 5,903 | 560 |
| Certificates of deposit | 23,768 | 53,770 |
| Total investments | 23,768 | 53,770 |
| Total deposits and investments | \$29,671 | \$54,330 |

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

**LAW LIBRARY ASSOCIATION
LICKING COUNTY**

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

3. RISK MANAGEMENT

Commercial Insurance

The Library has obtained commercial insurance for property and general liability. The Library is also insured for errors and omissions.

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

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

To the Board of Trustees:

We have audited the financial statements of the Law Library Association, Licking County, Ohio, (the Library) as of and for the years ended December 31, 2007 and 2006, and have issued our report thereon dated March 24, 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.

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.

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 internal control deficiencies that might be 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.

We noted a certain matter that we reported to the Library's management in a separate letter dated March 24, 2008.

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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 matters that we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2007-001.

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 the management and the 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

March 24, 2008

**LICKING COUNTY LAW LIBRARY ASSOCIATION
LICKING COUNTY**

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

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

| | |
|-----------------------|-----------------|
| Finding Number | 2007-001 |
|-----------------------|-----------------|

Mandatory Employer Contributions to PERS - Finding for Recovery Repaid Under Audit/Material Noncompliance

Ohio Revised Code Section 3375.49 requires a law library association board of trustees to pay twenty percent of the compensation of the law librarian and up to two assistants for 2007. However, 2007 Op. Att’y Gen. No. 2007-012 provides that mandatory employer contributions to PERS are not a component of compensation subject to allocation between the county and the law library association. Therefore, mandatory employer contributions to PERS for the librarian and any assistants are the sole obligation of a law library association under R.C. 3375.49.

The Library paid twenty percent of the mandatory employer contributions to PERS; the remaining eighty percent was paid by the Licking County General Fund. The Library should have paid Licking County an additional three thousand eight hundred eighty-six (\$3,886), which represents eighty percent of the mandatory employer contributions to PERS.

In accordance with the forgoing facts and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public money due but not collected would have been issued against the General Fund of the Licking County Law Library Association, in favor of Licking County in the amount of \$3,886.

Licking County was repaid \$ 3,886 on June 25, 2008.

Officials’ Response:

The Law Library does not dispute that it owes Licking County reimbursement to the extent that contributions made by Licking County into PERS were not invoiced to the Law Library. In reliance on the accuracy of the State Auditor’s findings and thoroughness of its audits and auditing staff, the Law Librarian promptly made payment after the shortage was brought to the Law Library’s attention.

However, the Law Library does dispute the findings of material noncompliance in light of the following facts: Licking County agreed to act as fiscal agent for the law librarian and the assistant law librarian. Licking County, through the Licking County Auditor’s Office, agreed to invoice the Law Library on a quarterly basis for reimbursement to ensure that the Law Library paid its statutory share of compensation. The law Library paid the invoices for reimbursement in full and was not made aware of any shortage in the County Auditor’s calculations and/or amounts paid into PERS by the County that were not invoiced. The Law Library relied in good faith on the invoices submitted to it by Licking County and that the party to whom payment was owed would not short itself. The Law Library also does not believe it to be an effective use of its time and limited resources to audit Auditors. In light of these circumstances, the Law Library disputes the finding of material noncompliance.



Mary Taylor, CPA
Auditor of State

LAW LIBRARY ASSOCIATION

LICKING COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
SEPTEMBER 2, 2008**