



Mary Taylor, CPA
Auditor of State

**LAW LIBRARY ASSOCIATION
JACKSON 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, 2008	5
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Public Funds - For the Year Ended December 31, 2007	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

This page intentionally left blank.



Mary Taylor, CPA
Auditor of State

Law Library Association
Jackson County
P.O. Box 882
Jackson, Ohio 45640

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

Mary Taylor, CPA
Auditor of State

July 15, 2009

This page intentionally left blank.



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Law Library Association
Jackson County
P.O. Box 882
Jackson, Ohio 45640

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, Jackson County, Ohio (the Library), as of and for the years ended December 31, 2008 and 2007. 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 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, 2008 and 2007 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, 2008 and 2007, 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, Jackson County, General Fund and Retained Monies Fund as of December 31, 2008 and 2007, 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 July 15, 2009, 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

July 15, 2009

**LAW LIBRARY ASSOCIATION
JACKSON 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:			
Fine and Forfeitures	\$ 85,376	\$	\$ 85,376
Municipal Court	4,000		4,000
Clerk of Courts	1,250		1,250
Interest		9	9
Miscellaneous Receipts	1,171		1,171
	<hr/>		<hr/>
Total Cash Receipts	91,797	9	91,806
	<hr/>		<hr/>
Cash Disbursements:			
Salaries and Fringe Benefits	2,820		2,820
Utilities	1,245		1,245
Books, Tapes and Periodicals	85,238	13	85,251
Supplies and Postage	130		130
Equipment	962		962
Insurance	425		425
Other	81		81
	<hr/>		<hr/>
Total Cash Disbursements	90,901	13	90,914
	<hr/>		<hr/>
Total Cash Receipts Over/(Under) Cash Disbursements	896	(4)	892
	<hr/>		<hr/>
Public Fund Cash Balances, January 1	1,220	13	1,233
	<hr/>		<hr/>
Public Fund Cash Balances, December 31	\$ 2,116	\$ 9	\$ 2,125
	<hr/> <hr/>		<hr/> <hr/>
Reserves for Encumbrances, December 31	\$ 6,193	\$ 9	\$ 6,202
	<hr/> <hr/>		<hr/> <hr/>

**LAW LIBRARY ASSOCIATION
JACKSON 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:			
Fine and Forfeitures	\$ 95,789	\$	\$ 95,789
Municipal Court	4,000		4,000
Interest		13	13
Miscellaneous Receipts	138		138
	<u>99,927</u>	<u>13</u>	<u>99,940</u>
Cash Disbursements:			
Salaries and Fringe Benefits	1,422		1,422
Utilities	920		920
Books, Tapes and Periodicals	90,231	6,574	96,805
Professional Services	2,494		2,494
Supplies and Postage	147		147
Equipment	3,424		3,424
Insurance	284		284
Other	69		69
	<u>98,991</u>	<u>6,574</u>	<u>105,565</u>
Total Cash Receipts Over/(Under) Cash Disbursements	936	(6,561)	(5,625)
Public Fund Cash Balances, January 1	<u>284</u>	<u>6,574</u>	<u>6,858</u>
Public Fund Cash Balances, December 31	<u>\$ 1,220</u>	<u>\$ 13</u>	<u>\$ 1,233</u>
Reserves for Encumbrances, December 31	<u>\$ 20,256</u>	<u>\$ 13</u>	<u>\$ 20,269</u>

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

**LAW LIBRARY ASSOCIATION
JACKSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007**

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 Jackson 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 Jackson 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 Jackson 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 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. Additionally, this bill and House Bill 363 amended Ohio Rev. Code Section 3375.49 to allocate the responsibility of paying the compensation of the law librarian and up to two assistants as well as space, utilities, and fixtures, between the law library association and the county. Beginning in calendar year 2007, the proportionate share of which the Library is responsible for increases 20% annually, and the county's share proportionately decreases, each calendar year until 2011 for compensation, and 2012 for space utilities and fixtures. At those times the law library association will be responsible for the entire amount of the librarians' compensation and space, utilities, furniture, and fixtures.

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
JACKSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(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. The Reserve for Encumbrances on the financial statements represents the Library's commitments for purchases. The Library recognizes encumbrances when it commits funds.

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

C. Deposits

The Library deposits all available funds in an 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

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. Budgetary Process

The Ohio Revised Code does not require the Library to budget annually. However, 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.

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.

2. Refund To Relative Income Sources and Amount Retained

In any year 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 and 2007.

**LAW LIBRARY ASSOCIATION
JACKSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

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 and investments at December 31 was as follows:

	<u>2008</u>	<u>2007</u>
Demand deposits	\$2,125	\$1,233

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 2008 and 2007, OPERS members contributed 10 percent and 9.5 percent, respectively, of their gross salaries and the Library contributed an amount equaling 14 percent and 13.85 percent, respectively, of participants' gross salaries. The Library has paid all contributions required through December 31, 2008.

5. Risk Management

Commercial Insurance

The Library has obtained commercial insurance for comprehensive property and general liability.

6. Subsequent Events

HB 420 reformed the county law library structure. Beginning in 2010, the local County Law Library Resources Boards, which are new public agencies established under ORC §307.51 and §307.511-.516, will manage 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.

This page intentionally left blank.



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
Jackson County
P.O. Box 882
Jackson, Ohio 45640

To the Board of Trustees:

We have audited the financial statements of the Law Library Association, Jackson County, Ohio (the Library), as of and for the years ended December 31, 2008 and 2007, and have issued our report thereon dated July 15, 2009, 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 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 July 15, 2009.

743 E. State St. / Athens Mall Suite B / Athens, OH 45701
Telephone: (740) 594-3300 (800) 441-1389 Fax: (740) 594-2110
www.auditor.state.oh.us

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 matter that we must report under *Government Auditing Standards* which is described in the accompanying Schedule of Findings as item 2008-001.

We also noted a certain noncompliance or other matter that we reported to the Library's management in a separate letter dated July 15, 2009.

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 black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

July 15, 2009

**LAW LIBRARY ASSOCIATION
JACKSON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2008 AND 2007**

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

FINDING NUMBER 2008-001

Finding for Recovery

Ohio Rev. Code Section 3375.49 provides that the board of trustees of a law library association is responsible for paying twenty percent of the compensation of a librarian and up to two assistant librarians for calendar year 2007 and forty percent of the compensation of a librarian and up to two assistant librarians, and twenty percent of the cost of space, utilities, and fixtures for calendar year 2008.

The Law Library paid the required percentages for compensation for calendar years 2007 and 2008 from Law Library funds. However, the Law Library also applied those percentages to employer related expenses for Medicare, Public Employees Retirement, and worker's compensation. Mandatory employer contributions and payments to PERS, the state employment compensation fund, and worker's compensation state insurance fund are the obligation of the county law library association alone, and are not compensation subject to allocation between the Law Library Association and county under amended Ohio Rev. Code Section 3375.49. Therefore, these employer contributions should have been paid entirely from Law Library funds. The following table illustrates the payment required by the Law Library:

			County Share	Law Library Share
2007		Total	80%	20%
Salary		\$ 6,000.00	\$ 4,800.00	\$ 1,200.00
Medicare		87.00		87.00
PERS		831.00		831.00
Worker's Compensation		191.15		191.15
			\$ 4,800.00	\$ 2,309.15
Amount Paid by the Law Library Association				(1,421.83)
Amount Due to the Jackson County General Fund				887.32
2008		Total	60%	40%
Salary		\$ 6,000.00	\$ 3,600.00	\$ 2,400.00
Medicare		87.00		87.00
PERS		841.00		841.00
Worker's Compensation		122.56		122.56
			\$ 3,600.00	\$ 3,450.56
Amount Paid by the Law Library Association				(2,820.22)
Amount Due to the Jackson County General Fund				630.34
Total Due to the Jackson County General Fund				\$ 1,517.66

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 Jackson County Law Library Association General Fund, in the amount of \$1,517.66 and in favor of the Jackson County General Fund.

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



Mary Taylor, CPA
Auditor of State

LAW LIBRARY ASSOCIATION

JACKSON 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
JULY 30, 2009**