



**Auditor of State
Betty Montgomery**

HOLMES COUNTY LAW LIBRARY
HOLMES COUNTY

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**Auditor of State
Betty Montgomery**

Holmes County Law Library Association
Holmes County
1 E. 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 a February 2, 2005 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 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.

A handwritten signature in black ink that reads "Betty Montgomery".

Betty Montgomery
Auditor of State

December 1, 2005

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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 Law Library) as of and for the years ended December 31, 2004 and 2003. These financial statements are the responsibility of the Law 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 Law 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.

Revisions to GAAP would require the Law Library to reformat its financial statement presentation and make other changes effective for the year ended December 31, 2004. Instead of the combined funds the accompanying financial statements present for 2004 (and 2003), the revisions require presenting entity wide statements for 2004. 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 the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Law Library has elected not to reformat its statements. Since this Law Library does not use GAAP to measure financial statement amounts, 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.

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In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the year ended December 31, 2004 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, 2004, 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 the Retained Monies Fund as of December 31, 2004 and 2003, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

The aforementioned revision to generally accepted accounting principles also requires the Law Library to include Management's Discussion and Analysis for the year ended December 31, 2004. 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 December 1, 2005, on our consideration of the Law 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.



Betty Montgomery
Auditor of State

December 1, 2005

**HOLMES COUNTY LAW LIBRARY
HOLMES COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL PUBLIC FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>General Fund</u>	<u>Retained Monies Fund</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:			
Fine and Forfeitures	\$63,443		\$63,443
Interest		\$39	39
Total Cash Receipts	<u>63,443</u>	<u>39</u>	<u>63,482</u>
Cash Disbursements:			
Supplies and Materials	69,254		69,254
Utilites-Phone	218		218
Total Cash Disbursements	<u>69,472</u>	<u>0</u>	<u>69,472</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(6,029)</u>	<u>39</u>	<u>(5,990)</u>
Other Financing Receipts			
Refunds from Vendors	42	721	763
Total Other Financing Receipts	<u>42</u>	<u>721</u>	<u>763</u>
Excess (Deficiency) of Cash Receipts and Other Financing Receipts Over (Under) Cash Disbursements and Other Financing Disbursements	(5,987)	760	(5,227)
Public Fund Cash Balances, January 1	<u>3,694</u>	<u>5,284</u>	<u>8,978</u>
Public Fund Cash Balances, December 31	<u>(\$2,293)</u>	<u>\$6,044</u>	<u>\$3,751</u>

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

**HOLMES COUNTY LAW LIBRARY
HOLMES COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL PUBLIC FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>General Fund</u>	<u>Retained Monies Fund</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:			
Fine and Forfeitures	\$54,202	\$8,053	\$62,255
Interest		30	30
Total Cash Receipts	<u>54,202</u>	<u>8,083</u>	<u>62,285</u>
Cash Disbursements:			
Supplies and Materials	53,961		53,961
Utilities-Phone	778		778
Professional Services	3,822		3,822
Return of Unused Funds to the County		8,053	8,053
Total Cash Disbursements	<u>58,561</u>	<u>8,053</u>	<u>66,614</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(4,359)</u>	<u>30</u>	<u>(4,329)</u>
Other Financing Receipts/(Disbursements):			
Remittance to Retained Funds	(895)	895	0
Total Other Financing Receipts/(Disbursements)	<u>(895)</u>	<u>895</u>	<u>0</u>
Excess (Deficiency) of Cash Receipts and Other Financing Receipts Over (Under) Cash Disbursements and Other Financing Disbursements	(5,254)	925	(4,329)
Public Fund Cash Balances, January 1	<u>8,948</u>	<u>4,359</u>	<u>13,307</u>
Public Fund Cash Balances, December 31	<u><u>\$3,694</u></u>	<u><u>\$5,284</u></u>	<u><u>\$8,978</u></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, 2004 AND 2003**

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 3 trustees who are appointed by members of the Holmes County Bar Association. The Law Library provides free access to all county officers, the judges of the several courts within the county, the county bar association, and the general public.

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) §§ 3375.50 to .53, inclusive. ORC § 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 §3375.49 requires the Holmes County Commissioners to provide adequate facilities for the Law Library, including suitable bookcases, heating and lighting for the rooms.

The Board of Trustees elects 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. 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 Law Library's management believes these financial statements present all public funds for which the Law Library is financially accountable. Some funds received by the Law Library are considered private monies. Private monies include membership dues. 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.

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.

**HOLMES COUNTY LAW LIBRARY ASSOCIATION
HOLMES COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting

The Law Library uses fund accounting to segregate cash 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 § 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. 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 Law Library's accounting basis. Neither is such data comparable to a consolidation. The Law Library does not eliminate interfund transactions when aggregating this data.

2. EQUITY IN POOLED CASH

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

	<u>2004</u>	<u>2003</u>
Demand deposits	(\$2,293)	\$3,694
Savings Account	6,044	5,284
Total deposits	<u>3,751</u>	<u>8,978</u>

On December 30, 2004, the Law Library made a \$12,000 expenditure from its checking account that created an overdraft in the bank balance and a deficit balance within the General Fund. Subsequent to year-end, the Law Library transferred funds from its savings account to the checking account to cover the deficit prior to the \$12,000 check clearing the bank.

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

**HOLMES COUNTY LAW LIBRARY ASSOCIATION
HOLMES COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

3. RISK MANAGEMENT

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

- Commercial crime
- Employee Dishonesty

4. FACILITIES

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

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**Auditor of State
Betty Montgomery**

**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 E. 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, (the Law Library) as of and for the year ended December 31, 2004 and 2003, and have issued our report thereon dated December 1, 2005, 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 to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the Law Library's management dated December 1, 2005, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

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*.

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Holmes County Law Library Association
Holmes County
Independent Accountants' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
Page 2

We intend this report solely for the information and use of the management, and the Board of Trustees. It is not intended for 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

December 1, 2005



**Auditor of State
Betty Montgomery**

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**HOLMES COUNTY LAW LIBRARY
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
DECEMBER 30, 2005**