



Mary Taylor, CPA
Auditor of State

**LAW LIBRARY ASSOCIATION
AUGLAIZE COUNTY**

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Mary Taylor, CPA
Auditor of State

Law Library Association
Auglaize County
201 South Willipie Street
Room 207
Wapakoneta, Ohio 45895

To the Library 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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May 5, 2008

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Law Library Association
Auglaize County
201 South Willipie Street
Room 207
Wapakoneta, Ohio 45895

To the Library Board of Trustees:

We have audited the accompanying financial statements of the General Fund of the Law Library Association, Auglaize County, (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 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.

Instead of the fund the accompanying financial statements present, GAAP requires presenting entity-wide statements. 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 the Library 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 and reserves for encumbrances of the Law Library Association, Auglaize County, 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 May 5, 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

May 5, 2008

**LAW LIBRARY ASSOCIATION
AUGLAIZE COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGE IN FUND CASH BALANCE
PUBLIC FUND
FOR THE YEAR ENDED DECEMBER 31, 2007**

	General Fund
Cash Receipts:	
Fine and Forfeitures	\$86,770
Miscellaneous Receipts	2,506
	89,276
 Total Cash Receipts	 89,276
 Cash Disbursements:	
Supplies and Materials	61,708
Salaries and Benefits	3,801
Contract Services	24,139
	89,648
 Total Cash Disbursements	 89,648
 Total Cash Receipts Over/(Under) Cash Disbursements	 (372)
 Public Fund Cash Balance, January 1	 4,601
 Public Fund Cash Balance, December 31	 \$4,229
 Reserves for Encumbrances, December 31	 \$4,229

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

**LAW LIBRARY ASSOCIATION
AUGLAIZE COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGE IN FUND CASH BALANCE
PUBLIC FUND
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>General Fund</u>
Cash Receipts:	
Fine and Forfeitures	<u>\$92,214</u>
Total Cash Receipts	92,214
Cash Disbursements:	
Supplies and Materials	54,464
Contract Services	<u>33,183</u>
Total Cash Disbursements	<u>87,647</u>
Total Cash Receipts Over/(Under) Cash Disbursements	4,567
Public Fund Cash Balance, January 1	<u>34</u>
Public Fund Cash Balance, December 31	<u><u>\$4,601</u></u>
Reserves for Encumbrances, December 31	<u><u>\$2,387</u></u>

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

**LAW LIBRARY ASSOCIATION
AUGLAIZE COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Law Library Association of Auglaize County (the Library) is governed by a board of six trustees. Members of the Auglaize 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 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 Auglaize 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 Auglaize 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; this requirement changed to 80 percent as of 2007 and the will continue to decrease on a graduated scale until the Library is responsible for the librarians' salaries.

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. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

C. Cash and Investments

The Auglaize County Auditor acts as fiscal agent and the Auglaize County Treasurer is custodian for the Library's monies. The County holds the Library's cash and investments in its cash and investment pool, valued at the Treasurer's reported carrying amount.

**LAW LIBRARY ASSOCIATION
AUGLAIZE 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 and investments that are restricted as to use. The Library classifies its fund into the following type:

1. General Fund

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

E. Budgetary Process

The Ohio Revised Code does not require the Library to budget annually; however, since the Auglaize County Auditor acts as fiscal agent, the budgetary process of the county is followed. Under Ohio Revised Code § 3375.56 the Library may encumber funds equal to their commitments outstanding at year end. Encumbrances outstanding at year end are carried over to the subsequent year.

A summary of 2007 and 2006 budgetary activity appears in Note 3.

F. 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. The Library deems computers, copiers, fax machines, and other items related toward facilitating the use of equipment as equipment.

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Auglaize County Auditor acts as the fiscal agent for the Library and the County Treasurer maintains a cash and investment pool used by all County funds. Because of the nature of the pool all County funds are commingled, the risk involved and the preferential claim of the Library cannot be determined.

The Auglaize County Auditor's records indicated the Library's cash balance as of December 31, 2007 and 2006 was \$4,229 and \$4,601, respectively.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2007 and 2006 are as follows:

	2007 Projected vs. Actual Receipts		
	Projected Receipts	Actual Receipts	Variance
General	\$94,214	\$89,276	(\$4,938)

**LAW LIBRARY ASSOCIATION
AUGLAIZE COUNTY**

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

3. BUDGETARY ACTIVITY (Continued)

2007 Projected vs. Actual Expenditures			
	Budgeted Expenditures	Actual Expenditures	Variance
General	\$96,387	\$93,877	\$2,510

2006 Projected vs. Actual Receipts			
	Projected Receipts	Actual Receipts	Variance
General	\$90,034	\$92,214	\$2,180

2006 Projected vs. Actual Expenditures			
	Budgeted Expenditures	Actual Expenditures	Variance
General	\$90,034	\$90,034	\$0

4. RISK MANAGEMENT

Commercial Insurance

The Library has obtained commercial insurance for the following risks:

- Comprehensive property and general liability; and
- Valuable papers.

Real property is insured through the Auglaize County Commissioners.

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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
Auglaize County
201 South Willipie Street
Room 207
Wapakoneta, Ohio 45895

To the Library Board of Trustees:

We have audited the financial statements of the Law Library Association, Auglaize County, (the Library), as of and for the years ended December 31, 2007 and 2006, and have issued our report thereon dated May 5, 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. 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 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 May 5, 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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note certain noncompliance or other matters that we reported to the Library's management in a separate letter dated May 5, 2008.

We intend this report solely for the information and use of 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

May 5, 2008



Mary Taylor, CPA
Auditor of State

LAW LIBRARY ASSOCIATION

AUGLAIZE 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 3, 2008**