



Mary Taylor, CPA
Auditor of State

HOLMES COUNTY LAW LIBRARY ASSOCIATION
HOLMES COUNTY

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Mary Taylor, CPA

Auditor of State

Holmes County Law Library Association
Holmes County
1 East Jackson Street
Suite 305
Millersburg, Ohio 44654

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 statements 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 statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

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Mary Taylor, CPA
Auditor of State

September 21, 2007

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Holmes County Law Library Association
Holmes County
1 East Jackson Street
Suite 305
Millersburg, Ohio 44654

To the Board of Trustees:

We have audited the accompanying financial statements of the General Fund and the Retained Monies Fund of the Holmes County Law Library Association, Holmes County, Ohio, (the Law Library) as of and for the years ended December 31, 2006 and 2005. 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 reasonably assure 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.

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

As described more fully in Note 1, the Law Library has prepared these financial statements 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 statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Law Library's larger (i.e. major) funds separately. While the Law Library does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require Libraries to reformat their statements. The Law 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 statements referred to above for the years ended December 31, 2006 and 2005 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Law Library as of December 31, 2006 and 2005, or its changes in financial position for the year then ended.

Also in our opinion, the financial statements referred to above present fairly, in all material respects, the fund cash balances of the Holmes County Law Library Association's General Fund and Retained Monies fund as of December 31, 2006 and 2005, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

The Law 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 statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 21, 2007, 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

September 21, 2007

**HOLMES COUNTY LAW LIBRARY ASSOCIATION
HOLMES COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL PUBLIC FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>General Fund</u>	<u>Retained Monies Fund</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:			
Fine and Forfeitures	\$73,141		\$73,141
Interest		\$12	12
Total Cash Receipts	<u>73,141</u>	<u>12</u>	<u>73,153</u>
Cash Disbursements:			
Supplies and Materials	68,758		68,758
Utilities	458		458
Total Cash Disbursements	<u>69,216</u>	<u>0</u>	<u>69,216</u>
Total Cash Receipts Over Cash Disbursements	<u>3,925</u>	<u>12</u>	<u>3,937</u>
Other Financing Receipts:			
Refunds from Vendors	50		50
Total Other Financing Receipts	<u>50</u>	<u>0</u>	<u>50</u>
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements	3,975	12	3,987
Public Fund Cash Balances, January 1	<u>1,975</u>	<u>2,973</u>	<u>4,948</u>
Public Fund Cash Balances, December 31	<u><u>\$5,950</u></u>	<u><u>\$2,985</u></u>	<u><u>\$8,935</u></u>

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

**HOLMES COUNTY LAW LIBRARY ASSOCIATION
HOLMES COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL PUBLIC FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>General Fund</u>	<u>Retained Monies Fund</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:			
Fine and Forfeitures	\$72,926		\$72,926
Interest		\$6	6
Total Cash Receipts	<u>72,926</u>	<u>6</u>	<u>72,932</u>
Cash Disbursements:			
Supplies and Materials	70,893		70,893
Utilities	191		191
Professional Services	2,814		2,814
Total Cash Disbursements	<u>73,898</u>	<u>0</u>	<u>73,898</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(972)</u>	<u>6</u>	<u>(966)</u>
Other Financing Receipts/(Disbursements):			
Refunds from Vendors		2,163	2,163
Transfers	5,240	(5,240)	0
Total Other Financing Receipts/(Disbursements)	<u>5,240</u>	<u>(3,077)</u>	<u>2,163</u>
Excess (Deficiency) of Cash Receipts and Other Financing Receipts/(Disbursements) Over/(Under) Cash Disbursements	4,268	(3,071)	1,197
Public Fund Cash Balances, January 1	<u>(2,293)</u>	<u>6,044</u>	<u>3,751</u>
Public Fund Cash Balances, December 31	<u>\$1,975</u>	<u>\$2,973</u>	<u>\$4,948</u>

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

**HOLMES COUNTY LAW LIBRARY ASSOCIATION
HOLMES COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Holmes County Law Library Association (the Law Library) is governed by a board of three trustees who are appointed by members of the Holmes County Bar Association. The Law Library provides free access to all county officers and the judges of the several courts within the county.

The Law Library operates by receiving a portion of fine and forfeiture monies from the courts (and any associated interest) under Ohio Revised Code (ORC) Sections 3375.50 to .53, inclusive. ORC Section 3375.54 authorizes the Law Library to disburse funds to purchase, lease or rent 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.

ORC Section 3375.49 requires the Holmes 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 and not more than two assistant law librarians. The Judges of the Court of Common Pleas of Holmes County fix these librarians' compensation pursuant to ORC Section 3375.48. Because the Law Library provides free access to all county officers and the judges of the several courts, the County treasury pays the librarians' salary.

The Library's management believes these financial statements present all public funds for which the Law Library is financially accountable.

The Law Library deems some funds it receives as private monies. Private monies include: membership dues, overdue book charges, and photocopying charges. Fees the Law Library collects for the use of books and copiers remain private even though the books and copiers may have been purchased with public funds. The Law Library need not comply with ORC Section 3375.54 when disbursing private money. The accompanying financial statements do not present private monies.

B. Basis of Accounting

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

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

**HOLMES COUNTY LAW LIBRARY ASSOCIATION
HOLMES COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Cash

All funds of the Law Library were held in an interest bearing savings passbook account and non-interest bearing checking account. The Law Library has no investments.

D. Fund Accounting

The Law Library uses fund accounting to segregate cash and investments that are restricted as to use. The Law Library classifies its funds into the following types:

1. General Fund

The General Fund accounts for all financial resources except those required to be accounted for in another fund.

2. Retained Monies Fund

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

E. Property, Plant, and Equipment

The Law Library records disbursements for equipment acquisitions when paid. The accompanying financial statements do not report these items as assets. The Law Library deems computers, copiers, fax machines, and other items related toward facilitating the use of equipment as equipment.

F. Refund to Relative Income Sources

If certain conditions are met, Ohio Revised Code Section 3375.56 requires the Law Library to refund at least ninety percent of any *unencumbered* balance to political subdivisions that provided revenues to the Library. See Note 2 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 Library's accounting basis. Neither is such data comparable to a consolidation. The Law Library does not eliminate interfund transactions when aggregating this data.

**HOLMES COUNTY LAW LIBRARY ASSOCIATION
HOLMES COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
(Continued)**

2. REFUND TO RELATIVE INCOME SOURCES AND AMOUNT RETAINED

In any year that receipts exceed disbursements, the Law Library refunds at least ninety percent of the unencumbered balance to the political subdivisions who provided the funds and retains the remainder. Ohio Revised Code Section 3375.56 requires this "refund to relative income sources." The following tables present the refunded and retained amounts during 2006 and 2005.

Unencumbered Balance at December 31, 2006	
<u>Refunded and Retained During Calendar Year 2007</u>	
Unencumbered Balance at December 31, 2006	\$5,950
Refunded to Relative Sources During 2007	<u>5,355</u>
Retained Funds Amount During 2007	<u><u>\$595</u></u>

3. EQUITY IN POOLED CASH

The Law Library maintains cash used by all funds. The Ohio Revised Code prescribes allowable deposits. The carrying amount of cash at December 31 follows:

	<u>2006</u>	<u>2005</u>
Demand deposits	\$5,950	\$1,975
Savings Accounts	<u>\$2,985</u>	<u>\$2,973</u>
Total deposits	<u><u>8,935</u></u>	<u><u>4,948</u></u>

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

4. RISK MANAGEMENT

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

- Comprehensive property and general liability;
- Errors and omissions.

5. FACILITIES

The Law Library has free use of office space provided by Holmes County Commissioners.

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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*

Holmes County Law Library Association
Holmes County
1 East Jackson Street
Suite 305
Millersburg, Ohio 44654

To the Board of Trustees:

We have audited the financial statements of the Holmes County Law Library Association, Holmes County, Ohio, (the Law Library) as of and for the years ended December 31, 2006 and 2005, and have issued our report thereon dated September 21, 2007, wherein we noted the Law Library followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We also disclosed the financial statements include only the general fund and the retained monies fund. 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 Law Library's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Law Library's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Law Library's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Law Library's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Law Library's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that Law Library's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would necessarily identify all internal control deficiencies that might be 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.

We also noted a certain internal control matter that we reported to the Law Library's management in a separate letter dated September 21, 2007.

Compliance and Other Matters

As part of reasonably assuring whether the Law Library's financial statements are 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 did note certain noncompliance or other matters that we reported to the Law Library's management in a separate letter dated September 21, 2007.

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

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

Mary Taylor, CPA
Auditor of State

September 21, 2007



Mary Taylor, CPA
Auditor of State

LAW LIBRARY ASSOCIATION

HOLMES 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
NOVEMBER 20, 2007**