



Mary Taylor, CPA
Auditor of State

**BELMONT LAW LIBRARY ASSOCIATION
BELMONT COUNTY**

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Mary Taylor, CPA

Auditor of State

Belmont Law Library Association
Belmont County
101 West Main Street
St. Clairsville, Ohio 43950

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.

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

Mary Taylor, CPA
Auditor of State

November 8, 2007

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Belmont Law Library Association
Belmont County
101 West Main Street
St. Clairsville, Ohio 43950

To the Board of Trustees:

We have audited the accompanying financial statements of the General Fund and the Retained Monies Fund of the Belmont Law Library Association, Belmont County, Ohio (the Library), as of and for the years ended December 31, 2006 and 2005. 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 the 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.

GAAP require presenting entity wide statements and also presenting the Library's larger (i.e., major) funds separately. 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, 2006 and 2005 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, 2006 and 2005, 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 Belmont Law Library Association, Belmont County, general fund and the retained monies fund as of December 31, 2006 and 2005, and its cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

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 November 8, 2007, 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

November 8, 2007

**BELMONT LAW LIBRARY ASSOCIATION
BELMONT COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL PUBLIC FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2006**

	General Fund	Retained Monies Fund	Totals (Memorandum Only)
Cash Receipts:			
Fine and Forfeitures	\$177,991		\$177,991
Interest	60	\$4,421	4,481
Copies, Computer & Fax	214		214
Miscellaneous Receipts	96		96
Total Cash Receipts	178,361	4,421	182,782
Cash Disbursements:			
Advertising	44		44
Books, Tapes, & Publications	164,736		164,736
Postage	156		156
Insurance	1,226		1,226
Licenses and Fees	50		50
Supplies	107		107
Professional Fees	2,100		2,100
Copier and Office Equipment Expense	3,000		3,000
Repairs & Maintenance	710		710
Bank Charges	54		54
Total Cash Disbursements	172,183	0	172,183
Total Cash Receipts Over Cash Disbursements	6,178	4,421	10,599
Other Financing Receipts/(Disbursements):			
Transfers-In	4,500		4,500
Transfers-Out		(4,500)	(4,500)
Total Other Financing Receipts/(Disbursements)	4,500	(4,500)	0
Excess (Deficiency) of Cash Receipts and Other Financing Receipts Over (Under) Cash Disbursements and Other Financing Disbursements	10,678	(79)	10,599
Public Fund Cash Balances, January 1	(4,919)	242,498	237,579
Public Fund Cash Balances, December 31	\$5,759	\$242,419	\$248,178

**BELMONT LAW LIBRARY ASSOCIATION
BELMONT COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL PUBLIC FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2005**

	General Fund	Retained Monies Fund	Totals (Memorandum Only)
Cash Receipts:			
Fine and Forfeitures	\$168,549		\$168,549
Interest	42	\$3,119	3,161
Copies, Computer & Fax	632		632
Miscellaneous Receipts	541		541
Total Cash Receipts	169,764	3,119	172,883
Cash Disbursements:			
Books, Tapes, & Publications	168,217		168,217
Postage	37		37
Insurance	1,226		1,226
Supplies	1,112		1,112
State Audit	1,695		1,695
Professional Fees	2,000		2,000
Telephone, Computer & Fax	951		951
Repairs & Maintenance	86		86
Bank Charges	71		71
Total Cash Disbursements	175,395	0	175,395
Total Cash Receipts Over/(Under) Cash Disbursements	(5,631)	3,119	(2,512)
Public Fund Cash Balances, January 1	712	239,379	240,091
Public Fund Cash Balances, December 31	(\$4,919)	\$242,498	\$237,579

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

**BELMONT LAW LIBRARY ASSOCIATION
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005**

1. Summary of Significant Accounting Policies

A. Description of the Entity

The Belmont Law Library Association, Belmont County (the Library), is governed by a board of six trustees. Members of the Belmont County Bar Association elected 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 Belmont 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. The Judges of the Court of Common Pleas of Belmont 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.

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.

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.

**BELMONT LAW LIBRARY ASSOCIATION
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

C. Cash 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 certificates of deposit 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.

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 3 for additional information.

2. Equity in Pooled Cash and Investments

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

	<u>2006</u>	<u>2005</u>
Demand deposits	\$129,218	\$122,398
Certificates of deposit	118,960	115,181
Total deposits	<u>\$248,178</u>	<u>\$237,579</u>

**BELMONT LAW LIBRARY ASSOCIATION
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
(Continued)**

2. Equity in Pooled Cash and Investments (Continued)

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

3. 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". As of December 31, 2006, the Library remitted \$5,058 of the \$5,759 General Fund balance to Belmont County on February 2, 2007. The actual amount that should have been remitted was \$5,560. The revenues exceeded disbursements in 2006 by \$6,178 not \$5,759.

4. Risk Management

Commercial Insurance

The Library has obtained commercial insurance for the following risks: Comprehensive property.

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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*

Belmont Law Library Association
Belmont County
101 West Main Street
St. Clairsville, Ohio 43950

To the Board of Trustees:

We have audited the financial statements of the Belmont Law Library Association, Belmont County, Ohio (the Library), as of and for the years ended December 31, 2006 and 2005, and have issued our report thereon dated November 8, 2007, 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. We also disclosed the financial statements include only the General Fund and the Retained Monies Fund. 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider significant deficiencies.

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.

We consider the following deficiencies described in the accompanying Schedule of Findings to be significant deficiencies in internal control over financial reporting: 2006-001 through 2006-003.

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 deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. However, of the significant deficiencies above, we believe findings 2006-001 and 2006-002 are also material weaknesses.

We also noted certain internal control matters that we reported to the Library's management in a separate letter dated November 8, 2007.

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 a certain noncompliance or other matter not requiring inclusion in this report that we reported to the Library's management in a separate letter dated November 8, 2007.

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



Mary Taylor, CPA
Auditor of State

November 8, 2007

**BELMONT LAW LIBRARY ASSOCIATION
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2006 AND 2005**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2006-001

Material Weakness

Section 201.4 of the Belmont Law Library Association's Handbook, September 2004 Edition, requires the Law Librarian to maintain a cashbook in which all cash receipts and all cash disbursements are recorded in a daily manner. The cashbook shall reflect month-to-date and year-to-date totals.

No cashbook was maintained for the Retained Monies Fund. Receipts and expenditures for the General Fund were not posted to the cashbook in a timely manner. Additionally, the cashbook did not always reflect month-to-date and year-to-date totals. Not maintaining a cashbook or reflecting month-to-date and year-to-date totals could cause the bank reconciliation process to become a cumbersome task. Also, errors and/or irregularities may not be detected in a timely manner.

We recommend the Law Librarian maintain a cashbook for the Retained Monies Fund. We also recommend the Law Librarian maintain a cashbook in which cash receipts and cash disbursements are recorded in a timely manner. Such cashbooks should reflect month-to-date and year-to-date totals, in accordance with the Law Library Handbook.

Official's Response:

We did not receive a response from the Library.

FINDING NUMBER 2006-002

Material Weakness

Section 201.5 of the Belmont Law Library Association's Handbook, September 2004 Edition, requires the Law Librarian to reconcile the bank balances and the cashbook balances on a monthly basis to ensure the timely detection of errors that occur. The Library maintains separate bank accounts for the General Fund, Membership Fund and Retained Monies Fund. Receipts and disbursements attributable to the General, Membership and Retained Monies Funds should be made to the appropriate bank account.

Section 201.10 of the Belmont Law Library Association's Handbook, September 2004 Edition, requires the Law Librarian to deposit in proper bank account of the Association all checks and cash payment received on a semi-daily basis.

In October, November, and December 2005 and January and February 2006, the Law Librarian deposited General Fund receipts in the amounts of \$28,898, \$17,710, \$14,077, \$12,704 and \$14,265, respectively, to the Membership Fund bank account. In October, November, and December 2005 and January and February 2006, the Law Librarian made General Fund expenditures in the amounts of \$33,321, \$26,858, \$13,697, \$10,601 and \$15,993 from the Membership Fund bank account.

On June 1, 2006, the Board of Trustees approved a transfer for \$4,500 from the Retained Monies Fund to the General Fund. The transfer was accurately reflected on the Law Library's 2006 financial statement. However, the Law Librarian transferred the \$4,500 out of the Retained Monies Fund bank account into the Membership Fund bank account.

**BELMONT LAW LIBRARY ASSOCIATION
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2006 AND 2005
(Continued)**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)**

FINDING NUMBER 2006-002 (Continued)

Material Weakness (Continued)

The improper deposit and expenditure of funds from the wrong bank accounts caused errors to occur in reconciling the bank accounts to the Library's accounting system. In addition, this activity caused the Library to incur non-sufficient funds fees in the bank accounts.

We recommend the Law Librarian reconcile each bank account to the appropriate fund in the Library's accounting system each month. The Law Library incurred extra costs to allow the Auditor of State to reconcile the accounts and the resulting adjustments are reflected in the financial statements. The Law Librarian should incorporate these adjustments into the Library's accounting system.

Official's Response:

We did not receive a response from the Library.

FINDING NUMBER 2006-003

Significant Deficiency

The Board of Trustees contracted with William Knox, CPA, to prepare quarterly financial statements for the Board. The Law Librarian is to maintain the Library's cashbooks, record receipts and disbursements in a timely manner, deposit receipts into the bank accounts, prepare checks for payment of invoices and reconcile the bank accounts and cashbook balances.

Section 201.18 of the Belmont Law Library Association's Handbook, September 2004 Edition, requires the Law Librarian to cooperate with Library's Certified Public Accountant and promptly provide him or her all documentation requested in a timely manner.

The Law Librarian failed to provide William Knox, CPA, with detailed information pertaining to the Library's receipts and disbursements in a timely manner or not at all. The Library's 2006 and 2005 quarterly reports were prepared from bank statement credits and debits which caused the receipts and expenditures reflected in the quarterly financial statements to be overstated or understated and not reconcile to the bank account balances. This could also cause the Board of Trustees to take incorrect financial actions based on incorrect financial statements.

We recommend the Board of Trustees develop internal control procedures to ensure the Law Librarian provides the correct detailed information to William Knox, CPA, to ensure that financial information reported to the Board of Trustees is accurate and complete.

Official's Response:

We did not receive a response from the Library.



Mary Taylor, CPA
Auditor of State

LAW LIBRARY ASSOCIATION

BELMONT 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
DECEMBER 18, 2007**