



Dave Yost • Auditor of State

**LAW LIBRARY ASSOCIATION
LAWRENCE COUNTY**

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Dave Yost • Auditor of State

Law Library Association
Lawrence County
111 South Fourth Street
Ironton, Ohio 45638

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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Dave Yost
Auditor of State

May 20, 2011

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Law Library Association
Lawrence County
111 South Fourth Street
Ironton, Ohio 45638

To the Board of Trustees:

We have audited the accompanying financial statements of the Law Library Association, Lawrence County, Ohio (the Law Library), for the year ended December 31, 2009 and for the period from January 1, 2010 to February 28, 2011. These financial statements are the responsibility of the Law Library's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Law 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 Law 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 law libraries to reformat their statements. The Law 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 year ended December 31, 2009 and for the period from January 1, 2010 to February 28, 2011 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Law Library as of December 31, 2009 and February 28, 2011, 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, Lawrence County, Ohio, for the year ended December 31, 2009 and for the period from January 1, 2010 to February 28, 2011, and its cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Law 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 20, 2011, on our consideration of the Law 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 black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

May 20, 2011

**LAW LIBRARY ASSOCIATION
LAWRENCE COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN FUND CASH BALANCES
ALL PUBLIC FUNDS
FOR THE PERIOD JANUARY 1, 2010 - FEBRUARY 28, 2011**

	General Fund
Cash Receipts:	
Lawrence County Municipal Court	\$103,509
Treasurer Lawrence County - Liquor	40
Treasurer Lawrence County - Ironton Municipal Court	1,247
City of Ironton	1,355
Ironton Municipal Court - Criminal Division	500
Clerk of Courts	120
Juvenile Court	672
Probate Court	104
Miscellaneous	1,554
Total Cash Receipts	109,101
Cash Disbursements:	
Salaries / Employee Fringe Benefits	10,345
Books / Publishing	58,924
Maintenance / Equipment	2,431
Supplies / Postage	930
Communications	1,738
Other	37,253
Total Cash Disbursements	111,621
Total Cash Receipts Over/(Under) Cash Disbursements	(2,520)
Public Fund Cash Balances, January 1	2,520
Public Fund Cash Balances, February 28	\$0

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

**LAW LIBRARY ASSOCIATION
LAWRENCE 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
Cash Receipts:	
Lawrence County Municipal Court	\$1,576
Treasurer Lawrence County - Liquor	183
Treasurer Lawrence County - Ironton Municipal Court	3,718
City of Ironton	28,154
Ironton Municipal Court - Criminal Division	5,500
Clerk of Courts	1,130
Juvenile Court	159
Probate Court	1,146
Total Cash Receipts	41,566
Cash Disbursements:	
Insurance	803
Books / Publishing	37,092
Maintenance / Equipment	1,018
Supplies / Postage	1,668
Communications	1,599
Other	159
Total Cash Disbursements	42,339
Total Cash Receipts Over/(Under) Cash Disbursements	(773)
Public Fund Cash Balances, January 1	3,293
Public Fund Cash Balances, December 31	\$2,520

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

**LAW LIBRARY ASSOCIATION
LAWRENCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FEBRUARY 28, 2011 AND DECEMBER 31, 2009**

1. Summary of Significant Accounting Policies

A. Description of the Entity

The Law Library Association (the Law Library), is governed by a board of seven trustees. Members of the Lawrence County Bar Association elected annually elect the board members. The Law Library provides access to all county officers and the judges of the several courts within the county.

The Law 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 Law 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 Lawrence County Commissioners to provide adequate facilities for the Law 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 Lawrence County fix these librarians' compensation pursuant to ORC § 3375.48. If the Law Library provides free access to all county officers and the judges of the several courts, the County treasury pays the librarians' salary. If the Law Library does not provide free access, the Law 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.

As of January 1, 2010, a Law Library Resources Board (LLRB) was to govern county law libraries. Pursuant to Ohio Revised Code Section 307.514, a county law library resource fund was created in each county treasury effective January 1, 2010. On or before January 1, 2010 the Law Library was to transfer money and property purchased with fine and penalties monies to the LLRB. Expenditures from the LLRF fund were then to be made pursuant to the annual appropriation measure adopted by the commissioners. However, the Law Library did not comply with this new legislation until February 2011. This is further explained in footnote 2 below.

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

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Law 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 Law Library deposits all available funds in a checking account.

**LAW LIBRARY ASSOCIATION
LAWRENCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FEBRUARY 28, 2011 AND DECEMBER 31, 2009
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

D. Budgetary Process

The Ohio Revised Code does not require the Law Library to budget annually. However, prior to January 1, 2010, under Ohio Revised Code § 3375.56 the Law Library may encumber funds equal to their commitments outstanding at year end. If the Law Library has encumbrances outstanding at year end, they are carried over to the subsequent year.

E. Property, Plant, and Equipment

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

2. Close Out Transfer to County

HB 420 of the 127th General Assembly required the Law Library to transfer its public cash and property purchased with public funds to the county on or before January 1, 2010. The County was to assume accounting responsibilities for these funds commencing in 2010. However, the Law Library chose not to comply with this legislation as the required date and did not transfer all monies over to the County until February 15, 2011. The amount paid to the County at this time was \$32,618. This did close out the Law Library's account to make them fully compliant with the required legislation.

3. Equity in Pooled Deposits

The Law Library maintains a deposit pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits was as follows:

	<u>February 28, 2011</u>	<u>December 31, 2009</u>
Demand deposits	<u>\$0</u>	<u>\$2,520</u>

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

4. Retirement System

The Law Library's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code Section 145.82 prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code Section 145.47 also prescribes contribution rates. For 2010 and 2009, OPERS members contributed 10% of their gross salaries and the Law Library contributed an amount equaling 14% of participants' gross salaries. The Law Library has paid all contributions required through February 28, 2011.

**LAW LIBRARY ASSOCIATION
LAWRENCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FEBRUARY 28, 2011 AND DECEMBER 31, 2009
(Continued)**

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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Dave Yost • 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
Lawrence County
111 South Fourth Street
Ironton, Ohio 45638

To the Board of Trustees:

We have audited the financial statements of the Law Library Association, Lawrence County, Ohio (the Law Library), for the year ended December 31, 2009 and for the period from January 1, 2010 to February 28, 2011, and have issued our report thereon dated May 20, 2011. 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 Law 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 Law Library's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Law 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 Law 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 Law 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 we must report under *Government Auditing Standards*, which is described in the accompanying Schedule of Findings as item 2010-01.

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

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Dave Yost
Auditor of State

May 20, 2011

**LAW LIBRARY ASSOCIATION
LAWRENCE COUNTY**

**SCHEDULE OF FINDINGS
FEBRUARY 28, 2011 AND DECEMBER 31, 2009**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2010-01

Noncompliance Citation

Ohio Rev. Code Sections 307.51 and 307.511-.513 outline the requirements for the establishment of a county Law Library Resources Board (LLRB). Beginning in 2010, the local LLRB, which are new public agencies, started managing the legal resource needs of the county law library. However, these boards are not legally separate from the county. The county boards will submit and have its budget approved by the commissioners. A component of this budget will be the appropriation of the fine and penalty money which will be deposited in the county law library resources fund, a special revenue fund within the county treasury.

Beginning on January 1, 2010, subject to appropriations made by the board of county commissioners, and pursuant to HB 420, each library resources board was to provide legal research, reference, and library services to the county and to the municipal corporations, townships, and courts within the county and managing the coordination, acquisition, and utilization of legal resources. This new legislation also required the Law Library Association (LLA) to transfer both of the following to the LLRB on or before January 1, 2010:

1. All "unspent fines and penalties" in the LLA's general fund and retained moneys fund collected pursuant to ORC §§ 3375.50 to 3375.53.
2. All personal property the association can reasonably identify as having been purchased by the fines and penalties in the LLA's general fund or retained moneys fund collected pursuant to ORC §§ 3375.50 to 3375.53.

The Law Library did not transfer their unspent fines and penalties in their General Fund to the Law Library Resources Board until February 15, 2011. As a result, the Law Library continued operations throughout 2010 and through February 2011 in violation of its legal authority.

We recommend the Law Library and the newly created Law Library Resources Board review all requirements outlined in the above Ohio Revised Code Sections and ensure the Law Library has transferred over the required cash and assets to the Law Library Resources Board.

Officials' Response: Officials did not respond to this finding.

**LAW LIBRARY ASSOCIATION
LAWRENCE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
FEBRUARY 28, 2011 AND DECEMBER 31, 2009**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2008-001	Finding for Recovery against the Law Library per ORC Section 3375.49	Yes	Repaid during audit.
2008-002	Finding for Recovery against Lawrence County General Fund per ORC Section 3375.50	Yes	Repaid during audit.
2008-003	Required Audit Adjustment	Yes	Corrected.



Dave Yost • Auditor of State

LAW LIBRARY ASSOCIATION

LAWRENCE 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 7, 2011**