



Mary Taylor, CPA
Auditor of State

**LAW LIBRARY ASSOCIATION
SANDUSKY COUNTY**

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Mary Taylor, CPA
Auditor of State

Law Library Association
Sandusky County
100 North Park Avenue
Fremont, Ohio 43420-2493

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 statement 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 statement in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statement presents are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statement you prepared using the cash basis and financial statement format the AOS permits.

Mary Taylor

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August 19, 2010

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INDEPENDENT ACCOUNTANTS' REPORT

Law Library Association
Sandusky County
100 North Park Avenue
Fremont, Ohio 43420-2493

To the Board of Trustees:

We have audited the accompanying financial statement of the general fund of the Law Library Association, Sandusky County, (the Library) as of and for the year ended December 31, 2009. The financial statement is the responsibility of the Library's management. Our responsibility is to express an opinion on the financial statement 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 statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. 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 the financial statement 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 statement 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 statement does 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 statement referred to above for the year ended December 31, 2009, does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Library as of December 31, 2009.

Also, in our opinion, the financial statement referred to above present fairly, in all material respects, the fund cash balance of the Law Library Association's general fund as of December 31, 2009, and its cash receipts and disbursements for the year then ended on the accounting basis Note 1 describes.

House Bill 420 of the 127th General Assembly required the Library to transfer its public cash and property purchased with public funds to the county on or before January 1, 2010. The County assumed accounting responsibilities for these funds commencing in 2010, and the County will present these funds in its financial statements.

The Library has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statement.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 19, 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, contract agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



Mary Taylor, CPA
Auditor of State

August 19, 2010

**LAW LIBRARY ASSOCIATION
SANDUSKY COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGE IN FUND CASH BALANCE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2009**

	General Fund
Cash Receipts:	
Fine and Forfeitures	\$222,530
Photo Copies	1,869
Legal Research	6,525
Interest	422
Miscellaneous Receipts	1,717
Total Cash Receipts	233,063
Cash Disbursements:	
Salaries	31,590
Taxes	9,882
Employee Benefits	15,017
Supplies and Materials	2,655
Books	144,617
Insurance	654
Equipment	9,325
Legal Research	47,449
Postage	130
Technical Support	12,975
Other	6,963
Total Cash Disbursements	281,257
Total Cash Disbursements Over Cash Receipts	(48,194)
Other Financing Disbursement:	
Transfer of Cash Assets to Sandusky County	(19,167)
Excess of Cash Disbursements and Other Financing Disbursement Over Cash Receipts	(67,361)
Cash Balance, January 1	73,931
Cash Balance, December 31	\$6,570

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

**LAW LIBRARY ASSOCIATION
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2009**

1. Summary of Significant Accounting Policies

A. Description of the Entity

The Law Library Association (the Library) is governed by a board of five trustees. Members of the Sandusky County Bar Association elected bi-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) §§ 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 Sandusky County Commissioners to provide adequate facilities for the Library, including suitable bookcases, heating and lighting for the rooms.

The Board of Trustees hired a librarian and not more than two assistant law librarians. The Judges of the Court of Common Pleas of Sandusky County fix these librarians' compensation pursuant to ORC § 3375.48.

During 2009, ORC § 3375.48 made the county commissioners responsible for compensating the librarian and up to two assistants 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 county law library resources fund (LLRF) as required by ORC § 307.514. On or before January 1, 2010, the Library must transfer money and property purchased with fine and penalties monies to the LLRB. The Library transferred all funds, with the exception of \$6,570, on December 30, 2009, to the LLRF. The remaining \$6,570 was transferred on March 8, 2010 to the LLRF. Expenditures from the LLRF fund shall be made pursuant to the annual appropriation measure adopted by the commissioners.

The Library's management believes the financial statement presents all public funds for which the Library is financially accountable.

B. Accounting Basis

The financial statement follows 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 statement includes adequate disclosure of material matters, as the Auditor of State prescribes or permits.

**LAW LIBRARY ASSOCIATION
SANDUSKY COUNTY**

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

C. Fund Accounting

The Library uses fund accounting to segregate cash and investments that are restricted as to use. The Library classifies its fund into the following types:

1. General Fund

The General Fund reports all financial resources.

2. Private Monies

Private monies include membership dues, overdue book charges, and photocopying charges. Fees collected for book and copier usage remain private even through the books and copiers may have been purchased with public funds. The Library can disburse private monies at its discretion. Private monies were not segregated and were accounted for in the General Fund.

D. Property, Plant, and Equipment

The Library records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statement does not report these items as assets.

E. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statement does not include a liability for unpaid leave.

2. Closeout Transfer to County

HB 420 of the 127th General Assembly required the Library to transfer its public cash and property purchased with public funds to the county on or before January 1, 2010. The County assumed accounting responsibilities for these funds commencing in 2010. In 2009, the Library made an initial transfer of \$19,167 to the County and on March 8, 2010 made a final settlement of the remaining \$6,570.

3. Deposits

The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits at December 31 was as follows:

	2009
Certificates of deposit	\$6,570

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

**LAW LIBRARY ASSOCIATION
SANDUSKY COUNTY**

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

4. Retirement System

The Library's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2009, OPERS members contributed 10 percent, of their gross salaries and the Library contributed an amount equaling 14 percent, of participants' gross salaries. The Library has paid all contributions required through December 31, 2009.

5. Risk Management

Commercial Insurance

The Library has obtained commercial insurance for the following risks:

- Comprehensive property and general liability; and
- 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
Sandusky County
100 North Park Avenue
Fremont, Ohio 43420-2493

To the Board of Trustees:

We have audited the financial statement of the Law Library Association, Sandusky County, (the Library) as of and for the year ended December 31, 2009, and have issued our report thereon dated August 19, 2010, wherein we noted the Library followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We also disclosed the financial statement includes only the general fund. We also disclosed that State Statute requires the Library to transfer its public funds to the County. The County assumed accounting responsibilities for the Library in 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 statement, but not for the purpose of opining on the effectiveness of the Library's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Library's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A material weakness is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Library's financial statement 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 statement is free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, noncompliance with which could directly and materially affect the determination of the 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 an instance of noncompliance we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2009-001.

The Library's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the Library's response and, accordingly, we express no opinion on it.

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

Mary Taylor, CPA
Auditor of State

August 19, 2010

**LAW LIBRARY ASSOCIATION
SANDUSKY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2009**

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

FINDING NUMBER 2009-001

Finding for Recovery

Ohio Revised Code § 3375.49(B) states that during calendar year 2009, the board of county commissioners shall be responsible for paying the compensation of the librarian and up to two assistant librarians of the law library appointed by the board of trustees of the law library association under Ohio Revised Code § 3375.48 as repealed by House Bill 420.

During calendar year 2009, the Law Library Association, Sandusky County, paid \$47,967 from its General Fund for the salaries and related payroll costs of the Law Library's Librarian and one assistant librarian, in violation of Ohio Revised Code § 3375.49(B).

In accordance with the foregoing facts, and pursuant to Ohio Revised Code § 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against the Law Library Association, Sandusky County, in the amount of \$47,634, and in favor of Sandusky County's Law Library Resources Fund.

Officials' Response:

The Law Library Trustees did not look upon this expenditure as an illegal expenditure of public monies, but rather as advancements of funds to the County Commissioners to be repaid if required to do so.

However, due to the continuing financial difficulties of Sandusky County, the Sandusky County Law Library Association hereby waives/gives up any claim it may have for reimbursement of these monies by the Board of County Commissioners.

The Sandusky County Prosecuting Attorney has informed the Law Library that he does not intend to institute any legal proceedings to collect these monies.

Therefore, upon consideration of all of the foregoing, we submit that there is no basis for the proposed finding and request that it be withdrawn from the audit report.

Auditor of State's Analysis:

Although the Law Library and the Sandusky County Prosecuting Attorney do not intend to pursue the finding, this is still a valid finding for recovery under Ohio Revised Code Section 3375.49(B).



Mary Taylor, CPA
Auditor of State

SANDUSKY COUNTY LAW LIBRARY ASSOCIATION

SANDUSKY 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
SEPTEMBER 2, 2010**