



Mary Taylor, CPA
Auditor of State

**LAW LIBRARY ASSOCIATION
FAIRFIELD COUNTY**

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Law Library Association
Fairfield County
Hall of Justice
224 East Main Street
Lancaster, Ohio 43130

To the Board of Trustees:

We have audited the accompanying financial statements of the Law Library Association, Fairfield County, Ohio (the Library) as of and for the year ended December 31, 2009. 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 discussed in Note 2, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the Law Library Association, Fairfield County, Ohio, as of December 31, 2009, and the respective changes in cash financial position thereof for the year then ended in conformity with the basis of accounting Note 2 describes.

As described in Note 1, per HB 420 of the 127th General Assembly, the Library must transfer its public cash and property purchased with public funds to the County on or before January 1, 2010. Effective January 1, 2010, the County will report the Library operations in a Law Library Resources Special Revenue Fund (LLRF). These LLRF transactions will be included within the scope of the County audit for the year ending December 31, 2010 and subsequent years.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 16, 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.

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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.

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Mary Taylor, CPA
Auditor of State

September 16, 2010

**LAW LIBRARY ASSOCIATION
FAIRFIELD COUNTY**

**GOVERNMENTAL FUND RECEIPTS, DISBURSEMENTS, AND CHANGES IN
CASH BASIS FUND BALANCES AND STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2009**

	General Fund	Retained Monies Fund	Total
Governmental Activities			
Supplies and Materials	\$ 98,068	\$ 1,070	\$ 99,138
Contracts	1,532	-	1,532
Total Governmental Activities	99,600	1,070	100,670
Program Revenues:			
Charges for Services	88,906	-	88,906
Net Program Disbursements			
General Revenues:			
Interest	-	45	45
Miscellaneous	449	-	449
Transfer - Internal Activity	(412)	412	-
Total General Revenues and Transfer	37	457	494
Change in Net Assets	(10,657)	(613)	(11,270)
Fund Balance/Net Assets Beginning of Year	10,657	613	11,270
Fund Balance/Net Assets End of Year	\$ -	\$ -	\$ -

See accompanying notes to the basic financial statements.

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**LAW LIBRARY ASSOCIATION
FAIRFIELD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2009**

Note 1 - Reporting Entity

The Law Library Association, Fairfield County, Ohio (the Library), is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Library is governed by a Board of 5 Trustees. Members of the Fairfield County Bar Association annually 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) Sections 3375.50 to .53, inclusive. ORC Section 3375.54 authorizes the Library to disburse funds to purchase, lease or rent lawbooks; 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 Section 3375.49 requires the Fairfield County Commissioners to provide adequate facilities for the Library, including suitable bookcases, heating and lighting for the rooms.

The Board of Trustees hires the librarian. The Judges of the Court of Common Pleas of Fairfield County fixes the librarians' compensation pursuant to ORC Section 3375.48. The Library provides free access to all county officers and the judges of the several courts, and therefore, the County treasury pays the librarians' salary.

During 2009, Ohio Rev. Code Section 3375.48 made the county commissioners responsible for compensating the librarian and for the costs of the space and utilities.

As of January 1, 2010, a Law Library Resources Board (LLRB) will govern county law libraries. Each county will establish a 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 activities for which the Library is financially accountable.

Note 2 - Summary of Significant Accounting Policies

As discussed further in Note 2C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Following are the more significant of the Library's accounting policies.

A. Basis of Presentation

The Library's basic financial statements consist of fund financial statements which provide a detailed level of financial information.

**LAW LIBRARY ASSOCIATION
FAIRFIELD COUNTY**

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

Note 2 - Summary of Significant Accounting Policies (Continued)

Fund Financial Statements

The Library segregates transactions related to certain Library functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Library at a more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column.

B. Fund Accounting

The Library uses fund accounting to maintain its financial records. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are used to segregate resources that are restricted as to use. The funds of the Library are all governmental.

Governmental Funds

The Library classifies all funds as governmental funds. The Library's major governmental funds are the General Fund and Retained Monies Fund. The General Fund is used to account for all financial resources except those required to be accounted for in the Retained Monies Fund. The General Fund also includes private monies. Private monies include; membership dues, overdue book charges and photocopying charges. Because the Library includes private monies in the General Fund, these resources must be used in accordance with the laws governing public funds.

The Retained Monies Fund reports funds the Library retains under Ohio Rev. Code Section 3375.56. At the end of each calendar year, the Library may retain up to 10% of their unencumbered balance.

C. Basis of Accounting

The Library's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the Library's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

D. Budgetary Process

The Ohio Revised Code does not require the Library to budget annually. However, under Ohio Revised Code Section 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.

E. Cash and Investments

Individual fund integrity is maintained through Library records and is presented as "Cash". During 2009, the Library had no investments.

Under existing Ohio statutes, all interest earnings are assigned to the Retained Monies Fund. Interest revenue credited to the Retained Monies Fund was \$45 during 2009.

**LAW LIBRARY ASSOCIATION
FAIRFIELD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

Note 2 - Summary of Significant Accounting Policies (Continued)

F. Capital Assets

Acquisitions of property, plant, and equipment are recorded as disbursements when paid. These items are not reflected in the accompanying financial statements.

G. Refund to Relative Income Sources

If certain conditions are met, Ohio Revised Code Section 3375.56 requires the Library to refund at least 90% of any *unencumbered* balance to political subdivisions that provided revenues to the Library. See Footnote 4 for additional information.

H. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Library's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available. The Library reported no net assets at December 31, 2009.

I. Fund Balance Reserves

The Library reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance which is available in future periods. The Library did not report fund balance reserves at December 31, 2009.

Note 3 - Deposits

Monies held by the Library have been classified as active monies. Active monies are public monies determined to be necessary to meet current demands upon the Library treasury. Active monies must be maintained either as cash in the Library treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Protection of the Library's deposits is provided by the Federal Deposit Insurance Corporation (FDIC).

Note 4 - Refund to Relative Income Sources and Amount Retained

In any year that receipts exceed disbursements, the Library refunds at least 90% of the unencumbered balance to the political subdivisions who provided the funds and retains the remainder. Ohio Revised Code Section 3375.56 requires this "refund to relative income sources". The following tables present the retained amounts during 2009.

Unencumbered Balance at December 31, 2008 Refunded and Retained During Calendar Year 2009	
Unencumbered Balance at December 31, 2008	\$8,974
Refunded to Relative Sources during 2009	<u>8,562</u>
Retained Funds Amount during 2009	<u><u>\$412</u></u>

**LAW LIBRARY ASSOCIATION
FAIRFIELD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

Note 5 - Risk Management

The Library has obtained commercial insurance for errors and omissions.



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
Fairfield County
Hall of Justice
224 East Main Street
Lancaster, Ohio 43130

To the Board of Trustees:

We have audited the financial statements of the Law Library Association, Fairfield County, Ohio (the Library) as of and for the year ended December 31, 2009, and have issued our report thereon dated September 16, 2010, wherein we noted the Library must transfer its public cash and property purchased with public funds to the County on or before January 1, 2010. 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.

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 management, 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

September 16, 2010

**LAW LIBRARY ASSOCIATION
FAIRFIELD COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2009**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2008-001	Finding for recovery (FFR) of \$1,858 for public money that is due but not collected.	Yes	
2008-002	FFR of \$4,854 for public money that is due but not collected.	Yes	



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LAW LIBRARY ASSOCIATION

FAIRFIELD 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
OCTOBER 5, 2010**