



Mary Taylor, CPA
Auditor of State

**SHELBY COUNTY LAW LIBRARY
SHELBY COUNTY**

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Mary Taylor, CPA
Auditor of State

Shelby County Law Library
Shelby County
Courtview Center – Suite 300
100 South Main Street
Sidney, Ohio 45365

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

January 22, 2010

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Shelby County Law Library
Shelby County
Courtview Center – Suite 300
100 South Main Street
Sidney, Ohio 45365

To the Board of Trustees:

We have audited the accompanying financial statements of the Shelby County Law Library, Shelby 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.

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 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 combined fund cash balances of the Shelby County Law Library, Shelby County, as of December 31, 2009 and 2008, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

As described in Note 1A, 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 January 22, 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

January 22, 2010

**SHELBY COUNTY LAW LIBRARY
SHELBY COUNTY**

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

	<u>General Fund</u>	<u>Retained Monies Fund</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:			
Fine and Forfeitures	\$117,059		\$117,059
Miscellaneous Receipts	915		915
Total Cash Receipts	<u>117,974</u>		<u>117,974</u>
Cash Disbursements:			
Supplies and Materials	117,193		117,193
Purchased Services	525		525
Other	108		108
Total Cash Disbursements	<u>117,826</u>		<u>117,826</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>148</u>		<u>148</u>
Fund Cash Balances, January 1		<u>\$428</u>	<u>428</u>
Fund Cash Balances, December 31	<u>\$148</u>	<u>\$428</u>	<u>\$576</u>

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

**SHELBY COUNTY LAW LIBRARY
SHELBY COUNTY**

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

	General Fund	Retained Monies Fund	Totals (Memorandum Only)
Cash Receipts:			
Fine and Forfeitures	\$124,795		\$124,795
Total Cash Receipts	<u>124,795</u>		<u>124,795</u>
Cash Disbursements:			
Salaries and Fringe Benefits	5,202		5,202
Supplies and Materials	118,956	\$3,198	122,154
Refunds to Relative Income Sources - See Note 1.E	4,022		4,022
Purchased Services	2,594		2,594
Other	38		38
Total Cash Disbursements	<u>130,812</u>	<u>3,198</u>	<u>134,010</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(6,017)</u>	<u>(3,198)</u>	<u>(9,215)</u>
Other Financing Receipts/(Disbursements):			
Remittance to Retained Funds	(447)	447	
Total Other Financing Receipts/(Disbursements)	<u>(447)</u>	<u>447</u>	
Excess (Deficiency) of Cash Receipts and Other Financing Receipts Over (Under) Cash Disbursements and Other Financing Disbursements	(6,464)	(2,751)	(9,215)
Fund Cash Balances, January 1	<u>6,464</u>	<u>3,179</u>	<u>9,643</u>
Fund Cash Balances, December 31	<u>\$0</u>	<u>\$428</u>	<u>\$428</u>

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

**SHELBY COUNTY LAW LIBRARY
SHELBY COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Shelby County Law Library (the Library) is governed by a board of five trustees. Members of the Shelby 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) § 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 Shelby 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 an assistant law librarian. The Judges of the Court of Common Pleas of Shelby 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 ORC § 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% of the costs of the space and utilities for the law library as required by ORC § 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 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. 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.

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. 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:

**SHELBY COUNTY LAW LIBRARY
SHELBY COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

D. 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.

E. 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.

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 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 table presents the refunded and retained amounts during 2008. There were no monies to refund during 2009 as of December 31, 2008.

Unencumbered Balance at December 31, 2007 Refunded and Retained During Calendar Year 2008	
Unencumbered Balance at December 31, 2007	\$4,469
Refunded to Relative Sources during 2008	<u>4,022</u>
Retained Funds Amount during 2008	<u><u>\$447</u></u>

In accordance with Audit Bulletin 2009-009, the last calendar year to which this refund requirement applied was the year ended December 31, 2008; however, the Shelby County Law Library did have receipts that exceeded disbursements for the year ended December 31, 2009, and they did refund those to the political subdivisions before disbursing their remaining balance to the County. The following table presents the refunded amounts during 2010:

Unencumbered Balance at December 31, 2009 Refunded During Calendar Year 2010	
Unencumbered Balance at December 31, 2009	\$148
Refunded to Relative Sources during 2010	<u>133</u>
Retained Funds Amount during 2010	<u><u>\$15</u></u>

**SHELBY COUNTY LAW LIBRARY
SHELBY COUNTY**

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

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	\$576	\$428

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

4. RISK MANAGEMENT

Commercial Insurance

The Library has obtained commercial insurance for the following risks:

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

5. RETIREMENT SYSTEMS

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 2008 and 2009, OPERS members contributed 10 percent of their gross salaries and their employer (i.e. the Library or County) contributed an amount equaling 14 percent of participants' gross salaries. The Library has paid all contributions required through December 31, 2009.

6. SUBSEQUENT EVENTS

In accordance with House Bill 420, the Law Library Association must transfer their public cash and property to their county which will deposit this money into a Law Library Resources Fund. The transfer was to take place on or before January 1, 2010; however, the Shelby County Law Library did not transfer their public cash balance to the Shelby County Auditor until January 19, 2010.

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

Bank Balance at December 31, 2009	\$610.88
Less Check #1503 dated 1-12-10, issued to City of Sidney for refund	(19.57)
Less Check #1504 dated 1-12-10, issued to Shelby County for refund	(113.85)
Less Bank Fee incurred on 1-11-10	(4.00)
Remaining Balance to Transfer to Shelby County:	\$473.46

A final check #1505 was issued to the Shelby County Auditor on January 19, 2010, in the amount of \$473.46.

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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*

Shelby County Law Library
Shelby County
Courtview Center – Suite 300
100 South Main Street
Sidney, Ohio 45365

To the Library Board of Trustees:

We have audited the financial statements of the Shelby County Law Library, Shelby County, (the Library) as of and for the years ended December 31, 2009 and 2008, and have issued our report thereon dated January 22, 2010, wherein we noted the Library prepared its financial statements using accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. As described in Note 1A, 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. 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.

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 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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note certain noncompliance or other matters that we reported to the Library's management in a separate letter dated January 22, 2010.

We intend this report solely for the information and use of the management, and the Library Board of Trustees. 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

January 22, 2010

**SHELBY COUNTY LAW LIBRARY
SHELBY COUNTY**

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

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	OAC 117-2-02(A) Annual financial reporting is incomplete and inaccurate.	No	Reported in a separate letter to management of the Law Library.



Mary Taylor, CPA
Auditor of State

LAW LIBRARY

SHELBY 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
MARCH 9, 2010