



**PAULDING LAW LIBRARY ASSOCIATION  
PAULDING COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2007**



**Mary Taylor, CPA**  
Auditor of State



PAULDING LAW LIBRARY ASSOCIATION  
PAULDING COUNTY

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# Mary Taylor, CPA

Auditor of State

Paulding Law Library Association  
Paulding County  
200 N. Williams Street  
Paulding, Ohio 45879-1252

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.

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

**Mary Taylor, CPA**  
Auditor of State

June 30, 2008

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# Mary Taylor, CPA

## Auditor of State

### INDEPENDENT ACCOUNTANTS' REPORT

Paulding Law Library Association  
Paulding County  
200 N. Williams Street  
Paulding, Ohio 45879-1252

To the Board of Trustees:

We have audited the accompanying financial statements of the general fund and the retained monies fund the Paulding Law Library Association, Paulding 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 require 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 Paulding Law Library Association, Paulding County, general fund and the retained monies fund 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.

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 June 30, 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

June 30, 2008

**PAULDING LAW LIBRARY ASSOCIATION  
PAULDING COUNTY**

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

	General Fund	Retained Monies Fund	Totals (Memorandum Only)
<b>Cash Receipts:</b>			
Fine and Forfeitures	\$46,101		\$46,101
<b>Cash Disbursements:</b>			
Cost of Books	1,999		1,999
Cost of Computerized Legal Research	42,096		42,096
Salaries	1,644		1,644
Postage	32		32
Professional Dues	15		15
Equipment	100		100
Worker's Compensation	182		182
Internet Subscription	212		212
Other	19		19
Total Cash Disbursements	46,299		46,299
Total Cash Disbursements Over Cash Receipts	(198)		(198)
<b>Other Financing Receipts/(Disbursements):</b>			
Transfers-In	198		198
Transfers-Out		(\$198)	(198)
Total Other Financing Receipts/(Disbursements)	198	(198)	
Excess of Cash Disbursements and Other Financing Disbursements Over (Under) Cash Receipts and Other Financing Receipts		(198)	(198)
Fund Cash Balances, January 1	103	401	504
<b>Fund Cash Balances, December 31</b>	<b>\$103</b>	<b>\$203</b>	<b>\$306</b>

**PAULDING LAW LIBRARY ASSOCIATION  
PAULDING COUNTY**

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

	<b>General Fund</b>	<b>Retained Monies Fund</b>	<b>Totals (Memorandum Only)</b>
<b>Cash Receipts:</b>			
Fine and Forfeitures	\$56,092		\$56,092
Interest	2		2
<b>Total Cash Receipts</b>	<b>56,094</b>		<b>56,094</b>
<b>Cash Disbursements:</b>			
Cost of Books	39,403		39,403
Salaries	14,230		14,230
Supplies and Materials	17		17
Postage	39		39
Insurance & Contracts	395		395
Professional Dues	15		15
Audit Costs	1,691		1,691
Refunds to Relative Income Sources - See Note 2	282		282
Other	3		3
<b>Total Cash Disbursements</b>	<b>56,075</b>		<b>56,075</b>
<b>Total Cash Receipts Over Cash Disbursements</b>	<b>19</b>		<b>19</b>
<b>Other Financing Receipts/(Disbursements):</b>			
Remittance to Retained Funds		\$30	30
Remittance from Retained Funds	(30)		(30)
<b>Total Other Financing Receipts/(Disbursements)</b>	<b>(30)</b>	<b>30</b>	
<b>Excess (Deficiency) of Cash Receipts and Other Financing Receipts Over (Under) Cash Disbursements and Other Financing Disbursements</b>	<b>(11)</b>	<b>30</b>	<b>19</b>
<b>Fund Cash Balances, January 1</b>	<b>114</b>	<b>371</b>	<b>485</b>
<b>Fund Cash Balances, December 31</b>	<b>\$103</b>	<b>\$401</b>	<b>\$504</b>

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

**PAULDING LAW LIBRARY ASSOCIATION  
PAULDING COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Paulding Law Library is governed by a board of three trustees. Members of the Paulding County Bar Association 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 Paulding County Commissioners to provide adequate facilities for the Library, including suitable bookcases, heating and lighting for the rooms.

The Board of Trustees elects a librarian and not more than two assistant law librarians. The Judges of the Court of Common Pleas of Paulding 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 a portion of 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. 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.

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

**C. Fund Accounting**

The Library uses fund accounting to segregate cash 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.

**PAULDING LAW LIBRARY ASSOCIATION  
PAULDING 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. See note 2 for additional information.

**D. 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. The Library deems computers, copiers, fax machines, and other items related toward facilitating the use of equipment as equipment.

**E. 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 balance to political subdivisions that provided revenues to the Library. See note 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 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 table presents the refunded and retained amounts during 2006. Disbursements exceeded receipts in 2007 as a result there were no amounts required to be refunded.

Refunded and Retained During Calendar Year 2006	
Balance subject to refund for the year ended December 31, 2006	\$301
2006 amount to be refunded to relative income sources	271
2005 amount refunded in 2006	114
Total to be refunded	385
Amount refunded to relative income sources	282
Amount due but not refunded	\$103
2006 retained fund amount	\$30

The Law Library Association failed to remit \$103 of the refundable excess to the contributing political subdivision for 2006.

**PAULDING LAW LIBRARY ASSOCIATION  
PAULDING COUNTY**

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

**3. EQUITY IN POOLED CASH**

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

	<u>2007</u>	<u>2006</u>
Demand deposits	<u>\$306</u>	<u>\$504</u>

Deposits are insured by the Federal Depository 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 2007 and 2006, OPERS members contributed 9.5 percent and 9 percent, respectively, of their gross salaries and the Library contributed an amount equaling 13.85 percent and 13.7 percent, respectively, of participants' gross salaries. The Library has paid all contributions required through December 31, 2007.

**5. RISK MANAGEMENT**

Building and contents insurance is provided by the Paulding County Commissioners through the County Risk Sharing Authority

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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 STANDARD

Paulding Law Library Association  
Paulding County  
200 N. Williams Street  
Paulding, Ohio 45879-1252

To the Board of Trustees:

We have audited the financial statements of the Paulding Law Library Association, Paulding County, (the Library) as of and for the years ended December 31, 2007 and 2006, and have issued our report thereon dated June 30, 2008, wherein we noted the Library prepared its financial statements using accounting practices the Auditor of State prescribes or permits 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.

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[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

We noted certain matters that we reported to the Library's management in a separate letter dated June 30, 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 matter that we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2007-001.

We intend this report solely for the information and use of the management and the Board of Trustees. We intended 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

June 30, 2008

**PAULDING LAW LIBRARY ASSOCIATION  
PAULDING COUNTY**

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

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
--

**FINDING NUMBER 2007-001**

**Finding for Recovery Repaid Under Audit**

Ohio Revised Code § 3375.56 states on the first Monday of each year, the board of trustees of the law library association shall make a detailed statement to the county auditor, verified by the oath of the treasurer of the association, of the amount of the fines and penalties received under sections 3375.50 to 3375.53, inclusive of the Revised Code, and of the money expended by the association.

If the total amount received under such sections during the preceding calendar year covered by such report exceeds the expenditures during the same period, the auditor shall certify such fact to the board which shall thereupon direct the treasurer of the association to refund proportionately to the treasurers of the political subdivisions from which such balance was received, not less than ninety percent of any unencumbered balance on hand from the preceding year.

In 2006, the Law Library Association paid a finding for recovery that had been issued against it by the AOS in 2005. The Law Library Association mistakenly believed that it should include the payment of this finding for recovery in the calculation of its expenditures for 2006. As a result, the Law Library Association then used this incorrect sum to determine the amount of the refunds mentioned above. This resulted in the Paulding Law Library Association making an underpayment of refunds to Paulding County for 2006:

	2006 Refund <u>Paid in 2006</u>
<u>Paulding County</u>	
Refund Recalculated	\$271.13
Refund Paid	<u>168.32</u>
Amount Underpaid	<u>\$102.81</u>

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public money due but not collected is hereby issued against the Paulding Law Library Association in the amount of one-hundred and two dollars and eighty-one cents (\$102.81), in favor of Paulding County General Fund.

On June 30, 2008, the Paulding Law Library Association issued check number 5309 in the amount of \$102.81 to Paulding County.

**Officials Response:**

We did not receive a response from Official's to this finding.

PAULDING LAW LIBRARY ASSOCIATION  
PAULDING 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; <b><i>Explain</i></b>
2005-001	ORC 3375.56 Failure to pay 90% of revenue back to the County.	No	Reissued as Finding 2007-001 in this report.



**Mary Taylor, CPA**  
Auditor of State

**LAW LIBRARY ASSOCIATION**

**PAULDING 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 24, 2008**