



Mary Taylor, CPA
Auditor of State

CHAMPAIGN COUNTY LAW LIBRARY
CHAMPAIGN COUNTY

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Mary Taylor, CPA
Auditor of State

Champaign County Law Library
Champaign County
200 N. Main Street
Urbana, Ohio 43078

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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July 23, 2008

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Champaign County Law Library
Champaign County
200 N. Main Street
Urbana, Ohio 43078

To the Board of Trustees:

We have audited the accompanying financial statements of the Champaign County Law Library, Champaign 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.

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.

GAAP requires presenting entity wide statements and also presenting the Library's larger (i.e. major) funds separately. 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, 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 of the Champaign County Law Library, Champaign County, as of and for the years ended 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 July 23, 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 black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

July 23, 2008

**CHAMPAIGN COUNTY LAW LIBRARY ASSOCIATION
CHAMPAIGN COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND BALANCES
ALL 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	\$47,326		\$47,326
Interest		\$65	65
Total Cash Receipts	<u>47,326</u>	<u>65</u>	<u>47,391</u>
Cash Disbursements:			
Supplies and Materials	2,480	7,421	9,901
Contract Services	42,090		42,090
Utilities	1,616		1,616
Insurance	307		307
Conference and Travel Reimbursement	833		833
Total Cash Disbursements	<u>47,326</u>	<u>7,421</u>	<u>54,747</u>
Excess (Deficiency) of Cash Receipts Over (Under) Cash Disbursements		(7,356)	(7,356)
Fund Cash Balances, January 1		<u>10,533</u>	<u>10,533</u>
Fund Cash Balances, December 31	<u>\$0</u>	<u>\$3,177</u>	<u>\$3,177</u>

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

**CHAMPAIGN COUNTY LAW LIBRARY ASSOCIATION
CHAMPAIGN COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND BALANCES
ALL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>General Fund</u>	<u>Retained Monies Fund</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:			
Fine and Forfeitures	\$45,275		\$45,275
Interest		\$66	66
Total Cash Receipts	<u>45,275</u>	<u>66</u>	<u>45,341</u>
Cash Disbursements:			
Supplies and Materials	10,197	232	10,429
Contract Services	32,228		32,228
Utilities	1,608		1,608
Insurance	408		408
Conference and Travel Reimbursements	834		834
Service Fees		10	10
Total Cash Disbursements	<u>45,275</u>	<u>242</u>	<u>45,517</u>
Excess (Deficiency) of Cash Receipts Over (Under) Cash Disbursements		(176)	(176)
Fund Cash Balances, January 1		<u>10,709</u>	<u>10,709</u>
Fund Cash Balances, December 31	<u>\$0</u>	<u>\$10,533</u>	<u>\$10,533</u>

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

**CHAMPAIGN COUNTY LAW LIBRARY
CHAMPAIGN COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Champaign County Law Library (the Library) is governed by a board of three trustees who are elected every three years by members of the Champaign County Bar Association. 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 Champaign County Commissioners to provide adequate facilities for the Library, including suitable bookcases, heating and lighting for the rooms.

The Board of Trustees hired one librarian. The Judges of the Court of Common Pleas of Champaign 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.

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

B. Basis of Accounting

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

The Library's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

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.

**CHAMPAIGN COUNTY LAW LIBRARY
CHAMPAIGN COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

F. Property, Plant, and Equipment

The Library records disbursements for 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.

G. Total Columns on Financial Statements

Total columns on the financial statements are captioned (Memorandum Only) to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, or results of operations in conformity with the Library's accounting basis. Neither is such data comparable to a consolidation. The Library does not eliminate interfund transactions when aggregating this data.

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	<u>2007</u>	<u>2006</u>
Demand deposits	\$53	\$1,932
Savings Accounts	3,124	8,601
Total deposits	<u>\$3,177</u>	<u>\$10,533</u>

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

3. RETIREMENT SYSTEMS

The Library's one employee belongs 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.

Per Revised Code Section 3375.49 (B), effective 2007 the Library reimbursed the County twenty percent of the Librarian's salary and benefits. The County paid the remaining eighty percent of the Librarian's salary and benefits.

**CHAMPAIGN COUNTY LAW LIBRARY
CHAMPAIGN COUNTY**

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

3. RETIREMENT SYSTEMS (Continued)

The Ohio Revised Code also prescribes contribution rates. For 2007 and 2006, OPERS members contributed 9.5 and 9 percent of their gross salaries, respectively, and the Library and County contributed an amount equaling 13.85 and 13.7 percent, respectively, of the participants' gross salaries. The Library and County have paid all contributions required through December 31, 2007.

4. RISK MANAGEMENT

Commercial Insurance

The Library has obtained commercial insurance for the following risks:

- Comprehensive property and general liability; and
- Errors and omissions.

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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*

Champaign County Law Library
Champaign County
200 N. Main Street
Urbana, Ohio 43078

To the Board of Trustees:

We have audited the financial statements of the Champaign County Law Library, Champaign County, (the Library), as of and for the years ended December 31, 2007 and 2006, and have issued our report thereon dated July 23, 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 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.

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 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.

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 Library's internal control will not prevent or detect a material financial statement misstatement.

**Internal Control Over Financial Reporting
(Continued)**

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. However, we believe the significant deficiency described above, finding number 2007-001 is also a material weakness.

We also noted certain internal control matters that we reported to the Library's management in a separate letter dated July 23, 2008.

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 matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2007-002.

We also noted certain noncompliance or other matters that we reported to the Library's management in a separate letter dated July 23, 2008.

The Library's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the Library's responses and, accordingly, we express no opinion on them.

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.



Mary Taylor, CPA
Auditor of State

July 23, 2008

**CHAMPAIGN COUNTY LAW LIBRARY
CHAMPAIGN COUNTY**

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

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2007-001

Material Weakness

The City of Urbana ceased sending the Law Library monies collected by the court pursuant to Ohio Rev. Code section 3375.50 in 2001. This was due to the realization by the City that excess funds had been distributed to the Law Library in past years. Payments made under this Code section in 2000, the last year in which full payments were made were \$13,632. This amount represented 17% of the revenue for 2000. The City and Law library agreed to suspend payments until such time as the deficit situation is corrected. There is no evidence that a formal agreement, legal opinion, or schedule of payments has been agreed upon by both parties. The lack of formal arrangement could lead to the loss of revenue to the Law Library. The Law Library should enter into a formal agreement with the City of Urbana which identifies the current deficit, and an agreed upon schedule for repayment.

Officials Response:

The Champaign County Law Library wrote a letter to the City of Urbana after the last audit. Secretary-Treasurer Denkwalter and City law Director Gil S. Weithman discussed the overpayment by the City of Urbana. Payments to the Law Library will resume once the overpayment balance has been depleted to zero.

FINDING NUMBER 2007-002

Material Noncompliance / Material Weakness

Ohio Admin. Code Section 117-2-02 (A) states, in part, that all public offices shall maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record, and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements required by rule 117-02-03 of the Administrative Code.

The annual financial reports filed by the Law Library for 2006 and 2007 were inaccurate. For both years the Library's expenditures exceeded receipts and all of the Library's activity for both years was posted to the General Fund only. Because expenditures exceeded receipts, adjustments had to be made to the Retained Monies Fund in order to post the excess of disbursements over receipts in the amount of \$232 for 2006 and \$7,421 for 2007 as supplies and materials disbursements.

Furthermore, interest earned on public funds collected under Ohio Rev. Code Section 3375.50 through 3375.53 and interest earnings on retained monies under Ohio Rev. Code Section 3375.56 should be treated as public funds and shall be credited to the Retained Monies Fund. Three additional adjustments had to be made to the Retained Monies fund to post interest earned for both years and to post a miscellaneous service fee for 2006. The accompanying financial statements have been adjusted accordingly.

Financial statements presented in this manner prevent users of the Law Library's financial reports from having reliable information regarding the available fund balances. The Librarian should maintain the fund balances of the Law Library funds accurately and use due care in recording all transactions to the appropriate fund. The Board should monitor Library financial reports to reduce the risk of errors occurring and not being detected in a timely manner.

Officials Response:

At year end, the law library will review the financial activity to determine is was posted to the proper funds.

**CHAMAPAIN COUNTY LAW LIBRARY
CHAMPAIGN COUNTY**

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

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2005-001	The Law Library should enter into a formal agreement with the City of Urbana which identifies the current deficit of excess funds paid to the Library and an agreed upon schedule for repayment.	No	Repeated as Finding – 2007-001



Mary Taylor, CPA
Auditor of State

**LAW LIBRARY
CHAMPAIGN 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
SEPTEMBER 11, 2008**