



Mary Taylor, CPA
Auditor of State

**MIAMI COUNTY LAW LIBRARY
MIAMI COUNTY**

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Mary Taylor, CPA
Auditor of State

Miami County Law Library
Miami County
201 West Main Street
Troy, Ohio 45373

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.

Mary Taylor

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Auditor of State

March 11, 2008

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Miami County Law Library
Miami County
201 West Main Street
Troy, Ohio 45373

To the Board of Trustees:

We have audited the accompanying financial statements of the Miami County Law Library, Miami County, (the Library), as of and for the years ended December 31, 2007 and 2006. 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.

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.

GAAP requires 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 requirements. 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, 2007 and 2006 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, 2007 and 2006, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the fund cash balances and reserves for encumbrances of Miami County Law Library, Miami County, general fund, and the retained monies fund as of December 31, 2007 and 2006, and its cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

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 March 11, 2008, 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.

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

March 11, 2008

**MIAMI COUNTY LAW LIBRARY
MIAMI COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007**

	General Fund	Retained Monies Fund	Totals (Memorandum Only)
Cash Receipts:			
Fine and Forfeitures	\$143,693		\$143,693
Interest		\$1,251	1,251
Miscellaneous Receipts	41		41
Total Cash Receipts	<u>143,734</u>	<u>1,251</u>	<u>144,985</u>
Cash Disbursements:			
Salaries and Benefits	19,446		19,446
Supplies and Materials	70,542		70,542
Equipment	759		759
Purchased Services	38,847		38,847
Travel Reimbursements	136		136
Other	4		4
Total Cash Disbursements	<u>129,734</u>		<u>129,734</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>14,000</u>	<u>1,251</u>	<u>15,251</u>
Other Financing Receipts/(Disbursements):			
Refunds from Vendors	98		98
Total Other Financing Receipts/(Disbursements)	<u>98</u>		<u>98</u>
Excess (Deficiency) of Cash Receipts and Other Financing Receipts Over (Under) Cash Disbursements and Other Financing Disbursements	14,098	1,251	15,349
Public Fund Cash Balances, January 1	<u>(708)</u>	<u>54,118</u>	<u>53,410</u>
Public Fund Cash Balances, December 31	<u>\$13,390</u>	<u>\$55,369</u>	<u>\$68,759</u>
Reserves for Encumbrances, December 31	<u>\$9,679</u>	<u>\$0</u>	<u>\$9,679</u>

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

**MIAMI COUNTY LAW LIBRARY
MIAMI COUNTY**

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

	General Fund	Retained Monies Fund	Totals (Memorandum Only)
Cash Receipts:			
Fine and Forfeitures	\$152,069		\$152,069
Interest		\$1,192	1,192
Miscellaneous Receipts	3,260		3,260
Total Cash Receipts	<u>155,329</u>	<u>1,192</u>	<u>156,521</u>
Cash Disbursements:			
Salaries and Benefits	10,604		10,604
Supplies and Materials	94,211		94,211
Refunds to Relative Income Sources - See Note 2	4,192		4,192
Equipment	1,277		1,277
Purchased Services	50,024		50,024
Travel Reimbursements	155		155
Other	5		5
Total Cash Disbursements	<u>160,468</u>		<u>160,468</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(5,139)</u>	<u>1,192</u>	<u>(3,947)</u>
Other Financing Receipts/(Disbursements):			
Remittance to Retained Funds - See Note 2	(432)	432	
Refunds from Vendors			
Total Other Financing Receipts/(Disbursements)	<u>(432)</u>	<u>432</u>	
Excess (Deficiency) of Cash Receipts and Other Financing Receipts Over (Under) Cash Disbursements and Other Financing Disbursements	(5,571)	1,624	(3,947)
Public Fund Cash Balances, January 1	<u>4,863</u>	<u>52,494</u>	<u>57,357</u>
Public Fund Cash Balances, December 31	<u>(\$708)</u>	<u>\$54,118</u>	<u>\$53,410</u>

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

**MIAMI COUNTY LAW LIBRARY
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

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

ORC §3375.49 requires the Miami 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 an assistant law librarian. The Judges of the Court of Common Pleas of Miami 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.

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

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Library recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved). These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Cash and Investments

The Library's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively. The Library values certificates of deposit at cost.

D. Fund Accounting

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

1. General Fund

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

**MIAMI COUNTY LAW LIBRARY
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Retained Monies Fund

Retained Monies Fund reports funds the Library retains under Ohio Revised Code § 3375.56. At the end of each calendar year the Library may retain up to ten percent of their unencumbered balance. See footnote 2 for additional information.

E. Budgetary Process

The Ohio Revised Code does not require the Library to budget annually. However, under Ohio Revised Code § 3375.56 the Library may encumber funds equal to their commitments outstanding at year end. Encumbrances outstanding at year end are carried over to the subsequent year.

F. 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, and other items related toward facilitating the use of the equipment.

G. Refund to Relative Income Sources

If certain conditions are met, Ohio Revised Code § 3375.56 requires the Library to refund at least ninety percent of any *unencumbered* balance to political subdivisions that provided revenues to the Library. See Footnote 2 for additional information.

H. 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 basis of accounting described above. Neither is such data comparable to consolidation. Interfund eliminations have not been made in the aggregation of this data.

2. REFUND TO RELATIVE INCOME SOURCES AND AMOUNT RETAINED

In any year that receipts exceed disbursements, the 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 § 3375.56 requires this "refund to relative income sources". The following tables present the refunded and retained amounts during 2007 and 2006.

Unencumbered Balance at December 31, 2006	
Refunded and Retained During Calendar Year 2007	
Unencumbered Balance at December 31, 2006	(\$708)
Refunded to Relative Sources during 2007	
Retained Funds Amount during 2007	<u>\$ 0</u>

**MIAMI COUNTY LAW LIBRARY
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

2. REFUND TO RELATIVE INCOME SOURCES AND AMOUNT RETAINED (Continued)

Unencumbered Balance at December 31, 2005 Refunded and Retained During Calendar Year 2006		
	Calculated	Actual
Unencumbered Balance at December 31, 2005	\$4,587	\$4,587
Refunded to Relative Sources during 2006	4,128	4,192
Retained Funds Amount during 2006	\$ 459	\$ 432

The Library refunded \$4,192 to the County and retained \$432. This resulted in over refunding of \$64 to the County.

3. EQUITY IN POOLED CASH AND INVESTMENTS

The Library maintains a cash and investments pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 was as follows:

	2007	2006
Demand deposits	\$31,555	\$17,325
Certificates of deposit	37,204	36,085
Total deposits	\$68,759	\$53,410

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

4. RETIREMENT SYSTEMS

The Library's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

Per Revised Code Section 3375.49 (B), effective 2007 the Library reimbursed the County twenty percent of the Librarian's salary and benefits. The County paid the remaining eighty percent of the Librarian's salary and benefits.

The Ohio Revised Code also prescribes contribution rates. For 2007 and 2006, OPERS members contributed 9.5 and 9 percent of their gross salaries, respectively, and the Library and County contributed an amount equaling 13.85 and 13.7 percent, respectively, of the participants' gross salaries. The Library and County have paid all contributions required through December 31, 2007.

5. RISK MANAGEMENT

Commercial Insurance

The Library has obtained commercial insurance for the following risks:

Comprehensive property

**MIAMI COUNTY LAW LIBRARY
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

6. RELATED PARTY TRANSACTIONS

The Library paid a relative of the Treasurer to provide computer consulting services. The Library paid \$114 to computer consultant for the years ending December 31, 2007 and 2006.



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

Miami County Law Library
Miami County
201 West Main Street
Troy, Ohio 45373

To the Board of Trustees:

We have audited the financial statements of the Miami County Law Library, Miami County, (the Library), as of and for the years ended December 31, 2007 and 2006, and have issued our report thereon dated March 11, 2008, 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 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 opinion 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 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 significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider a significant deficiency.

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.

We consider the following deficiency described in the accompanying schedule of findings to be a significant deficiency in internal control over financial reporting: 2007-001.

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.

**Internal Control Over Financial Reporting
(Continued)**

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. However, we believe the significant deficiency described above, finding number 2007-001 is also a material weakness.

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 we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2007-001.

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



Mary Taylor, CPA
Auditor of State

March 11, 2008

**MIAMI COUNTY LAW LIBRARY
MIAMI COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2007 AND 2006**

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

FINDING NUMBER 2007- 001

Material Noncompliance / Material Weakness

Ohio Admin. Code Section 117-2-02 (A) states, in part, that all public offices shall maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record, and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements required by rule 117-02-03 of the Administrative Code.

The annual financial reports filed by the Law Library for 2006 and 2007 were inaccurate and incomplete. The beginning and ending General Fund balances were not correctly reported for both years since the 2005 ending audited balances were not included. The 2006 General Fund beginning balance required an adjustment in the amount of \$4,863 and Retained Monies Fund required an adjustment in the amount of \$1,335. In addition, the Library omitted amounts that were disbursed as refunds to relative sources in the amount of \$4,192 and paid to the retained monies fund, in the amount of \$432 in 2006.

The 2007 beginning balance required an adjustment in the amount of \$708. The accompanying financial statements have been adjusted accordingly.

Financial statements presented in this manner prevent users of the Law Library's financial reports from having reliable information regarding the available fund balances. The Librarian should maintain the fund balances of the Law Library funds accurately, use due care in recording all transactions, and maintain subsidiary ledgers to provide for proper presentation on the annual reports. The Board should monitor Library financial reports to reduce the risk of errors occurring and not being detected in a timely manner.

Official's Response:

We did not receive a response from Officials to this finding.



Mary Taylor, CPA
Auditor of State

LAW LIBRARY

MIAMI 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 13, 2008**