

**HOLMES COUNTY LAW LIBRARY ASSOCIATION
HOLMES COUNTY
Final Audit
For the Year Ended December 31, 2009**

Perry & Associates
Certified Public Accountants, A.C.



Mary Taylor, CPA

Auditor of State

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

We have reviewed the *Independent Accountants' Report* of the Holmes County Law Library Association, Holmes County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2009 through December 31, 2009. 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.

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.

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 Association is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

May 13, 2010

This Page is Intentionally Left Blank.

**HOLMES COUNTY LAW LIBRARY ASSOCIATION
HOLMES COUNTY**

TABLE OF CONTENTS

<u>TITLE</u>	<u>PAGE</u>
Independent Accountants' Report	1
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Public Funds - For the Year Ended December 31, 2009	3
Notes to the Financial Statements	4
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	7
Schedule of Findings	9
Schedule of Prior Audit Findings	10

Perry & Associates
Certified Public Accountants, A.C.

PARKERSBURG
1035 Murdoch Avenue
Parkersburg, WV 26101
(304) 422-2203

MARIETTA
428 Second Street
Marietta, OH 45750
(740) 373-0056

INDEPENDENT ACCOUNTANTS' REPORT

May 7, 2010

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 year ended December 31, 2009. 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 all the Library funds.

As described more fully in Note 1B, 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 require 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 Law 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 year ended December 31, 2009 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, 2009 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, 2009, and its cash receipts and disbursements for the year then ended on the accounting basis Note 1 describes.

As described in Note 1A, per HB 420 of the 127th General Assembly, the Library must transfer its public cash and property purchased with public funds to the County on or before January 1, 2010. Effective January 1, 2010, the County will report the Law Library operations in a Law Library Resources Special Revenue Fund (LLRF). These LLRF transactions will be included within the scope of the county audit for fiscal year ending December 31, 2010 and subsequent years.

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 May 7, 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, 2009**

	General Fund	Retained Monies Fund	Totals (Memorandum Only)
Cash Receipts:			
Fine and Forfeitures	\$ 62,160	\$ -	\$ 62,160
Interest	7	-	7
Total Cash Receipts	<u>62,167</u>	<u>-</u>	<u>62,167</u>
Cash Disbursements:			
Supplies and Materials	53,208	-	53,208
Refunds to Relative Income Sources - See Note 2	59,178	-	59,178
Audit Fees	4,150	-	4,150
Utilities	432	-	432
Total Cash Disbursements	<u>116,968</u>	<u>-</u>	<u>116,968</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(54,801)</u>	<u>-</u>	<u>(54,801)</u>
Public Fund Cash Balances, January 1	<u>56,543</u>	<u>10,387</u>	<u>66,930</u>
Public Fund Cash Balances, December 31	<u>\$ 1,742</u>	<u>\$ 10,387</u>	<u>\$ 12,129</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, 2009**

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 ORC § 3375.48 effective September 29, 2005 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. During 2009, the county commissioners were responsible for compensating the librarian and up to two assistants and for the costs of the space and utilities. During 2008, the county commissioners were responsible for 60% of the librarian's and assistants' compensation and for 80% of the costs of the space and utilities for the law library as required by ORC § 3375.49.

As of January 1, 2010, a Law Library Resources Board (LLRB) will govern county law libraries. Each county will establish a county law library resources fund (LLRF) as required by ORC § 307.514. On or before January 1, 2010 the Library must transfer money and property purchased with fine and penalties monies to the LLRB. Expenditures from the LLRF fund shall be made pursuant to the annual appropriation measure adopted by the commissioners.

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, 2009
(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. Deposits and Investments

The Library maintains a checking account and interest bearing savings passbook account for all its deposits. The 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 Note 2 for additional information

E. Budgetary Process

The 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, 2009
(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

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 table presents the refunded amounts from prior years paid during 2009, including payroll reimbursements for 2008:

	<u>2009</u>
Balances Not Transferred at Beginning of Year	\$ 59,178
Refund to Relative Sources	59,178
Remaining Prior Year Balances Not Transferred	<u>\$ -</u>

3. EQUITY IN POOLED CASH

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

	<u>2009</u>
Demand deposits	\$ 12,129

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. SUBSEQUENT EVENT

The Library remitted its remaining General and Retained Monies Funds, in the amount of \$12,129, to the County on January 8, 2010.

Perry & Associates
Certified Public Accountants, A.C.

PARKERSBURG
1035 Murdoch Avenue
Parkersburg, WV 26101
(304) 422-2203

MARIETTA
428 Second Street
Marietta, OH 45750
(740) 373-0056

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

May 7, 2010

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 year ended December 31, 2009, and have issued our report thereon dated May 7, 2010, 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. As described in Note 1A, per HB 420 of the 127th General Assembly, the Library must transfer its public cash and property purchased with public funds to the County on or before January 1, 2010. Effective January 1, 2010, the county will report the Law Library operations in a Law Library Resources Special Revenue Fund (LLRF). These LLRF transactions will be included within the scope of the county audit for fiscal year ending December 31, 2010 and subsequent years. In addition, we disclosed this is the Library's final 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*.

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 the purpose of expressing our opinion on the financial statements, but not for the purpose of opining 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.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Library's financial statements will not be prevented, or detected and timely corrected.

Internal Control Over Financial Reporting (Continued)

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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.

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 an instance of noncompliance or other matters that we must report under *Government Auditing Standards*, which is described in the accompanying schedule of findings as items 2009-001.

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, 2009**

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

FINDING NUMBER 2009-001

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 2009, 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 PRIOR AUDIT FINDINGS
DECEMBER 31, 2009**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected, Significantly Different Corrective Action Taken, or Finding No longer Valid, <i>Explain</i>
2008-001	ORC 3375.56 - refunding of funds to County	Yes	Finding no longer valid
2008-002	ORC 3375.49 and House Bills 363 and 66 - salary	Yes	Finding no longer valid
2008-003	ORC 117.10 filing annual report	No	Repeated as finding 2009-001
2008-004	ORC 3375.56 - transfer funds to retained fund	Yes	Finding no longer valid



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
MAY 25, 2010**