

**HOLMES COUNTY LAW LIBRARY ASSOCIATION
HOLMES COUNTY
Regular Audit
December 31, 2008 and 2007**

***Perry & Associates*
Certified Public Accountants, A.C.**



Mary Taylor, CPA

Auditor of State

Board of Trustees
Holmes County Law Library
1 East Jackson, Suite 305
Millersburg, Ohio 44654

We have reviewed the *Independent Accountants' Report* of the Holmes County Law Library, Holmes County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2007 through December 31, 2008. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Finding for Recovery Repaid Under Audit

Ohio Rev. Code Section 3375.56 states on the first Monday of each year, the board of trustees of the law library association shall make a detailed statement to the county auditor, verified by the oath of the treasurer of the association, of the amount of the fines and penalties received under sections 3375.50 to 3375.53, inclusive, of the Revised Code, and of the money expended by the association.

If the total amount received under such sections during the preceding calendar year covered by such report exceeds the expenditures during the same period, the auditor shall certify such fact to the board which shall thereupon direct the treasurer of the association to refund proportionately to the treasurers of the political subdivisions from which such balance was received, not less than ninety per cent of any unencumbered balance on hand from the preceding year.

During 2007 and 2008, the Law Library paid portions of the amounts due to the County for the ninety percent refund required as of the prior audit report and current calculations due. The General Fund cash balance as of December 31, 2008 reflects the full amount due to the Holmes County Auditor as of December 31, 2008. Subsequent to December 31, 2008, the Law Library made a payment of \$21,122 in February 2009, reducing the balance owed to the Holmes County Auditor to \$35,421 as of the date of this report.

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public money that is due but not collected is hereby issued against the Holmes County Law Library Association General Fund, in the amount of \$35,421 and in favor of Holmes County General Fund.

The finding for recovery was repaid by the Holmes County Law Library Association on June 25, 2009, check no. 1492.

Finding for Recovery Repaid Under Audit

Ohio Rev. Code Section 3375.49 provides that the board of trustees of a law library association is responsible for paying twenty percent of the compensation of a librarian and up to two assistant librarians for calendar year 2007, and forty percent of the compensation of a librarian and up to two assistant librarians for calendar year 2008. Ohio Attorney General Opinion 2007-012 explains that mandatory employer contributions to Ohio Public Employee Retirement System are not considered fringe benefits to employees. These contributions are the obligation of the county law library association and are not compensation subject to allocation between the law library association and county under Ohio Rev. Code Section 3375.49.

During 2007 and 2008, the Law Library did not pay any portion of the Librarian's salary. The County paid the entire portion of the salary of the Law Librarian. The net amount owed to the County for the Library's share is \$2,635 including the employer's share of PERS for both years and the shares related to actual pay for 2008 and 2007.

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public money that is due but not collected is hereby issued against the Holmes County Law Library Association General Fund, in the amount of \$2,635 and in favor of Holmes County General Fund.

The finding for recovery was repaid by the Holmes County Law Library Association on June 25, 2009, check no. 1492.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Accountants' Report* on your financial statements. While the Auditor of State 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. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Accountants' Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

Board of Trustees
Holmes County Law Library
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Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Holmes County Law Library is responsible for compliance with these laws and regulations.

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

Mary Taylor, CPA
Auditor of State

September 29, 2009

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**HOLMES COUNTY LAW LIBRARY ASSOCIATION
HOLMES COUNTY**

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INDEPENDENT ACCOUNTANTS' REPORT

July 24, 2009

Holmes County Law Library Association
Holmes County
1 East Jackson Street, Suite 305
Millersburg, OH 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, 2008 and 2007. 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 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 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 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 the Library funds.

As described more fully in Note 1, the 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 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 statements do not substantially conform to GAAP presentation. The Auditor of State permits, but does not require 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 statements referred to above for the years ended December 31, 2008 and 2007 do 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, 2008 and 2007 or their 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 combined fund cash balances of the Holmes County Law Library Association's, General Fund and the Retained Monies Fund as of December 31, 2008 and 2007, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

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

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 statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 24, 2009, 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.

Respectfully Submitted,



Perry & Associates
Certified Public Accountants, A.C.

**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, 2008**

| | <u>General Fund</u> | <u>Retained Monies Fund</u> | <u>Totals (Memorandum Only)</u> |
|---|-------------------------|-------------------------------------|---|
| Cash Receipts: | | | |
| Fine and Forfeitures | \$ 73,120 | \$ - | \$ 73,120 |
| Interest | - | 16 | 16 |
| Total Cash Receipts | <u>73,120</u> | <u>16</u> | <u>73,136</u> |
| Cash Disbursements: | | | |
| Supplies and Materials | 18,774 | - | 18,774 |
| Refunds to Relative Income Sources - See Note 2 | 11,783 | - | 11,783 |
| Utilities | 432 | - | 432 |
| Total Cash Disbursements | <u>30,989</u> | <u>-</u> | <u>30,989</u> |
| Total Cash Receipts Over/(Under) Cash Disbursements | <u>42,131</u> | <u>16</u> | <u>42,147</u> |
| Other Financing Receipts/(Disbursements): | | | |
| Transfers In | - | 4,218 | 4,218 |
| Transfers Out | (4,218) | - | (4,218) |
| Refunds from Vendors | 50 | - | 50 |
| Total Other Financing Receipts/(Disbursements) | <u>(4,168)</u> | <u>4,218</u> | <u>50</u> |
| Excess (Deficiency) of Cash Receipts and Other Financing Receipts Over (Under) Cash Disbursements and Other Financing Disbursements | 37,963 | 4,234 | 42,197 |
| Fund Cash Balances, January 1 | <u>18,580</u> | <u>6,153</u> | <u>24,733</u> |
| Fund Cash Balances, December 31 | <u>\$ 56,543</u> | <u>\$ 10,387</u> | <u>\$ 66,930</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, 2007**

| | <u>General Fund</u> | <u>Retained Monies Fund</u> | <u>Totals (Memorandum Only)</u> |
|---|-------------------------|-------------------------------------|---|
| Cash Receipts: | | | |
| Fine and Forfeitures | \$ 74,210 | \$ - | \$ 74,210 |
| Interest | - | 3 | 3 |
| Total Cash Receipts | <u>74,210</u> | <u>3</u> | <u>74,213</u> |
| Cash Disbursements: | | | |
| Supplies and Materials | 52,909 | - | 52,909 |
| Refunds to Relative Income Sources - See Note 2 | 3,578 | - | 3,578 |
| Audit Fees | 2,570 | - | 2,570 |
| Utilities | 458 | - | 458 |
| Total Cash Disbursements | <u>59,515</u> | <u>-</u> | <u>59,515</u> |
| Total Cash Receipts Over/(Under) Cash Disbursements | <u>14,695</u> | <u>3</u> | <u>14,698</u> |
| Other Financing Receipts/(Disbursements): | | | |
| Transfers In | - | 2,065 | 2,065 |
| Transfers Out | (2,065) | - | (2,065) |
| Refunds from Vendors | - | 1,100 | 1,100 |
| Total Other Financing Receipts/(Disbursements) | <u>(2,065)</u> | <u>3,165</u> | <u>1,100</u> |
| Excess (Deficiency) of Cash Receipts and Other Financing Receipts Over (Under) Cash Disbursements and Other Financing Disbursements | 12,630 | 3,168 | 15,798 |
| Fund Cash Balances, January 1 | <u>5,950</u> | <u>2,985</u> | <u>8,935</u> |
| Fund Cash Balances, December 31 | <u>\$ 18,580</u> | <u>\$ 6,153</u> | <u>\$ 24,733</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, 2008 AND 2007**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Holmes County Law Library Association (the Library) is governed by a board of five trustees. Members of the Holmes Bar Association elect annually the board members. 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 visual materials and equipment; and other services, materials, and equipment that provide legal information or facilitate legal research.

ORC 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 hired 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 § 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 librarians' salary.

House Bill 66 amended Ohio Rev. Code Section 3375.48 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. Additionally, this bill and House Bill 363 amended Ohio Rev. Code Section 3375.49 to allocate the responsibility of paying the compensation of the law librarian and up to two assistants as well as space, utilities, and fixtures, between the law library association and the county. Beginning in calendar year 2007, the proportionate share of which the Library is responsible for increases 20% annually, and the county's share proportionately decreases, each calendar year until 2011 for compensation, and 2012 for space utilities and fixtures. At those times the law library association will be responsible for the entire amount of the librarians' compensation and space, utilities, furniture, and fixtures.

Contrary to House Bill 363 amended Ohio Rev. Code Section 3375.49 the Law Library did not pay a share of any of these costs during the audit period.

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

**HOLMES COUNTY LAW LIBRARY ASSOCIATION
HOLMES COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Description of the Entity (Continued)

The Library deems some funds it receives as private monies. Private monies include membership dues, overdue book charges, and photocopying charges. Fees collected for book and copier usage 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 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

The Law Library maintains a checking account and interest bearing savings passbook account for all its deposits. The Law Library has no investments.

D. Fund Accounting

The Library uses fund accounting to segregate cash and investments that are restricted as to use. The Library uses one fund to account for the related revenues and expenditures.

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 Fund reports funds the Library retains under ORC 3375.56. At the end of each calendar year the Library may retain up to ten percent of the unencumbered balance. See footnote 2 for additional information

E. Budgetary Process

The Law Library is not subject to Ohio budgetary law and is not a taxing subdivision.

**HOLMES COUNTY LAW LIBRARY ASSOCIATION
HOLMES COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements, and depreciation is not recorded for these assets.

2. REFUNDS 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 subdivision that provided the funds and retains the remainder. ORC 3375.56 requires this "refund to relative income sources." The following tables present the refunded and retained amounts during 2008 and 2007.

| | 2008 | 2007 |
|--------------------------------|-----------|-----------|
| Balance at Year End | \$ 42,181 | \$ 20,645 |
| Refund to Relative Sources | 37,963 | 18,580 |
| Retained Funds Amount for Year | \$ 4,218 | \$ 2,065 |

Contrary to ORC 3375.56 the Law Library did not repay the full excess funds in 2008 and 2007.

3. EQUITY IN POOLED CASH

The Library maintains two bank accounts for its funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash at December 31 was as follows:

| | 2008 | 2007 |
|------------------|-----------|-----------|
| Demand deposits | \$ 62,827 | \$ 20,645 |
| Savings Accounts | 4,103 | 4,088 |
| Total deposits | \$ 66,930 | \$ 24,733 |

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

4. RISK MANAGEMENT

The 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.

**HOLMES COUNTY LAW LIBRARY ASSOCIATION
HOLMES COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

6. SUBSEQUENT EVENTS

December 31, 2008 Sub. H.B. 420 passed the 127th General Assembly affecting the Law Library Associations throughout Ohio. The following is taken from the Synopsis of Committee Amendments available at www.legislature.state.oh.us .

In summary the Bill requires that during calendar year 2009 the board of county commissioners compensate the librarian and up to two assistant librarians and pay for the space and utilities in the county courthouse or other building that the board of trustees of the law library association provides for the use of the law library, and repeals the law establishing those responsibilities in other years effective December 31, 2009. It also requires that beginning January 1, 2010, the allowance to law libraries from fines and penalties collected in municipal courts, county courts, courts of common pleas, and probate courts and from fines and penalties for violations of liquor laws and state traffic laws be deposited in the county law library resources fund. As well as requires a law library association, on or before January 1, 2010, to transfer all unspent fines and penalties in the law library's general fund, retained moneys, and all personal property purchased with such funds to the library resources board in the county where the law library association is located.

Perry & Associates
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**INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

July 24, 2009

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

To the Board of Trustees:

We have audited the financial statements of **Holmes County Law Library Association, Holmes County, Ohio**, (the Library) as of and for the years ended December 31, 2008 and 2007, and have issued our report thereon dated July 24, 2009, wherein we noted the 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 Library's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinions on the financial statements, but not to opine 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.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be considered significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

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 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 Library's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

Internal Control Over Financial Reporting (Continued)

We consider the following deficiencies described in the accompanying schedule of findings to be significant deficiencies in internal control over financial reporting: 2008-001 through 2008-004.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. We believe none of the significant deficiencies described above are material weaknesses.

Compliance and Other Matters

As part of reasonably assuring whether the 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 instances of noncompliance or other matters that we must report under *Government Auditing Standards*, which are described in the accompanying schedule of findings as items 2008-001 through 2008-004.

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

Respectfully Submitted,



Perry & Associates
Certified Public Accountants, A.C.

**HOLMES COUNTY LAW LIBRARY ASSOCIATION
HOLMES COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2008 AND 2007**

| |
|--|
| FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS |
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FINDING NUMBER 2008-001

Significant Deficiency/Noncompliance

Ohio Revised Code Section 3375.56 states on the first Monday of each year, the board of trustees of the law library association shall make a detailed statement to the county auditor, verified by the oath of the treasurer of the association, of the amount of the fines and penalties received under sections 3375.50 to 3375.53, inclusive, of the Ohio Revised Code, and of the money expended by the association.

If the total amount received under such sections during the preceding calendar year covered by such report exceeds the expenditures during the same period, the auditor shall certify such fact to the board which shall thereupon direct the treasurer of the association to refund proportionately to the treasurers of the political subdivisions from which such balance was received, not less than ninety per cent of any unencumbered balance on hand from the preceding year.

During 2007 and 2008, the Library paid portions of the amounts due to the County for the ninety percent refund required as of the prior audit report and current calculations due described in Note 2 in the Notes to the Financial Statements. The General Fund Cash Balance as of December 31, 2008 reflects the full amount due to the Holmes County Auditor as of December 31, 2008. Subsequent to the year end 2008 the Library made a payment of \$21,122 in February 2009, reducing the balance owed to the Holmes County Auditor to \$35,421 as of the date of this report.

We recommend the Library take due care in the calculation and timely redemption of the required refund to the County Auditor.

Management's Response – We did not receive a response from officials to this finding.

FINDING NUMBER 2008-002

Significant Deficiency/Noncompliance

Pursuant to **House Bill 363** and **House Bill 66**, beginning January 1, 2007, Ohio Revised Code Section 3375.49 requires law libraries to pay 20% of the compensation for their librarian and up to two assistants from their own funds. The law library's funding obligation increases by 20 percentage points annually. Therefore, beginning January 1, 2011, law libraries must pay 100% of these librarians' compensation from law library funds. The same law applies one year later for space, utilities and fixtures the county commissioners provide to the Library. Therefore, beginning January 1, 2008, Library must pay 20% of these costs. The Library's percentage increases 20% annually. Therefore, beginning January 1, 2012, libraries must pay 100% of their space, utilities and fixtures costs from law library funds. Prior to these Ohio Revised Code amendments, counties paid for the compensation of law librarians as well as provided space.

**HOLMES COUNTY LAW LIBRARY ASSOCIATION
HOLMES COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2008 AND 2007**

| |
|--|
| FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS |
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FINDING NUMBER 2008-002 (Continued)

Significant Deficiency/Noncompliance (continued)

House Bill 363 and 66 (continued)

During 2007 and 2008, the Library did not pay any portion of the Librarian's salary. The County paid the entire portion of the salary of the Law Librarian. The net amount owed to the County for the Library's share is \$2,635 including the employer's share of PERS for both years and the shares related to actual pay for 2008 and 2007.

We recommend the Library take due care in the calculation and timely redemption of the required share of the Librarian's salary that the County pays to the Librarian. We also recommend the Library work with the County to comply with House Bill 363, 66 and ORC 3375.49.

Management's Response – We did not receive a response from officials to this finding.

FINDING NUMBER 2008-003

Significant Deficiency/Noncompliance

Ohio Revised Code Section 117.10 states the Library is required to file an annual report with the Auditor of State within sixty (60) days after the close of the calendar year. Since the Auditor of State does not prescribe a report format for law libraries, the Library shall file an annual report using the same format used to summarize and report its annual financial activities to the Board of Trustees and the County Auditor. (**Note:** a financial report given to the Audit Division during the audit process does not satisfy the requirement for submission of the annual financial report.) At the time the report is filed with the Auditor of State, a notice should be published in a newspaper of general circulation. The notice shall state that the financial report has been completed by the public office and is available for public inspection at the office of the fiscal officer. See Auditor of State Bulletin 2001-12 for additional information.

During 2007 and 2008, the Library did not file an annual report with the Auditor of State nor publicize those reports for public inspection in the local newspaper.

Management's Response – We did not receive a response from officials to this finding.

**HOLMES COUNTY LAW LIBRARY ASSOCIATION
HOLMES COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2008 AND 2007**

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

FINDING NUMBER 2008-004

Significant Deficiency/Noncompliance

Ohio Revised Code 3375.56 states on the first Monday of each year, the board of trustees of the law library association shall make a detailed statement to the county auditor, verified by the oath of the treasurer of the association, of the amount of the fines and penalties received under sections 3375.50 to 3375.53, inclusive, of the Revised Code, and of the money expended by the association.

If the total amount received under such sections during the preceding calendar year covered by such report exceeds the expenditures during the same period, the auditor shall certify such fact to the board which shall thereupon direct the treasurer of the association to refund proportionately to the treasurers of the political subdivisions from which such balance was received, not less than ninety per cent of any unencumbered balance on hand from the preceding year.

During 2007 and 2008, the Library did not transfer the remaining 10% of the funds from the General Fund to the Retained Monies Fund.

We recommend the Library take due care in the calculation and timely transfer of funds to the Retained Monies Fund.

Management's Response – We did not receive a response from officials to this finding.



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
OCTOBER 13, 2009**