

**CLERMONT COUNTY LAW LIBRARY ASSOCIATION  
CLERMONT COUNTY  
Final Audit  
For the Year Ended December 31, 2009**

***Perry & Associates***  
Certified Public Accountants, A.C.





# Mary Taylor, CPA

Auditor of State

Board of Trustees  
Clermont County Law Library  
270 East Main Street  
Batavia, Ohio 45103

We have reviewed the *Independent Accountants' Report* of the Clermont County Law Library, Clermont County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2009 through December 31, 2009. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

### **Finding for Recovery Repaid Under Audit**

Ohio Rev. Code Section 3375.49 provides that for calendar year 2009 the board of county commissioners shall be responsible for paying the compensation of a librarian and up to two assistant librarians of the law library appointed by the board of trustees of the law library association under Ohio Rev. Code Section 3375.48.

Ohio Attorney General Opinion 2007-012 explains that mandatory employer contributions and payments to Ohio Public Employee Retirement System, the state unemployment compensation fund, and worker's 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.

During 2009, Clermont County paid the salaries and fringe benefits for the two assistant law librarians out of the County General Fund. However the Office of Management and Budget invoiced the Law Library for reimbursement of two assistant librarian salaries and employer contributions for health insurance, life insurance, long term disability coverage, Ohio Public Employee Retirement System employer contributions, mandatory medicare and worker's compensation state insurance in the total amount of \$76,947 as shown below:

<b>Description on Reimbursement Invoice</b>	<b>Amount</b>
Salaries of two assistant law librarians	\$58,163
Health Insurance – Employer share	9,189
Life Insurance – Employer share	60
Long Term Disability – Employer share	25
OPERS – Employer share	8,143
Mandatory medicare – Employer share	835
Worker Compensation – Employer share	532
Total reimbursed by Law Library to County	\$76,947

The Clermont County Law Library Association subsequently made payments in this amount during 2009 which was receipted in the Clermont County General Fund. The following table details the payments made by the Law Library Association to Clermont County.

<b>Check Number</b>	<b>Check Date</b>	<b>Amount</b>	<b>Pay-In Number</b>	<b>Pay-In Date</b>	<b>Fund – Receipt Code</b>
5599	3/20/2009	\$50,477	2387	3/19/2009	General – 100-0100- 4953
5757	8/20/2009	26,470	7164	8/20/2009	General – 100-0100-4953

This resulted in the Law Library Association paying \$58,163 for salaries and \$10,109 in employer paid amounts for a total of \$68,272 in excess of their statutorily required share in 2009 to Clermont County. The amounts reimbursed the County for OPERS (\$8,142) and Workers Compensation (\$531) were properly reimbursed to the County per Ohio Attorney General Opinion 2007-012.

On September 8, 2010, the Clermont County General Fund repaid the Law Library Resources Fund the \$68,272.

As of January 1, 2010, Ohio Rev. Code Section 307.514 required the Law Library Association to transfer funds to the newly created Law Library Resources Fund. Due to the changes required by House Bill 420, monies were repaid from the Clermont County General Fund to the Clermont County Law Library Resources Fund.

**Official's Response:**

I would like to address your FINDING FOR RECOVERY issued against the Clermont County General Fund for payment of \$ 76,947.07 in monies representing the salaries and benefits of the two assistant staff members, reimbursed by the Clermont County Law Library to Clermont County in 2009. Ohio Rev. Code Section 3375.49 provides that for the calendar year 2009 the Board of County Commissioners shall be responsible for paying the compensation of a librarian and up to two assistant librarians appointed by the Board of Trustees of the Law Library Association.

Two checks in large amounts were written to the county in order to secure paychecks for the two employees, the amounts having been supplied by the county Office of Management of Budget, with a verbal notice that payment was expected. There was a "gentleman's agreement" made with the county administrator in 1998 that the salaries and benefits would be reimbursed in order to secure health insurance coverage for the two library assistants. (The Law Librarian's salary and benefits had always been paid by the county General Fund.)

Even though the code had changed with House Bill 420, the situation as we saw it was to pay the money in order to ensure that the employees would get a paycheck. As required, documentation has been supplied to the State Auditor illustrating the procedure that has been followed, per the instructions of the county Office of Management and Budget.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Accountants' Report* on your financial statements. While the Auditor of State 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. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Accountants' Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Clermont County Law Library is responsible for compliance with these laws and regulations.

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

Mary Taylor, CPA  
Auditor of State

November 10, 2010

**CLERMONT COUNTY LAW LIBRARY ASSOCIATION  
CLERMONT COUNTY**

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**INDEPENDENT ACCOUNTANTS' REPORT**

September 28, 2010

Clermont County Law Library Association  
Clermont County  
270 Main Street  
Batavia, Ohio 45103

To the Board of Trustees:

We have audited the accompanying financial statement of the **Clermont County Law Library Association, Clermont County, Ohio**, (the Association) as of and for the year ended December 31, 2009. This financial statement is the responsibility of the Association's management. Our responsibility is to express an opinion on this financial statement 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 statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. 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 Association has prepared this financial statement 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 statement of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statement presents, GAAP requires 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 require us to include the following paragraph if the statement does not substantially conform to GAAP presentation. The Auditor of State permits, but does not require Law Libraries to reformat their statement. 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.



In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statement referred to above for the year ended December 31, 2009 does 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, 2009 or their changes in financial position for the year then ended.

Also, in our opinion, the financial statement referred to above presents fairly, in all material respects, the fund cash balances of Clermont County Law Library Association, as of December 31, 2009, and its combined cash receipts and disbursements for the year then ended on the accounting basis Note 1 describes.

As described in Note 1A, 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 Law 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 fiscal year ending December 31, 2010 and subsequent years.

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 September 28, 2010, 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.

Respectfully Submitted,



**Perry and Associates**  
Certified Public Accountants, A.C.

**CLERMONT COUNTY LAW LIBRARY ASSOCIATION  
CLERMONT COUNTY**

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

	<b>General Fund</b>
<b>Cash Receipts:</b>	
<b>Clermont County Receipts:</b>	
Clermont County Auditor	\$ 530,266
<b>Other Receipts:</b>	
Interest	52
Miscellaneous Receipts	697
Total Cash Receipts	531,015
<b>Cash Disbursements:</b>	
Book Purchases	414,213
Office	36,882
Payroll	76,947
Total Cash Disbursements	528,042
Total Cash Receipts Over/(Under) Cash Disbursements	2,973
Fund Cash Balances, January 1	110
<b>Fund Cash Balances, December 31</b>	<b>\$ 3,083</b>

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

**CLERMONT COUNTY LAW LIBRARY ASSOCIATION  
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Clermont County Law Library Association (the Association), Clermont County, Ohio is a body established for the purpose of exercising the rights and privileges conveyed to it by the Constitution and laws of the State of Ohio. The Association is directed by a five member Board of Trustees. The Trustees are members of the Clermont County Bar Association and are appointed by the presiding judge of the Court of Common Pleas of Clermont County. They serve unlimited terms. The Association is formed for the purpose of providing a legal research and resource base to members.

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 visual materials and equipment; and other services, materials, and equipment that provide legal information or facilitate legal research.

ORC 3375.49 requires the Clermont County Commissioners to provide adequate facilities for the library, including suitable bookcases, heating and lighting for the rooms.

The Board of Trustees hired a librarian and not more than two assistant law librarians. The Judges of the Court of Common Pleas of Clermont 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 ORC § 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. During 2008, the county commissioners were responsible for 60% of the librarian's and assistants' compensation and for 80% of the costs of the space and utilities for the law library as required by ORC § 3375.49.

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 ORC § 307.514. On or before January 1, 2010 the Library must transfer money and property purchased with fine and penalties monies to the LLRB. Expenditures from the LLRF fund shall be made pursuant to the annual appropriation measure adopted by the commissioners.

Management believes the financial statements included in this report represent all of the funds of the Association over which the Board of Trustees is financially accountable.

**CLERMONT COUNTY LAW LIBRARY ASSOCIATION  
CLERMONT COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. Basis of Accounting**

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred.

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

**C. Deposits and Investments**

The Association maintains an interest bearing checking account for all its deposits.

**D. Fund Accounting**

The Association uses fund accounting to segregate cash and investments that are restricted as to use. The Association uses one fund to account for the related revenues and expenditures.

**General Fund**

The General Fund is the general operating fund. It is used to account for all financial resources except those required by law or contract to be restricted. The Association has no financial resources required by law or contract to be restricted.

**E. Budgetary Process**

The Association is not subject to Ohio budgetary law and is not a taxing subdivision.

**F. Property, Plant and Equipment**

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements, and depreciation is not recorded for these assets.

**2. EQUITY IN POOLED CASH**

The Association maintains one bank account for its fund. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash at December 31 was as follows:

	2009
Demand deposits	<u>\$ 3,083</u>

Deposits are either insured by the Federal Deposit Insurance Corporation.

**CLERMONT COUNTY LAW LIBRARY ASSOCIATION  
CLERMONT COUNTY**

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

**3. RISK MANAGEMENT**

The Association has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Public official's liability
- Errors and omissions

The Association also provides health insurance coverage to fulltime employees through a private carrier. There has been no significant change in coverage from last year. Settled claims have not exceeded commercial coverage in the past three years.

**4. RETIREMENT SYSTEMS**

Employees of the Association were covered by the Public Employees Retirement System (PERS) of Ohio. The State of Ohio accounts for the activities of the retirement system and the amount of that fund is not reflected in the accompanying financial statements. The employees of the Association began contributing to PERS in June 1996. Prior to June 1996, the employees paid into the Social Security System. The Law Librarian and two of her assistants are County employees and thus contributed 10.0% of their gross wages. Clermont County contributes an amount equal to 14.0% of their gross wages.

**5. PAYROLL**

Ohio Revised Code Section 3375.49(B) states during 2009, counties are completely responsible for compensating the law librarian and up to two assistants.

Contrary to Ohio Revised Code Section 3375.49(B) the Association reimbursed 100% of the assistants' salaries to Clermont County's General Fund.

**6. SUBSEQUENT EVENT**

The Library deposited its General and Retained Monies Funds, in the amount of \$3,083, to the County on January 13, 2010. Also, a payment for a voided outstanding check was paid April 6, 2010 to the County.

***Perry & Associates***  
Certified Public Accountants, A.C.

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**INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

September 28, 2010

Clermont County Law Library Association  
Clermont County  
270 Main Street  
Batavia, Ohio 45103

To the Board of Trustees:

We have audited the financial statement of **Clermont County Law Library Association, Clermont County, Ohio**, (the Association) as of and for the year ended December 31, 2009, and have issued our report thereon dated September 28, 2010, 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 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 the purpose of expressing our opinion on the financial statements, but not for the purpose of opining 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.

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 Association'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 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 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 2009-001.

This report is intended solely for the information and use of management and Board of Trustees and is not intended to be, and should not be used by anyone other than these specified parties.

Respectfully Submitted,

A handwritten signature in black ink that reads "Perry & Associates CPAs A.C." in a cursive script.

**Perry and Associates**  
Certified Public Accountants, A.C.

**CLERMONT COUNTY LAW LIBRARY ASSOCIATION  
CLERMONT COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2009**

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

**FINDING NUMBER 2009-001**

**Noncompliance**

**Ohio Revised Code Section 3375.49(B)** states during calendar year 2009, the board of county commissioners shall be responsible for paying the compensation of the librarian and up to two assistant librarians of the law library appointed by the board of trustees of the law library association.

During the course of our audit, we noted the Association reimbursed the General Fund of the Clermont County Treasurer for the compensation of the assistant librarians for fiscal year 2009. This resulted in non compliance and a reduction of funds available to be transferred to the Law Library Resource Fund established by Ohio Revised Code section 307.514 as of January 1, 2010.

**Management's Response** – We did not receive a response from officials to this finding.





**Mary Taylor, CPA**  
Auditor of State

**CLERMONT COUNTY LAW LIBRARY**

**CLERMONT 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  
NOVEMBER 23, 2010**