



**LAW LIBRARY ASSOCIATION  
MORGAN COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 1998-1997**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



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## REPORT OF INDEPENDENT ACCOUNTANTS

Law Library Association  
Morgan County  
126 West Main Street  
McConnelsville, Ohio 43756

To the Board of Trustees:

We have audited the accompanying financial statements of the Law Library Association, Morgan County, Ohio (the Association), as of and for the years ended December 31, 1998 and December 31, 1997. These financial statements are the responsibility of the 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 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 Association 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, the cash balance of the Law Library Association, Morgan County, as of December 31, 1998 and December 31, 1997, and its cash receipts and cash 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 20, 2000 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 grants.

This report is intended solely for the information and use of the 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.

**Jim Petro**  
Auditor of State

March 20, 2000

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

<b>Cash Receipts:</b>	
Morgan County Auditor	\$29,765
Clerk of Courts	1,250
Interest	<u>93</u>
Total Cash Receipts	<u>31,108</u>
<b>Cash Disbursements:</b>	
Books/Publications	30,949
Miscellaneous	<u>150</u>
Total Cash Disbursements	<u>31,099</u>
Excess of Cash Receipts Over/(Under) Cash Disbursements	9
Cash Balance January 1	<u>4,385</u>
<b>Cash Balance December 31</b>	<b><u><u>\$4,394</u></u></b>

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

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND  
CHANGES IN CASH BALANCE  
FOR THE YEAR ENDED DECEMBER 31, 1997**

<b>Cash Receipts:</b>	
Morgan County Auditor	\$ 8,942
Clerk of Courts	205
Interest	<u>93</u>
Total Cash Receipts	<u>9,240</u>
<b>Cash Disbursements:</b>	
Books/Publications	9,090
Miscellaneous	<u>154</u>
Total Cash Disbursements	<u>9,244</u>
Excess of Cash Receipts Over/(Under) Cash Disbursements	(4)
Cash Balance January 1	<u>4,389</u>
<b>Cash Balance December 31</b>	<b><u><u>\$4,385</u></u></b>

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



**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1998 AND 1997**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Law Library Association, Morgan County, (the Association) 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 Association is directed by an appointed Board of Trustees. The Association provides legal reference services.

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

**B. Basis of Accounting**

The 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 includes adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

**C. Budgetary Process**

The Association is not required to prepare budgetary reports.

**D. 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. CASH**

The carrying amount of cash at December 31 follows:

	<u>1998</u>	<u>1997</u>
Demand Deposits	<u>\$4,394</u>	<u>\$4,385</u>

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

**3. RISK MANAGEMENT**

The Association has obtained commercial insurance for comprehensive personal property coverage.

The Association is also covered by Morgan County's insurance coverage, which is through the CORSA Insurance Pool (the Pool). The Pool assumes the risk of loss up to the limits of Morgan County's policy. The Pool may assess supplemental premiums. General liability and casualty insurance are provided by the Pool.

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1998 AND 1997**

**4. RETIREMENT SYSTEMS**

The Association's Clerk belongs to the Public Employees Retirement System (PERS) of Ohio, but is paid by Morgan County. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including post-retirement health care, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. The Association's PERS members contributed 8.5% of their gross salaries. The County contributed an amount equal to 13.55% of participants' gross salaries. The County has paid all contributions required through December 31, 1998.



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

Law Library Association  
Morgan County  
126 West Main Street  
McConnelsville, Ohio 43756

To the Board of Trustees:

We have audited the accompanying financial statements of the Morgan County Law Library Association, Morgan County, Ohio (the Association), as of and for the years ended December 31, 1998 and December 31, 1997, and have issued our report thereon dated March 20, 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 Association'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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted a certain immaterial instance of noncompliance that we have reported to management of the Association in a separate letter dated March 20, 2000.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the 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 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 conditions. 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 judgement, could adversely affect the Association's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying Schedule of Findings as items 1998-61058-001 and 1998-61058-002.

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 a material weakness. However, we consider items 1998-61058-001 and 1998-61058-002, described above, to be material weaknesses. We also noted another matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to the management of the Association in a separate letter dated March 20, 2000.

Law Library Association  
Morgan County  
Report of Independent Accountants on Compliance and on Internal Control  
Required by *Government Auditing Standards*  
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This report is intended for the information and use of management and the Board of Trustees, and is not intended to be and should not be used by anyone other than these specified parties.

**Jim Petro**  
Auditor of State

March 20, 2000

**SCHEDULE OF FINDINGS  
DECEMBER 31, 1998 AND 1997**

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

**FINDING NUMBER 1998-61058-001**

**Law Library Association Board of Trustees Minutes**

The Clerk of the Association did not present Board of Trustee meeting minutes for audit and did not believe such minutes were maintained. Without a record of the Association's minutes, questions could arise as to the adoption of bylaws and the approval of other matters.

We recommend the Board of Trustees appoint a secretary to maintain a minute record of all Association meetings which should include all official actions taken by the Board.

**FINDING NUMBER 1998-61058-002**

**Monitoring Law Library Association Financial Activity**

Due to the relatively small size of the Association, an adequate segregation of duties was not practical and the Clerk performed all accounting functions. However, we noted no monitoring control procedures in place for the Association. Without formalized review and monitoring procedures, errors and irregularities could occur without being detected by the Board of Trustees in a timely manner. Our review of the Association's operations indicated the following:

1. The Clerk of the Association did not perform a bank reconciliation each month during the audit period. Interest was not posted when received.
2. The Clerk did not pay bills in a timely manner. Certain payments on invoices were extended over a period of many months, to the point of late notices being sent to the Clerk and litigation threatened against the Association for nonpayment of obligations.
3. Checks were signed only by the Clerk and there were no minutes or other documentation presented for audit to indicate the Board reviewed and approved the expenditures.
4. The Clerk did not complete and file the annual reports in a timely manner. When records were requested for audit, the Clerk indicated the records were not ready and the audit was delayed approximately eight months.

We recommend the Board of Trustees establish and adopt, by resolution, formalized review and monitoring procedures. These review and monitoring procedures should include, but not be limited to, the following:

1. A monthly reconciliation of the bank balance to the cashbook balance should be performed by the Clerk and presented to the Board of Trustees for review and approval.
2. Bills should be paid on a monthly basis.
3. Invoices should be reviewed and approved by the Board prior to the issuance of checks.
4. The cashbook should be posted monthly and presented to the Board for its review and approval. The annual report required to be filed according to Ohio Revised Code Section 3375.56 could then be prepared in a timely manner. Audits would also be performed in a timely manner and at less cost to the Association.





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**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  
MAY 30, 2000**