



**Auditor of State  
Betty Montgomery**



**LAW LIBRARY ASSOCIATION  
MUSKINGUM COUNTY**

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

Law Library Association  
Muskingum County  
22 North Fifth Street  
Zanesville, Ohio 43701

To the Board of Trustees:

We have audited the accompanying financial statements of the General Fund and Retained Monies Fund of the Law Library Association, Muskingum County, Ohio (the Library), as of and for the years ended December 31, 2002 and 2001. 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 auditing standards generally accepted in the United States of America 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, the fund cash balances of the Law Library Association, Muskingum County, General Fund and Retained Monies Fund, as of December 31, 2002 and 2001, and its cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

As discussed in Note 2, the Library has segregated activity associated with the Retained Monies Fund from General Fund activity.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 12, 2003 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.

Law Library Association  
Muskingum County  
Independent Accountants' Report  
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This report is intended solely for the information and use of the audit committee, 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.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

November 12, 2003

**LAW LIBRARY ASSOCIATION  
MUSKINGUM COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL PUBLIC FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<b>General Fund</b>	<b>Retained Monies Fund</b>	<b>Totals (Memorandum Only)</b>
<b>Cash Receipts:</b>			
Fines and Forfeitures	\$293,099	\$	\$293,099
Interest	1,062	14,951	16,013
Miscellaneous Receipts	1,106		1,106
<b>Total Cash Receipts</b>	<b>295,267</b>	<b>14,951</b>	<b>310,218</b>
<b>Cash Disbursements:</b>			
Contracted Services	21,219		21,219
Equipment	36,222		36,222
Books and Periodicals	205,387		205,387
Supplies	645		645
Miscellaneous Disbursements	2,629		2,629
<b>Total Cash Disbursements</b>	<b>266,102</b>	<b>0</b>	<b>266,102</b>
<b>Total Cash Receipts Over/(Under) Cash Disbursements</b>	<b>29,165</b>	<b>14,951</b>	<b>44,116</b>
Public Fund Cash Balances, January 1	0	352,982	352,982
<b>Public Fund Cash Balances, December 31</b>	<b>\$29,165</b>	<b>\$367,933</b>	<b>\$397,098</b>

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

**LAW LIBRARY ASSOCIATION  
MUSKINGUM COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL PUBLIC FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<b>General Fund</b>	<b>Retained Monies Fund</b>	<b>Totals (Memorandum Only)</b>
<b>Cash Receipts:</b>			
Fine and Forfeitures	\$224,708	\$	\$224,708
Interest	1,068	18,700	19,768
Miscellaneous Receipts	36		36
<b>Total Cash Receipts</b>	<b>225,812</b>	<b>18,700</b>	<b>244,512</b>
<b>Cash Disbursements:</b>			
Contracted Services	14,905		14,905
Equipment	7,480		7,480
Books and Periodicals	199,168		199,168
Supplies	198		198
Personal Services	2,408		2,408
Miscellaneous Disbursements	1,653		1,653
<b>Total Cash Disbursements</b>	<b>225,812</b>	<b>0</b>	<b>225,812</b>
Total Cash Receipts Over/(Under) Cash Disbursements	0	18,700	18,700
Public Fund Cash Balances, January 1 - See Note 2	0	334,282	334,282
<b>Public Fund Cash Balances, December 31</b>	<b>\$0</b>	<b>\$352,982</b>	<b>\$352,982</b>

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



**LAW LIBRARY ASSOCIATION  
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Law Library Association, Muskingum County (the Library), is directed by a board of five trustees who are elected to five year terms by members of the Muskingum County Bar Association. The Library provides free access for all county officers and the judges of the several courts within the county.

The Library operates by receiving a portion of fine and forfeiture monies from the courts (and any associated interest) under Ohio Revised Code Sections 3375.50 to 3375.53, inclusive. The Library is permitted to expend funds under Ohio Revised Code Section 3375.54. The funds of the Library are expended on the purchase, lease or rental of lawbooks; 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.

The Muskingum County Commissioners are required by Ohio Revised Code Section 3375.49 to provide adequate facilities for the Library. The Board of County Commissioners is required to provide suitable bookcases, heating and lighting for the rooms.

The Board of Trustees hires a librarian. The Judges of the Court of Common Pleas of Muskingum County fix the compensation of the librarian pursuant to Ohio Revised Code Section 3375.48. If the Library provides free access to all county officers and the judges of the several courts, the salary of the law librarian should be paid from the county treasury. If the conditions above are not met, then the salary of the librarian should be paid by the Library.

The Library's management believes these financial statements present all public funds 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**

Certificates of deposit are valued at cost.

**LAW LIBRARY ASSOCIATION  
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

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

**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 the following types:

**1. 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.

**2. Retained Monies Fund**

The Retained Monies Fund consists of monies retained by the Library under Ohio Revised Code § 3375.56. At the end of each calendar year, the Library is permitted under law to retain up to ten percent of the unencumbered balance. See Footnote 2 for additional information.

**E. Property, Plant and Equipment**

Acquisitions of equipment are recorded as equipment disbursements when paid. These items are not reflected as assets on the accompanying financial statements. Items purchased which are deemed to be equipment are computers, copiers, fax machines, and other items related toward facilitating the use of the equipment.

**F. Refund to Relative Income Sources**

If certain conditions are met, the Library is required to refund at least ninety percent of any *unencumbered* balance to political subdivisions that provided revenues to the Library. See Footnote 3 for additional information.

**G. Total Columns on Financial Statements**

Total columns on the financial statements are captioned (Memorandum Only) to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, or results of operations in conformity with the basis of accounting described above. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

**2. ACCOUNTING CHANGE**

Prior to January 1, 2001, a retained monies fund was not reported by the Library. However, the Library has historically maintained documentation concerning the retained monies, although not in a separate fund. Retained monies have been, and are currently, invested in certificates of deposit, apart from general fund monies.

**LAW LIBRARY ASSOCIATION  
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

**3. CALCULATION OF REFUND TO RELATIVE INCOME SOURCES AND AMOUNT RETAINED**

In any year that revenues exceed disbursements, the Library refunds at least ninety percent of the balance to the political subdivisions who provided the funds and retains the remaining amount. This refund process is referred to as the application of Ohio Revised Code § 3375.56 or refund to relative income sources. The following charts present the refunded and retained amounts during 2003 and 2002:

<b>Balance at December 31, 2002 Refunded and Retained During Calendar Year 2003</b>	
Balance at December 31, 2002	\$29,165
Refunded to Relative Sources during 2003	\$26,248
Increase in Retained Funds Amount during 2003	\$2,917

<b>Balance at December 31, 2001 Refunded and Retained During Calendar Year 2002</b>	
Balance at December 31, 2001	\$0
Refunded to Relative Sources during 2002	\$0
Increase in Retained Funds Amount during 2002	\$0

**4. CASH AND INVESTMENTS**

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

	2002	2001
Demand deposits	\$29,165	\$0
Certificates of deposit	367,933	352,982
Total deposits	\$397,098	\$352,982

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

**5. RISK MANAGEMENT**

**Commercial Insurance**

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

- Commercial property;
- Electronic data processing; and
- Valuable papers.

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**Auditor of State  
Betty Montgomery**

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

Law Library Association  
Muskingum County  
22 North Fifth Street  
Zanesville, Ohio 43701

To the Board of Trustees:

We have audited the accompanying financial statements of the Law Library Association, Muskingum County, Ohio (the Library), as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated November 12, 2003, wherein we noted that the Library has segregated activity associated with the Retained Monies Fund from General Fund activity. 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 *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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted an immaterial instance of noncompliance that we have reported to management of the Library in a separate letter dated November 12, 2003.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the 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 a 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 Library's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. A reportable condition is described in the accompanying Schedule of Findings as item 2002-001.

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 do not believe the reportable condition described above is a material weakness.

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



**Betty Montgomery**  
Auditor of State

November 12, 2003

**LAW LIBRARY ASSOCIATION  
MUSKINGUM COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2002 AND 2001**

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

**FINDING NUMBER 2002-001**

**Reportable Condition**

For the years ended December 31, 2002 and 2001, interest earned on certificates of deposit was not recorded on the Library's books. As these interest earnings represent significant revenue to the Library, the failure to include interest earnings resulted in the financial statements being misstated.

As a result, it was necessary to adjust the Library's financial statements to properly reflect interest revenue.

We recommend the law librarian record interest revenue as it is becomes available to the Library. The Board should periodically review bank statements and certificate of deposit interest records and compare them to the books to determine that all activity is properly accounted for.

**LAW LIBRARY ASSOCIATION  
MUSKINGUM COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2002 AND 2001**

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>
2000-61060-001	Interest earned on certificates of deposit was not recorded on the Library's books.	No	Reissued as finding number 2002-001.





**Auditor of State  
Betty Montgomery**

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**MUSKINGUM COUNTY LAW LIBRARY ASSOCIATION**

**MUSKINGUM 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  
DECEMBER 2, 2003**