



**WARREN COUNTY LAW LIBRARY ASSOCIATION
WARREN COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999-1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**WARREN COUNTY LAW LIBRARY ASSOCIATION
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REPORT OF INDEPENDENT ACCOUNTANTS

Warren County Law Library Association
Warren County
500 Justice Drive
Lebanon, Ohio 45036

To the Board of Trustees:

We have audited the accompanying financial statements of the Warren County Law Library Association, Warren County, Ohio (the Law Library), as of and for the years ended December 31, 1999 and 1998. These financial statements are the responsibility of the Law Library's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 Law 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, the combined fund cash balances of the Law Library as of December 31, 1999 and 1998, and its combined 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 June 30, 2000 on our consideration of the Law 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 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.

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

Jim Petro
Auditor of State

June 30, 2000

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**WARREN COUNTY LAW LIBRARY ASSOCIATION
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN FUND CASH BALANCE - GENERAL FUND -
 FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>General</u>
Cash Receipts:	
Fines:	
City of Franklin	\$34,445
City of Lebanon	40,916
City of Mason	18,687
Warren County Receipts:	
Warren County Clerk of Courts	1,250
Warren County Auditor	307,434
Other Receipts:	
Interest	10,345
Miscellaneous	<u>4,629</u>
Total Cash Receipts	<u>417,706</u>
Cash Disbursements:	
Book Purchases	164,527
Supplies	2,717
Insurance	855
Utilities	1,745
Miscellaneous	20,413
Excess Funds Refunded to Subdivisions:	
Warren County	76,300
City of Franklin	29,979
City of Lebanon	26,006
City of Mason	<u>13,243</u>
Total Cash Disbursements	<u>335,785</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>81,921</u>
Fund Cash Balance, January 1	<u>255,738</u>
Fund Cash Balance, December 31	<u>\$337,659</u>

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

**WARREN COUNTY LAW LIBRARY ASSOCIATION
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN FUND CASH BALANCE - GENERAL FUND -
 FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>General</u>
Cash Receipts:	
Fines:	
City of Franklin	\$19,836
City of Lebanon	35,547
City of Mason	15,565
Warren County Receipts:	
Warren County Clerk of Courts	1,250
Warren County Auditor	286,125
Other Receipts:	
Interest	7,079
Miscellaneous	1,222
 Total Cash Receipts	 <u>366,624</u>
Cash Disbursements:	
Book Purchases	184,808
Supplies	2,518
Insurance	788
Utilities	1,943
Miscellaneous	14,870
Excess Funds Refunded to Subdivisions:	
Warren County	77,484
City of Franklin	30,697
City of Lebanon	19,117
City of Mason	<u>9,744</u>
 Total Cash Disbursements	 <u>341,969</u>
 Total Cash Receipts Over/(Under) Cash Disbursements	 24,655
 Fund Cash Balance, January 1	 <u>231,083</u>
 Fund Cash Balance, December 31	 <u><u>\$255,738</u></u>

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

**WARREN COUNTY LAW LIBRARY ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Warren County Law Library Association, Warren County, Ohio (the Law Library), is a body established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Law Library is directed by an eleven-member Board of Trustees. The membership consists of all judges of the General, Probate, Juvenile, and Domestic Relations Divisions of the Court of Common Pleas of Warren County. These judges along with seven other members of the Warren County Bar Association shall be appointed by the President for staggered terms of three years. The Law Library is formed for the purpose of providing a legal research and resource base to members. The Law Library controls only public funds that are received from the various courts of Warren County, and from fees charged for the use of the Law Library's computer system for legal research and from making copies. These public funds are restricted to purchases of law books, computer communication, salaries, and equipment.

The Law Librarian serves at the pleasure of the Board of Trustees. The Librarian's compensation is fixed by the Judge of Common Pleas Court and is paid out of the Warren County General Fund. The Board of Trustees serve without compensation.

The Law Library's management believes these financial statements included in this report represent all of the funds of the Law Library over which the Board of Trustees 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 Deposits

The Law Library maintains an interest-bearing checking account for all of its deposits.

D. Fund Accounting

The Law Library uses one fund to account for the related revenues and expenditures:

General Fund

The General Fund is the general operating fund of the Law Library. It is used to account for all financial resources except those required by law or contract to be restricted. The Law Library has no financial resources required by law or contract to be restricted.

E. Budgetary Process

The Law Library is not subject to Ohio Budgetary law and is not a taxing subdivision.

**WARREN COUNTY LAW LIBRARY ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. 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. DEPOSITS

The Law Library maintains an interest-bearing checking account. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits at December 31 follows:

	<u>1999</u>	<u>1998</u>
Total Demand Deposits	<u>\$337,659</u>	<u>\$255,738</u>

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

3. RETIREMENT SYSTEM

Employees of the Law Library are covered by the Public Employees Retirement System (PERS) of Ohio or the Federal Insurance Contributions Act. The State of Ohio accounts for the activities of the retirement system and the amount of that fund is not reflected in the accompanying financial statements. For 1999 and 1998, the employees contributed 8.5% of their gross salaries. The Law Librarian and her assistant are County employees and thus Warren County contributes 13.55% of their gross wages.

4. RISK MANAGEMENT

The Law Library has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Errors and omissions



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

Warren County Law Library Association
Warren County
500 Justice Drive
Lebanon, Ohio 45036

To the Board of Trustees:

We have audited the accompanying financial statements of the Warren County Law Library Association, Warren County, Ohio (the Law Library), as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated June 30, 2000. We conducted our audits 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 Law 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 no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Law 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 matter involving the internal control over financial reporting and its operation that we consider to be a 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 Law 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 1999-60483-001.

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. However, we believe the reportable condition described above is not material weakness.

We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to the management of the Law Library in a separate letter dated June 30, 2000.

This report is intended for the information and use of 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 flourish at the end.

Jim Petro
Auditor of State

June 30, 2000

**WARREN COUNTY LAW LIBRARY ASSOCIATION
SCHEDULE OF FINDINGS
DECEMBER 31, 1999 AND 1998**

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

FINDING NUMBER 1999-60483-001

Reportable Condition - Internal Control

Warren County Law Library Association employees participated in the health insurance plan of Warren County. During the County's audit, we noted that Warren County had delegated employees' health insurance claims processing, which is a significant accounting function, to a third-party administrator. The County has not established procedures to reasonably determine that health insurance claims have been completely and accurately processed in accordance with the health insurance contract.

We recommend that Warren County, as the Law Library's fiscal agent, implement procedures to reasonably assure the completeness and accuracy (including eligibility and allowability) of health insurance claims processed by their third-party administrator. Statement on Auditing Standards No. 70 (SAS 70) prescribes testing and reporting standards for audits of claims processing controls which should satisfy this requirement. As described in that Statement, we suggest that the County obtain a "Report on Policies and Procedures Placed in Operation and Tests of Operating Effectiveness" from the third-party administrator. Such a report, if unqualified, would provide evidence to the County's and the Law Library's management that health insurance claims were being processed in conformance with the contract.



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LAW LIBRARY ASSOCIATION

WARREN 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
AUGUST 3, 2000**