



Dave Yost • Auditor of State

**TROY-MIAMI COUNTY PUBLIC LIBRARY
MIAMI COUNTY**

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Dave Yost • Auditor of State

Troy-Miami County Public Library
Miami County
419 W. 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.

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Dave Yost
Auditor of State

May 11, 2011

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Troy-Miami County Public Library
Miami County
419 W. Main Street
Troy, Ohio 45373

To the Board of Trustees:

We have audited the accompanying financial statements of Troy-Miami County Public Library, Miami County, (the Library) as of and for the years ended December 31, 2010 and 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.

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 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, 2010 and 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, 2010 and 2009, 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 combined fund cash balances and reserves for encumbrances of Troy-Miami County Public Library, Miami County, as of December 31, 2010 and 2009, and its combined 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 May 11, 2011, 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 "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

May 11, 2011

**TROY-MIAMI COUNTY PUBLIC LIBRARY
MIAMI COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>All Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property and Other Local Taxes	\$623,462			\$623,462
Library and Local Government Support	1,171,483			1,171,483
Patron Fines and Fees	48,456			48,456
Contributions, Gifts and Donations	55,431			55,431
Earnings on Investments	16,722			16,722
Miscellaneous	11,359			11,359
Total Cash Receipts	<u>1,926,913</u>			<u>1,926,913</u>
Cash Disbursements:				
Current:				
Salaries	705,565			705,565
Employee Fringe Benefits	319,656			319,656
Purchased and Contractual Services	228,926			228,926
Library Materials and Information	188,971			188,971
Supplies	63,063			63,063
Other	4,302			4,302
Capital Outlay	80,810	\$12,688	\$69,104	162,602
Total Cash Disbursements	<u>1,591,293</u>	<u>12,688</u>	<u>69,104</u>	<u>1,673,085</u>
Total Receipts Over/(Under) Disbursements	<u>335,620</u>	<u>(12,688)</u>	<u>(69,104)</u>	<u>253,828</u>
Other Financing Receipts / (Disbursements):				
Transfers-In			50,000	50,000
Transfers-Out	<u>(50,000)</u>			<u>(50,000)</u>
Total Other Financing Receipts / (Disbursements)	<u>(50,000)</u>		<u>50,000</u>	
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	285,620	(12,688)	(19,104)	253,828
Fund Cash Balances, January 1	<u>300,852</u>	<u>629,050</u>	<u>163,152</u>	<u>1,093,054</u>
Fund Cash Balances, December 31	<u>\$586,472</u>	<u>\$616,362</u>	<u>\$144,048</u>	<u>\$1,346,882</u>
Reserve for Encumbrances, December 31	<u>\$29,446</u>	<u>\$0</u>	<u>\$0</u>	<u>\$29,446</u>

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

**TROY-MIAMI COUNTY PUBLIC LIBRARY
MIAMI COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGE IN FUND CASH BALANCE - FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2010**

	Fiduciary Fund Type
	Agency
Non-Operating Cash Receipts:	
Contributions	\$8,752
Total Non-Operating Cash Receipts	8,752
Non-Operating Cash Disbursements:	
Employee Fringe Benefits	8,752
Total Non-Operating Cash Disbursements	8,752
Net Receipts Over/(Under) Disbursements	
Fund Cash Balance, January 1	
Fund Cash Balance, December 31	\$0

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

**TROY-MIAMI COUNTY PUBLIC LIBRARY
MIAMI COUNTY**

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

	<u>All Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Library and Local Government Support	\$1,246,952			\$1,246,952
Patron Fines and Fees	35,880			35,880
Contributions, Gifts and Donations	87,217	\$2,894		90,111
Earnings on Investments	35,519			35,519
Miscellaneous	14,976			14,976
Total Cash Receipts	<u>1,420,544</u>	<u>2,894</u>		<u>1,423,438</u>
Cash Disbursements:				
Current:				
Salaries	751,238			751,238
Employee Fringe Benefits	311,933			311,933
Purchased and Contractual Services	187,264			187,264
Library Materials and Information	142,823			142,823
Supplies	28,175			28,175
Other	4,733			4,733
Capital Outlay	1,592		\$42,546	44,138
Total Cash Disbursements	<u>1,427,758</u>		<u>42,546</u>	<u>1,470,304</u>
Total Receipts Over/(Under) Disbursements	<u>(7,214)</u>	<u>2,894</u>	<u>(42,546)</u>	<u>(46,866)</u>
Other Financing Receipts / (Disbursements):				
Transfers-In	100,000			100,000
Transfers-Out		(100,000)		(100,000)
Total Other Financing Receipts / (Disbursements)	<u>100,000</u>	<u>(100,000)</u>		
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	92,786	(97,106)	(42,546)	(46,866)
Fund Cash Balances, January 1	<u>208,066</u>	<u>726,156</u>	<u>205,698</u>	<u>1,139,920</u>
Fund Cash Balances, December 31	<u>\$300,852</u>	<u>\$629,050</u>	<u>\$163,152</u>	<u>\$1,093,054</u>
Reserve for Encumbrances, December 31	<u>\$18,595</u>	<u>\$0</u>	<u>\$28,871</u>	<u>\$47,466</u>

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

**TROY-MIAMI COUNTY PUBLIC LIBRARY
MIAMI COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGE IN FUND CASH BALANCE - FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2009**

	Fiduciary Fund Type Agency
Non-Operating Cash Receipts:	
Contributions	\$7,559
Total Non-Operating Cash Receipts	7,559
Non-Operating Cash Disbursements:	
Employee Fringe Benefits	7,559
Total Non-Operating Cash Disbursements	7,559
Net Receipts Over/(Under) Disbursements	
Fund Cash Balance, January 1	
Fund Cash Balance, December 31	\$0

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

**TROY-MIAMI COUNTY PUBLIC LIBRARY
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Troy-Miami County Public Library was founded in 1896. The Library is a county district library established under the laws of the State of Ohio in accordance with Section 3375.20 of the Ohio Revised Code. The Library has its own Board of Trustees of seven members, four of which are appointed by the County Commissioners and three who are appointed by the Judge of Common Pleas. Appointments are for seven-year terms and members serve without compensation. Under Ohio statutes, the Library is a body politic and corporate capable of suing and being sued, contracting, acquiring, holding, possessing, and disposing of real property, and of exercising such other powers and privileges conferred upon it by law. The Library also determines and operates under its own budget. Control and management of the Library is governed by sections 3375.33 to 3375.39 of the Ohio Revised Code with the administration of the day-to-day operations of the Library being the responsibility of the Director and financial accountability being solely that of the Fiscal Officer.

The Library is fiscally independent of the Miami County Commissioners, although the County Commissioners serve in a ministerial capacity as the taxing authority for the Library. The determination to request approval of a tax levy, the role and purpose(s) of the levy, are discretionary decisions made solely by the Board of Library Trustees. Once those decisions are made, the County Commissioners must put the levy on the ballot. There is no potential for the Library to provide a financial benefit to or impose a financial burden on the County Commissioners.

Under the provisions of Statement No. 14 of the Governmental Accounting Standards Board, "The Financial Reporting Entity," the Library is considered to be a related organization of the county.

Component units are legally separate organizations for which the Library is financially accountable. The Library is financially accountable for an organization if the Library appoints a voting majority of the organization's governing board and (1) the Library is able to significantly influence the programs or services performed or provided by the organization; or (2) the Library is legally entitled to or can otherwise access the organization's resources; the Library is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Library is obligated for the debt of the organization. The Library is also financially accountable for any organizations for which the Library approves the budget, the issuance of debt or the levying of taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Library, are accessible to the Library and are significant in amount to the Library. The Library has no component units.

The Friends of the Troy-Miami County Public Library, Inc. is a not-for-profit organization with a self-appointing board. The Library is not financially accountable for the organization, nor does the Library approve the budget or the issuance of debt of the organization. Therefore, this organization has been excluded from the reporting entity of the Library for the following reasons.

The Library does not have the ability to access any of the economic resources received or held by the Friends of the Troy-Miami County Public Library, Inc.

The economic resources received from the Friends of the Troy-Miami County Public Library are not significant to the Library.

**TROY-MIAMI COUNTY PUBLIC LIBRARY
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Library's management believes these financial statements present all activities 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. 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. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

The Library records U.S. Treasury Notes 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.

2. Special Revenue Funds

These funds account for proceeds from specific sources (other than from private-purpose trusts or for capital projects) that are restricted to expenditure for specific purposes. The Library had the following significant Special Revenue Fund:

Ada Pressman Fund – This fund was established by the Board to be used to fund any special project, i.e. building or otherwise, deemed appropriate by the Board of Library Trustees. Mrs. Pressman left no stipulations in her will.

3. Capital Project Funds

These funds account for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The Library had the following significant capital project fund:

Building and Repair Fund – This fund accounts for monies set aside by the Board of Library Trustees specifically for major capital and technology improvements.

**TROY-MIAMI COUNTY PUBLIC LIBRARY
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4. Agency Funds

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Library disburses these funds as directed by the individual, organization or other government. The Library had the following significant agency fund:

Flexible Spending Account Fund – This fund was used to hold the participating employees' withdrawals and for later reimbursement of approved medical expenses.

E. Budgetary Process

The Board must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end. Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, category, and object level of control.

A summary of 2010 and 2009 budgetary activity appears in Note 3.

F. 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.

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

2. 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>2010</u>	<u>2009</u>
Demand deposits	\$ 310,978	\$ 103,017
Certificates of deposit	527,209	496,000
Other time deposits (savings and NOW accounts)	308,695	294,037
Total deposits	<u>1,146,882</u>	<u>893,054</u>
U.S. Treasury Notes	200,000	200,000
Total investments	<u>200,000</u>	<u>200,000</u>
Total deposits and investments	<u><u>\$1,346,882</u></u>	<u><u>\$1,093,054</u></u>

Deposits: Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by the financial institution's public entity deposit pool.

Investments: The Federal Reserve holds the Library's U.S. Treasury Notes in book-entry form in the name of the Library's financial institution. The financial institution maintains records identifying the Library as owner of these securities.

**TROY-MIAMI COUNTY PUBLIC LIBRARY
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2010 and 2009 follows:

2010 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,840,596	\$1,926,913	\$86,317
Capital Projects	50,000	50,000	
Agency	8,800	8,752	(48)
Total	<u>\$1,899,396</u>	<u>\$1,985,665</u>	<u>\$86,269</u>

2010 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,838,301	\$1,670,739	\$167,562
Special Revenue	12,688	12,688	
Capital Projects	100,871	69,104	31,767
Agency	8,800	8,752	48
Total	<u>\$1,960,660</u>	<u>\$1,761,283</u>	<u>\$199,377</u>

2009 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,387,022	\$1,520,544	\$133,522
Special Revenue		2,894	2,894
Capital Projects	7,500		(7,500)
Agency	52,279	7,559	(44,720)
Total	<u>\$1,446,801</u>	<u>\$1,530,997</u>	<u>\$ 84,196</u>

2009 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,488,459	\$1,446,353	\$42,106
Special Revenue	104,000	100,000	4,000
Capital Projects	75,000	71,417	3,583
Agency	52,279	7,559	44,720
Total	<u>\$1,719,738</u>	<u>\$1,625,329</u>	<u>\$94,409</u>

4. GRANTS-IN-AID AND TAX RECEIPTS

The primary source of revenue for Ohio public libraries is the Public Library Fund (PLF). The State allocates PLF to each county based on the total tax revenue credited to the State's general revenue fund during the preceding month. The County Budget Commission bases the amount for distribution on the needs of such library for the construction of new library buildings, parts of buildings, improvements, operation, maintenance, or other expenses. The County Budget Commission cannot reduce its allocation of these funds to the Library based on of any additional revenues the Library receives.

**TROY-MIAMI COUNTY PUBLIC LIBRARY
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

4. GRANTS-IN-AID AND TAX RECEIPTS (Continued)

Real property taxes become a lien on January 1 preceding the October 1 date for which the taxing authority of the subdivision to whose jurisdiction the Library is subject adopts rates. The State Department of Taxation, Division of Tax Equalization, adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Other Governments' Grants In Aid. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the taxing district.

Property owners assess tangible personal property tax. These owners must file a list of tangible property to the County by each April 30.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Library.

5. 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.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10% of their gross salaries and the Library contributed an amount equaling 14% of participants gross salaries for 2010 and 2009, respectively. The Library has paid all contributions required through December 31, 2010.

6. Risk Management

Commercial Insurance

The Library has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.
- Library Officials/Bond

7. INTER-FUND TRANSFERS

The Board of Trustees approved the transfer of \$50,000 from the General Fund to the Building and Repair Fund in 2010 to bring this balance to a more appropriate level for covering major building repairs. The Board of Trustees approved the transfer of \$100,000 from Ada Pressman Fund to the General Fund to help cover operating expenses in 2009.

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Dave Yost • Auditor of State

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

Troy-Miami County Public Library
Miami County
419 W. Main Street
Troy, Ohio 45373

To the Board of Trustees:

We have audited the financial statements of Troy-Miami County Public Library, Miami County, (the Library) as of and for the years ended December 31, 2010 and 2009, and have issued our report thereon dated May 11, 2011, 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 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.

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 2010-001 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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We also noted certain matters not requiring inclusion in this report that we reported to the Library's management in a separate letter dated May 11, 2011.

The Library's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the Library's response and, accordingly, we express no opinion on it.

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



Dave Yost
Auditor of State

May 11, 2011

**TROY-MIAMI COUNTY PUBLIC LIBRARY
MIAMI COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2010 AND 2009**

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

FINDING NUMBER 2010-001

MATERIAL WEAKNESS

Governmental Accounting Standards Board Statement 34 Paragraph 73 states agency funds should be used to report resources held by the reporting government in a purely custodial capacity (assets equal liabilities). Agency funds typically involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments.

During Fiscal Year 2009, the Library reported revenues, expenditures, and a beginning fund balance in the amount of \$35,138, \$41,313 and \$6,175 respectively, which represents 82.3% and 84.5% of total revenues and expenditures as well as 100% of beginning fund balance, in fund 902 related to the payment of employer health care premiums. These monies did not meet the criteria established above for reporting on the financial statements as an agency fund. Additionally the Library included the beginning balance in the agency fund rather than in the general fund as it had been reported in the prior year.

An adjustment was made to correctly report the activity related to the beginning balance in the general fund and remove the revenue and expenditures associated with the 902 agency fund from the 2009 fiduciary statement.

The Library should implement procedures on the financial reporting process to verify that all funds are properly reported under the correct "type" as defined by the Governmental Accounting Standards Board.

Official's Response: The employee benefit activity in the agency fund was recommended by the Auditor of State to be changed to the General Fund after the 2009 audit of the previous fiscal officer's term. The benefit activity was changed to be included in the General Fund activity after the 2009 audit per the recommendation.



Dave Yost • Auditor of State

TROY-MIAMI COUNTY PUBLIC 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
JUNE 7, 2011