



Mary Taylor, CPA  
Auditor of State



**LAW LIBRARY ASSOCIATION  
MORGAN COUNTY**

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# Mary Taylor, CPA

Auditor of State

Law Library Association  
Morgan County  
P.O. Box 419  
McConnelsville, Ohio 43756

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 statement due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare the financial statement pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statement in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statement presents are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statement 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

May 20, 2009

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Law Library Association  
Morgan County  
P.O. Box 419  
McConnelsville, Ohio 43756

To the Board of Trustees:

We have audited the accompanying financial statement of the Law Library Association, Morgan County, Ohio (the Association), as of and for the years ended December 31, 2008 and 2007. This financial statement is the responsibility of the Association's management. Our responsibility is to express an opinion on this financial statement 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 statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. 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 Association has prepared this financial statement 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 statement of the variances between these regulatory accounting practices and GAAP, we presume they are material.

While the 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 law library associations to reformat their statements. The 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.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statement referred to above for the years ended December 31, 2008 and 2007 does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Association as of December 31, 2008 and 2007, or its changes in financial position for the years then ended.

Also in our opinion, the financial statement referred to above presents fairly, in all material respects, the cash balance of the Law Library Association, Morgan County, Ohio, as of December 31, 2008 and 2007, and its cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The 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 statement.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 20, 2009, on our consideration of the 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 black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

**Mary Taylor, CPA**  
Auditor of State

May 20, 2009



**LAW LIBRARY ASSOCIATION  
MORGAN COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCE  
ALL PUBLIC FUNDS  
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007**

	<b>2008</b>	<b>2007</b>
<b>Cash Receipts:</b>		
Fine and Forfeitures	\$ 32,460	\$ 34,062
Total Cash Receipts	32,460	34,062
<b>Cash Disbursements:</b>		
Supplies and Materials	20,190	18,850
Refunds to Relative Income Sources (See Note 2)	12,262	10,738
Professional Services		1,345
Insurance	201	201
Miscellaneous		2,721
Total Cash Disbursements	32,653	33,855
Total Cash Receipts Over/(Under) Cash Disbursements	(193)	207
Public Fund Cash Balance, January 1	1,193	986
<b>Public Fund Cash Balance, December 31</b>	<b>\$ 1,000</b>	<b>\$ 1,193</b>

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

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**LAW LIBRARY ASSOCIATION  
MORGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
DECEMBER 31, 2008 AND 2007**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Law Library Association (the Association), is governed by a board of three trustees. Members of the Morgan County Bar Association annually elect the board members. The Association provides access for all county officers and the judges of the several courts within the County.

The Association 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. ORC Section 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 Section 3375.49 requires the Morgan County Commissioners to provide adequate facilities for the Association, including suitable bookcases, heating and lighting for the rooms.

The Board of Trustees hire a librarian and not more than two assistant law librarians. The Judge of the Court of Common Pleas of Morgan County fixes this librarians' compensation pursuant to ORC Section 3375.48. If the Association provides free access to all county officers and the judges of the several courts, the County treasury pays the librarians' salary. If the Association does not provide free access, the Association must pay the librarians' salary.

House Bill 66 amended Ohio Rev. Code Section 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 2007, the County Commissioners were responsible for 80% of the librarian's and assistants' compensation. During 2008, the County Commissioners were responsible for 60% of the librarian's and assistants' compensation and for 80% the costs of the space and utilities for the Association as required by Ohio Revised Code Section 3375.49.

As of January 1, 2010, a Law Library Resources Board (LLRB) will govern county law libraries. Each county will establish a county law library resources fund (LLRF) as required by Ohio Revised Code Section 307.514. On or before January 1, 2010 the Library must transfer money and property purchased with fine and penalties monies to the LLRB. Expenditures from the LLRF fund shall be made pursuant to the annual appropriation measure adopted by the commissioners.

The Association's management believes this financial statement presents all public funds for which the Association is financially accountable.

**B. Accounting Basis**

This financial statement follows the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Association recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred.

This statement includes adequate disclosure of material matters, as the Auditor of State prescribes or permits.

**LAW LIBRARY ASSOCIATION  
MORGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
DECEMBER 31, 2008 AND 2007  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Property, Plant, and Equipment**

The Association records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statement does not report these items as assets.

**D. Refund to Relative Income Sources**

If certain conditions are met, Ohio Revised Code Section 3375.56 requires the Association to refund at least ninety percent of any balance to political subdivisions that provided revenues to the Association. See Note 2 for additional information.

**2. REFUND TO RELATIVE INCOME SOURCES AND AMOUNT RETAINED**

In any year that receipts exceed disbursements, the Association refunds at least ninety percent of the balance to the political subdivisions who provided the funds and retains the remainder. Ohio Revised Code Section 3375.56 requires this "refund to relative income sources." The following tables present the refunded and retained amounts during 2008 and 2007.

Balance at December 31, 2008	
<u>Refunded and Retained During Calendar Year 2008</u>	
Balance at December 31, 2008 (prior to refund)	\$ 13,262
Refunded to Relative Sources during 2008	<u>(12,262)</u>
Retained Funds Amount during 2008	<u><u>\$ 1,000</u></u>

Balance at December 31, 2007	
<u>Refunded and Retained During Calendar Year 2007</u>	
Balance at December 31, 2007 (prior to refund)	\$ 11,931
Refunded to Relative Sources during 2007	<u>(10,738)</u>
Retained Funds Amount during 2007	<u><u>\$ 1,193</u></u>

**3. DEPOSITS**

The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits at December 31 follows:

	<u>2008</u>	<u>2007</u>
Demand deposits	<u>\$ 1,000</u>	<u>\$ 1,193</u>

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

**LAW LIBRARY ASSOCIATION  
MORGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
DECEMBER 31, 2008 AND 2007  
(Continued)**

**4. RISK MANAGEMENT**

**Commercial Insurance**

The Association has obtained commercial insurance for the following risk:

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

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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*

Law Library Association  
Morgan County  
P.O. Box 419  
McConnelsville, Ohio 43756

To the Board of Trustees:

We have audited the financial statement of the Law Library Association, Morgan County, Ohio (the Association), as of and for the years ended December 31, 2008 and 2007, and have issued our report thereon dated May 20, 2009, wherein we noted the Association prepared its financial statement using accounting practices the Auditor of State prescribes or permits 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 the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Association's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statement, but not to opine on the effectiveness of the Association's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Association'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 a certain deficiency in internal control over financial reporting that we consider a significant deficiency.

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 Association'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 Association's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

We consider Finding 2008-002 described in the accompanying Schedule of Findings to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Association's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of the 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. We believe the significant deficiency described above is also a material weakness.

We also noted certain internal control matters that we reported to the Association's management in a separate letter dated May 20, 2009.

### **Compliance and Other Matters**

As part of reasonably assuring whether the Association's financial statement is 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 an instance of noncompliance or other matter that we must report under *Government Auditing Standards*, which is described in the accompanying Schedule of Findings as item 2008-001.

We also noted certain noncompliance or other matters not requiring inclusion in this report that we reported to the Association's management in a separate letter dated May 20, 2009.

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



**Mary Taylor, CPA**  
Auditor of State

May 20, 2009



**LAW LIBRARY ASSOCIATION  
MORGAN COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2008 AND 2007**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2008-001**

**Noncompliance Citation**

Article I, Section 2, of the Morgan County Law Library Association Articles states the annual meeting of the Members of the Association shall be held for the purpose of electing Trustees and for the consideration of reports to be presented at the meeting.

The Board of Trustees did not meet for the years under audit. This informal method of conducting Association business could allow errors or irregularities to occur and remain undetected.

We recommend the Association adhere to their adopted Articles. This would include holding an annual meeting for the purpose of election of trustees/officers, review of financial reports, and review of policies for the operation of the Association. The meetings should be made open to the public and published in the newspaper at least 24 hours before the meeting is to take place. A permanent minute record of all Association meetings should be maintained. All official actions taken by the Board of Trustees should be included in these minutes. The official minute record should then be signed by the preparer and attested to by the Board of Trustees.

**FINDING NUMBER 2008-002**

**Material Weakness**

The Board of Trustees should perform procedures to monitor the financial activity of the Association.

The size of the Association's staff did not allow for an adequate segregation of duties. The Law Librarian performed all accounting functions, including receipting, depositing, disbursing, and reconciling. To help ensure the accuracy of the financial statements, it is important that the Board of Trustees monitor financial activity closely. There was no documentation of the extent to which the Trustees reviewed financial information to monitor the financial activity of the Association. This could result in errors and/or irregularities occurring and remaining undetected for an extended period of time.

We recommend after the Law Librarian has performed the bank reconciliation, the Board of Trustees or a designated person review the validity of the computations and attest their agreement thereto. The Board should approve all bills for payment. The bills authorized for payment could be listed in the Board of Trustee's minutes and/or vouchers could be signed by Board of Trustees members and filed with the appropriate invoices attached. To further safeguard account assets, the Board of Trustees could consider requiring a Board member's signature as well as the Law Librarian's signature on each check issued. Also, the Board should carefully review and approve pertinent financial information, such as the cash journal, appropriations ledger, receipts ledger, etc., on a periodic basis. The information obtained as a result of such reviews will provide important data necessary to properly manage the Association.

**Officials' response:** We did not receive a response from Officials to the findings reported above.

**LAW LIBRARY ASSOCIATION  
MORGAN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2008 AND 2007**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2006-001	The Association was not following policies and procedures as adopted by the Board of Trustees. There was no documentation of any involvement of the Board of Trustees in the oversight of the Association. The Association did not present any minutes of any meetings concerning the operation of the Association during the period under audit.	No	Not Corrected – Repeated as Finding Numbers 2008-001 and 2008-002 in the current audit Schedule of Findings.



**Mary Taylor, CPA**  
Auditor of State

**LAW LIBRARY ASSOCIATION**

**MORGAN 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  
JULY 14, 2009**