



AKRON LAW LIBRARY ASSOCIATION

FINANCIAL STATEMENTS

DECEMBER 31, 2009 AND 2008



Mary Taylor, CPA

Auditor of State

Board of Trustees
Akron Law Library Association
209 South High Street, 4th Floor
Akron, Ohio 44308-1675

We have reviewed the *Independent Auditor's Report* of the Akron Law Library Association, Summit County, prepared by Apple Growth Partners, for the audit period January 1, 2008 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.

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 Auditor's 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 Auditor's 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 Akron Law Library Association 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

September 20, 2010

**Akron Law Library Association
Summit County**

**Financial Statements
December 31, 2009 and 2008**

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Independent Auditor's Report

Akron Law Library Association
Summit County
209 South High Street - 4th Floor
Summit County Courthouse
Akron, Ohio 44308-1675

To the Board of Trustees:

We have audited the accompanying statements of general fund of the Akron Law Library Association, Summit County, Ohio, (the Library) as of and for the years ended December 31, 2009 and 2008. 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 audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to reasonably assure 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 that our audits provide a reasonable basis for our opinion.

The financial statements present only the general fund and do not intend to present fairly the financial position or results of operations of all Library funds.

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 governments 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.

Healthy Growth.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Akron Law Library 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 balances of the Library's general fund as of December 31, 2009 and 2008, and its cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

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 aforementioned revision to generally accepted accounting principles also requires the Library to include Management's Discussion and Analysis for the years ended December 31, 2009 and 2008. 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 a report dated June 25, 2010, on our consideration of the Library's internal control over financial reporting and our test 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* and should be read in conjunction with this report in considering the results of our audit.

Apple Growth Partners

June 25, 2010

**The Akron Law Library Association
Summit County**

**Statements of Cash Receipts, Cash Disbursements,
and Changes in Fund Cash Balances
General Fund**

For the years ended December 31, 2009 and 2008

| | General Fund | |
|-----------------------------------------------------|------------------|----------------|
| | 2009 | 2008 |
| Cash receipts | | |
| Traffic fines | \$ 466,281 | \$ 506,615 |
| Miscellaneous income | 4,582 | 12,748 |
| Total cash receipts | 470,863 | 519,363 |
| Cash disbursements | | |
| Salaries and benefits | 147,263 | 163,756 |
| Binding | - | 752 |
| Online computer expense | 51,276 | - |
| Internet expense | 4,866 | - |
| Continuations | 335,974 | 322,504 |
| Accounting | 19,782 | - |
| Telephone | 866 | 830 |
| Computer services and supplies | 15,903 | 15,084 |
| Library and office supplies | 24,854 | 13,240 |
| Postage | 510 | 1,312 |
| Life and medical insurance expense | 4,734 | 511 |
| Conference expense | 398 | 734 |
| Liability insurance | 3,794 | 3,856 |
| Petty cash fund expense | - | 68 |
| Miscellaneous expense | 805 | 3,201 |
| Total cash disbursements | 611,025 | 525,848 |
| Total cash receipts under cash disbursements | (140,162) | (6,485) |
| Transfer from Private Fund (net) | 147,850 | 3,000 |
| Increase (decrease) in fund balance | 7,688 | (3,485) |
| General Fund Cash Balances, January 1 | 759 | 4,244 |
| General Fund Cash Balances, December 31 | \$ 8,447 | \$ 759 |

Akron Law Library Association
Summit County
Notes to Financial Statements
December 31, 2009 and 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity - The Akron Law Library Association, Summit County, (the Library) is directed by a board of eleven trustees who are elected annually by its membership. The Library provides reference material and other sources of multi-media to its members.

The Library operates by receiving a portion of fine and forfeiture monies from the courts (and any associated interest) under Ohio Revised Code (ORC) Sections 3375.50 to .53, inclusive. The Library is permitted to expend funds under ORC Section 3375.54. The funds of the Library are expended on the purchase, lease, or rental of 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.

The Summit County Council is required by ORC Section 3375.49 to provide adequate facilities for the Library. The County is required to provide 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 the librarians' salary. If the Library does not provide free access, the Library 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.

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 Library must transfer money and property purchased with fine and penalties monies to the LLRB. The Library transferred all funds, totaling \$8,642, on March 24, 2010, to the LLRF. Expenditures from the LLRF fund shall be made pursuant to the annual appropriation measure adopted by the commissioners.

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

Some funds received by the Library are considered private monies. Private monies include: membership dues, overdue book charges and photocopying charges.

Fees collected for the use of books and copiers should remain private, even though the books and copiers may have been purchased with public funds. The Library's current policy is to record fees collected in connection with copier and computer usage consistent with State guidelines. Private monies can be disbursed at the discretion of the Library. With the exception of the user charges above, the accompanying financial statements do not present private monies.

Akron Law Library Association
Summit County
Notes to Financial Statements
December 31, 2009 and 2008

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 receipt and disbursement basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when incurred.

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

C. Cash - All Library cash is maintained in demand deposit accounts.

D. Fund Accounting - The Library uses fund accounting. 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.

Retained monies are monies retained by the Library under Ohio Revised Code Section 3375.56, which are to be maintained in a separate fund. At the end of each calendar year the Library is permitted under law to retain up to 10% of their unencumbered balance. At December 31, 2009 and 2008, the Library had no retained monies.

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. Property and equipment - Acquisitions of equipment are recorded as equipment disbursements when paid. These items are not reflected as assets on the accompanying financial statements. Items purchased which are deemed to be equipment are computers, copiers, fax machines, and other items related toward facilitating the use of the equipment.

G. Unpaid vacation and sick leave - In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused vacation and sick leave. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the Library.

H. Subsequent Events - In May 2009, the FASB issued accounting guidance for subsequent events, which establishes guidance for recognizing and disclosing subsequent events in the financial statements. This guidance requires the disclosure of the date through which an entity has evaluated subsequent events. This guidance is effective for interim and annual periods ending after June 15, 2009. The Company has evaluated subsequent events through June 25, 2010, the date that the Company's annual financial statements were issued.

Akron Law Library Association
Summit County
Notes to Financial Statements
December 31, 2009 and 2008

2. CASH

The Library maintains general operating and payroll checking accounts. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash at December 31 follows:

| | <u>2009</u> | <u>2008</u> |
|----------------|-----------------|---------------|
| Total Deposits | <u>\$ 8,447</u> | <u>\$ 759</u> |

Deposits are insured by the Federal Depository Insurance Corporation.

3. RETIREMENT SYSTEM

The Library's employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. PERS members contributed 10.0% and 10.0% of their gross salaries for the years ended December 31, 2009 and 2008, respectively. The Library contributed an amount equal to 14.00% of participants' gross salaries for each of the years ended December 31, 2009 and 2008. The Library has paid all contributions required through December 31, 2009 and 2008.

4. RISK MANAGEMENT

The Library has obtained commercial insurance for the following risks:

- General liability
- Director and Officer's liability
- Crime coverage
- Employee benefits liability

SUPPLEMENTAL INFORMATION

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS

Akron Law Library Association
Summit County
209 South High Street - 4th Floor
Summit County Courthouse
Akron, Ohio 44308-1675

To the Board of Trustees:

We have audited the financial statements of the Akron Law Library Association (the Library) as of and for the years ended December 31, 2009 and 2008, and have issued our report thereon dated June 25, 2010, 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 also disclosed the financial statements include only the general fund. 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 the purpose of expressing our opinion on the financial statements, but not for the purpose of opining 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 *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 Library'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. In planning and performing our audit, we considered the Library's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting.

Healthy Growth.

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*.

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

Apple Growth Partners

Certified Public Accountants
June 25, 2010



Mary Taylor, CPA
Auditor of State

AKRON LAW LIBRARY ASSOCIATION

SUMMIT 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 30, 2010**