



**LAW LIBRARY ASSOCIATION
MORGAN COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000-1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**LAW LIBRARY ASSOCIATION
MORGAN COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Law Library Association
Morgan County
19 East Main Street
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, 2000 and 1999. 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 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 statement 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 statement referred to above presents fairly, in all material respects, the cash balance of the Law Library Association, Morgan County, as of December 31, 2000 and 1999, 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 January 24, 2001, 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. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of the management, the 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

January 24, 2001

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**LAW LIBRARY ASSOCIATION
MORGAN COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN CASH BALANCE
FOR THE YEARS ENDED DECEMBER 31, 2000 and 1999**

	<u>2000</u>	<u>1999</u>
Cash Receipts:		
County Auditor	\$ 30,472	\$ 27,849
Clerk of Courts	1,250	1,250
Miscellaneous	<u>51</u>	<u>80</u>
 Total Cash Receipts	 <u>31,773</u>	 <u>29,179</u>
Cash Disbursements:		
Books, Tapes and Periodicals	33,521	28,921
Miscellaneous	<u>2,641</u>	<u>263</u>
 Total Cash Disbursements	 <u>36,162</u>	 <u>29,184</u>
 Excess of Cash Receipts Over/(Under) Cash Disbursements	 <u>(4,389)</u>	 <u>(5)</u>
 Cash Balance, January 1	 <u>4,389</u>	 <u>4,394</u>
 Cash Balance, December 31	 <u><u>\$ 0</u></u>	 <u><u>\$ 4,389</u></u>

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

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**LAW LIBRARY ASSOCIATION
MORGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2000 AND 1999**

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 of the State of Ohio and Ohio Rev. Code Sections 3375.48 through 3375.56, inclusive. The Association is directed by an appointed Board of Trustees and Clerk/Treasurer. The Association provides legal reference materials for use in the Morgan County judicial system.

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

B. Basis of Accounting

The financial statement follows 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.

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

C. Budgetary Process

The Association is not required to follow the budgetary requirements under Ohio Rev. Code Chapter 5705. Accordingly, no budgetary information is presented.

D. Property, Plant and Equipment

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

2. CASH

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

	<u>2000</u>	<u>1999</u>
Demand Deposits	<u>\$ 0</u>	<u>\$4,389</u>

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

**LAW LIBRARY ASSOCIATION
MORGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2000 AND 1999
(Continued)**

3. RETIREMENT SYSTEM

The Association's Law Librarian belongs to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2000 and 1999, the Librarian contributed 8.5% of their gross salary. Morgan County contributed an amount equal to 13.55% of participant's gross salary. Morgan County has paid all contributions (on behalf of the Association) required through December 31, 2000.

4. RISK MANAGEMENT

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



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

Law Library Association
Morgan County
19 East Main Street
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, 2000 and 1999, and have issued our report thereon dated January 24, 2001. 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 statement is 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 Association's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement 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 2000-61058-001 and 2000-61058-002.

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 all of the reportable conditions identified above to be material weaknesses. 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 management of the Association in a separate letter dated January 24, 2001.

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 the 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

January 24, 2001

**LAW LIBRARY ASSOCIATION
MORGAN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2000 AND 1999**

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

FINDING NUMBER 2000-61058-001

Material Weakness

Board of Trustees Minutes

Meeting minutes were not presented for audit and the Librarian did not believe such minutes had been maintained. Without a record of the Association's minutes, questions could arise as to the validity of the actions taken by the Association.

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

FINDING NUMBER 2000-61058-002

Material Weakness

Monitoring Financial Activity

Due to the relatively small size of the Association, 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. A bank reconciliation was not prepared for each month in 1999 and 2000. Interest was not posted when received.
2. Bills were not paid in a timely manner in 1999. In at least one instance, payments on invoices were extended over a period of many months, to the point of late notices being sent and litigation threatened for nonpayment.
3. There were no minutes or other documentation presented for 1999 and 2000 to indicate the Board reviewed and approved the expenditures.
4. The 1999 annual report was not prepared and filed.

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

1. Review and approve the monthly bank-to-book reconciliation.
2. Payment of bills when due.
3. Review and approval of bills prior to the issuance of checks.
4. Review the annual financial report.

**LAW LIBRARY ASSOCIATION
MORGAN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2000 AND 1999**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
1998-61058-001	A material weakness was issued for the failure to maintain minute records of all Association meetings.	No	Not Corrected: This is repeated in the Schedule of Findings as item 2000-61058-001.
1998-61058-002	A material weakness was issued for the lack of monitoring control procedures by the Board of Trustees of the Association.	No	Not Corrected: This is repeated in the Schedule of Findings as item 2000-61058-002.



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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
MARCH 6, 2001**