



Mary Taylor, CPA
Auditor of State

**LAW LIBRARY ASSOCIATION
PIKE COUNTY**

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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.

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

Mary Taylor, CPA
Auditor of State

May 12, 2008

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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 Association) as of and for the years ended December 31, 2007 and 2006. These financial statements are the responsibility of the Association'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 Association funds.

As described more fully in Note 1, the Association 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 Association's larger (i.e., major) funds separately. While the Association 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 library associations to reformat their statements. The Association 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.

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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 Association 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, Pike County, Ohio, 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.

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

The Association 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 12, 2008, on our consideration of the Association'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

May 12, 2008

**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, 2007**

	<u>General Fund</u>	<u>Retained Monies Fund</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:			
Pike County Auditor	\$32,056		\$32,056
Miscellaneous	1,250		1,250
	<hr/>		<hr/>
Total Cash Receipts	33,306	\$0	33,306
	<hr/>		<hr/>
Cash Disbursements:			
Salaries and Benefits	3,459		3,459
Books/Publishers	28,561		28,561
Telephone	516		516
Internet	350		350
Equipment and Supplies	1,194		1,194
Professional Fee	128		128
	<hr/>		<hr/>
Total Cash Disbursements	34,208	0	34,208
	<hr/>		<hr/>
Total Cash Receipts Over/(Under) Cash Disbursements	(902)	0	(902)
	<hr/>		<hr/>
Other Financing Receipts/(Disbursements):			
Remittance to Retained Funds	(32)	32	0
Other Financing Sources	934		934
Total Other Financing Receipts/(Disbursements)	902	32	934
	<hr/>		<hr/>
Excess (Deficiency) of Cash Receipts and Other Financing Receipts Over (Under) Cash Disbursements and Other Financing Disbursements	0	32	32
	<hr/>		<hr/>
Public Fund Cash Balances, January 1	0	27	27
	<hr/>		<hr/>
Public Fund Cash Balances, December 31	<u>\$0</u>	<u>\$59</u>	<u>59</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, 2006**

	<u>General Fund</u>	<u>Retained Monies Fund</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:			
Pike County Auditor	\$22,789		\$22,789
Miscellaneous	\$114		\$114
	<u>22,903</u>	<u>\$0</u>	<u>22,903</u>
Cash Disbursements:			
Salaries and Benefits	6,909		6,909
Books/Publishers	9,305	18	9,323
Telephone	472		472
Internet	917		917
Equipment and Supplies	2,631		2,631
Refund to County	40		40
Professional Fee	2,629		2,629
	<u>22,903</u>	<u>18</u>	<u>22,921</u>
Total Cash Receipts Over/(Under) Cash Disbursements	(0)	(18)	(18)
Public Fund Cash Balances, January 1	<u>0</u>	<u>45</u>	<u>45</u>
Public Fund Cash Balances, December 31	<u>(\$0)</u>	<u>\$27</u>	<u>\$27</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, 2007 AND 2006**

1. Summary of Significant Accounting Policies

A. Description of the Entity

The Law Library Association, Pike County, Ohio (the Association), is governed by a board of three trustees. Members of the Pike County Bar Association appoint the board members. The Association provides access to all county officers and the judges of the several courts within the county.

The Association 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 Association 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 hire 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 Association provides free access to all county officers and the judges of the several courts, the County treasury pays the librarians' salary. If the Association does not provide free access, the Association must pay the librarians' salary. Ohio Rev. Code § 3375.49 requires law libraries to pay 20% of the compensation for their librarian and up to two assistants from their own funds beginning January 1, 2007. The law 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 the law library funds.

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

The Association deems some funds it receives as private monies. Private monies include: membership dues, overdue book charges, and photocopying charges. Fees the Association collects for the use of books and copiers remain private even though the books and copiers may have been purchased with public funds. The Association 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 Association 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
PIKE COUNTY**

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

1. Summary of Significant Accounting Policies (Continued)

C. Cash

The Association maintains a non interest bearing checking account.

D. Fund Accounting

The Association uses fund accounting to segregate cash and investments that are restricted as to use. The Association 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 Association retains under Ohio Revised Code § 3375.56. At the end of each calendar year the Association may retain up to ten percent of their unencumbered balance. See footnote 2 for additional information.

E. Property, Plant, and Equipment

The Association 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 Association to refund at least ninety percent of any unencumbered balance to political subdivisions that provided revenues to the Association. See Footnote 2 for additional information.

2. Refund To Relative Income Sources And Amount Retained

In any year that receipts exceed disbursements, the Association 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	
Refunded and Retained During Calendar Year 2007	
Unencumbered Balance at December 31, 2006	\$0
Refunded to Relative Sources during 2007	\$0
Retained Funds Amount during 2007	\$0

**LAW LIBRARY ASSOCIATION
PIKE 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	\$0
Refunded to Relative Sources during 2006	40
Retained Funds Amount during 2006	<u><u>(\$40)</u></u>

3. Equity in Pooled Cash

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

	2007	2006
Demand deposits	\$59	\$27
Total deposits	\$59	\$27

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

4. Retirement System

The Association'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 2007 and 2006, OPERS members contributed 9.5 percent and 9 percent, respectively, of their gross salaries and the Association contributed an amount equaling 13.85 percent and 13.7 percent, respectively, of participants' gross salaries. The Association has paid all contributions required through December 31, 2007.

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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 Association), as of and for the years ended December 31, 2007 and 2006, and have issued our report thereon dated May 12, 2008, wherein we noted the Association 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 Association'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 Association's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Association'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 Association'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 Association'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 Association'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. We do not believe the significant deficiency described above is a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the Association'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 Association's management in a separate letter dated May 12, 2008.

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

May 12, 2008

**LAW LIBRARY ASSOCIATION
PIKE COUNTY**

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

**FINDINGS RELATED TO THE FINANCIAL STATEMENT
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

FINDING NUMBER 2007-001

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.

The Board of Trustees did not meet during the audit period to conduct Association 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.

We recommend the Board of Trustees meet every other month to review the Association's financial records, approve bills for payment, sign checks to pay bills, and discuss any other pertinent business of the Association. We further recommend the Association Librarian take minutes of all meetings and include all financial information discussed, as well as other information pertinent to the Association. The minutes should be signed by the Association President and attested to by the Librarian.

Officials' Response: We did not receive a response from officials to this finding.



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
JUNE 3, 2008**