



**LAW LIBRARY ASSOCIATION  
FAIRFIELD COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2008-2007**



**Mary Taylor, CPA**  
Auditor of State



**LAW LIBRARY ASSOCIATION  
FAIRFIELD COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Accountants' Report.....	1
Management's Discussion and Analysis.....	3
<b>BASIC FINANCIAL STATEMENTS</b>	
Government-wide Financial Statements - December 31, 2008:	
Statement of Net Assets - Cash Basis.....	9
Statement of Activities - Cash Basis.....	10
Fund Financial Statements - December 31, 2008:	
Statement of Cash Basis Assets and Fund Balances - Governmental Funds.....	11
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances - Governmental Funds.....	12
Government-wide Financial Statements - December 31, 2007:	
Statement of Net Assets - Cash Basis.....	13
Statement of Activities - Cash Basis.....	14
Fund Financial Statements - December 31, 2007:	
Statement of Cash Basis Assets and Fund Balances - Governmental Funds.....	15
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances - Governmental Funds.....	16
Notes to the Basic Financial Statements.....	17
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	21
Schedule of Findings.....	23

**This page intentionally left blank**



# 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 governmental activities and each major fund of the Law Library Association, Fairfield County, Ohio (the Library), as of and for the years ended December 31, 2008 and 2007, which collectively comprise the Library's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Library's management. Our responsibility is to express opinions 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 opinions.

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 governmental activities and each major fund of the Law Library Association, Fairfield County, Ohio, as of December 31, 2008 and 2007, and the respective changes in cash financial position thereof, for the years then ended in conformity with the basis of accounting Note 2 describes.

As discussed in Note 4, the Library had included activity associated with the Retained Monies Fund.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2009, 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.

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

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, 2009

**LAW LIBRARY ASSOCIATION  
FAIRFIELD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007  
UNAUDITED**

---

This discussion and analysis of the Law Library Association's financial performance provides an overall review of the Library's financial activities for the years ended December 31, 2008 and December 31, 2007, within the limitations of the Library's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Library's financial performance.

**Financial Highlights**

Key highlights for 2008 are as follows:

Net assets increased by \$5,684, or 102 percent, as compared to 2007.

The Library's primary funding source was fines and forfeiture receipts. These receipts represent over 99 percent of the total cash received for governmental activities during the year. Fines and forfeiture receipts decreased \$9,996 as compared to 2007 as fines collected by the various courts within Fairfield County continued to decline as the number of cases for violations of State traffic laws decreases.

Key highlights for 2007 are as follows:

Net assets increased \$4,842, or 651 percent, as compared to 2006.

The Library's primary funding source was fines and forfeiture receipts. These receipts represent over 97 percent of the total cash received for governmental activities during the year. Fines and forfeiture receipts decreased \$1,319 as compared to 2006.

**Using the Basic Financial Statements**

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Library's cash basis of accounting.

**Report Components**

The statement of net assets and the statement of activities provide information about the cash activities of the Library as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Library as a way to segregate money whose use is restricted to a particular specified purpose. These statements present information by fund.

The notes to the basic financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

**Basis of Accounting**

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Library has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Library's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

**LAW LIBRARY ASSOCIATION  
FAIRFIELD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007  
UNAUDITED  
(Continued)**

---

As a result of using the 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) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

**Reporting the Library as a Whole**

The statement of net assets and the statement of activities reflect how the Library did financially during 2008 and 2007, within the limitations of cash basis accounting. The statement of net assets presents the cash balances of the governmental activities of the Library at December 31, 2008 and December 31, 2007. The statement of activities compares cash disbursements with program receipts. Program receipts include charges paid by the recipient of the program's goods or services. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Library's general receipts.

These statements report the Library's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Library's financial health. Over time, increases or decreases in the Library's cash position is one indicator of whether the Library's financial health is improving or deteriorating.

The statement of net assets and the statement of activities present governmental activities, which includes all the Library's services. Fines and forfeiture receipts finance most of these activities. The Library has no business-type activities.

**Reporting the Library's Funds**

Fund financial statements provide detailed information about the Library's major funds - not the Library as a whole. The Library establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. All of the Library's funds are governmental.

Governmental Funds - The Library's activities are reported as governmental funds. The governmental fund financial statements provide a detailed view of the Library's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Library's programs. The Library's significant governmental funds are presented on the financial statements in separate columns. The Library's major governmental funds in 2008 and 2007 were the General Fund and Retained Monies Fund. The Library has no nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting). Because the Library reports on a cash basis, the total of the governmental funds matches governmental activities and no reconciliation is required.

**The Library as a Whole**

Table 1 provides a summary of the Library's net assets for 2008, 2007, and 2006 on the cash basis:



**LAW LIBRARY ASSOCIATION  
FAIRFIELD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007  
UNAUDITED  
(Continued)**

**(Table 1)  
Net Assets**

	Governmental Activities		
	2008	2007	2006
<b>Assets</b>			
Cash	\$11,270	\$5,586	\$744
Total Assets	\$11,270	\$5,586	\$744
<b>Net Assets</b>			
Restricted for:			
Other Purposes	\$10,245	\$5,029	\$0
Unrestricted	1,025	557	774
Total Net Assets	\$11,270	\$5,586	\$774

Net assets of governmental activities have increased \$10,526 since 2006 (\$5,684 in 2008 and \$4,842 in 2007). The primary reasons contributing to the increases in cash balances are the Library's cancellation of subscriptions and books in order to save money due to the continued shortfall in revenues.

Table 2 reflects the changes in net assets in 2008, 2007, and 2006.

**(Table 2)  
Changes in Net Assets**

	Governmental Activities		
	2008	2007	2006
<b>Receipts:</b>			
<b>Program Receipts:</b>			
Fines and Forfeitures	\$102,127	\$112,123	\$113,442
Total Program Receipts	102,127	112,123	113,442
<b>General Receipts:</b>			
Interest	56	18	19
Miscellaneous	543	2,631	461
Total Receipts	102,726	114,772	113,922
<b>Disbursements:</b>			
Supplies and Materials	95,234	104,615	106,839
Utilities	897	1,370	2,041
Contracts	869	3,743	3,162
Other	42	202	1,166
Total Disbursements	97,042	109,930	113,208
Increase in Net Assets	5,684	4,842	714
Net Assets, January 1	5,586	744	30
Net Assets, December 31	\$11,270	\$5,586	\$744

**LAW LIBRARY ASSOCIATION  
FAIRFIELD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007  
UNAUDITED  
(Continued)**

Program receipts represent 99.4 and 97.7 percent, respectively of the total receipts in 2008 and 2007 and are the primary revenue source of the Library. These receipts are comprised of fines collected and distributed to the Library from the various courts within the County for violations of the State traffic laws. Other receipts are insignificant and somewhat unpredictable revenue sources.

Disbursements for supplies and materials accounted for 98.1 and 95.2 percent, respectively of the total disbursements in 2008 and 2007. Supplies and materials represent disbursements made in the purchase, lease or rental of law books, and other materials, equipment, and supplies that provides legal information or to facilitate legal research.

**Governmental Activities**

If you look at the Statement of Activities for 2008 on page 10 and for 2007 on page 14, you will see that the first column lists the major disbursements of the Library. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for Supplies and Materials, which accounted for 98.1 percent of disbursements in 2008 and 95.2 percent of disbursements in 2007. The next column of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service received by the Library that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by fines and forfeitures. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

**(Table 3)**  
**Governmental Activities**

	Total Cost Of Services 2008	Net Cost (Gain) of Services 2008	Total Cost Of Services 2007	Net Cost (Gain) of Services 2007
Supplies and Materials	\$95,234	\$4,953	\$104,615	\$2,126
Utilities	897	22	1,370	(24)
Contracts	869	50	3,743	69
Other	42	60	202	22
<b>Total Expenses</b>	<b>\$97,042</b>	<b>\$5,085</b>	<b>\$109,930</b>	<b>\$2,193</b>

Over 95 percent of disbursements in 2008 and 98 percent of disbursements in 2007 were supported by program receipts.

**The Library's Fund**

The General Fund had receipts of \$102,670 and \$114,754, respectively in 2008 and 2007, and disbursements of \$97,042 and \$109,930, respectively in 2008 and 2007.

General Fund receipts decreased \$12,084 in 2008 compared to 2007, while receipts increased \$832 in 2007 compared to 2006. The increase in 2007 was attributed to refunds of \$2,252 from vendors for subscription cancellations. However, fines and forfeiture receipts collected from the various courts within the County continued to decrease in 2008 and 2007. As fines and forfeiture revenues continue to decrease, the Library continued to cancel subscriptions with numerous publications. The Board continued to cancel subscriptions in 2008 that contributed to the decrease in disbursements of \$12,888 in 2008 compared to 2007. The cuts will not eliminate the need for additional funds (or additional cuts) in the future if fines and forfeiture receipts remain stagnant.

**LAW LIBRARY ASSOCIATION  
FAIRFIELD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007  
UNAUDITED  
(Continued)**

---

**General Fund Budgeting Highlights**

Most local governments prepare budgets in accordance with Ohio law. The Library is a private association that receives public money in the form of fine distributions. As such, the Library is not a public entity, and is not required to follow Chapter 5705 of the Ohio Rev. Code.

**Capital Assets and Debt Administration**

**Capital Assets**

The Library does not currently keep track of its capital assets.

**Debt**

At December 31, 2008 and December 31, 2007, the Library had no debt outstanding.

**Contacting the Library's Financial Management**

This financial report is designed to provide our citizens, the County and City with a general overview of the Library's finances and to reflect the Library's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Craig Vandervoort, Chairman, Fairfield County Law Library Association, 224 East Main Street, Lancaster, Ohio 43130.

**This page intentionally left blank**

**LAW LIBRARY ASSOCIATION  
FAIRFIELD COUNTY**

**STATEMENT OF NET ASSETS - CASH BASIS  
DECEMBER 31, 2008**

---

---

	<u>Governmental Activities</u>
<b>Assets</b>	
Cash	<u>\$11,270</u>
<i>Total Assets</i>	<u><u>\$11,270</u></u>
<b>Net Assets</b>	
Restricted for:	
Other Purposes	\$10,245
Unrestricted	<u>1,025</u>
<i>Total Net Assets</i>	<u><u>\$11,270</u></u>

*See accompanying notes to the basic financial statements.*

**LAW LIBRARY ASSOCIATION  
FAIRFIELD COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Cash Disbursements	Program Cash Receipts	Net (Disbursements) Receipts and Changes in Net Assets
	Charges for Services	Governmental Activities	
<b>Governmental Activities</b>			
Supplies and Materials	\$95,234	\$100,187	\$4,953
Utilities	897	919	22
Contracts	869	919	50
Other	42	102	60
<i>Total Governmental Activities</i>	<u>\$97,042</u>	<u>\$102,127</u>	<u>5,085</u>
<b>General Receipts</b>			
Interest			56
Miscellaneous			543
<i>Total General Receipts</i>			<u>599</u>
Change in Net Assets			5,684
<i>Net Assets Beginning of Year</i>			<u>5,586</u>
<i>Net Assets End of Year</i>			<u>\$11,270</u>

See accompanying notes to the basic financial statements.

**LAW LIBRARY ASSOCIATION  
FAIRFIELD COUNTY**

**STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2008**

	General Fund	Retained Monies Fund	Total
<b>Assets</b>			
Cash	\$10,657	\$613	\$11,270
<i>Total Assets</i>	<u>\$10,657</u>	<u>\$613</u>	<u>\$11,270</u>
<b>Fund Balance</b>			
Reserved:			
Reserved for Encumbrances	\$1,683	\$0	\$1,683
Reserved for Contributing Subdivisions	8,562	0	8,562
Unreserved:			
Undesignated, Reported in:			
General Fund	412	0	412
Retained Monies Fund	0	613	613
<i>Total Fund Balance</i>	<u>\$10,657</u>	<u>\$613</u>	<u>\$11,270</u>

*See accompanying notes to the basic financial statements.*

**LAW LIBRARY ASSOCIATION  
FAIRFIELD COUNTY**

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

	General Fund	Retained Monies Fund	Total
<b>Receipts:</b>			
Fines and Forfeitures	\$102,127	\$0	\$102,127
Earnings on Investments	0	56	56
Miscellaneous	543	0	543
<i>Total Receipts</i>	<u>102,670</u>	<u>56</u>	<u>102,726</u>
<b>Disbursements:</b>			
Current:			
Supplies and Materials	95,234	0	95,234
Utilities	897	0	897
Contracts	869	0	869
Other	42	0	42
<i>Total Disbursements</i>	<u>97,042</u>	<u>0</u>	<u>97,042</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	5,628	56	5,684
<b>Other Financing Receipts/(Disbursements):</b>			
Remittance to Retained Fund	(465)	465	0
<i>Net Change in Fund Balance</i>	5,163	521	5,684
<i>Fund Balance Beginning of Year</i>	<u>5,494</u>	<u>92</u>	<u>5,586</u>
<i>Fund Balance End of Year</i>	<u><u>\$10,657</u></u>	<u><u>\$613</u></u>	<u><u>\$11,270</u></u>

See accompanying notes to the basic financial statements.



LAW LIBRARY ASSOCIATION  
FAIRFIELD COUNTY

STATEMENT OF NET ASSETS - CASH BASIS  
DECEMBER 31, 2007

---

---

	Governmental Activities
<b>Assets</b>	
Cash	\$5,586
<i>Total Assets</i>	<u>\$5,586</u>
<b>Net Assets</b>	
Restricted for:	
Other Purposes	\$5,029
Unrestricted	<u>557</u>
<i>Total Net Assets</i>	<u>\$5,586</u>

*See accompanying notes to the basic financial statements.*

**LAW LIBRARY ASSOCIATION  
FAIRFIELD COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	Cash Disbursements	Program Cash Receipts	Net (Disbursements) Receipts and Changes in Net Assets
<b>Governmental Activities</b>	Cash Disbursements	Charges for Services	Governmental Activities
Supplies and Materials	\$104,615	\$106,741	\$2,126
Utilities	1,370	1,346	(24)
Contracts	3,743	3,812	69
Other	202	224	22
<i>Total Governmental Activities</i>	\$109,930	\$112,123	2,193
<b>General Receipts</b>			
Interest			18
Miscellaneous			2,631
<i>Total General Receipts</i>			2,649
Change in Net Assets			4,842
<i>Net Assets Beginning of Year</i>			744
<i>Net Assets End of Year</i>			\$5,586

See accompanying notes to the basic financial statements.

**LAW LIBRARY ASSOCIATION  
FAIRFIELD COUNTY**

**STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2007**

	General Fund	Retained Monies Fund	Total
<b>Assets</b>			
Cash	\$5,494	\$92	\$5,586
<i>Total Assets</i>	<u>\$5,494</u>	<u>\$92</u>	<u>\$5,586</u>
<b>Fund Balance</b>			
Reserved:			
Reserved for Encumbrances	\$175	\$0	\$175
Reserved for Contributing Subdivisions	4,854	0	4,854
Unreserved:			
Undesignated, Reported in:			
General Fund	465	0	465
Retained Monies Fund	0	92	92
<i>Total Fund Balance</i>	<u>\$5,494</u>	<u>\$92</u>	<u>\$5,586</u>

*See accompanying notes to the basic financial statements.*

**LAW LIBRARY ASSOCIATION  
FAIRFIELD COUNTY**

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

	General Fund	Retained Monies Fund	Total
<b>Receipts:</b>			
Fines and Forfeitures	\$112,123	\$0	\$112,123
Earnings on Investments	0	18	18
Miscellaneous	2,631	0	2,631
<i>Total Receipts</i>	<u>114,754</u>	<u>18</u>	<u>114,772</u>
<b>Disbursements:</b>			
Current:			
Supplies and Materials	104,615	0	104,615
Utilities	1,370	0	1,370
Contracts	3,743	0	3,743
Other	202	0	202
<i>Total Disbursements</i>	<u>109,930</u>	<u>0</u>	<u>109,930</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	4,824	18	4,842
<b>Other Financing Receipts/(Disbursements):</b>			
Remittance to Retained Fund	<u>(74)</u>	<u>74</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	4,750	92	4,842
<i>Fund Balance Beginning of Year</i>	<u>744</u>	<u>0</u>	<u>744</u>
<i>Fund Balance End of Year</i>	<u><u>\$5,494</u></u>	<u><u>\$92</u></u>	<u><u>\$5,586</u></u>

See accompanying notes to the basic financial statements.

**LAW LIBRARY ASSOCIATION  
FAIRFIELD COUNTY**

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

**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.

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 from the judges of the Common Pleas Court to the Library Board of Trustees. House Bill 363 amended Ohio Rev. Code Section 3375.49 effective August 3, 2006 to allocate the responsibility of paying the compensation of the Librarian as well as space and utilities between the Library and the County. During 2007, the County Commissioners were responsible for 80% of the Librarian's compensation. During 2008, the County Commissioners were responsible for 60% of the Librarian's compensation and for 80% the costs for the space and utilities for the Library as required by Ohio Rev. 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 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. In the government-wide financial statements Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. Following are the more significant of the Library's accounting policies.

**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)**

**A. Basis of Presentation**

The Library's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

**Government-wide Financial Statements**

The statement of net assets and the statement of activities display information about the Library as a whole.

The statement of net assets presents the cash balance of the governmental activities of the Library at year end. The statement of activities compares disbursements with program receipts for each of the Library's governmental activities. Disbursements are reported by object. Program receipts include fines and forfeitures paid by the Courts to the Library. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each object is financed from program receipts or draws from the Library's general receipts.

**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.

**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)**

**C. Basis of Accounting (Continued)**

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 2008 and 2007, 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 \$56 and \$18 during 2008 and 2007, respectively.

**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. Net assets restricted for other purposes include funds retained that can only be used for purposes detailed in Ohio Rev. Code Section 3375.54. 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.

**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. Fund balance reserves have been established for encumbrances.

**LAW LIBRARY ASSOCIATION  
FAIRFIELD COUNTY**

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

**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.

At December 31, 2008 and 2007, the Library had \$81 and \$32, respectively, in petty cash, which is not included as part of "Cash".

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". However, as of December 31, 2008 the Library has not sent the required refunds to the Relative Sources. The following tables present the retained amounts during 2008 and 2007.

<b>Unencumbered Balance at December 31, 2007 Refunded and Retained During Calendar Year 2008</b>	
Unencumbered Balance at December 31, 2007	\$4,649
Refunded to Relative Sources during 2008	<u>4,184</u>
Retained Funds Amount during 2008	<u><u>\$465</u></u>

<b>Unencumbered Balance at December 31, 2006 Refunded and Retained During Calendar Year 2007</b>	
Unencumbered Balance at December 31, 2006	\$744
Refunded to Relative Sources during 2007	<u>670</u>
Retained Funds Amount during 2007	<u><u>\$74</u></u>

**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 governmental activities and each major fund of the Law Library Association, Fairfield County, Ohio (the Library) as of and for the years ended December 31, 2008 and 2007, which collectively comprise the Library's basic financial statements and have issued our report thereon dated June 30, 2009, wherein we noted the Library included activity associated with the Retained Monies 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 expressing our opinions 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider a significant deficiency.

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.

We consider finding 2008-002 described in the accompanying schedule of findings to be a significant deficiency in internal control over financial reporting.

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 believe finding number 2008-002 is also a material weakness.

### **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 instances of noncompliance or other matter that we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as items 2008-001 and 2008-002.

The Library's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the Library's responses and, accordingly, we express no opinion on them.

We intend this report solely for the information and use of management and Board of Trustees. We intend it for no one other than these specified parties.



**Mary Taylor, CPA**  
Auditor of State

June 30, 2009

**LAW LIBRARY ASSOCIATION  
FAIRFIELD COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2008 AND 2007**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

**FINDING NUMBER 2008-001**

**Finding for Recovery**

**Compensation & Other Costs Allocation**

Ohio Rev. Code Section 3375.49 provides that the board of trustees of a law library association is responsible for paying twenty percent of the compensation of a librarian and up to two assistant librarians for calendar year 2007. For calendar year 2008, the association is responsible for paying forty percent of the compensation of a librarian and up to two assistant librarians, and twenty percent of the cost of space, utilities, and fixtures. Ohio Attorney General Opinion 2007-012 explains that mandatory employer contributions to Ohio Public Employee Retirement System, the state unemployment compensation fund, and worker's compensation state insurance fund are not considered fringe benefits to employees. These contributions are the obligation of the county law library association and are not compensation subject to allocation between the law library association and county under Ohio Rev. Code Section 3375.49.

For 2007 and 2008, the Library's proportionate share for the Librarian's compensation amounted to \$536 (\$175 and \$361, for 2007 and 2008, respectively). The Library's proportionate share for space, utilities, and fixtures amounted to \$1,322 for 2008.

The Library did not pay or reimburse Fairfield County for their share of the required costs. In addition, funds have been encumbered for the unpaid amounts.

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code Section 117.38, a Finding for Recovery for public money that is due but not collected is hereby issued against the Fairfield County Law Library Association, in the amount of \$1,858 and in favor of Fairfield County.

Official's Response:

A meeting will be scheduled to seek the Commissioner's determination if they will waive or seek payment of salary and building reimbursement as per the audit. The Library Board will make adjustments per the Commissioner's determination.

**LAW LIBRARY ASSOCIATION  
FAIRFIELD COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2008 AND 2007  
(Continued)**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)**

**FINDING NUMBER 2008-002**

**Finding for Recovery / Material Weakness**

**Refund to Relative Income Sources & Retained Monies**

Ohio Rev. Code Section 3375.56 states that 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.

The remainder of the balance (up to 10%) may be kept for future expenses and should be transferred or allocated from the General Fund to a separate fund, the Retained Monies Fund.

The Library's unencumbered balances at December 31, 2006 and 2007 were \$744 and \$4,649, respectively. Of the unencumbered balances, \$670 and \$4,184 were not proportionally refunded back to the political subdivisions as required. The remaining balances of \$74 and \$465 were not allocated into the Retained Monies Fund as required.

The following table provides a summary of the Library's required refund in proportionally to relative income sources:

<u>Year &amp; Subdivision</u>	<u>Percentage Of Contribution</u>	<u>Amount To Be Refunded</u>	<u>Amount To Be Retained</u>
<b><u>2006</u></b>			
City of Lancaster	46.5%	\$312	
Fairfield County	47.3%	317	
Municipal Court	6.2%	<u>41</u>	
Totals		<u>\$670</u>	<u>\$74</u>
<b><u>2007</u></b>			
City of Lancaster	42.1%	\$1,761	
Fairfield County	51.7%	2,163	
Municipal Court	6.2%	<u>260</u>	
Totals		<u>\$4,184</u>	<u>\$465</u>

In addition to the above, interest receipts earned on public funds should also be credited into the Retained Monies Fund. The Library did not post interest receipts of \$18 and \$56 received during 2007 and 2008, respectively into the Retained Monies Fund.

**LAW LIBRARY ASSOCIATION  
FAIRFIELD COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2008 AND 2007  
(Continued)**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)**

**FINDING NUMBER 2008-002 (Continued)**

**Finding for Recovery / Material Weakness (Continued)**

**Refund to Relative Income Sources & Retained Monies (Continued)**

Audit adjustments to record interest receipts and the allocation from the General Fund to the Retained Monies Fund were made. The Library's financial statements and records have been adjusted to accurately reflect these adjustments, and funds have been reserved for the unpaid amounts.

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code Section 117.38, a Finding for Recovery for public money that is due but not collected is hereby issued against the Fairfield County Law Library Association in the amount of \$4,854, and in favor of the City of Lancaster for \$2,073, Fairfield County for \$2,480, and the Fairfield County Municipal Court for \$301.

We also recommend the Library develop procedures to ensure that 90% of the unencumbered balances are proportionally refunded back to political subdivisions, and funds retained, including interest are allocated correctly into the Retained Monies Fund.

Officials' Response:

Reimbursements will be made and the Retained Monies Fund transfer to be created as advised.





Mary Taylor, CPA  
Auditor of State

**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  
AUGUST 20, 2009**