



Mary Taylor, CPA
Auditor of State

**LORAIN COUNTY LAW LIBRARY ASSOCIATION
LORAIN COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Cover Letter	1
Independent Accountants' Report.....	3
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Public Funds - For the Year Ended December 31, 2009.....	5
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Public Funds - For the Year Ended December 31, 2008.....	6
Notes to the Financial Statements	7
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	11
Schedule of Prior Audit Findings	13

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Mary Taylor, CPA
Auditor of State

Board of Trustees
Lorain County Law Library Association
226 Middle Avenue
Elyria, Ohio 44035

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 Law Library to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

Mary Taylor

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October 18, 2010

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Lorain County Law Library Association
Lorain County
226 Middle Avenue
Elyria, Ohio 44035

To the Board of Trustees:

We have audited the accompanying financial statements of the general fund and the retained monies fund of the Lorain County Law Library Association, Lorain County, Ohio (the Law Library) as of and for the years ended December 31, 2009 and 2008. These financial statements are the responsibility of the Law 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 the all Law Library funds.

As described more fully in Note 1, the Law 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 Law Libraries to reformat their statements. The Law 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 Law Library as of December 31, 2009 and 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 the Lorain County Law Library Association, Lorain 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 discussed in Note 2, the Law Library has included activity associated with the Retained Monies Fund. Also, the Law Library restated the January 1, 2008 fund balances of the General Fund to properly classify retained monies and to include an investment balance that had not been previously reported on the financial statements.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 18, 2010, on our consideration of the Law 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

October 18, 2010

**LORAIN COUNTY LAW LIBRARY ASSOCIATION
LORAIN 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	Totals (Memorandum Only)
Cash Receipts:			
Fine and Forfeitures	\$491,238	\$0	\$491,238
Interest	14,978		14,978
Miscellaneous Receipts	267,301		267,301
Total Cash Receipts	773,517	0	773,517
Cash Disbursements:			
Current:			
Books, Tapes and CD-Rom	428,479		428,479
Salaries and Benefits	34,792		34,792
Supplies and Equipment	6,663		6,663
Insurance	3,912		3,912
Purchase and Contract Services	2,953		2,953
Computer Network Expense	26,516		26,516
Utilities	4,190		4,190
Westlaw	99,010		99,010
Travel, Dues and Meetings	557		557
Miscellaneous	259,966		259,966
Total Cash Disbursements	867,038	0	867,038
Total Cash Receipts Over/(Under) Cash Disbursements	(93,521)	0	(93,521)
Other Financing Receipts/(Disbursements):			
Remittance to Retained Funds	(1,424)	1,424	0
Transfers-In	95,000		95,000
Transfers-Out		(95,000)	(95,000)
Total Other Financing Receipts/(Disbursements)	93,576	(93,576)	0
Excess (Deficiency) of Cash Receipts and Other Financing Receipts Over (Under) Cash Disbursements and Other Financing Disbursements	55	(93,576)	(93,521)
Public Fund Cash Balances, January 1	387	989,608	989,995
Public Fund Cash Balances, December 31	\$442	\$896,032	\$896,474

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

**LORAIN COUNTY LAW LIBRARY ASSOCIATION
LORAIN 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	\$487,556	\$0	\$487,556
Interest	21,906		21,906
Miscellaneous Receipts	460		460
Total Cash Receipts	509,922	0	509,922
Cash Disbursements:			
Current:			
Books, Tapes and CD-Rom	470,329		470,329
Salaries and Benefits	83,439		83,439
Supplies and Equipment	10,349		10,349
Insurance	3,891		3,891
Purchase and Contract Services	3,655		3,655
Computer Network Expense	43,045		43,045
Utilities	3,830		3,830
Westlaw	88,303		88,303
Travel, Dues and Meetings	2,221		2,221
Miscellaneous	141,966		141,966
Total Cash Disbursements	851,028	0	851,028
Total Cash Receipts Over/(Under) Cash Disbursements	(341,106)	0	(341,106)
Other Financing Receipts/(Disbursements):			
Transfers-In	341,157		341,157
Transfers-Out		(341,157)	(341,157)
Total Other Financing Receipts/(Disbursements)	341,157	(341,157)	0
Excess (Deficiency) of Cash Receipts and Other Financing Receipts Over (Under) Cash Disbursements and Other Financing Disbursements	51	(341,157)	(341,106)
Public Fund Cash Balances, January 1 (Restated)	336	1,330,765	1,331,101
Public Fund Cash Balances, December 31	\$387	\$989,608	\$989,995

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

**LORAIN COUNTY LAW LIBRARY ASSOCIATION
LORAIN COUNTY**

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

1. Summary of Significant Accounting Policies

A. Description of the Entity

The Lorain County Law Library Association (the Law Library) is governed by a board of five trustees. Members of the Lorain County Bar Association appoint board members. The Law Library provides access to all county officers and the judges of the several courts within the county.

The Law 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 Lorain County Commissioners to provide adequate facilities for the Library, including suitable bookcases, heating and lighting for the rooms.

The Board of Trustees hires a librarian and not more than two assistant law librarians. The Judges of the Court of Common Pleas of Lorain County fix these librarians' compensation pursuant to ORC § 3375.48. If the Law Library provides free access to all county officers and the judges of the several courts, the County treasury pays the librarians' salary. If the Law Library does not provide free access, the Law Library must pay the librarians' salary.

During 2009, Ohio Rev. Code Section 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. 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 Law Library's management believes these financial statements present all public funds for which the Law Library is financially accountable.

The Law Library deems some funds it receives as private monies. Private monies include: membership dues, overdue book charges, and photocopying charges. Fees the Law 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 Law Library need not comply with ORC § 3375.54 when disbursing private money. The accompanying financial statements do not present private monies.

**LORAIN COUNTY LAW LIBRARY ASSOCIATION
LORAIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(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 Law 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 Law 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 Law Library values certificates of deposit at cost.

D. Fund Accounting

The Law Library uses fund accounting to segregate cash and investments that are restricted as to use. The Law 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 Law Library retains under Ohio Revised Code § 3375.56. At the end of each calendar year the Law Library may retain up to ten percent of their unencumbered balance. See footnote 2 for additional information.

E. Property, Plant, and Equipment

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

2. Accounting Change – Fund Balance Restatement

Prior to January 1, 2008, the Law Library did not report its retained monies funds in its audited statements. Effective January 1, 2008, the Law Library determined the amounts relating to their Retained Monies Fund by providing the trial balance and bank statements to support retained monies balance at December 31, 2007.

**LORAIN COUNTY LAW LIBRARY ASSOCIATION
LORAIN COUNTY**

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

2. Accounting Change – Fund Balance Restatement (Continued)

The January 1, 2008 fund balance of the General Fund and the Retained Monies Fund were restated by the following amounts:

	General Fund	Retained Monies Fund
December 31, 2007 Fund Balance	\$624,101	\$0
Restatement	(623,714)	1,330,765
Restated January 1, 2008 Fund Balance	\$387	\$1,330,765

The restatement was due to retained monies being improperly included in the General Fund and an investment that was not included previously in the Law Library's fund balances.

3. Closeout Transfer to County

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

The Lorain County Law Library did not transfer their public cash balance to the Lorain County Auditor on or before January 1, 2010.

On June 3rd, June 4th, September 24th and October 4th, 2010 the Law Library transferred \$1,922, \$25,552, \$30,000 and \$162,000, respectively to Lorain County. In addition to that, any interest earned at the time was transferred to the County. The remaining balance of \$677,000 in the Edward Jones Investment Account is invested in certificates of deposit. Per an agreement with Lorain County, as certificates of deposits mature, they will be deposited with the Lorain County Auditor.

4. Equity in Pooled Deposits and Investments

The Law 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	(\$12,526)	\$25,995
Certificates of deposit	869,000	964,000
Total deposits	856,474	989,995
Repurchase agreement	40,000	0
Total deposits and investments	\$896,474	\$989,995

**LORAIN COUNTY LAW LIBRARY ASSOCIATION
LORAIN COUNTY**

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

4. Equity in Pooled Deposits and Investments (Continued)

Deposits: Deposits are insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

Investments: The Law Library's financial institution transfers securities to the Law Library's agent to collateralize repurchase agreements. The securities are not in the Law Library's name.

5. Retirement Systems

The Law 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 both 2009 and 2008, OPERS members contributed 10 percent of their gross salaries and their employer contributed an amount equaling 14 percent of participants' gross salaries. The Law Library has paid all contributions required through December 31, 2009.

6. Risk Management

The Law 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*

Board of Trustees
Lorain County Law Library Association
226 Middle Avenue
Elyria, Ohio 44035

To the Board of Trustees:

We have audited the financial statements of the Lorain County Law Library Association, Lorain County, Ohio, (the Law Library) as of and for the years ended December 31, 2009 and 2008, and have issued our report thereon dated October 18, 2010, wherein we noted the Law Library followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We also disclosed that the January 1, 2008 fund balance of the General Fund was restated and that the financial statements include only the general fund and the retained monies fund. We also disclosed that State Statute requires the Law 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 Law 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 Law Library's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Law 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 Law 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 Law Library's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

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

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

October 18, 2010

**LORAIN COUNTY LAW LIBRARY ASSOCIATION
LORAIN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2009**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2007-001	Monies Due but Not Collected	Yes	Finding no longer valid, issue has been corrected. City of Vermilion has made full payment of monies owed the Law Library.



Mary Taylor, CPA
Auditor of State

LORAIN COUNTY LAW LIBRARY ASSOCIATION

LORAIN 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
NOVEMBER 4, 2010**