



Mary Taylor, CPA
Auditor of State

FAYETTE COUNTY LAW LIBRARY ASSOCIATION
FAYETTE COUNTY

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Mary Taylor, CPA
Auditor of State

Fayette County Law Library Association
Fayette County
110 East Court Street
Washington Court House, Ohio 43160

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

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Auditor of State

December 16, 2009

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Fayette County Law Library Association
Fayette County
110 East Court Street
Washington Court House, Ohio 43160

To the Board of Trustees:

We have audited the accompanying financial statements of the general fund, and the retained monies fund of the Fayette County Law Library Association, Fayette County, Ohio (the Library), as of and for the years ended December 31, 2008 and 2007. 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.

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

As described more fully in Note 1, the Library has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

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, 2008 and 2007 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, 2008 and 2007, 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 and reserves for encumbrances of the Fayette County Law Library Association, Fayette County, general fund, the retained monies fund_as of December 31, 2008 and 2007, and its cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

As discussed in Note 1 D 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 December 16, 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.

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

Mary Taylor, CPA
Auditor of State

December 16, 2009

**FAYETTE COUNTY LAW LIBRARY ASSOCIATION
FAYETTE 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	\$100,458	\$0	\$100,458
Subscription Refund	1,460	0	1,460
Interest	136		136
Total Cash Receipts	102,054	0	102,054
Cash Disbursements:			
Salaries	5,277		5,277
Supplies and Materials	57,992		57,992
Insurance	892		892
Phone	477		477
Equipment	2,620		2,620
Total Cash Disbursements	67,258	0	67,258
Total Cash Receipts Over/(Under) Cash Disbursements	34,796	0	34,796
Other Financing Receipts/(Disbursements):			
Remittance to Retained Funds	(1,704)	1,704	0
Refunds to Income Sources	(14,947)		(14,947)
Total Other Financing Receipts/(Disbursements)	(16,651)	1,704	(14,947)
Excess (Deficiency) of Cash Receipts and Other Financing Receipts Over (Under) Cash Disbursements and Other Financing Disbursements	18,145	1,704	19,849
Fund Cash Balances, January 1	24,605	17,233	41,838
Fund Cash Balances, December 31	\$42,750	\$18,937	\$61,687
Reserves for Encumbrances, December 31	\$7,129	\$0	\$7,129

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

**FAYETTE COUNTY LAW LIBRARY ASSOCIATION
FAYETTE COUNTY**

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

	General Fund	Retained Monies Fund	Totals (Memorandum Only)
Cash Receipts:			
Fine and Forfeitures	\$92,277	\$0	\$92,277
Interest	100		100
Total Cash Receipts	<u>92,377</u>	<u>0</u>	<u>92,377</u>
Cash Disbursements:			
Salaries	2,659		2,659
Supplies and Materials	54,883		54,883
Insurance	622		622
Phone	456		456
Equipment	7,501		7,501
Other	2,476		2,476
Total Cash Disbursements	<u>68,597</u>	<u>0</u>	<u>68,597</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>23,780</u>	<u>0</u>	<u>23,780</u>
Other Financing Receipts/(Disbursements):			
Remittance to Retained Funds	(786)	786	0
Refunds to Income Sources	(7,071)		(7,071)
Total Other Financing Receipts/(Disbursements)	<u>(7,857)</u>	<u>786</u>	<u>(7,071)</u>
Excess (Deficiency) of Cash Receipts and Other Financing Receipts Over (Under) Cash Disbursements and Other Financing Disbursements	15,923	786	16,709
Fund Cash Balances, January 1	<u>8,682</u>	<u>16,447</u>	<u>25,129</u>
Fund Cash Balances, December 31	<u>\$24,605</u>	<u>\$17,233</u>	<u>\$41,838</u>
Reserves for Encumbrances, December 31	<u>\$825</u>	<u>\$0</u>	<u>\$825</u>

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

**FAYETTE COUNTY LAW LIBRARY ASSOCIATION
FAYETTE COUNTY**

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

1. Summary of Significant Accounting Policies

A. Description of the Entity

The Fayette County Law Library Association, Fayette County, Ohio (the Library), is governed by a board of three trustees. Members of the Fayette County Bar Association elected four year terms 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) §§ 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 Fayette County Commissioners to provide adequate facilities for the Library, including suitable bookcases, heating and lighting for the rooms.

The Board of Trustees hire a librarian and not more than two assistant law librarians. The Judges of the Court of Common Pleas of Fayette 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. The accompanying financial statements also include private monies, see note 1D.

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.

**FAYETTE COUNTY LAW LIBRARY ASSOCIATION
FAYETTE COUNTY**

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

1. Summary of Significant Accounting Policies (Continued)

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. The Reserve for Encumbrances on the financial statements represents the Library's commitments for purchases. The Library recognizes encumbrances when it commits funds

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

C. Deposits and Investments

The Library maintains an interest bearing checking account. All deposits are covered by federal depository insurance.

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. Budgetary Process

The Ohio Revised Code does not require the Library to budget annually. However, under Ohio Revised Code § 3375.56 the Library may encumber funds equal to their commitments outstanding at year end. Encumbrances outstanding at year end are carried over to the subsequent year.

F. Property, 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.

**FAYETTE COUNTY LAW LIBRARY ASSOCIATION
FAYETTE COUNTY**

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

1. Summary of Significant Accounting Policies (Continued)

G. 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. Contrary to Ohio Rev Code Section 3375.56, the Library did not refund the correct amounts to the political subdivisions during 2008.

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 2008 and 2007.

Unencumbered Balance at December 31, 2007	
Refunded and Retained During Calendar Year 2008	
Unencumbered Balance at December 31, 2007	\$23,780
Amount Required to be Refunded during 2008	21,404
Amount Required to be Retained during 2008	\$2,376
Amount Actually Refunded	14,947
Amount Actually Retained	1,704

Unencumbered Balance at December 31, 2006	
Refunded and Retained During Calendar Year 2007	
Unencumbered Balance at December 31, 2006	\$8,682
Amount Required to be Refunded during 2007	7,814
Amount Required to be Retained during 2007	\$868
Amount Actually Refunded	7,071
Amount Actually Retained	786

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:

	2008	2007
Demand deposits	\$61,687	\$41,838
Total deposits	\$61,687	\$41,838

**FAYETTE COUNTY LAW LIBRARY ASSOCIATION
FAYETTE COUNTY**

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

4. Risk Management

Commercial Insurance

The Library has obtained commercial insurance for the following risks:

- Comprehensive property and general liability



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*

Fayette County Law Library Association
Fayette County
110 East Court Street
Washington Court House, Ohio 43160

To the Library Board of Trustees:

We have audited the financial statements of the Fayette County Law Library Association, Fayette County, Ohio (the Library), as of and for the years ended December 31, 2008 and 2007, and have issued our report thereon dated December 16, 2009, wherein we noted the Library followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We also disclosed the financial statements include only the general fund, and 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 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.

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.

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 2008-001 is 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 no instances of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2008-001.

We also noted a certain noncompliance matter that we reported to the Library's management in a separate letter dated December 16, 2009.

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



Mary Taylor, CPA
Auditor of State

December 16, 2009

**FAYETTE COUNTY LAW LIBRARY ASSOCIATION
FAYETTE COUNTY**

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

FINDING NUMBER 2008-001

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, on the amount of the fines and penalties received under section 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 Law Library did make remittances to the City of Washington and Fayette County during the audit period. However, the Law Library did not submit all required remittances. The Library's unencumbered balance at December 31, 2007 was \$23,780. Of the unencumbered balance, \$6,457 was not refunded back to the political subdivisions as required. The remaining balance of \$672 was not allocated into the Retained Monies Fund as required. The Library's unencumbered balance at December 31, 2006 was \$8,682. Of the unencumbered balance, \$743 was not refunded back to the political subdivisions as required. The remaining balance of \$82 was 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:

		2008	2007
Treasurer of Fayette County	53%	\$3,422	\$394
Treasurer of City of Washington	47%	\$3,035	\$349
Amount to be Retained		\$ 672	\$ 82

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public money due but not collected is hereby issued against the General Fund of the Fayette County Law Library in the amount of \$7,200 and in favor of Fayette County for \$3,816, and the City of Washington for \$3,384.

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

Officials' Response:

We did not receive a response from officials to the finding above.



Mary Taylor, CPA
Auditor of State

FAYETTE COUNTY LAW LIBRARY ASSOCIATION

FAYETTE 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
JANUARY 5, 2010**