



Mary Taylor, CPA
Auditor of State

WARREN COUNTY LAW LIBRARY ASSOCIATION
WARREN COUNTY

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Mary Taylor, CPA
Auditor of State

Warren County Law Library Association
Warren County
500 Justice Drive
Lebanon, Ohio 45036

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.

Mary Taylor

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October 3, 2008

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Warren County Law Library Association
Warren County
500 Justice Drive
Lebanon, Ohio 45036

To the Library Board of Trustees:

We have audited the accompanying financial statements of the Warren County Law Library Association, Warren County, Ohio (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 Warren County Law Library Association, Warren 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 October 3, 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.

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

Mary Taylor, CPA
Auditor of State

October 3, 2008

**WARREN COUNTY LAW LIBRARY ASSOCIATION
WARREN COUNTY**

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

	General Fund	Private Monies Fund	Retained Monies Fund	Totals (Memorandum Only)
Cash Receipts:				
Fine and Forfeitures	\$451,053	\$0	\$0	\$451,053
Interest			17,961	17,961
Total Cash Receipts	451,053	0	17,961	469,014
Cash Disbursements:				
Supplies and Materials	6,997			6,997
Refunds to Relative Income Sources - See Note 2	104,124			104,124
Book Accounts	282,814			282,814
Insurance	615			615
Phone	783			783
Miscellaneous	596			596
Total Cash Disbursements	395,929	0	0	395,929
Total Cash Receipts Over/(Under) Cash Disbursements	55,124	0	17,961	73,085
Other Financing Receipts/(Disbursements):				
Remittance to Retained Funds	(11,569)	0	11,569	0
Total Other Financing Receipts/(Disbursements)	(11,569)	0	11,569	0
Excess (Deficiency) of Cash Receipts and Other Financing Receipts Over (Under) Cash Disbursements and Other Financing Disbursements	43,555	0	29,530	73,085
Fund Cash Balances, January 1	115,693	562	300,588	416,843
Fund Cash Balances, December 31	\$159,248	\$562	\$330,118	\$489,928

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

**WARREN COUNTY LAW LIBRARY ASSOCIATION
WARREN COUNTY**

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

	<u>General Fund</u>	<u>Private Monies Fund</u>	<u>Retained Monies Fund</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:				
Fine and Forfeitures	\$416,716	\$0	\$0	\$416,716
Interest			17,373	17,373
Total Cash Receipts	<u>416,716</u>	<u>0</u>	<u>17,373</u>	<u>434,089</u>
Cash Disbursements:				
Supplies and Materials	6,356			6,356
Refunds to Relative Income Sources - See Note 2	165,909			165,909
Book Accounts	281,146			281,146
Insurance	615			615
Phone	1,097			1,097
Miscellaneous	11,809			11,809
Total Cash Disbursements	<u>466,932</u>	<u>0</u>	<u>0</u>	<u>466,932</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(50,216)</u>	<u>0</u>	<u>17,373</u>	<u>(32,843)</u>
Other Financing Receipts/(Disbursements):				
Remittance to Retained Funds	(18,434)		18,434	0
Total Other Financing Receipts/(Disbursements)	<u>(18,434)</u>	<u>0</u>	<u>18,434</u>	<u>0</u>
Excess (Deficiency) of Cash Receipts and Other Financing Receipts Over (Under) Cash Disbursements and Other Financing Disbursements	(68,650)	0	35,807	(32,843)
Fund Cash Balances, January 1	<u>184,343</u>	<u>562</u>	<u>264,781</u>	<u>449,686</u>
Fund Cash Balances, December 31	<u>\$115,693</u>	<u>\$562</u>	<u>\$300,588</u>	<u>\$416,843</u>

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

**WARREN COUNTY LAW LIBRARY ASSOCIATION
WARREN COUNTY**

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

1. Summary of Significant Accounting Policies

A. Description of the Entity

The Warren County Law Library Association, Warren County, Ohio (the Library), is governed by a board of 11 trustees. Members of the Warren County Bar Association elect the board members to three year terms. 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 Warren 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. The Judges of the Court of Common Pleas of Warren 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.

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.

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

C. Cash and Investments

The Library maintains a money fund investment account for all its investments.

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:

**WARREN COUNTY LAW LIBRARY ASSOCIATION
WARREN COUNTY**

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

1. Summary of Significant Accounting Policies (Continued)

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 received by the library were in the form of a donation. The library can disburse private monies at its discretion.

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.

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 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.

Balance at December 31, 2006	
<u>Refunded and Retained During Calendar Year 2007</u>	
Balance at December 31, 2006	\$115,693
Refunded to Relative Sources during 2007	<u>104,124</u>
Retained Funds Amount during 2007	<u><u>\$11,569</u></u>

**WARREN COUNTY LAW LIBRARY ASSOCIATION
WARREN COUNTY**

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

2. Refund to Relative Income Sources and Amount Retained (Continued)

Balance at December 31, 2005	
Refunded and Retained During Calendar Year 2006	
Balance at December 31, 2005	\$184,343
Refunded to Relative Sources during 2006	165,909
Retained Funds Amount during 2006	<u>\$18,434</u>

3. Equity in Pooled Cash and Investments

The Library maintains a checking account with Lebanon Citizens National Bank. Every night all funds are “swept” into Milestone Treasury Obligations Fund which is a Money Market Investment Cash Account. Every morning the funds are moved backed into the checking account. The carrying amount of cash and investments at December 31 was as follows:

	<u>2007</u>	<u>2006</u>
Total Money Fund Investment Amount	<u>\$489,928</u>	<u>\$416,843</u>

Deposits: Deposits in the checking account are insured by the Federal Depository Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Library. Investments in the Milestone Treasury Obligations Fund are uninsured and uncollateralized.

4. Risk Management

Commercial Insurance

The Library has obtained commercial insurance for the following risks:

- Comprehensive property and general liability; and
- Errors and omissions.

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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 STANDARDS*

Warren County Law Library Association
Warren County
500 Justice Drive
Lebanon, Ohio 45036

To the Library Board of Trustees:

We have audited the financial statements of the Warren County Law Library Association, Warren County, Ohio (the Library), as of and for the years ended December 31, 2007 and 2006, and have issued our report thereon dated October 3, 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 October 3, 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 intend this report solely for the information and use of the audit committee, management, and the Library Board of Trustees. We intend it for no one other than these specified parties.

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

Mary Taylor, CPA
Auditor of State

October 3, 2008



Mary Taylor, CPA
Auditor of State

LAW LIBRARY ASSOCIATION

WARREN 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
DECEMBER 4, 2008**