



Mary Taylor, CPA
Auditor of State

**TOLEDO LAW ASSOCIATION
LUCAS COUNTY**

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Mary Taylor, CPA
Auditor of State

Toledo Law Association
Lucas County
905 Jackson Street
Toledo, Ohio 43604-1546

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

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September 20, 2010

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Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Toledo Law Association
Lucas County
905 Jackson Street
Toledo, Ohio 43604-1546

To the Board of Trustees:

We have audited the accompanying financial statements of the general fund of the Toledo Law Association, Lucas County, (the Law Association) as of and for the years ended December 31, 2009 and 2008. These financial statements are the responsibility of the Law 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.

As described more fully in Note 1, the Law 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.

While the Law 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 libraries to reformat their statements. The Law 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 statements referred to above for the years ended December 31, 2009 and 2008 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Law Association as of December 31, 2009 and 2008 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 balance of the Toledo Law Association, Lucas County, general fund as of December 31, 2009 and 2008, and its cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

House Bill 420 of the 127th General Assembly required the Library to transfer its public cash and property purchased with public funds to the county on or before January 1, 2010. The County will assume accounting responsibilities for these funds commencing in 2010, and the County will present these funds in its financial statements.

The Law 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 20, 2010, on our consideration of the Law 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

September 20, 2010

**TOLEDO LAW ASSOCIATION
LUCAS COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCE
PUBLIC FUND
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

	2009	2008
Cash Receipts:		
Fine and Forfeitures	\$246,160	\$282,867
Miscellaneous Receipts	4,038	15,184
	250,198	298,051
Cash Disbursements:		
Salaries	1,670	9,436
Benefits	3,676	5,365
Law Library - Books	101,291	181,130
Law Library - Periodicals	9,088	5,273
CD-ROM	1,620	191
On-line Resources	59,079	73,063
Office Administration	10,093	10,697
Professional Expenses	273	553
Capital Outlay	3,700	8,605
Miscellaneous	599	3,738
	191,089	298,051
Total Cash Receipts Over Cash Disbursements	59,109	
Public Fund Cash Balances, January 1		
Public Fund Cash Balances, December 31	\$59,109	

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

**TOLEDO LAW ASSOCIATION
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

1. Summary of Significant Accounting Policies

A. Description of the Entity

The Toledo Law Association (the Law Association) is governed by a board of twelve trustees. Members of the Lucas County Bar Association annually elect the board members. The Law Association provides free access to all county officers and the judges of the several courts within the county.

The Law 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 Law 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 Lucas County Commissioners to provide adequate facilities for the Law Association, including suitable bookcases, heating and lighting for the rooms.

The Board of Trustees hires a librarian and an assistant law librarian. The Judges of the Court of Common Pleas of Lucas County fix these librarians' compensation pursuant to ORC § 3375.48. If the Law Association provides free access to all county officers and the judges of the several courts, the County treasury pays the librarians' salary. If the Law Association does not provide free access, the Law Association must pay the librarians' salary.

House Bill 66 amended Ohio Rev. Code Section 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% the costs of the space and utilities for the law library as required by Ohio Revised Code Section 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 Ohio Revised Code Section 307.514. On or before January 1, 2010 the Law Association 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.

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

The Law Association deems some funds it receives as private monies. Private monies include membership dues and fax fees. The Law Association need not comply with ORC § 3375.54 when disbursing private money. The accompanying financial statements do not present private monies.

**TOLEDO LAW ASSOCIATION
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(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 Law 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.

C. Fund Accounting

The Law Association uses fund accounting to segregate cash that is restricted as to use. The Law Association classifies its funds into the following type:

1. General Fund

The General Fund reports all financial resources.

D. Property, Plant, and Equipment

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

E. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

2. Equity in Pooled Deposits

The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits at December 31 was as follows:

	2009	2008
Demand deposits	<u>\$59,109</u>	<u> </u>

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

**TOLEDO LAW ASSOCIATION
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

3. Risk Management

Commercial Insurance

The Law Association has obtained commercial insurance for the following risks:

- Commercial property and general liability;
- Additional Commercial Umbrella and
- Director and Officer Liability.

4. Retirement System

The Law 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 2009 and 2008, OPERS members contributed 10 percent of their gross salaries and their employer (i.e. the Library or County) contributed an amount equaling 14 percent of participants' gross salaries. The Library has paid all contributions required through December 31, 2009.

5. Subsequent Events

In accordance with House Bill 420, the Law Library Association must transfer their public cash and property to their county which will deposit this money into a Law Library Resources Fund. The transfer was to take place on or before January 1, 2010; however, the Toledo Law Association did not transfer their public cash balance to the Lucas County Auditor until after January 1, 2010. A final cashier's check was issued to the Lucas County Auditor for the balance of the public cash balance on January 7, 2010, in the amount of \$59,109.



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*

Toledo Law Association
Lucas County
905 Jackson Street
Toledo, Ohio 43604-1546

To the Board of Trustees:

We have audited the financial statements of the Toledo Law Association, Lucas County, (the Law Association) as of and for the years ended December 31, 2009 and 2008, and have issued our report thereon dated September 20, 2010, wherein we noted the Law Association followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We also noted that as of January 1, 2010 Lucas County assumed accounting responsibilities for the Library. 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 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 Law Association's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Law 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 Law 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 Law 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 intend this report solely for the information and use of the management, the Law Association Board of Trustees and others within the Law Association. 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

September 20, 2010



Mary Taylor, CPA
Auditor of State

TOLEDO LAW ASSOCIATION

LUCAS 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
OCTOBER 14, 2010**