



Mary Taylor, CPA
Auditor of State

**LAW LIBRARY ASSOCIATION
PIKE 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 Findings.....	13
Schedule of Prior Audit Findings.....	15

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Mary Taylor, CPA
Auditor of State

Law Library Association
Pike County
100 East Second Street
Waverly, Ohio 45690

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

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Auditor of State

July 22, 2010

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Law Library Association
Pike County
100 East Second Street
Waverly, Ohio 45690

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, Pike 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 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 require 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, Pike County, Ohio, General Fund and 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.

As described in Note 1, per HB 420 of the 127th General Assembly, the Library must transfer its public cash and property purchased with public funds to the County on or before January 1, 2010. Effective January 1, 2010, the County will report the Library operations in a Law Library Resources Special Revenue Fund (LLRF). These LLRF transactions will be included within the scope of the County audit for the year ending December 31, 2010 and subsequent years.

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 July 22, 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

July 22, 2010

**LAW LIBRARY ASSOCIATION
PIKE COUNTY**

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

	<u>General Fund</u>	<u>Retained Monies Fund</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:			
Pike County Auditor	\$29,628		\$29,628
Miscellaneous	150		150
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	29,778	\$0	29,778
	<hr/>	<hr/>	<hr/>
Cash Disbursements:			
Salaries and Benefits	3,464		3,464
Books/Publishers	18,953		18,953
Telephone	571		571
Equipment and Supplies	1,220		1,220
Professional Fee	200		200
Remitted to County	5,303	59	5,362
Miscellaneous Fee	108		108
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	29,819	59	29,878
	<hr/>	<hr/>	<hr/>
Total Cash Receipts Over/(Under) Cash Disbursements	(41)	(59)	(100)
	<hr/>	<hr/>	<hr/>
Excess (Deficiency) of Cash Receipts and Other Financing Receipts Over (Under) Cash Disbursements and Other Financing Disbursements	(41)	(59)	(100)
	<hr/>	<hr/>	<hr/>
Public Fund Cash Balances, January 1	53	59	112
	<hr/>	<hr/>	<hr/>
Public Fund Cash Balances, December 31	<u>\$12</u>	<u>\$0</u>	<u>12</u>

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

**LAW LIBRARY ASSOCIATION
PIKE 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>
Cash Receipts:			
Pike County Auditor	\$36,280		\$36,280
Total Cash Receipts	<u>36,280</u>	<u>\$0</u>	<u>36,280</u>
Cash Disbursements:			
Salaries and Benefits	5,060		5,060
Books/Publishers	26,295		26,295
Telephone	526		526
Equipment and Supplies	1,456		1,456
Professional Fee	2,872		2,872
Miscellaneous Fee	18		18
Total Cash Disbursements	<u>36,227</u>	<u>0</u>	<u>36,227</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>53</u>	<u>0</u>	<u>53</u>
Public Fund Cash Balances, January 1	<u>0</u>	<u>59</u>	<u>59</u>
Public Fund Cash Balances, December 31	<u>\$53</u>	<u>\$59</u>	<u>\$112</u>

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

**LAW LIBRARY ASSOCIATION
PIKE 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 three trustees. Members of the Pike 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 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 Pike 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 Pike 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.

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 § 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 funds totaling \$5,362 on December 30, 2009 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
PIKE 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. Cash

The Library maintains a non-interest bearing checking account.

D. Fund Accounting

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

1. General Fund

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

2. Retained Monies Fund

The Retained Monies Fund reports funds the Library retains under Ohio Revised Code § 3375.56. At the end of each calendar year the Library may retain up to ten percent of their unencumbered balance. See footnote 2 for additional information.

E. Property, Plant, and Equipment

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

2. Refund To Relative Income Sources and Amount Retained

In any year through 2008 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 Library did not refund or retain any funds during 2008.

3. Equity in Pooled Deposits

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

	<u>2009</u>	<u>2008</u>
Demand deposits	\$12	\$112

**LAW LIBRARY ASSOCIATION
PIKE COUNTY**

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

3. Equity in Pooled Deposits (Continued)

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 the Library contributed an amount equaling 14 percent of participants' gross salaries. The Library has paid all contributions required through December 31, 2009.

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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
Pike County
100 East Second Street
Waverly, Ohio 45690

To the Board of Trustees:

We have audited the financial statements of the Law Library Association, Pike County, Ohio (the Library), as of and for the years ended December 31, 2009 and 2008, and have issued our report thereon dated July 22, 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 statement includes only the General Fund and the Retained Monies Fund, and that Pike County will assume accounting responsibilities for the Library as of January 1, 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 deficiencies in internal control such that there is a reasonable possibility that material financial statement misstatements 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 would not necessarily identify all deficiencies in internal control 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. However, we identified a certain deficiency in internal control over financial reporting, described in the accompanying Schedule of Findings that we consider a significant deficiency in internal control over financial reporting. We consider finding 2009-002 to be a significant deficiency. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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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 a 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.

We also noted a certain noncompliance or other matter that we reported to the Library's management in a separate letter dated July 22, 2010.

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

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

Mary Taylor, CPA
Auditor of State

July 22, 2010

**LAW LIBRARY ASSOCIATION
PIKE COUNTY**

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

FINDINGS RELATED TO THE FINANCIAL STATEMENT 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, and one hundred percent of the employer related expenses for Ohio Public Employees Retirement System (OPERS), Medicare, and Worker's Compensation for calendar year 2008.

The Library paid the required percentages for compensation for calendar year 2008 from Library funds. However, the Library did not pay the employer related expenses for Public Employees Retirement System "OPERS", Medicare, and Worker's Compensation. Ohio Attorney General Opinion 2007-012 explains that mandatory employer contributions and payments to OPERS, Medicare, and the Workers 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. Therefore, these employer contributions should have been paid entirely from law library funds. The following table illustrates the fringe benefit payments that were paid by the County rather than the Library:

Public Employers Retirement	\$	558
Medicare		58
Worker's Compensation		<u>169</u>
Amount Due to the Pike County General Fund	\$	<u><u>785</u></u>

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 Pike County Law Library Resources Fund, in the amount of \$785 and in favor of the Pike County General Fund.

This Finding for Recovery was repaid on July 23, 2010 by check number 8374 for \$785 from the Pike County Law Library Resources Fund payable to the Pike County General Fund. The receipt was posted to the Pike County General Fund on July 26, 2010.

FINDING NUMBER 2009-002

Significant Deficiency

When designing a system of internal controls and specific controls activities, management should consider the following:

- Ensure that all transactions are properly authorized in accordance with management policies.
- Ensure that all accounting records are properly designed.
- Perform analytical procedures to determine reasonableness of financial data.

**LAW LIBRARY ASSOCIATION
PIKE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2009 AND 2008
(Continued)**

<p>FINDINGS RELATED TO THE FINANCIAL STATEMENT REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</p>
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**FINDING NUMBER 2009-002
(Continued)**

Significant Deficiency (Continued)

The Board of Trustees did not meet during the audit period to conduct Library business and there were no minutes on file.

This could cause bills being paid and purchases being made without the knowledge and authorization of the Board of Trustees.

Effective January 1, 2010, the Library must transfer their public cash to the County to be deposited in a Law Library Resources Fund on the county's books; therefore, the Library will have no future reporting requirements. Due to this change in future reporting requirements, the above citation only affects the current audit, and will not be an issue in the future.

Officials' Response: The officials did not respond to these findings.

**LAW LIBRARY ASSOCIATION
PIKE 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; <i>Explain:</i>
2007-001	A significant deficiency due to the Board of Trustees not meeting every other month to review the Law Library's financial records, approve bills for payment, sign checks to pay bills, and discuss any other pertinent business of the law library.	No	See Finding Number 2009-002 in the accompanying Schedule of Findings.



Mary Taylor, CPA
Auditor of State

LAW LIBRARY ASSOCIATION

PIKE 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
AUGUST 12, 2010**