



**Auditor of State**  
**Betty Montgomery**



HOLMES COUNTY LAW LIBRARY ASSOCIATION  
HOLMES COUNTY

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

Holmes County Law Library Association  
Holmes County  
1 E. 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 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. Also, the financial statements present only the General Fund and the Retained Monies Fund and are not intended to present fairly the financial position and results of operations of the Library in conformity with the basis of accounting as described in Note 1.

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances of the Library's General Fund and Retained Monies Fund as of December 31, 2002 and 2001, and its combined 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 included activity associated with the Retained Monies Fund.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 16, 2003, 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 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

July 16, 2003

**HOLMES COUNTY LAW LIBRARY  
HOLMES COUNTY**

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

	<u>Retained Monies Fund</u>	<u>General Fund</u>	<u>(Memorandum Only) Total</u>
Cash Receipts:			
Fines		\$58,785	\$58,785
Interest Income	\$18		18
<b>Total Cash Receipts</b>	<u>18</u>	<u>58,785</u>	<u>58,803</u>
Cash Disbursements:			
Current:			
Library Materials and Supplies	9,600	51,236	60,836
Return of Unused Funds to the County		2,517	2,517
<b>Total Cash Disbursements</b>	<u>9,600</u>	<u>53,753</u>	<u>63,353</u>
<b>Total Cash Receipts Over/(Under) Cash Disbursements</b>	(9,582)	5,032	(4,550)
Other Financing Receipts (Disbursements):			
Refunds from Vendors		4,179	4,179
Remittance to Retained Monies Fund	280	(280)	0
<b>Total Other Financing Receipts (Disbursements)</b>	<u>280</u>	<u>3,899</u>	<u>4,179</u>
<b>Total Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	(9,302)	8,931	(371)
Fund Cash Balances, January 1, 2002	<u>13,661</u>	<u>17</u>	<u>13,678</u>
Fund Cash Balances, December 31, 2002	<u><u>\$4,359</u></u>	<u><u>\$8,948</u></u>	<u><u>\$13,307</u></u>

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

**HOLMES COUNTY LAW LIBRARY  
HOLMES COUNTY**

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

	<u>Retained Monies Fund</u>	<u>General Fund</u>	<u>(Memorandum Only) Total</u>
Cash Receipts:			
Fines		\$63,811	\$63,811
Interest Income	\$299		299
Total Cash Receipts	<u>299</u>	<u>63,811</u>	<u>64,110</u>
Cash Disbursements:			
Current:			
Library Materials and Supplies	1,800	64,098	65,898
Return of Unused Funds to the County		2,599	2,599
Total Cash Disbursements	<u>1,800</u>	<u>66,697</u>	<u>68,497</u>
Total Cash Receipts Over/(Under) Cash Disbursements	(1,501)	(2,886)	(4,387)
Other Financing Receipts (Disbursements):			
Refunds from Vendors		304	304
Remittance to Retained Monies Fund	289	(289)	0
Total Other Financing Receipts (Disbursements)	<u>289</u>	<u>15</u>	<u>304</u>
Total Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(1,212)	(2,871)	(4,083)
Fund Cash Balances, January 1, 2001(Restated)	<u>14,873</u>	<u>2,888</u>	<u>17,761</u>
Fund Cash Balances, December 31, 2001	<u>\$13,661</u>	<u>\$17</u>	<u>\$13,678</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, 2002 AND 2001**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Holmes County Law Library Association (the Library) is directed by a Board of 10 Trustees who are appointed by members of the Holmes 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 (ORC) Sections 3375.50 to .53, inclusive. The Library is permitted to expend funds under ORC 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 Holmes County Commissioners are required by ORC 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 elect a librarian and not more than two assistant law librarians. The Judges of the Court of Common Pleas of Holmes County fix the compensation of the librarian and up to two assistant librarians pursuant to ORC Section 3375.48. Because the Library provides free access to all county officers and the judges of the several courts, the salary of the law librarian and up to two assistants is paid from the county treasury.

The Library's management believes these financial statements present all public funds for which the Library is financially accountable. Some funds received by the Library are considered private monies. Private monies include membership dues. Private monies can be disbursed at the discretion of the Library. The accompanying financial statements do not present private monies.

**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**

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

**HOLMES COUNTY LAW LIBRARY ASSOCIATION  
HOLMES 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 that is restricted as to use. The Library classifies its fund into the following type:

**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**

Retained Monies consists of monies retained by the Library under Ohio Rev. Code Section 3375.56. At the end of the calendar year, the Library is permitted under law to retain up to ten percent of their 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 to 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 90 percent of any unencumbered balance to political subdivisions that provided revenues to the Library. See Footnote 3 for additional information.

**2. ACCOUNTING CHANGE**

Prior to January 1, 2001, the Retained Monies Funds were not disclosed by the Library. Effective January 1, 2001, the Library determined the amounts relative to their Retained Monies Fund by providing reconciled bank statements to support the balance.

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

In any year that revenues exceed disbursements, the Library refunds at least 90 percent of the unencumbered balance to the political subdivisions who provided the funds and retains the remaining amount. This refund process is referred to as the application of ORC 3375.56 or refund to relative income sources. The following charts present the refunded and retained amounts during 2002 and 2001.

**HOLMES COUNTY LAW LIBRARY ASSOCIATION  
HOLMES COUNTY**

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

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

**Unencumbered Balance at December 31, 2001  
Refunded and Retained During Calendar Year 2002**

Unencumbered Balance at December 31, 2000	\$2,888
Refunded to Relative Sources during 2001	2,599
Retained Funds Amount during 2001	289

**Unencumbered Balance at December 31, 2001  
Refunded and Retained During Calendar Year 2002**

Unencumbered Balance at December 31, 2001	\$17
Refunded to Relative Sources during 2002	2,517
Retained Funds Amount during 2002	280

**4. EQUITY IN POOLED CASH**

The Library maintains a cash pool used by its fund. The Ohio Revised Code prescribes allowable deposits. The carrying amount of cash at December 31 follows:

	2002	2001
Saving Account	\$4,359	\$13,661
Demand deposits	8,948	17
Total deposits	\$13,307	\$13,678

Deposits are insured by the Federal Depository Insurance Corporation.

**5. RISK MANAGEMENT**

The Library has obtained commercial insurance for the following risks:

- Commercial Crime;
- Employee Dishonesty

**6. FACILITIES**

The Library has free use of office facilities provided by Holmes County.

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## **Auditor of State Betty Montgomery**

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

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

To the Board of Trustees:

We have audited the accompanying financial statements of the Holmes County Law Library Association, Holmes County, Ohio, (the Library) as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated July 16, 2003, wherein we indicated the financial statements include only the General Fund and Retained Monies Fund. We also noted the Library has included the Retained Monies Fund for the first time. 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*.

#### **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.

However, we 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 Library in a separate letter dated July 16, 2003.

111 Second St., NW / Fourth Floor / Canton, OH 44702  
Telephone: (330) 438-0617 (800) 443-9272 Fax: (330) 471-0001  
[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

Holmes County Law Library Association  
Holmes County  
Independent Accountants' Report on Compliance and on Internal Control  
Required by *Government Auditing Standards*  
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This report is intended solely for the information and use of management and the Board of Trustees, 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

July 16, 2003



**Auditor of State  
Betty Montgomery**

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140

Telephone 614-466-4514  
800-282-0370

Facsimile 614-466-4490

**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  
AUGUST 21, 2003**