



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

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REPORT OF INDEPENDENT ACCOUNTANTS

Champaign County Law Library
Champaign County
200 North Main Street
Urbana, Ohio 43078

To the Board of Trustees:

We have audited the accompanying financial statements of the Champaign County Law Library, Champaign County, Ohio, (the Library) as of and for the years ended December 31, 1998, and 1999. 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 generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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 discussed in Note 1, the Library prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, fund cash balance of the Champaign County Law Library, Champaign County, as of December 31, 1998, and 1999, and its cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2000 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 grants.

This report is intended solely for the information and use of management, Board of Trustees and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro".

Jim Petro
Auditor of State

March 31, 2000

Champaign County Law Library

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCE -
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Governmental Fund Type</u>
	<u>General</u>
Cash Receipts:	
Intergovernmental Revenue	\$71,083
Earnings on Investments	412
Miscellaneous Receipts	<u>4,758</u>
Total Cash Receipts	<u>76,253</u>
Cash Disbursements:	
Current:	
General Government	<u>57,365</u>
Total Cash Disbursements	<u>57,365</u>
Total Cash Receipts Over Cash Disbursements	<u>18,888</u>
Fund Cash Balance, January 1	<u>123,684</u>
Fund Cash Balance, December 31	<u><u>\$142,572</u></u>

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

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCE -
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Governmental Fund Type</u>
	<u>General</u>
Cash Receipts:	
Intergovernmental Revenue	\$109,818
Earnings on Investments	400
Miscellaneous Receipts	<u>636</u>
Total Cash Receipts	<u>110,854</u>
Cash Disbursements:	
Current:	
General Government	<u>95,136</u>
Total Cash Disbursements	<u>95,136</u>
Total Cash Receipts Over Cash Disbursements	<u>15,718</u>
Fund Cash Balance, January 1	<u>107,966</u>
Fund Cash Balance, December 31	<u><u>\$123,684</u></u>

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Champaign County Law Library, Champaign County, (the Library) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Library is directed by a three-member Board of Trustees appointed by Champaign County Bar Association. The Library provides general services regarding books, periodicals, and other items to the legal profession and citizens in the county.

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

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

Champaign County Law Library maintains a checking and two savings accounts with area banks.

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 one fund type:

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.

E. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as capital outlay disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	<u>1999</u>	<u>1998</u>
Demand deposits	<u>\$142,572</u>	<u>\$123,684</u>

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation, or (2) uninsured and uncollateralized.

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

2. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)

Deposits: (Continued)

At December 31, 1999, \$22,168 and December 31, 1998, \$4,218 of deposits were not insured or collateralized, contrary to Chapter 135, Ohio Revised Code.

3. RISK MANAGEMENT

The Library has obtained commercial insurance for the following risks:

- Comprehensive Property
- General Liability
- Public Officials Liability



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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Champaign County Law Library
Champaign County
200 North Main Street
Urbana, Ohio 43078

To the Board of Trustees:

We have audited the accompanying financial statements of the Champaign County Law Library, Champaign County, Ohio (the Library), as of and for the years ended December 31, 1999, and December 31, 1998, and have issued our report thereon dated March 31, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Library's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards*, which is described in the accompanying schedule of findings as item 1999-60311-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the Library in a separate letter dated March 31, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Library'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 assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Library's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings as item 1999-60311-002.

A material weakness is a 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 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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. We do not believe the reportable condition described above is a material weakness.

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

A handwritten signature in black ink, appearing to read "Jim Petro", with a large, stylized loop at the end.

Jim Petro
Auditor of State

March 31, 2000

**SCHEDULE OF FINDINGS
FOR THE FISCAL YEARS ENDED DECEMBER 31, 1999 and 1998**

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

Finding Number	1999-60311-001
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Collateral Pledged

Ohio Rev. Code Section 135.18, states the treasurer of a political subdivision must require the depository to provide as security an amount equal to the funds on deposit at all times. Such security may consist of federal deposit insurance, surety company bonds, or pledged securities. The Library was under collateralized as of December 31, 1998 for \$4,218 and as of December 31, 1999 for \$22,694. This amounted to 16% of the fund balance at December 31, 1999. The Library should obtain collateral in an amount equal to the funds on deposit in order to safeguard public funds against possible loss.

Finding Number	1999-60311-002
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Proper Documentation of Expenditures

During the test of expenditures there were several instances of letters stating that duplicate payments were made; invoices where late fees were added due to late payments; invoices showed sales tax being paid; and invoices could not be located for several expenditures during the audit period. During 1999, invoices for 14 out of 78 expenditures could not be located. During 1998, invoices for 4 out of 80 expenditures could not be located. Duplicate payments were recovered by the Library. These conditions could result in the payment of unauthorized expenditures or payment in the incorrect amounts owed.

The treasurer should review invoices for due dates and make payment before late charges are assessed, and assure that payments made are credited to their account. The Library should complete an exemption certificate for sales tax for the vendors used, and review invoices from the period audited for any sales tax, and contact the vendor for refund. Invoices should be stamped "paid", including the check number, date, and amount.



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OFFICE OF THE AUDITOR

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CHAMPAIGN COUNTY LAW LIBRARY

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 25, 2000