



Mary Taylor, CPA
Auditor of State

**MIAMI COUNTY LAW LIBRARY ASSOCIATION
MIAMI COUNTY**

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Mary Taylor, CPA
Auditor of State

Law Library Association
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

Mary Taylor, CPA
Auditor of State

April 20, 2010

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Trustees:

We have audited the accompanying financial statements of the Law Library Association, Miami County, (the Library) as of and for the years ended December 31, 2009 and 2008. 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.

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, 2009 and 2008 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 and 2008, 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 of the Law Library Association, Miami County, as of December 31, 2009 and 2008, and its cash receipts and disbursements for the years 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. The County will assume accounting responsibilities for these funds commencing in 2010, and the County will present these funds in its financial statements.

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 April 20, 2010, 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 cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

April 20, 2010

**MIAMI COUNTY LAW LIBRARY ASSOCIATION
MIAMI COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2009**

	General Fund	Retained Monies Fund	Totals (Memorandum Only)
Cash Receipts:			
Fine and Forfeitures	\$113,890		\$113,890
Interest		\$1,379	1,379
Miscellaneous Receipts	32		32
Total Cash Receipts	<u>113,922</u>	<u>1,379</u>	<u>115,301</u>
Cash Disbursements:			
Salaries and Benefits	11,227		11,227
Supplies and Materials	54,480		54,480
Refunds to Relative Income Sources - See Note 2	34,108		34,108
Equipment	1,373		1,373
Purchased Services	18,572		18,572
Total Cash Disbursements	<u>119,760</u>		<u>119,760</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(5,838)</u>	<u>1,379</u>	<u>(4,459)</u>
Other Financing Receipts/(Disbursements):			
Remittance to County per HB 420	(27,814)	(62,125)	(89,939)
Remittance to Retained Funds - See Note 2	(3,437)	3,437	
Total Other Financing Receipts/(Disbursements)	<u>(31,251)</u>	<u>(58,688)</u>	<u>(89,939)</u>
Excess (Deficiency) of Cash Receipts and Other Financing Receipts Over (Under) Cash Disbursements and Other Financing Disbursements	(37,089)	(57,309)	(94,398)
<u>Public Fund Cash Balances, January 1, 2009</u>	<u>37,089</u>	<u>57,309</u>	<u>94,398</u>
<u>Public Fund Cash Balances, December 31, 2009</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

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

**MIAMI COUNTY LAW LIBRARY ASSOCIATION
MIAMI COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL 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	\$138,196		\$138,196
Interest		\$1,484	1,484
Miscellaneous Receipts	36		36
Total Cash Receipts	<u>138,232</u>	<u>1,484</u>	<u>139,716</u>
Cash Disbursements:			
Salary and Benefits	31,916		31,916
Supplies and Materials	51,918		51,918
Refunds to Relative Income Sources - See Note 2	4,104		4,104
Equipment	1,552		1,552
Travel Reimbursements	300		300
Purchased Services	24,298		24,298
Total Cash Disbursements	<u>114,088</u>		<u>114,088</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>24,144</u>	<u>1,484</u>	<u>25,628</u>
Other Financing Receipts/(Disbursements):			
Remittance to Retained Funds - See Note 2	(456)	456	0
Refunds from Vendors	11		11
Total Other Financing Receipts/(Disbursements)	<u>(445)</u>	<u>456</u>	<u>11</u>
Excess (Deficiency) of Cash Receipts and Other Financing Receipts Over (Under) Cash Disbursements and Other Financing Disbursements	23,699	1,940	25,639
Fund Cash Balances, January 1	<u>13,390</u>	<u>55,369</u>	<u>68,759</u>
Fund Cash Balances, December 31	<u>\$37,089</u>	<u>\$57,309</u>	<u>\$94,398</u>

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

**LAW LIBRARY ASSOCIATION
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Law Library Association (the Library) is governed by a board of six trustees who are elected every two years by members of the Miami County Bar Association. These elections are staggered such that two trustees are up for reelection every two years. 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. 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.

During 2009, Ohio Rev. Code Section 3375.48 made the County Commissioners 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 and assistant's compensation and for 80% of the costs for space and utilities for the law library as required by Ohio Rev. Code Section 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 Ohio Revised Code Section 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.

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.

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

**LAW LIBRARY ASSOCIATION
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Deposits 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. The basis records gains or losses at the time of sale as receipts or disbursements, respectively.

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.

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. At December 31, 2009, any remaining balance in this fund was required to be paid to the county law library resources fund (LLRF).

E. Property, Plant, and Equipment

The Library records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

F. 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 Note 2 for additional information.

2. REFUND TO RELATIVE INCOME SOURCES AND AMOUNT RETAINED

Through 2008, if receipts exceed disbursements, the Library must refund at least ninety percent of the 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 2009 and 2008.

**LAW LIBRARY ASSOCIATION
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

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

Unencumbered Balance at December 31, 2008	
<u>Refunded and Retained During Calendar Year 2009</u>	
Unencumbered Balance at December 31, 2008	\$37,897
Refunded to Relative Sources during 2009	<u>34,108</u>
Retained Funds Amount during 2009	<u><u>\$ 3,437</u></u>

Unencumbered Balance at December 31, 2007	
<u>Refunded and Retained During Calendar Year 2008</u>	
Unencumbered Balance at December 31, 2008	\$4,560
Refunded to Relative Sources during 2009	<u>4,104</u>
Retained Funds Amount during 2009	<u><u>\$456</u></u>

Amounts above were paid prior to audits and do not report fund balance adjustments that occurred as a result of audit.

3. EQUITY IN POOLED DEPOSITS AND INVESTMENTS

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

	<u>2009</u>	<u>2008</u>
Demand deposits	\$0	\$55,874
Certificates of deposit	0	38,524
Total deposits	<u><u>\$0</u></u>	<u><u>\$94,398</u></u>

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

4. CLOSEOUT TRANSFER TO COUNTY

HB 420 of the 127th General Assembly required the Law Library to transfer its public cash and property purchased with public funds to the County on or before January 1, 2010. The County will assume accounting responsibilities for these funds commencing in 2010. The Library transferred \$89,939 to the County on December 30, 2009.

5. RETIREMENT SYSTEMS

The Librarian belongs 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.

The Ohio Revised Code also prescribes contribution rates. For 2009 and 2008, OPERS members contributed 10 percent of their gross salaries and their employer (i.e. the Library or County) contributed an amount equaling 14 percent of participants' gross salaries. The Library has paid all contributions required through December 31, 2009.

**LAW LIBRARY ASSOCIATION
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

6. RISK MANAGEMENT

Commercial Insurance

The Library has obtained commercial insurance for the following risks:

- Comprehensive property

7 RELATED PARTY TRANSACTIONS

The Library paid a relative of the Treasurer to provide computer consulting services. The Library paid \$337 to the computer consultant for the period December 31, 2009 and 2008.



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*

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

To the Library Board of Trustees:

We have audited the financial statements of the Miami County Law Library, Miami County, (the Library) as of and for the year ended December 31, 2009 and 2008, and have issued our report thereon dated April 20, 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. As described in Note 1a, per HB 420 of the 127th General Assembly, the library must transfer its 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 in the scope of the county audit for the year ending December 31, 2010 and subsequent years. 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 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 was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider finding 2009-001 described in the accompanying schedule of findings to be 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 matter we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2009-001.

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

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

Mary Taylor, CPA
Auditor of State

April 20, 2010

**LAW LIBRARY ASSOCIATION
MIAMI COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2009 AND 2008**

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

FINDING NUMBER 2009-001

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 2009 and 2008 were inaccurate and incomplete. The beginning and ending General Fund balances were not correctly reported for both years since the 2007 ending audited balances were not included. The General Fund's beginning balance required an adjustment of \$1,446 for 2008 and an adjustment of \$1,591 for 2009. The 2009 financial activity of the Retained Monies Fund was included with the financial activity reported for the General Fund, in addition the amounts that were disbursed as remittances to Miami County to close out their accounts were omitted: (1) \$27,814 from the General Fund and (2) \$62,125 from the Retained Monies Fund. The respective audit adjustments are reflected in the accompanying financial statements.

Officials Response:

Officials did not respond to this finding.

LAW LIBRARY ASSOCIATION
MIAMI COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2009 and 2008

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2007-001	OAC 117-2-02(A) Annual financial reporting is incomplete and inaccurate.	No	Finding 2009-001



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
JULY 8, 2010