



Mary Taylor, CPA
Auditor of State

LAW LIBRARY ASSOCIATION
MUSKINGUM COUNTY

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Mary Taylor, CPA
Auditor of State

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

To the Board of Trustees:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statement due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statement in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statement present is misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statement you prepared using the cash basis and financial statement format the AOS permits.

Mary Taylor

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Auditor of State

April 22, 2010

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Mary Taylor, CPA

Auditor of State

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 statement of the General Fund and the Retained Monies Fund of the Law Library Association, Muskingum County, Ohio (the Library), as of and for the year ended December 31, 2009. This financial statement is the responsibility of the Library's management. Our responsibility is to express an opinion on this financial statement 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. 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 our audit provides a reasonable basis for our opinion.

The financial statement presents only the General Fund and the Retained Monies Fund and does not intend to present fairly the financial position or results of operations of all the Library funds.

As described more fully in Note 1, the Library has prepared this financial statement using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statement of the variances between these regulatory accounting practices and GAAP, we presume they are material.

GAAP require presenting entity-wide statements and also presenting the Library's larger (i.e., major) funds separately. While the Library does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statement does not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require law libraries to reformat their statements. The Library has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statement referred to above for the year ended December 31, 2009 does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Library as of December 31, 2009, or its changes in financial position for the year then ended.

Also, in our opinion, the financial statement referred to above presents fairly, in all material respects, the fund cash balances of the Law Library Association, Muskingum County, General Fund and the Retained Monies Fund as of December 31, 2009, and its cash receipts and disbursements for the year then ended on the accounting basis Note 1 describes.

As described in Note 1, per HB 420 of the 127th General Assembly, the Library must transfer its public cash and property purchased with public funds to the County on or before January 1, 2010. Effective January 1, 2010, the County will report the Library operations in a Law Library Resources Special Revenue Fund (LLRF). These LLRF transactions will be included within the scope of the County audit for the year ending December 31, 2010 and subsequent years.

The Library has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statement.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 22, 2010 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 grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



Mary Taylor, CPA
Auditor of State

April 22, 2010

**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, 2009**

	<u>General Fund</u>	<u>Retained Monies Fund</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:			
Fine and Forfeitures	\$140,055		\$140,055
Interest		\$14,684	14,684
Miscellaneous Receipts		36	36
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	140,055	14,720	154,775
Cash Disbursements:			
Supplies and Materials	129,397	345,125	474,522
Transfer to the County	11,577	386	11,963
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	140,974	345,511	486,485
Total Cash Receipts Over/(Under) Cash Disbursements	<hr/>	<hr/>	<hr/>
	(919)	(330,791)	(331,710)
Other Financing Receipts/(Disbursements):			
Refunds from Vendors	919		919
	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts/(Disbursements)	919		919
Excess (Deficiency) of Cash Receipts and Other Financing Receipts Over (Under) Cash Disbursements and Other Financing Disbursements	<hr/>	<hr/>	<hr/>
	0	(330,791)	(330,791)
Public Fund Cash Balances, January 1	<hr/>	<hr/>	<hr/>
	0	453,742	453,742
Public Fund Cash Balances, December 31	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	\$0	\$122,951	\$122,951

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

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**LAW LIBRARY ASSOCIATION
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2009**

1. Summary of Significant Accounting Policies

A. Description of the Entity

The Law Library Association, Muskingum County (the Library), is governed by a board of five trustees, who are elected to five year terms by members of the Muskingum County Bar Association. The Library provides access to 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 (ORC) §§ 3375.50 to .53, inclusive. ORC § 3375.54 authorizes the Library to disburse funds to purchase, lease or rent law books; 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.

ORC §3375.49 requires the Muskingum County Commissioners to provide adequate facilities for the Library, including 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 this librarian's compensation pursuant to ORC § 3375.48. If the Library provides free access to all county officers and the judges of the several courts, the County treasury pays the librarians' salary. If the Library does not provide free access, the Library must pay the librarian's salary.

House Bill 66 amended Ohio Rev. Code Section 3375.48 effective September 29, 2005 to transfer the authority to fix the compensation of the law librarian and assistant law librarians from the judges of the Common Pleas Court to the county law library association's board of trustees. During 2009, the County Commissioners were responsible for compensating the librarian and up to two assistants and for the costs of the space and utilities.

As of January 1, 2010, a Law Library Resources Board (LLRB) will govern county law libraries. Each county will establish a county law library resources fund (LLRF) as required by Ohio Revised Code Section 307.514. On or before January 1, 2010 the Library must transfer money and property purchased with fine and penalties monies to the LLRB. The Library transferred bank account funds totaling \$11,963 on December 31, 2009 and certificates of deposits in the amounts of \$36,196 and \$86,755 on January 15, 2010 and January 22, 2010, respectively, to the LLRB. The Library had no property to transfer at January 1, 2010. Expenditures from the LLRF Fund shall be made pursuant to the annual appropriation measure adopted by the Commissioners.

The Library's management believes this financial statement presents all public funds for which the Library is financially accountable.

B. Accounting Basis

This financial statement follows the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Library recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred.

This statement includes adequate disclosure of material matters, as the Auditor of State prescribes or permits.

**LAW LIBRARY ASSOCIATION
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2009
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

C. Deposits

The Library values certificates of deposit at cost.

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 reports all financial resources except those required to be accounted for in another fund.

2. Retained Monies Fund

The Retained Monies Fund reports funds the Library retains under Ohio Revised Code § 3375.56. At the end of each calendar year the Library may retain up to ten percent of their unencumbered balance.

E. Property, Plant, and Equipment

The Library records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statement does not report these items as assets.

2. Refund to Relative Income Sources and Amount Retained

In any year that receipts exceed disbursements, the Library refunds at least ninety percent of the balance to the political subdivisions who provided the funds and retains the remainder. Ohio Revised Code § 3375.56 requires this "refund to relative income sources". For 2009, the Library was not required to refund any monies in accordance with this requirement.

3. Equity in Pooled Deposits

The Library maintains a deposit pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits at December 31 was as follows:

	<u>2009</u>
Certificates of deposit	\$122,951

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

4. Retirement System

The Library's employee belongs to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2009, OPERS members contributed 10% of their gross salaries and the Library contributed an amount equaling 14% of participants' gross salaries. The Library has paid all contributions required through December 31, 2009.

**LAW LIBRARY ASSOCIATION
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2009
(Continued)**

5. Risk Management

Commercial Insurance

The Library has obtained commercial insurance for the following risks:

- Comprehensive property;
- Electronic data processing;
- Valuable papers; and
- Terrorism.

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS 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 financial statement of the Law Library Association, Muskingum County, Ohio (the Library), as of and for the year ended December 31, 2009, and have issued our report thereon dated April 22, 2010, wherein we noted the Library prepared its financial statements using accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. We also disclosed the financial statements include only the General and Retained Monies Funds. As described in Note 1, per HB 420 of the 127th General Assembly, the Library must transfer its public cash and property purchased with public funds to the County on or before January 1, 2010. Effective January 1, 2010, the County will report the Law Library operations in a Law Library Resources Special Revenue Fund (LLRF). These LLRF transactions will be included within the scope of the County audit for the year ending December 31, 2010 and subsequent years. 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 the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Library's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statement, but not for the purpose of opining on the effectiveness of the Library's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Library's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A material weakness is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Library's financial statement will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

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Compliance and Other Matters

As part of reasonably assuring whether the Library's financial statement is free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect 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 an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We intend this report solely for the information and use of management, the audit committee, and the Board of Trustees. We intend it for no one other than these specified parties.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

April 22, 2010

**LAW LIBRARY ASSOCIATION
MUSKINGUM COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2009**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2008-001	A finding for recovery repaid under audit and significant deficiency was issued against the Library for the Library's failure to pay their portion of compensation and cost of space, utilities, and fixtures, contrary to Ohio Rev. Code Section 3375.49, in the amount of \$12,904, to the credit of the Muskingum County General Fund.	Yes	The Library issued check number 3204 in the amount \$3,120 on August 6, 2009 and check number 3209 in the amount of \$9,784 on August 13, 2009 to Muskingum County to pay for its portion of librarian compensation and cost of space, utilities, and fixtures, respectively.



Mary Taylor, CPA
Auditor of State

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
MAY 27, 2010**