

**MORROW COUNTY
LAW LIBRARY ASSOCIATION
MORROW COUNTY, OHIO**

Financial Statements
(Audited)

For The Years Ended
December 31, 2007 and 2006

BARBARA PATTERSON, SECRETARY/TREASURER



Mary Taylor, CPA

Auditor of State

Board of Trustees
Morrow County Law Library
48 East High Street
Mount Gilead, Ohio 43338

We have reviewed the *Independent Auditor's Report* of the Morrow County Law Library, Morrow County, prepared by Julian & Grube, Inc., for the audit period January 1, 2006 through December 31, 2007. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Auditor's Report* on your financial statements. While the Auditor of State 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. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Auditor's Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Morrow County Law Library is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

April 17, 2008

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**MORROW COUNTY LAW LIBRARY ASSOCIATION
MORROW COUNTY, OHIO**

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Julian & Grube, Inc.
Serving Ohio Local Governments

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

Independent Auditor's Report

Board of Trustees
Morrow County Law Library Association
48 East High Street
Mount Gilead, Ohio 43338

We have audited the accompanying financial statements of Morrow County Law Library Association, Morrow County, Ohio, as of and for the years ended December 31, 2007 and 2006. These financial statements are the responsibility of Morrow County Law Library Association'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 that our audit provides a reasonable basis for our opinion.

As described more fully in Note 2, Morrow County Law Library Association 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.

Instead of the combined funds the accompanying financial statements present, GAAP requires presenting Morrow County Law Library Association's larger (i.e. major) funds separately. While Morrow County Law Library Association 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 governments to reformat their statements. Morrow County Law Library Association 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.

Independent Auditor's Report
Morrow County Law Library Association
Page 2

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, 2007 and 2006 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Morrow County Law Library Association as of December 31, 2007 and 2006, 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 cash fund balances of Morrow County Law Library Association, Morrow County, Ohio as of December 31, 2007 and 2006, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 2 describes.

Morrow County Law Library Association 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 February 14, 2008, on our consideration of Morrow County Law Library Association'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.



Julian & Grube, Inc.
February 14, 2008

**MORROW COUNTY LAW LIBRARY ASSOCIATION
MORROW COUNTY, OHIO**

STATEMENT OF CASH FUND BALANCES
ALL GOVERNMENTAL FUND TYPES
DECEMBER 31, 2007 AND 2006

<u>Cash and Cash Equivalents</u>	<u>2007</u>	<u>2006</u>
Cash and Cash Equivalents	\$ 94,696	\$ 94,257
Total Cash and Cash Equivalents	<u>\$ 94,696</u>	<u>\$ 94,257</u>
 <u>Cash Fund Balances</u>		
<u>Governmental Fund Types:</u>		
General Fund	\$ 8,468	\$ 13,964
Special Revenue Fund Type		
Retained Monies	<u>86,228</u>	<u>80,293</u>
Total Governmental Fund Types	<u>94,696</u>	<u>94,257</u>
Total Cash Fund Balances	<u>\$ 94,696</u>	<u>\$ 94,257</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**MORROW COUNTY LAW LIBRARY ASSOCIATION
MORROW COUNTY, OHIO**

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN CASH FUND BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>Governmental Fund Types</u>		Total (Memorandum Only)
	<u>General</u>	<u>Retained Monies</u>	
Cash receipts:			
Fines and forfeitures	\$ 121,611	\$ -	\$ 121,611
Interest receipts	-	3,600	3,600
Miscellaneous	-	939	939
Total cash receipts	<u>121,611</u>	<u>4,539</u>	<u>126,150</u>
Cash disbursements:			
Books, CD's, and periodicals	103,413	-	103,413
Computer support	56	-	56
Telephone	20	-	20
Maintenance	390	-	390
Supplies	341	-	341
Refunds to Relative Income Sources	12,568	-	12,568
Miscellaneous	4,292	-	4,292
Payroll	4,631	-	4,631
Total cash disbursements	<u>125,711</u>	<u>-</u>	<u>125,711</u>
Total cash receipts over/(under) cash disbursements	<u>(4,100)</u>	<u>4,539</u>	<u>439</u>
Other financing receipts/(disbursements):			
Remittance to Retained Funds	(1,396)	-	(1,396)
Receipt of Retained Funds	-	1,396	1,396
Total other financing receipts/(disbursements)	<u>(1,396)</u>	<u>1,396</u>	<u>-</u>
Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing disbursements	(5,496)	5,935	439
Cash fund balances, January 1, 2007	<u>13,964</u>	<u>80,293</u>	<u>94,257</u>
Cash fund balances, December 31, 2007	<u>\$ 8,468</u>	<u>\$ 86,228</u>	<u>\$ 94,696</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**MORROW COUNTY LAW LIBRARY ASSOCIATION
MORROW COUNTY, OHIO**

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN CASH FUND BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2006

	<u>Governmental Fund Types</u>		Total (Memorandum Only)
	<u>General</u>	<u>Retained Monies</u>	
Cash receipts:			
Fines and forfeitures	\$ 127,617	\$ -	\$ 127,617
Interest receipts	-	2,077	2,077
Total cash receipts	<u>127,617</u>	<u>2,077</u>	<u>129,694</u>
Cash disbursements:			
Books, CD's, and periodicals	105,363	-	105,363
Computer support	52	-	52
Telephone	317	-	317
Maintenance	910	-	910
Supplies	754	-	754
Equipment	5,980	-	5,980
Miscellaneous	277	-	277
Total cash disbursements	<u>113,653</u>	<u>-</u>	<u>113,653</u>
Total cash receipts over cash disbursements	13,964	2,077	16,041
Cash fund balances, January 1, 2006	<u>-</u>	<u>78,216</u>	<u>78,216</u>
Cash fund balances, December 31, 2006	<u>\$ 13,964</u>	<u>\$ 80,293</u>	<u>\$ 94,257</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**MORROW COUNTY LAW LIBRARY ASSOCIATION
MORROW COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006**

NOTE 1 - DESCRIPTION OF THE ENTITY

The Morrow County Law Library Association, Morrow County, (the "Library") is directed by a board of three trustees who are elected annually by members of the Morrow County Bar Association. The Library provides free access for 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) Sections 3375.50 to .53, inclusive. The Library is permitted to expend funds under ORC Section 3375.54. The funds of the Library are expended on the purchase, lease or rental of lawbooks; 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.

The Morrow County Commissioners are required by ORC Section 3375.49 to provide adequate facilities for the Library. The Board of County Commissioners is required to provide suitable bookcases, heating and lighting for the rooms.

The Board of Trustees hired a law librarian in 2006. The Judges of the Court of Common Pleas of Morrow County fix the compensation of the librarian pursuant to ORC Section 3375.48. Starting January 1, 2007, House Bill 66 amended Ohio Revised Code Section 3375.48 to transfer the authority to fix the compensation of the law librarian from The Judges of the Court of Common Pleas of Morrow County to the County Law Library Associations Board of Trustees. Pursuant to House Bill 66 and House Bill 363, beginning January 1, 2007, Ohio Revised Code Section 3375.49 requires law libraries pay 20% of the compensation for their law librarians from their own funds. This increases by 20% annually. Therefore, beginning January 1, 2011, law libraries must pay 100% of these librarians' compensation from law library funds.

The Library's management believes these financial statements present all funds for which the Library is financially accountable.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The most significant of the Library's accounting policies are described below.

A. BASIS OF PRESENTATION - FUND ACCOUNTING

The accounts of the Library are maintained on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts. The following fund types are used by the Library:

**MORROW COUNTY LAW LIBRARY ASSOCIATION
MORROW COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

GOVERNMENTAL FUNDS

General Fund

The general fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

Retained Monies Fund (Special Revenue Fund)

Retained Monies Fund consists of monies retained by the Library under Ohio Revised Code 3375.56. At the end of each calendar year the Library is permitted under law to retain up to ten percent of their balance.

B. BASIS OF ACCOUNTING

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred.

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. CASH AND INVESTMENTS

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at time of sale are recorded as receipts or disbursements, respectively.

D. 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 cash balance to political subdivisions that provided revenues to the Library. See Note 6 for additional information.

E. TOTAL COLUMNS ON FINANCIAL STATEMENTS

Total columns on the financial statements are captioned (Memorandum Only) to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, or results of operations in conformity with the basis of accounting described above. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

**MORROW COUNTY LAW LIBRARY ASSOCIATION
MORROW COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

F. PROPERTY, PLANT AND EQUIPMENT

Acquisitions of equipment are recorded as equipment disbursements when paid. These items are not reflected as assets on the accompanying financial statements. Items purchased which are deemed to be equipment are computers, copiers, fax machines, and other items related toward facilitating the use of the equipment.

NOTE 3 - EQUITY IN POOLED CASH AND CASH EQUIVALENTS

The Library maintains a cash pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and cash equivalents at December 31 was as follows:

	2007	2006
Demand deposits	\$ 11,288	\$ 14,361
Certificates of Deposit	83,408	79,896
Total	\$ 94,696	\$ 94,257

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

NOTE 4 - RISK MANAGEMENT

The Morrow County Commissioners carry insurance coverage for the Library through the County Risk Sharing Authority for the following risks:

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

NOTE 5 - CONTINGENT LIABILITY

LITIGATION

The Library is currently not involved in litigation.

NOTE 6 - REFUND TO RELATIVE INCOME SOURCES AND AMOUNT RETAINED

In any year that revenues 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 the refund of the 90% and is recorded as “refund to relative income sources” on the statement of cash receipts, cash disbursements and changes in cash fund balances. The following tables present the refunded and retained amounts during 2007 and 2006.

**MORROW COUNTY LAW LIBRARY ASSOCIATION
MORROW COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

**NOTE 6 - REFUND TO RELATIVE INCOME SOURCES AND AMOUNT RETAINED -
(Continued)**

Balance at December 31, 2006	
Refund and Retained During Calendar year 2007	
Unencumbered Balance at December 31, 2006	\$13,964
Refunded to Relative Sources during 2007	12,568
Retained Funds Amount during 2007	1,396

There was no amount required to be refunded in 2006 from 2005.

Balance at December 31, 2007	
Refund and Retained During Calendar year 2008	
Unencumbered Balance at December 31, 2007	\$8,468
Due to be Refunded to Relative Sources during 2008	7,621
Due to be Retained Funds Amount during 2008	847

NOTE 7 - RETIREMENT SYSTEM

The library's employee belongs to the Ohio Public Employees Retirement System (OPERS) of Ohio. 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.

Contribution rates are also prescribed by the Ohio Revised Code. For 2007, OPERS employee members contributed 9% of their gross salaries. The library contributed an amount equal to 13.85% of participants' gross salaries for 2007. The library has paid all contributions required through December 31, 2007.



Julian & Grube, Inc.
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**Report on Internal Control Over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Financial Statements
Performed in Accordance With *Government Auditing Standards***

Board of Trustees
Morrow County Law Library Association
48 East High Street
Mount Gilead, Ohio 43338

We have audited the financial statements of Morrow County Law Library Association, Morrow County, Ohio, as of and for the years ended December 31, 2007 and 2006 and have issued our report thereon dated February 14, 2008, wherein we noted Morrow County Law Library Association's followed accounting principles the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Morrow County Law Library Association's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Morrow County Law Library Association's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Morrow County Law Library Association'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 the normal course of 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 Morrow County Law Library Association's ability to initiate, authorize, record, process or report financial data reliably in accordance with its applicable basis of accounting such that there is more than a remote likelihood that a misstatement of Morrow County Law Library Association's financial statements that is more than inconsequential will not be prevented or detected by Morrow County Law Library Association's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Morrow County Law Library Association's internal control.

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 deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Board of Trustees
The Morrow County Law Library Association

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Morrow County Law Library Association's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on 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 such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to the management of Morrow County Law Library Association in a separate letter dated February 14, 2008.

This report is intended solely for the information and use of the management and Board of Morrow County Law Library Association and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Julian & Grube, Inc.".

Julian & Grube, Inc.
February 14, 2008



Mary Taylor, CPA
Auditor of State

MORROW COUNTY LAW LIBRARY

MORROW 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
APRIL 29, 2008**