



Mary Taylor, CPA  
Auditor of State



**LAW LIBRARY ASSOCIATION  
ALLEN COUNTY**

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**Mary Taylor, CPA**  
Auditor of State

Law Library Association  
Allen County  
204 North Main Street  
Suite 102  
Lima, Ohio 45801

To the Library 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

July 9, 2008

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Law Library Association  
Allen County  
204 North Main Street  
Suite 102  
Lima, Ohio 45801

To the Library Board of Trustees:

We have audited the accompanying financial statements of the Law Library Association, Allen 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.

Instead of the fund the accompanying financial statements present, GAAP require presenting entity wide statements. 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 and reserve for encumbrances of the Law Library Association, Allen County, 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 Library has included activity associated with the Retained Monies Fund.

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 9, 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.



**Mary Taylor, CPA**  
Auditor of State

July 9, 2008



**LAW LIBRARY ASSOCIATION  
ALLEN COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2007**

|  | <u>General<br/>Fund</u> | <u>Retained<br/>Monies<br/>Fund</u> | <u>Private<br/>Monies<br/>Fund</u> | <u>Totals<br/>(Memorandum<br/>Only)</u> |
|--|-------------------------|-------------------------------------|------------------------------------|---|
| <b>Cash Receipts:</b>  |                         |                                     |                                    |   |
| Fine and Forfeitures   | \$292,010               |                                     |                                    | \$292,010                               |
| Interest   |                         | \$3,070                             | \$986                              | 4,056                                   |
| Miscellaneous Receipts   |                         |                                     | 160                                | 160                                     |
| Total Cash Receipts  | <u>292,010</u>          | <u>3,070</u>                        | <u>1,146</u>                       | <u>296,226</u>                          |
| <b>Cash Disbursements:</b>   |                         |                                     |                                    |   |
| Salaries   | 2,724                   |                                     |                                    | 2,724                                   |
| Supplies and Materials   | 443                     |                                     |                                    | 443                                     |
| Refunds to Relative Income Sources - See Note 1  | 87,284                  |                                     |                                    | 87,284                                  |
| Equipment  | 1,468                   |                                     |                                    | 1,468                                   |
| Legal Publications   | 192,909                 |                                     |                                    | 192,909                                 |
| Other  | 6,458                   |                                     |                                    | 6,458                                   |
| Total Cash Disbursements   | <u>291,286</u>          |                                     |                                    | <u>291,286</u>                          |
| Total Cash Receipts Over/<br>(Under) Cash Disbursements  | 724                     | 3,070                               | 1,146                              | 4,940                                   |
| <b>Other Financing Receipts/(Disbursements):</b>   |                         |                                     |                                    |   |
| Remittance to Retained Funds   | <u>(9,698)</u>          | <u>9,698</u>                        |                                    |   |
| Excess of Cash Receipts and Other Financing<br>Receipts Over (Under) Cash Disbursements<br>and Other Financing Disbursements | (8,974)                 | 12,768                              | 1,146                              | 4,940                                   |
| Fund Cash Balances, January 1  | <u>96,982</u>           | <u>80,831</u>                       | <u>29,082</u>                      | <u>206,895</u>                          |
| Fund Cash Balances, December 31  | <u>88,008</u>           | <u>93,599</u>                       | <u>30,228</u>                      | <u>211,835</u>                          |
| Reserve for Encumbrances at December 31  | <u>\$25,719</u>         | <u>\$0</u>                          | <u>\$0</u>                         | <u>\$25,719</u>                         |

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

**LAW LIBRARY ASSOCIATION  
ALLEN COUNTY**

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

|  | <u>General<br/>Fund</u> | <u>Retained<br/>Monies<br/>Fund</u> | <u>Private<br/>Monies<br/>Fund</u> | <u>Totals<br/>(Memorandum<br/>Only)</u> |
|--|-------------------------|-------------------------------------|------------------------------------|---|
| <b>Cash Receipts:</b>  |                         |                                     |                                    |   |
| Fine and Forfeitures   | \$304,939               |                                     |                                    | \$304,939                               |
| Interest   |                         | \$876                               | \$557                              | 1,433                                   |
| Miscellaneous Receipts   |                         |                                     | 426                                | 426                                     |
| Total Cash Receipts  | <u>304,939</u>          | <u>876</u>                          | <u>983</u>                         | <u>306,798</u>                          |
| <b>Cash Disbursements:</b>   |                         |                                     |                                    |   |
| Supplies and Materials   | 299                     |                                     |                                    | 299                                     |
| Refunds to Relative Income Sources - See Note 1  | 19,888                  |                                     |                                    | 19,888                                  |
| Legal Publications   | 232,772                 |                                     |                                    | 232,772                                 |
| Other  | 9,101                   |                                     |                                    | 9,101                                   |
| Total Cash Disbursements   | <u>262,060</u>          |                                     |                                    | <u>262,060</u>                          |
| Total Cash Receipts Over/<br>(Under) Cash Disbursements  | 42,879                  | 876                                 | 983                                | 44,738                                  |
| <b>Other Financing Receipts/(Disbursements):</b>   |                         |                                     |                                    |   |
| Remittance to Retained Funds   | <u>(2,210)</u>          | <u>2,210</u>                        |                                    |   |
| Excess of Cash Receipts and Other Financing<br>Receipts Over (Under) Cash Disbursements<br>and Other Financing Disbursements | 40,669                  | 3,086                               | 983                                | 44,738                                  |
| Fund Cash Balances, January 1  | <u>56,313</u>           | <u>77,745</u>                       | <u>28,099</u>                      | <u>162,157</u>                          |
| Fund Cash Balances, December 31  | <u>\$96,982</u>         | <u>\$80,831</u>                     | <u>\$29,082</u>                    | <u>\$206,895</u>                        |

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

**LAW LIBRARY ASSOCIATION  
ALLEN 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 of Allen County (the Library) is governed by a board of 5 trustees. Members of the Allen County Bar Association elect the board members annually. 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 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 Allen County Commissioners to provide adequate facilities for the Library, including suitable bookcases, heating and lighting for the rooms.

The Board of Trustees hires a librarian and not more than two assistant law librarians. Through the year 2006, the Judges of the Court of Common Pleas of Allen County fixed the librarians' compensation pursuant to ORC § 3375.48 and Allen County was responsible for payment. However, as of January 1, 2007, the Law Library Association Board of Trustees fixed the librarians' salaries and was required to pay 20 percent of those salaries for that year. This requirement increases 20 percent each year through the year 2011 when 100 percent payment is required. (See Note 5.)

The Library's management believes these financial statements present all public funds for which the Library is financially accountable. The accompanying financial statements also include private monies, see note 1D.

**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. 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 and Investments**

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 as receipts or disbursements, respectively. Interest income at the time of maturity is recorded as a receipt.

**LAW LIBRARY ASSOCIATION  
ALLEN COUNTY**

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

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

**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.

**3. Private Monies**

Private monies include membership dues, overdue book charges, and photocopying charges. Fees collected for book and copier usage remain private even though the books and copiers may have been purchased with public funds. The Library can disburse private monies at its discretion.

**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. Equipment**

The Library records disbursements for equipment when paid. The accompanying financial statements do not report these items as assets.

**G. Refund to Relative Income Sources**

If certain conditions are met, Ohio Revised Code § 3375.56 requires the Library to refund at least ninety percent of any *unencumbered* balance to political subdivisions that provided revenues to the Library. See Footnote 2 for additional information.

**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 following tables present the refunded and retained amounts during 2007 and 2006.

**LAW LIBRARY ASSOCIATION  
ALLEN COUNTY**

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

**2. REFUND TO RELATIVE INCOME SOURCES AND AMOUNT RETAINED (Continued)**

| <b>Unencumbered Balance at December 31, 2006</b>       |          |
|--|----------|
| <b>Refunded and Retained During Calendar Year 2007</b> |          |
| Unencumbered Balance at December 31, 2006              | \$96,982 |
| Refunded to Relative Sources during 2007               | 87,284   |
| Retained Funds Amount during 2007                      | \$9,698  |

| <b>Unencumbered Balance at December 31, 2005</b>       |          |
|--|----------|
| <b>Refunded and Retained During Calendar Year 2006</b> |          |
| Unencumbered Balance at December 31, 2005              | \$22,098 |
| Refunded to Relative Sources during 2006               | 19,888   |
| Retained Funds Amount during 2006                      | \$2,210  |

**3. EQUITY IN POOLED CASH AND INVESTMENTS**

The Library maintains a cash and investments 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:

|                                  | <b>2007</b> | <b>2006</b> |
|----------------------------------|-------------|-------------|
| Checking Account                 | \$82,285    | \$138,821   |
| Business Prime Savings           | 97,263      | 44,179      |
| Copy Account                     | 9,770       | 9,350       |
| Five year Certificate of Deposit | 14,825      | 14,171      |
| Gift Account                     | 376         | 374         |
| Payroll Clearing Account         | 7,316       |             |
| Total deposits and investments   | \$211,835   | \$206,895   |

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation, or collateralized by the financial institution's public entity deposit pool.

**4. RISK MANAGEMENT**

**Commercial Insurance**

The Library has obtained commercial insurance for the following risks:

- Fire and related perils, crime and inland marine

Real property is insured through the Allen County Commissioners.

**LAW LIBRARY ASSOCIATION  
ALLEN COUNTY**

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

**5. LAW CHANGE AND LIABILITY**

Pursuant to Section 3375.49 of the Ohio Revised Code, as of January 1, 2007, the Board of Trustees may now elect to assume responsibility for 100 percent of the compensation of the Law Librarian and Assistant Law Librarians salaries which was previously the responsibility of the County. If the Trustees chose not to pay 100 percent of the Librarians salaries in 2007, a phase-in period was allowed between 2007 and 2011 where the responsibility for compensating the Law Librarian and Assistant Law Librarians transfers from the County to the Board of Trustees of the Law Library Association at 20 percent each year. The Trustees have chosen the phase in process and reimbursed the County for 20 percent of the total salaries for 2007. The 20 percent of salaries amounted to \$8,542.92, and \$2,723.82 was paid during the year and at December 31, 2007, \$5,819.10 remained outstanding and was remitted to the County on January 28, 2008.



# 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  
Allen County  
204 North Main Street  
Suite 102  
Lima, Ohio 45801

To the Library Board of Trustees:

We have audited the financial statements of the Law Library Association, Allen County, (the Library) as of and for the years ended December 31, 2007 and 2006, and have issued our report thereon dated July 9, 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.

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 9, 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 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 Library's management in a separate letter dated July 9, 2008.

We intend this report solely for the information and use of the finance committee, management, and the 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 9, 2008



**LAW LIBRARY ASSOCIATION  
ALLEN 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;<br><i><b>Explain</b></i> |
|----------------|---|------------------|---|
| 2005-001       | ORC Section 3375.56 – the amount to be refunded was not correctly calculated. | Yes              | The Law Library chose to offset the errors in calculations with encumbrances as of December 31, 2005.                                     |





**Mary Taylor, CPA**  
Auditor of State

**LAW LIBRARY ASSOCIATION**

**ALLEN 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  
AUGUST 19, 2008**