



**FULTON LAW LIBRARY ASSOCIATION
FULTON COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2009



Mary Taylor, CPA
Auditor of State

**FULTON LAW LIBRARY ASSOCIATION
FULTON COUNTY**

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Mary Taylor, CPA
Auditor of State

Fulton Law Library Association
Fulton County
210 South Fulton Street
Wauseon, Ohio 43567-3301

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

Mary Taylor, CPA
Auditor of State

June 29, 2010

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Fulton Law Library Association
Fulton County
210 South Fulton Street
Wauseon, Ohio 43567-3301

To the Board of Trustees:

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

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, 2009 and 2008 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Library 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 Fulton Law Library Association, Fulton County, general fund and the retained monies fund as of December 31, 2009 and 2008, and its cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

House Bill 420 of the 127th General Assembly required the Library to transfer its public cash and property purchased with public funds to the County on or before January 1, 2010. The Library did not transfer its remaining funds to the County until February 11, 2010. The County assumed accounting responsibilities for these funds commencing in 2010, and the County will present these funds in its financial statements.

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 29, 2010, 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 29, 2010

**FULTON LAW LIBRARY ASSOCIATION
FULTON COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL PUBLIC FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2009**

	General Fund	Retained Monies Fund	Totals (Memorandum Only)
Cash Receipts:			
Fine and Forfeitures	\$157,392		\$157,392
Interest		\$31	31
Miscellaneous Receipts	741		741
Total Cash Receipts	158,133	31	158,164
Cash Disbursements:			
Salaries	6,464		6,464
Insurance	945		945
Supplies and Materials	165,520		165,520
Refunds to Relative Income Sources - See Note 2	40,584		40,584
Total Cash Disbursements	213,513	0	213,513
Total Cash Receipts Over/(Under) Cash Disbursements	(55,380)	31	(55,349)
Other Financing Receipts/(Disbursements):			
Remittance to Retained Funds	(4,509)		(4,509)
Remittance from General Fund		4,509	4,509
Total Other Financing Receipts/(Disbursements)	(4,509)	4,509	0
Excess (Deficiency) of Cash Receipts and Other Financing Receipts Over (Under) Cash Disbursements and Other Financing Disbursements	(59,889)	4,540	(55,349)
Public Fund Cash Balances, January 1	38,900	17,567	56,467
Public Fund Cash Balances, December 31	(\$20,989)	\$22,107	\$1,118

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

**FULTON LAW LIBRARY ASSOCIATION
FULTON COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL PUBLIC FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2008**

	General Fund	Retained Monies Fund	Totals (Memorandum Only)
Cash Receipts:			
Fine and Forfeitures	\$181,576		\$181,576
Interest		\$112	112
Miscellaneous Receipts	3,231		3,231
Total Cash Receipts	184,807	112	184,919
Cash Disbursements:			
Salaries	456		456
Insurance	942		942
Supplies and Materials	150,226		150,226
Refunds to Relative Income Sources - See Note 2	11,391		11,391
Other	3,904		3,904
Total Cash Disbursements	166,919	0	166,919
Total Cash Receipts Over/(Under) Cash Disbursements	17,888	112	18,000
Other Financing Receipts/(Disbursements):			
Remittance to Retained Funds	(1,266)		(1,266)
Remittance from General Fund		1,266	1,266
Total Other Financing Receipts/(Disbursements)	(1,266)	1,266	0
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	16,622	1,378	18,000
Public Fund Cash Balances, January 1	22,278	16,189	38,467
Public Fund Cash Balances, December 31	\$38,900	\$17,567	\$56,467

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

**FULTON LAW LIBRARY ASSOCIATION
FULTON COUNTY**

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

1. Summary of Significant Accounting Policies

A. Description of the Entity

The Fulton Law Library Association (the Library) is governed by a board of five trustees. Members of the Fulton County Bar Association annually elect the board members. The Library provides free access for Judges and Magistrates of the District Court of the United States for the Northern District of Ohio; United States District Attorney and members of his staff; Bankruptcy Judges; District Director of Internal Revenue, Judges of the Court of Appeals and Court of Common Pleas of Fulton County, Ohio; Judges of the County Courts of Fulton County, Ohio; all Fulton County, Ohio officers, and all officers of Townships, Villages and Cities in Fulton County, Ohio. Free access is also provided to students regularly enrolled in the Law School of the University of Toledo.

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 Fulton 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 an assistant law librarian. The Judges of the Court of Common Pleas of Fulton 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 Code Section 3375.49.

As of January 1, 2010, a Law Library Resources Board (LLRB) will govern county law libraries. Each county will establish a county law library resources fund (LLRF) as required by Ohio Revised Code Section 307.514. On or before January 1, 2010 the Library must transfer money and property purchased with fine and penalties monies to the LLRB. Expenditures from the LLRF fund shall be made pursuant to the annual appropriation measure adopted by the commissioners.

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

**FULTON LAW LIBRARY ASSOCIATION
FULTON COUNTY**

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

1. Summary of Significant Accounting Policies (Continued)

The Library deems some funds it receives as private monies. Private monies include: membership dues, overdue book charges, and photocopying charges. Fees the Library collects for the use of books and copiers remain private even though the books and copiers may have been purchased with public funds. The Library need not comply with ORC § 3375.54 when disbursing private money. The accompanying financial statements do not present private monies.

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. Deposits 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.

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.

E. 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.

**FULTON LAW LIBRARY ASSOCIATION
FULTON COUNTY**

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

1. Summary of Significant Accounting Policies (Continued)

F. 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 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 2009 and 2008.

Unencumbered Balance at December 31, 2008	
Refunded and Retained During Calendar Year 2009	
Unencumbered Balance at December 31, 2008	\$45,093
Refunded to Relative Sources during 2009	40,584
Retained Funds Amount during 2009	\$4,509

Unencumbered Balance at December 31, 2007	
Refunded During Calendar Year 2008	
Unencumbered Balance at December 31, 2007	\$12,657
Refunded to Relative Sources during 2008	11,391
Retained Funds Amount during 2008	\$1,266

3. Equity in Pooled Deposits and Investments

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

	2009	2008
Demand deposits	\$1,118	\$56,467

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

**FULTON LAW LIBRARY ASSOCIATION
FULTON COUNTY**

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

4. Risk Management

Commercial Insurance

The Library has obtained commercial insurance for the following risks:

- Commercial property;
- Commercial inland marine;
- General liability;
- Business auto;
- Commercial crime coverage and
- Employee dishonesty.

5. Subsequent Events

In accordance with House Bill 420, the Law Library Association must transfer their public cash and property to their county which will deposit this money into a Law Library Resources Fund. The transfer was to take place on or before January 1, 2010; however, the Fulton Law Library Association did not transfer their public cash balance to the Fulton County Auditor until February 11, 2010.

Below is the activity that took place within the Law Library Association's bank account in January 2010, prior to transferring the balance to Fulton County.

Bank Balance at December 31, 2009	\$1,555.09
Less Check #7501 dated 12/30/09, issued to Jordan Grant, cashed in January 2010	(\$437.50)
Less Bank Fee incurred on 1/29/10	(\$10.00)
Plus Bank Interest on 1/29/10	\$0.05
Remaining Balance to Transfer to Fulton County:	<u>\$1,107.64</u>

A final cashier's check was issued to the Fulton County Auditor on February 11, 2010, in the amount of \$1,107.64.



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*

Fulton Law Library Association
Fulton County
210 South Fulton Street
Wauseon, Ohio 43567-3301

To the Library Board of Trustees:

We have audited the financial statements of the Fulton Law Library Association, Fulton County, (the Library) as of and for the years ended December 31, 2009 and 2008, and have issued our report thereon dated June 29, 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 noted that as of January 1, 2010 Fulton County assumed accounting responsibilities for the Library. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the 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 statement, 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.

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 intend this report solely for the information and use of the management, the Board of Trustees, and others within the Library. 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

June 29, 2010



Mary Taylor, CPA
Auditor of State

FULTON LAW LIBRARY ASSOCIATION
FULTON 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 5, 2010