



Mary Taylor, CPA
Auditor of State

**GREENE COUNTY LAW LIBRARY ASSOCIATION
GREENE COUNTY**

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Mary Taylor, CPA
Auditor of State

Greene County Law Library Association
Greene County
45 North Detroit Street
Xenia, Ohio 45385

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

April 19, 2010

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Greene County Law Library Association
Greene County
45 North Detroit Street
Xenia, Ohio 45385

To the Board of Trustees:

We have audited the accompanying financial statements of the General Fund and the Retained Monies Fund of the Greene County Law Library Association, Greene County, (the Library) as of and for the years ended December 31, 2009 and 2008. 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, 2009 and 2008 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, 2009 and December 31, 2008, 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 Greene County Law Library Association, Greene County, General Fund and the Retained Monies Fund as of December 31, 2009 and 2008, and its cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

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

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 April 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, 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.



Mary Taylor, CPA
Auditor of State

April 19, 2010

**GREENE COUNTY LAW LIBRARY ASSOCIATION
GREENE COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL PUBLIC FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2009**

	General Fund	Retained Monies Fund	(Memorandum Only)
Cash Receipts:			
Fine and Forfeitures	\$336,706		\$336,706
Interest	4,045		4,045
Total Cash Receipts	<u>340,751</u>		<u>340,751</u>
Cash Disbursements:			
Books and Periodicals	247,490		247,490
Postage, Stationery and Supplies	1,025		1,025
Wages and Salaries	11,800		11,800
Equipment Rental	4,907		4,907
Insurance	1,762		1,762
Miscellaneous	88,766		88,766
Telephone and Internet access	422		422
Refunds to Relative Income Sources - See Note 2	73,512		73,512
Transfer to County		\$283,814	283,814
Total Cash Disbursements	<u>429,684</u>	<u>283,814</u>	<u>713,498</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(88,933)</u>	<u>(283,814)</u>	<u>(372,747)</u>
Other Financing Receipts/(Disbursements):			
Loss on Sale of Investments		(6,564)	(6,564)
Refunds from Vendors	2,161		2,161
Total Other Financing Receipts/(Disbursements)	<u>2,161</u>	<u>(6,564)</u>	<u>(4,403)</u>
Excess (Deficiency) of Cash Receipts and Other Financing Receipts Over (Under) Cash Disbursements and Other Financing Disbursements	(86,772)	(290,378)	(377,150)
Public Fund Cash Balances, January 1	<u>86,687</u>	<u>291,773</u>	<u>378,460</u>
Public Fund Cash Balances, December 31	<u>(\$85)</u>	<u>\$1,395</u>	<u>\$1,310</u>

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

**GREENE COUNTY LAW LIBRARY ASSOCIATION
GREENE COUNTY**

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

	<u>General Fund</u>	<u>Retained Monies Fund</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:			
Fines and Forfeitures	\$372,321		\$372,321
Interest	5,007		5,007
Total Cash Receipts	<u>377,328</u>		<u>377,328</u>
Cash Disbursements:			
Books and Periodicals	203,900		203,900
Postage, Stationery and Supplies	949		949
Wages and Salaries	11,800		11,800
Equipment Rental	1,097		1,097
Insurance	1,122		1,122
Miscellaneous	71,925		71,925
Telephone and Internet access	499		499
Refunds to Relative Income Sources - See Note 2	97,427		97,427
Total Cash Disbursements	<u>388,719</u>		<u>388,719</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(11,391)</u>		<u>(11,391)</u>
Other Financing Receipts/(Disbursements):			
Remittance to Retained Funds	(30,431)	\$30,431	
Refunds from Vendors	651		651
Total Other Financing Receipts/(Disbursements)	<u>(29,780)</u>	<u>30,431</u>	<u>651</u>
Excess (Deficiency) of Cash Receipts and Other Financing Receipts Over (Under) Cash Disbursements and Other Financing Disbursements	(41,171)	30,431	(10,740)
Public Fund Cash Balances, January 1	<u>127,858</u>	<u>261,342</u>	<u>389,200</u>
Public Fund Cash Balances, December 31	<u><u>\$86,687</u></u>	<u><u>\$291,773</u></u>	<u><u>\$378,460</u></u>

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

**GREENE COUNTY LAW LIBRARY ASSOCIATION
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

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

The Board of Trustees hires two assistant law librarians. The Judges of the Court of Common Pleas of Greene 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.

During 2009, Ohio Rev. Code Section 3375.48 made the county commissioners responsible for compensating the 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 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.

**GREENE COUNTY LAW LIBRARY ASSOCIATION
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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. Deposits and Investments

The Library's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

The Library values U.S. Treasury Notes at cost.

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. 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 balance to political subdivisions that provided revenues to the Library. See Footnote 2 for additional information.

**GREENE COUNTY LAW LIBRARY ASSOCIATION
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

2. REFUND TO RELATIVE INCOME SOURCES AND AMOUNT RETAINED

Through 2008 if receipts exceed disbursements, the Library must refund at least ninety percent of the 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.

Balance at December 31, 2008	
Refunded and Retained During Calendar Year 2009	
Balance at December 31, 2008	\$81,679
Refunded to Relative Sources during 2009	73,512
Retained Funds Amount during 2009 transferred to the County	\$ 8,168

Balance at December 31, 2007	
Refunded and Retained During Calendar Year 2008	
Balance at December 31, 2007	\$108,252
Refunded to Relative Sources during 2008	97,427
Retained Funds Amount during 2008	\$ 10,825

Remittance to retained funds on the financial statements also includes interest earnings which are not required to be refunded to the relative income sources.

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:

	2009	2008
Demand deposits	\$1,310	\$ 17,046
U.S. Treasury Notes		72,918
Money Market		288,496
Total investments		361,414
Total deposits and investments	\$1,310	\$378,460

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

Investments: The Federal Reserve holds the Library's U.S. Treasury Notes in book-entry form in the name of the Library's financial institution. The financial institution maintains records identifying the Library as owner of these securities.

4. RISK MANAGEMENT

Commercial Insurance

The Library has obtained commercial insurance for the following risks:

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

**GREENE COUNTY LAW LIBRARY ASSOCIATION
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

5. CLOSEOUT TRANSFER TO COUNTY

HB 420 of the 127th General Assembly required the Law Library Association transfer their public cash and property purchased with public funds to the county on or before January 1, 2010. However, the Greene County Law Library did not transfer all of their public cash balance to the Greene County Auditor until January 26, 2010.

The Law Library Association issued a payment of \$283,814 to the Greene County Auditor on December 31, 2009.

Below is the activity that took place within the Law Library Association's bank account in January 2010, prior to transferring the balance to Greene County.

Bank Balance at December 31, 2009	\$ 1,310
Add deposit from Greene County Auditor	100,130
Add deposit from Greene Juvenile Courts	439
Add interest earned on bank account in January	8
Add balance from Investment account	1
Remaining Balance to Transfer to Greene County:	<u><u>\$101,888</u></u>

A final payment of \$101,888 was issued to the Greene County Auditor on January 26, 2010.



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*

Greene County Law Library Association
Greene County
45 North Detroit Street
Xenia, Ohio 45385

To the Board of Trustees:

We have audited the financial statements of the Greene County Law Library Association, Greene County, (the Library) as of and for the years ended December 31, 2009 and 2008, and have issued our report thereon dated April 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. The financial statements include only the general and retained monies funds. We also disclosed that State Statute requires the Library to transfer its public funds to the County. The County will assume 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 statements, but not for the purpose of opining on the effectiveness of the Library's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Library's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Library's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

Compliance and Other Matters

As part of reasonably assuring whether the Library's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2009-001.

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

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

Mary Taylor, CPA
Auditor of State

April 19, 2010

**GREENE COUNTY LAW LIBRARY ASSOCIATION
GREENE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2009 AND 2008**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2009-001

Material Noncompliance/Finding for Recovery – Repaid While Under Audit

Ohio Rev. Code Section 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 section 3375.48 of the Revised Code as repealed by this act and the costs of the space in the county courthouse or other building that the board provides for the use of the law library under division (A) of this section and the utilities for that space.

On July 21, 2009, Greene County invoiced the Law Library for partial reimbursement for salaries of the two assistant law librarians in the amount of \$66,010. The Greene County Law Library Association made payments in this amount during 2009. The County receipted these payments in the General Fund. The following table details the payments made by the Law Library Association to Greene County.

<u>Check Number</u>	<u>Check Date</u>	<u>Amount</u>	<u>Pay-In Number</u>	<u>Pay-In Date</u>	<u>Account Code</u>
4643	09/24/09	\$29,673	GC 95939	09/28/09	0001-0202-494500
4644	09/24/09	31,560	GC 95939	09/28/09	0001-0202-494500
4680	11/09/09	2,127	GC 96626	11/13/09	0001-1501-494500
4681	11/09/09	2,650	GC 96626	11/13/09	0001-1501-494500

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 Greene County in the amount of \$66,010 and in favor of the Greene County Law Library Association. Pursuant to HB 420, effective January 1, 2010, the money should be repaid to the Law Library Resources Fund within the County ledgers since this is the account that the Association transferred their public cash in January 2010.

Upon notification to the county of the revised requirements of Ohio Rev. Code Section 3375.49(B), the county transferred \$66,010 to the Law Library Resources Fund on May 19, 2010.

Officials Response:

We did not receive a response from officials.



Mary Taylor, CPA
Auditor of State

LAW LIBRARY ASSOCIATION

GREENE 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
JUNE 10, 2010**