

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

*Financial Statements*  
(Audited)

For The Years Ended  
December 31, 2005 and 2004

**BARBARA PATTERSON, SECRETARY/TREASURER**





# Mary Taylor, CPA

Auditor of State

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

We have reviewed the *Independent Auditors' Report* of the Morrow County Law Library Association, Morrow County, prepared by Julian and Grube, Inc., for the audit period January 1, 2004 through December 31, 2005. 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 Auditors' 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 Auditors' 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 Association is responsible for compliance with these laws and regulations.

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

Mary Taylor, CPA  
Auditor of State

April 25, 2007

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

TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditors' Report.....	1 - 2
Statement of Cash Fund Balances - All Governmental Fund Types December 31, 2005 and 2004 .....	3
Statement of Cash Receipts, Cash Disbursements, and Changes in Cash Fund Balances - All Governmental Fund Types For the Year Ended December 31, 2005.....	4
Statement of Cash Receipts, Cash Disbursements, and Changes in Cash Fund Balances - All Governmental Fund Types For the Year Ended December 31, 2004.....	5
Notes to the Financial Statements.....	6 - 9
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> .....	10

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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 Auditors' 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, (the "Library") as of and for the years ended December 31, 2005 and 2004. 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.

Revisions to GAAP would require Morrow County Law Library Association to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2005 and 2004. Instead of the combined funds the accompanying financial statements present for 2005 and 2004, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2005 and 2004. 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 the new 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 reformat its statements. Since Morrow County Law Library Association does not use GAAP to measure financial statement amounts, 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, 2005 and 2004 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, 2005 and 2004, 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, 2005 and 2004, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 2 describes.

Independent Auditors' Report  
Morrow County Law Library Association  
Page 2

The aforementioned revision to generally accepted accounting principles also requires Morrow County Law Library Association to include Management's Discussion and Analysis for the years ended December 31, 2005 and 2004. 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 March 21, 2007, on our consideration of the 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.

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

Julian & Grube, Inc.  
March 21, 2007



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

STATEMENT OF CASH FUND BALANCES  
ALL GOVERNMENTAL FUND TYPES  
DECEMBER 31, 2005 AND 2004

<u>Cash and Cash Equivalents</u>	<u>2005</u>	<u>2004</u>
Cash and Cash Equivalents	\$ 78,216	\$ 78,065
Total Cash and Cash Equivalents	<u>\$ 78,216</u>	<u>\$ 78,065</u>
 <u>Cash Fund Balances</u>		
<u>Governmental Fund Type:</u>		
Special Revenue Fund Type		
Retained Monies	\$ 78,216	\$ 78,065
Total Governmental Fund Type	<u>78,216</u>	<u>78,065</u>
Total Cash Fund Balances	<u>\$ 78,216</u>	<u>\$ 78,065</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, 2005

	<u>Governmental Fund Types</u>		Total (Memorandum Only)
	<u>General</u>	<u>Retained Monies</u>	
Cash receipts:			
Fines and forfeitures	\$ 109,366	\$ -	\$ 109,366
Interest receipts	-	390	390
Total cash receipts	<u>109,366</u>	<u>390</u>	<u>109,756</u>
Cash disbursements:			
Books, CD's, and periodicals	103,985	239	104,224
Computer support	345	-	345
Telephone	952	-	952
Maintenance	645	-	645
Supplies	526	-	526
Equipment	2,823	-	2,823
Miscellaneous	90	-	90
Total cash disbursements	<u>109,366</u>	<u>239</u>	<u>109,605</u>
Total cash receipts over cash disbursements	-	151	151
Cash fund balances, January 1, 2005	<u>-</u>	<u>78,065</u>	<u>78,065</u>
Cash fund balances, December 31, 2005	<u>\$ -</u>	<u>\$ 78,216</u>	<u>\$ 78,216</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, 2004

	Governmental Fund Types		Total (Memorandum Only)
	General	Retained Monies	
Cash receipts:			
Fines and forfeitures	\$ 108,974	\$ -	\$ 108,974
Interest receipts	-	389	389
Total cash receipts	<u>108,974</u>	<u>389</u>	<u>109,363</u>
Cash disbursements:			
Books, CD's, and periodicals	103,621	5,109	108,730
Computer support	2,318	-	2,318
Telephone	929	-	929
Maintenance	391	-	391
Supplies	567	-	567
Refunds to relative income sources - see note 6	10,630	-	10,630
Miscellaneous	1,363	-	1,363
Total cash disbursements	<u>119,819</u>	<u>5,109</u>	<u>124,928</u>
Total cash receipts (under) cash disbursements	(10,845)	(4,720)	(15,565)
Other financing receipts/(disbursements):			
Remittance to retained funds	(1,181)	-	(1,181)
Receipt of retained funds	-	1,181	1,181
Total other financing receipts/(disbursements)	<u>(1,181)</u>	<u>1,181</u>	<u>-</u>
Excess of cash receipts and other financing receipts (under) cash disbursements and other financing disbursements	(12,026)	(3,539)	(15,565)
Cash fund balances, January 1, 2004	<u>12,026</u>	<u>81,604</u>	<u>93,630</u>
Cash fund balances, December 31, 2004	<u>\$ -</u>	<u>\$ 78,065</u>	<u>\$ 78,065</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, 2005 AND 2004**

**NOTE 1 - DESCRIPTION OF THE ENTITY**

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 hires a law librarian. The Judges of the Court of Common Pleas of Morrow County fix the compensation of the librarian pursuant to ORC Section 3375.48. The Library provides free access to all county officers and the judges of the several courts; therefore, the salary of the law librarian is paid from the county treasury.

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, 2005 AND 2004

**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, the Library is required 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.

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004**

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

**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.

**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:

	<u>2005</u>	<u>2004</u>
Demand deposits	\$ 298	\$ 496
Certificates of Deposit	<u>77,918</u>	<u>77,569</u>
Total	<u>\$ 78,216</u>	<u>\$ 78,065</u>

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

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004**

**NOTE 4 - RISK MANAGEMENT**

The Morrow County Commissioners carry insurance coverage for the Law Library Association through CORSA 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 - CALCULATION OF 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 remaining amount. This refund process is referred to as the application of ORC 3375.56 or refund to relative income sources. The following chart presents the refunded and retained amounts during 2004.

<b>Balance at December 31, 2003 Refund and Retained During Calendar Year 2004</b>	
Unencumbered Balance at December 31, 2003	\$11,811
Refunded to Relative Sources during 2004	10,630
Retained Funds Amount during 2004	1,181

There was no amount required to be refunded in 2005.



**Julian & Grube, Inc.**  
*Serving Ohio Local Governments*

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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's as of and for the years ended December 31, 2005 and 2004, and have issued our report thereon dated March 21, 2007, wherein we noted Morrow County Law Library Association's followed accounting practices 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 in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control, over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted a certain matter that we reported to management of Morrow County Law Library Association's management, in a separate letter dated March 21, 2007.

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 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 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*. However, we noted a certain immaterial instance of noncompliance that we have reported to the Library's management in a separate letter dated March 21, 2007.

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

Julian & Grube, Inc.  
March 21, 2007





**Mary Taylor, CPA**  
Auditor of State

**MORROW COUNTY LAW LIBRARY ASSOCIATION**

**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  
MAY 10, 2007**