



**MUSKINGUM COUNTY LIBRARY SYSTEM  
MUSKINGUM COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2000 - 1999**



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

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**STATE OF OHIO**



MUSKINGUM COUNTY LIBRARY SYSTEM  
MUSKINGUM COUNTY

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STATE OF OHIO  
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## REPORT OF INDEPENDENT ACCOUNTANTS

Muskingum County Library System  
Muskingum County  
220 North Fifth Street  
Zanesville, Ohio 43701

To the Board of Trustees:

We have audited the accompanying financial statements of the Muskingum County Library System, Muskingum County, Ohio (the Library), as of and for the years ended December 31, 2000 and 1999. 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 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 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 and reserves for encumbrances of the Library as of December 31, 2000 and 1999, 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 May 18, 2001 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 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 audit committee, 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

May 18, 2001

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**MUSKINGUM COUNTY LIBRARY SYSTEM  
MUSKINGUM COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES AND NON-EXPENDABLE TRUST FUND  
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Governmental Fund Types</u>		<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Capital Projects</u>	<u>Non-Expendable Trust</u>	
<b>Cash Receipts:</b>				
Taxes	\$3,344,127	\$0	\$0	\$3,344,127
Patron Fines and Fees	77,697			77,697
Earnings on Investments	52,673	120,257	344	173,274
Contributions, Gifts and Donations	21,098			21,098
Miscellaneous	36,322			36,322
	<u>3,531,917</u>	<u>120,257</u>	<u>344</u>	<u>3,652,518</u>
<b>Cash Disbursements:</b>				
Current:				
Salaries and Benefits	1,445,252			1,445,252
Supplies	77,074			77,074
Purchased and Contracted Services	359,901	5,790		365,691
Library Materials and Information	735,288			735,288
Capital Outlay	111,552	168,527		280,079
Other Objects	15,907			15,907
	<u>2,744,974</u>	<u>174,317</u>		<u>2,919,291</u>
Total Cash Receipts Over/(Under) Cash Disbursements	786,943	(54,060)	344	733,227
<b>Other Financing Receipts/(Disbursements):</b>				
Transfers-In		629,215		629,215
Transfers-Out	(629,215)			(629,215)
	<u>(629,215)</u>	<u>629,215</u>	<u>0</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	157,728	575,155	344	733,227
Fund Cash Balances, January 1	384,882	2,596,673	4,966	2,986,521
<b>Fund Cash Balances, December 31</b>	<b><u>\$542,610</u></b>	<b><u>\$3,171,828</u></b>	<b><u>\$5,310</u></b>	<b><u>\$3,719,748</u></b>
Reserve for Encumbrances, December 31	<u>\$367,608</u>	<u>\$1,617</u>	<u>\$0</u>	<u>\$369,225</u>

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

**MUSKINGUM COUNTY LIBRARY SYSTEM  
MUSKINGUM COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES AND NON-EXPENDABLE TRUST FUND  
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>				<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Non-Expendable Trust</u>	
<b>Cash Receipts:</b>					
Taxes	\$3,102,566	\$0	\$	\$	\$3,102,566
Patron Fines and Fees	76,713				76,713
Earnings on Investments	96,492		42,893	297	139,682
Contributions, Gifts and Donations	56,208				56,208
Miscellaneous	7,827		2,000		9,827
<b>Total Cash Receipts</b>	<u>3,339,806</u>	<u>0</u>	<u>44,893</u>	<u>297</u>	<u>3,384,996</u>
<b>Cash Disbursements:</b>					
Current:					
Salaries and Benefits	1,411,553				1,411,553
Supplies	71,638				71,638
Purchased and Contracted Services	368,295		2,080		370,375
Library Materials and Information	582,936				582,936
Capital Outlay	82,363		119,056		201,419
Other Objects	16,104				16,104
<b>Total Cash Disbursements</b>	<u>2,532,889</u>	<u>0</u>	<u>121,136</u>	<u>0</u>	<u>2,654,025</u>
Total Cash Receipts Over/(Under) Cash Disbursements	806,917	0	(76,243)	297	730,971
<b>Other Financing Receipts/(Disbursements):</b>					
Transfers-In	97		690,222		690,319
Transfers-Out	(690,222)	(97)			(690,319)
<b>Total Other Financing Receipts/(Disbursements)</b>	<u>(690,125)</u>	<u>(97)</u>	<u>690,222</u>	<u>0</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	116,792	(97)	613,979	297	730,971
Fund Cash Balances, January 1	268,090	97	1,982,694	4,669	2,255,550
<b>Fund Cash Balances, December 31</b>	<u><b>\$384,882</b></u>	<u><b>\$0</b></u>	<u><b>\$2,596,673</b></u>	<u><b>\$4,966</b></u>	<u><b>\$2,986,521</b></u>
Reserve for Encumbrances, December 31	<u>\$259,879</u>	<u>\$0</u>	<u>\$44,550</u>	<u>\$0</u>	<u>\$304,429</u>

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



**MUSKINGUM COUNTY LIBRARY SYSTEM  
MUSKINGUM COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Muskingum County Library System, Muskingum County, (the Library) 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 Library is directed by a seven-member Board of Trustees appointed by the Muskingum County Commissioners and by the Muskingum County Common Pleas Court. The Library provides the community with various educational and literary resources. The Library is involved with the SOLO Regional Library which is defined as a jointly governed organization. Additional information concerning the jointly governed organization is presented in Note 8.

The Library's management believes these financial statements present all activities 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. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

**C. Cash and Investments**

Investments are not reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

Certificates of deposit, and U.S. Treasury Notes are valued at cost. Mutual funds are recorded at share values reported by the mutual fund.

**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. Special Revenue Funds**

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Library's only significant Special Revenue Fund, the Ohio Humanities Council Grant Fund, was used to account for grant proceeds and related expenditures.

**MUSKINGUM COUNTY LIBRARY SYSTEM  
MUSKINGUM COUNTY**

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

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

**D. Fund Accounting (Continued)**

**3. Capital Project Funds**

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Library had the following significant capital project funds:

Building Fund - This fund is used to accumulate resources for possible future building projects.

Automation Fund - This fund is used to accumulate resources for computer technology systems upgrades.

**4. Fiduciary Funds (Trust and Agency Funds)**

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Library to maintain the corpus of the trust, the fund is classified as a non-expendable trust fund. Other trust funds are classified as expendable. Funds for which the Library is acting in an agency capacity are classified as agency funds. The Library had one Non-expendable Trust Fund, the Permanent Endowment Fund, which was used to accumulate resources for permanent endowments.

**E. Budgetary Process**

The Ohio Administrative Code requires that each fund be budgeted annually.

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function, and object level of control. The Board of Trustees must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

**2. Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1.

**3. Encumbrances**

The Ohio Administrative Code requires the Library to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2000 and 1999 budgetary activity appears in Note 3.

**MUSKINGUM COUNTY LIBRARY SYSTEM  
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(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.

**G. Unpaid Vacation and Sick Leave**

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the Library.

**2. EQUITY IN POOLED CASH AND INVESTMENTS**

The Library maintains a cash and investments pool used by all funds. Each fund type's portion of this pool is displayed on the financial statements as fund balance.

State statutes classify monies held by the Library into three categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the Library Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Board of Trustees has identified as not required for use within the current two year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit, or by savings or deposit accounts including passbook accounts.

Protection of the Library's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, surety company bonds deposited with the treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

Interim monies may be deposited or invested in the following securities:

1. United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal and interest by the United States;

**MUSKINGUM COUNTY LIBRARY SYSTEM  
MUSKINGUM COUNTY**

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

**2. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)**

2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAROhio);and
7. Certain banker's acceptances and commercial paper notes for a period not to exceed one hundred and eighty days in an amount not to exceed twenty-five percent of the interim moneys available for investment at any one time.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the Library, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specific dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Protection of the Library's deposits is provided by the Federal Deposit Insurance Corporation and by eligible securities pledged by the financial institution as security for repayment.

*Deposits:*

At December 31, 2000, the carrying amount of the Library's deposits was \$1,720,046 and the bank balance was \$1,777,120, which included \$10,277 in the payroll clearance account.

1. \$371,621 of the bank balance was covered by federal depository insurance; and
2. \$512,317 was covered by securities held by the financial institution's agent in the name of the Library;

**MUSKINGUM COUNTY LIBRARY SYSTEM  
MUSKINGUM COUNTY**

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

**2. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)**

3. \$893,182 was uninsured and uncollateralized. Although all statutory requirements for the deposit of money had been followed, non compliance with federal requirements could potentially subject the Library to a successful claim by the FDIC.

At December 31, 1999, the carrying amount of the Library's deposits was \$1,298,984 and the bank balance was \$1,370,570, which included \$17,002 in the payroll clearance account.

1. \$249,051 of the bank balance was covered by federal depository insurance; and
2. \$662,046 was covered by securities held by the financial institution's agent in the name of the Library;
3. \$459,473 was uninsured and uncollateralized. Although all statutory requirements for the deposit of money had been followed, non compliance with federal requirements could potentially subject the Library to a successful claim by the FDIC.

*Investments:* At December 31, 2000 and December 31, 1999, investment balances were \$1,999,702 and \$1,687,537, respectively, which were limited to mutual funds. These investments are not categorized as to risk because they are not evidenced by securities that exist in physical or book-entry form.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2000 and 1999 follows:

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$3,518,626	\$3,531,917	\$13,291
Capital Projects	97,500	749,472	651,972
Non-Expendable Trust	325	344	19
Total	\$3,616,451	\$4,281,733	\$665,282

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$3,722,424	\$3,741,797	(\$19,373)
Capital Projects	2,004,660	175,934	1,828,726
Non-Expendable Trust	0	0	0
Total	\$5,727,084	\$3,917,731	\$1,809,353

**MUSKINGUM COUNTY LIBRARY SYSTEM  
MUSKINGUM COUNTY**

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

**3. BUDGETARY ACTIVITY (Continued)**

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$3,287,398	\$3,339,903	\$52,505
Special Revenue	0	0	0
Capital Projects	42,000	735,115	693,115
Non-Expendable Trust	300	297	(3)
Total	\$3,329,698	\$4,075,315	\$745,617

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$3,646,237	\$3,482,990	\$163,247
Special Revenue	0	97	(97)
Capital Projects	1,606,339	165,686	1,440,653
Non-Expendable Trust	0	0	0
Total	\$5,252,576	\$3,648,773	\$1,603,803

**4. GRANTS-IN-AID AND TAX RECEIPTS**

The primary source of revenue for Ohio public libraries is the State Library and Local Government Support Fund (LLGSF). The LLGSF is allocated to each county based on the county's prior intangibles tax of LLGSF revenues, and its population. The County Budget Commission allocates these funds to the Library based on its needs such as for the construction of new library buildings, improvements, operation, maintenance, or other expenses. The Budget Commission cannot reduce its allocation of these funds to the Library on account of any additional revenues realized by the Library.

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the taxing authority of the subdivision to whose jurisdiction the Library is subject. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Other Governments Grants In Aid. Payments are due to the County by December 31. If the property owner elects to make semiannual payments, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the taxing district. Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30. The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Library.

**MUSKINGUM COUNTY LIBRARY SYSTEM  
MUSKINGUM COUNTY**

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

**5. RETIREMENT SYSTEM**

The Public Employees Retirement System of Ohio (PERS) is a state operated, cost-sharing, multiple employer public employee retirement system. PERS provides retirement benefits to vested employees who are eligible to retire based upon years of service. PERS also provides survivor and disability benefits to vested employees.

Contribution rates are also prescribed by the Ohio Revised Code. The Library's PERS members contributed 8.5% of their gross salaries. The Library contributed an amount equal to 10.82% and 13.55% of participants' gross salaries for 2000 and 1999, respectively. The Library has paid all contributions required through December 31, 2000.

**6. RISK MANAGEMENT**

The Library has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Errors and omissions

The Library also provides health insurance and dental and vision coverage to full-time employees through a private carrier.

**7. CONTINGENT LIABILITIES**

Amounts received from grantor agencies are subject to audit and adjustment by the grantor, principally the federal government. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.

**8. JOINTLY GOVERNED ORGANIZATION**

The SOLO (Southeastern Ohio Library Organization) Regional Library System, (SOLO), is a regional library system created and jointly governed according to the provisions of Ohio Rev. Code § 3375.90 through § 3375.93. The Regional Library System is composed of fourteen legally-separate libraries within Southeast Ohio: Barnesville Hutton Memorial Library, Bellaire Public Library, Caldwell Public Library, Guernsey County District Library, Kate Love Simpson Library, Martins Ferry Public Library, Monroe County District Library, Muskingum County Public Library System, Newark Public Library, Perry County District Library, Public Library of Steubenville and Jefferson County, Puskarich Public Library, St. Clairsville Public Library, and Washington County Public Library. The Regional Library System is governed by a fourteen member Board of Trustees selected by the Librarians Council which consists of the library administrators or a representative from each member library. The Regional Library System provides annual training workshops for member library employees, technical training and assistance, a central graphics center, and coordinates the delivery of intra-library book loans. The Muskingum County Library System's control over budgeting and financing of SOLO is limited to its voting authority and its representation on SOLO's Board of Trustees.

**MUSKINGUM COUNTY LIBRARY SYSTEM  
MUSKINGUM COUNTY**

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

**9. RELATED PARTY TRANSACTION**

The Library pays an annual fee to SOLO Regional Library, a jointly governed organization, of which the Library is a member. The Library paid \$16,916 to the SOLO Regional Library during the period January 1, 1999 through December 31, 2000. Fiscal year 2000, dues of \$8,916 were paid on August 19, 1999, and fiscal year 2001 dues of \$8,000 were paid on June 19, 2000.





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OFFICE OF THE AUDITOR

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

Muskingum County Library System  
Muskingum County  
220 North Fifth Street  
Zanesville, Ohio 43701

To the Board of Trustees:

We have audited the accompanying financial statements of the Muskingum County Library System, Muskingum County, Ohio (the Library), as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated May 18, 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 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 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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. 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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

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

May 18, 2001





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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**MUSKINGUM COUNTY LIBRARY SYSTEM**

**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  
JUNE 26, 2001**