



**COLUMBUS LAW LIBRARY ASSOCIATION
FRANKLIN COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2007-2006



Mary Taylor, CPA
Auditor of State

**COLUMBUS LAW LIBRARY
FRANKLIN COUNTY**

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Columbus Law Library Association
Franklin County
369 South High Street, 10th Floor
Columbus, Ohio 43215

To the Board of Trustees:

We have audited the accompanying financial statements of the governmental activities and each major fund of the Columbus Law Library Association, Franklin County, Ohio (the Library) as of and for the years ended December 31, 2007 and 2006, which collectively comprise the Library's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Library's management. Our responsibility is to express opinions 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 opinions.

The financial statements present only the General Fund and the Retained Monies Fund and do not intend to present fairly the financial position and results of operations of all Library funds.

As discussed in Note 2, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities and each major fund of the Columbus Law Library Association, Franklin County, Ohio as of December 31, 2007 and December 31, 2006, and the respective changes in cash financial position thereof for the years then ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 18, 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.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

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

April 18, 2008

**COLUMBUS LAW LIBRARY ASSOCIATION
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
UNAUDITED**

This discussion and analysis of the Columbus Law Library Association's financial performance provides an overall review of the Library's financial activities for the years ended December 31, 2007 and 2006, within the limitations of the Library's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Library's financial performance.

Financial Highlights

Key highlights for 2007 are as follows:

Net assets increased by 11 percent, or \$17,023, as compared to 2006.

The Library's primary funding source was fines and forfeiture receipts. These receipts represent over 99% of the total cash received for governmental activities during the year. Fines and forfeiture receipts unexpectedly decreased \$62,991, as compared to 2006, however, disbursements for publications, equipment, and supplies decreased \$55,668 over the same period.

Key highlights for 2006 are as follows:

Net assets increased by 20 percent, or \$25,130, as compared to 2005.

The Library's primary funding source was fines and forfeiture receipts. These receipts represent over 99 percent of the total cash received for governmental activities during the year. Fines and forfeiture receipts increased \$9,811, compared to 2005, as fines collected by various courts in Franklin County increased due to more tickets being issued.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Library's cash basis of accounting.

Report Components

The statement of net assets and the statement of activities provide information about the cash activities of the Library as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Library as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the basic financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

**COLUMBUS LAW LIBRARY ASSOCIATION
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
UNAUDITED
(Continued)**

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Library has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Library's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

Reporting the Library as a Whole

The statement of net assets and the statement of activities reflect how the Library did financially during 2007 and 2006, within the limitations of cash basis accounting. The statement of net assets presents the cash balances of the governmental activities of the Library at December 31, 2007 and 2006. The statement of activities compares cash disbursements with program receipts. Program receipts include fines and forfeitures paid by the Courts to the Library. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental activity draws from the Library's general receipts.

These statements report the Library's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Library's financial health. Over time, increases or decreases in the Library's cash position is one indicator of whether the Library's financial health is improving or deteriorating.

The statement of net assets and the statement of activities present governmental activities, which includes all the Library's services. Fines and forfeiture receipts finance most of these activities. The Library has no business-type activities.

Reporting the Library's Funds

Fund financial statements provide detailed information about the Library's major funds – not the Library as a whole. The Library establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. All of the Library's funds are governmental.

Governmental Funds - The Library's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Library's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Library's programs. The Library's significant governmental funds are presented on the financial statements in separate columns. The Library's major governmental funds in 2007 and 2006 were the General Fund and the Retained Monies Fund. The Library has no nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting). Because the Library reports on a cash basis, the total of the governmental funds matches governmental activities and no reconciliation is required.

**COLUMBUS LAW LIBRARY ASSOCIATION
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
UNAUDITED
(Continued)**

The Library as a Whole

Table 1 provides a summary of the Library's net assets for 2007 compared to 2006 on a cash basis:
(Table 1)

Net Assets

	Governmental Activities		
	2007	2006	2005
Assets			
Cash	\$165,990	\$148,967	\$123,837
Total Assets	<u>\$165,990</u>	<u>\$148,967</u>	<u>\$123,837</u>
Net Assets			
Restricted for:			
Personnel	22,740	0	0
Unrestricted	<u>143,250</u>	<u>148,967</u>	<u>123,837</u>
Total Net Assets	<u>\$165,990</u>	<u>\$148,967</u>	<u>\$123,837</u>

Net assets of governmental activities increased \$42,153 since 2005 (\$17,023 and \$25,130 during 2007 and 2006, respectively). The primary reason contributing to the increase in cash balances occurred in 2006 and is attributed to a decrease in expenditures over the past few years. Table 2 reflects the changes in net assets in 2007 and 2006 and are compared to 2005 as well.

(Table 2)

Changes in Net Assets

	Governmental Activities		
	2007	2006	2005
Receipts:			
Program Receipts:			
Fines and Forfeitures	955,544	1,018,535	1,008,724
Total Program Receipts	<u>955,544</u>	<u>1,018,535</u>	<u>1,008,724</u>
General Receipts:			
Interest	5,703	6,487	2,989
Other Financing Sources	0	0	33,140
Total General Receipts	<u>5,703</u>	<u>6,487</u>	<u>36,129</u>
Total Receipts	<u>961,247</u>	<u>1,025,022</u>	<u>1,044,853</u>
Disbursements:			
Personnel	401,172	361,759	364,537
Publications	431,374	489,394	509,972
Equipment	51,525	81,230	39,903
Supplies and Materials	51,928	55,526	79,476
Miscellaneous	8,225	11,983	11,699
Total Disbursements	<u>944,224</u>	<u>999,892</u>	<u>1,005,587</u>
Increase in Net Assets	17,023	25,130	39,266
Net Assets, January 1	<u>148,967</u>	<u>123,837</u>	<u>84,571</u>
Net Assets, December 31	<u>\$165,990</u>	<u>\$148,967</u>	<u>\$123,837</u>

**COLUMBUS LAW LIBRARY ASSOCIATION
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
UNAUDITED
(Continued)**

Program receipts represent 99 percent of total receipts in both 2007 and 2006, and are the primary revenue source of the Library in both 2007 and 2006. These receipts are comprised of fines collected and distributed to the Library from the various courts within the County for violation of State traffic laws.

Other receipts are insignificant and somewhat unpredictable.

Disbursements for personnel and publications accounted for 88 and 85 percent of the Library's total disbursements in both 2007 and 2006, respectively (87% in 2005). Disbursements for personnel were for the salaries of the Library's employees. Publications represent disbursements made in the purchase, lease or rental of law books and other materials that provide legal information or to facilitate legal research.

Governmental Activities

If you look at the Statement of Activities for 2007 and 2006, you will see that the first column lists the major categories of disbursements of the Library. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for Personnel and Publications, which accounted for 88 percent in 2007 and 85 percent in 2006. The next column of the Statement entitled Program Cash Receipts identifies amounts paid from the Courts to the Library that directly relate to providing the activities of the Library. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by general receipts. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)

	Governmental Activities			
	Total Cost Of Services	Net Cost Of Services	Total Cost Of Services	Net Cost of Services
	2007	2007	2006	2006
Personnel	\$401,172	\$25,443	\$361,759	\$4,046
Publications	431,374	0	489,394	429
Equipment	51,525	(14,123)	81,230	14,168
Supplies and Materials	51,928	0	55,526	0
Miscellaneous	8,225	0	11,983	0
Total Expenses	\$944,224	\$11,320	\$999,892	\$18,643

The Library's Funds

Total governmental funds had receipts of \$961,247 and \$1,025,022, in 2007 and 2006, respectively. Total governmental funds had disbursements of \$944,224 and \$999,892, in 2007 and 2006, respectively. The greatest change within governmental funds occurred within the Retained Monies Fund in 2006.

**COLUMBUS LAW LIBRARY ASSOCIATION
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
UNAUDITED
(Continued)**

General Fund Budgeting Highlights

Most local governments prepare budgets in accordance with Ohio law. The Library is a private association that receives public money in the form of fine distributions. As such, the Library is not a public entity, and is not required to follow Chapter 5705 of the Ohio Rev. Code.

Contacting the Library's Financial Management

This financial report is designed to provide our citizens, the County and City with a general overview of the Library's finances and to reflect the Library's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Keith Blough, Law Librarian, Columbus Law Library Association, 369 South High St., Columbus, Ohio 43215.

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**COLUMBUS LAW LIBRARY ASSOCIATION
FRANKLIN COUNTY**

**STATEMENT OF NET ASSETS - CASH BASIS
DECEMBER 31, 2007**

	<u>Governmental Activities</u>
Assets	
Cash	<u>\$165,990</u>
<i>Total Assets</i>	<u><u>\$165,990</u></u>
Net Assets	
Restricted for:	
Personnel	\$22,740
Unrestricted	<u>143,250</u>
<i>Total Net Assets</i>	<u><u>\$165,990</u></u>

See accompanying notes to the basic financial statements

**COLUMBUS LAW LIBRARY ASSOCIATION
FRANKLIN COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2007**

	Cash Disbursements	Program Cash Receipts	Net (Disbursements) Receipts and Changes in Net Assets
		Charges for Services	Governmental Activities
Governmental Activities			
Library Services:			
Personnel	\$401,172	\$426,615	\$25,443
Publications	431,374	431,374	0
Equipment	51,525	37,402	(14,123)
Supplies and Materials	51,928	51,928	0
Miscellaneous	8,225	8,225	0
<i>Total Governmental Activities</i>	<u>\$944,224</u>	<u>\$955,544</u>	11,320
General Receipts			
Interest			5,703
<i>Total General Receipts</i>			<u>5,703</u>
Change in Net Assets			17,023
<i>Net Assets Beginning of Year</i>			<u>148,967</u>
<i>Net Assets End of Year</i>			<u>\$165,990</u>

See accompanying notes to the basic financial statements

**COLUMBUS LAWLIBRARY ASSOCIATION
FRANKLIN COUNTY**

**STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
DECEMBER 31, 2007**

	General	Retained Monies Fund	Total Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
Assets			
Cash	\$76,298	\$89,692	\$165,990
<i>Total Assets</i>	<u>\$76,298</u>	<u>\$89,692</u>	<u>\$165,990</u>
Fund Balances			
Reserved:			
Reserved for Encumbrances	\$76,298	\$0	\$76,298
Unreserved:			
Undesignated, Reported in:			
Special Revenue Funds	0	89,692	89,692
<i>Total Fund Balances</i>	<u>\$76,298</u>	<u>\$89,692</u>	<u>\$165,990</u>

See accompanying notes to the basic financial statements

**COLUMBUS LAW LIBRARY ASSOCIATION
FRANKLIN COUNTY**

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

	General	Retained Monies Fund	Total Governmental Funds
Receipts			
Fines and Forfeitures	\$955,544	\$0	\$955,544
Earnings on Investments	0	5,703	5,703
<i>Total Receipts</i>	<u>955,544</u>	<u>5,703</u>	<u>961,247</u>
Disbursements			
Current:			
Library Services:			
Personnel	401,172	0	401,172
Publications	431,374	0	431,374
Equipment	51,525	0	51,525
Supplies and Materials	51,928	0	51,928
Miscellaneous	8,225	0	8,225
<i>Total Disbursements</i>	<u>944,224</u>	<u>0</u>	<u>944,224</u>
<i>Excess of Receipts Over Disbursements</i>	<u>11,320</u>	<u>5,703</u>	<u>17,023</u>
<i>Net Change in Fund Balances</i>	11,320	5,703	17,023
<i>Fund Balances Beginning of Year</i>	<u>64,978</u>	<u>83,989</u>	<u>148,967</u>
<i>Fund Balances End of Year</i>	<u><u>\$76,298</u></u>	<u><u>\$89,692</u></u>	<u><u>\$165,990</u></u>

See accompanying notes to the basic financial statements

COLUMBUS LAW LIBRARY ASSOCIATION
FRANKLIN COUNTY

STATEMENT OF NET ASSETS - CASH BASIS
DECEMBER 31, 2006

	Governmental Activities
Assets	
Cash	\$148,967
<i>Total Assets</i>	<u>\$148,967</u>
Net Assets	
Unrestricted	148,967
<i>Total Net Assets</i>	<u>\$148,967</u>

See accompanying notes to the basic financial statements

**COLUMBUS LAW LIBRARY ASSOCIATION
FRANKLIN COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS
FFOR THE YEAR ENDED DECEMBER 31, 2006**

	Cash Disbursements	Program Cash Receipts	Net (Disbursements) Receipts and Changes in Net Assets
		Charges for Services	Governmental Activities
Governmental Activities			
Library Services:			
Personnel	\$361,759	\$365,805	\$4,046
Publications	489,394	489,823	429
Equipment	81,230	95,398	14,168
Supplies and Materials	55,526	55,526	0
Miscellaneous	11,983	11,983	0
<i>Total Governmental Activities</i>	<u>\$999,892</u>	<u>\$1,018,535</u>	18,643
General Receipts			
Interest			<u>6,487</u>
<i>Total General Receipts</i>			<u>6,487</u>
Change in Net Assets			25,130
<i>Net Assets Beginning of Year</i>			<u>123,837</u>
<i>Net Assets End of Year</i>			<u>\$148,967</u>

See accompanying notes to the basic financial statements

**COLUMBUS LAW LIBRARY ASSOCIATION
FRANKLIN COUNTY**

**STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
DECEMBER 31, 2006**

	General	Retained Monies Fund	Total Governmental Funds
Assets			
Cash	\$64,978	\$83,989	\$148,967
<i>Total Assets</i>	\$64,978	\$83,989	\$148,967
Fund Balances			
Reserved:			
Reserved for Encumbrances	\$64,978	\$0	\$64,978
Unreserved:			
Undesignated, Reported in:			
Special Revenue Funds	0	83,989	83,989
<i>Total Fund Balances</i>	\$64,978	\$83,989	\$148,967

See accompanying notes to the basic financial statements

**COLUMBUS LAW LIBRARY ASSOCIATION
FRANKLIN COUNTY**

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

	General	Retained Monies Fund	Total Governmental Funds
Receipts			
Fines and Forfeitures	\$1,018,535	\$0	\$1,018,535
Earnings on Investments	0	6,487	6,487
<i>Total Receipts</i>	<u>1,018,535</u>	<u>6,487</u>	<u>1,025,022</u>
Disbursements			
Current:			
Library Services:			
Personnel	361,759	0	361,759
Publications	489,394	0	489,394
Equipment	81,230	0	81,230
Supplies and Materials	55,526	0	55,526
Miscellaneous	11,983	0	11,983
<i>Total Disbursements</i>	<u>999,892</u>	<u>0</u>	<u>999,892</u>
<i>Excess of Receipts Over Disbursements</i>	<u>18,643</u>	<u>6,487</u>	<u>25,130</u>
Other Financing Sources			
Remittance to Retained Funds	(4,450)	4,450	0
<i>Total Other Financing Sources</i>	<u>(4,450)</u>	<u>4,450</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	14,193	10,937	25,130
<i>Fund Balances Beginning of Year</i>	<u>50,785</u>	<u>73,052</u>	<u>123,837</u>
<i>Fund Balances End of Year</i>	<u><u>\$64,978</u></u>	<u><u>\$83,989</u></u>	<u><u>\$148,967</u></u>

See accompanying notes to the basic financial statements

**COLUMBUS LAW LIBRARY ASSOCIATION
FRANKLIN COUNTY**

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

1. REPORTING ENTITY

The Columbus Law Library Association, Franklin County, Ohio (the Library) is directed by a board of ten trustees who are elected annually by members of the Franklin County Bar Association. The Library provides free 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.

The Board of Trustees hires a librarian. The Board of Trustees fixes the librarian's compensation pursuant to Ohio Revised Code Section 3375.48. In 2006, the County treasury paid the librarian's salary. Beginning in January 1, 2007, Ohio Revised Code Section 3375.49 required law libraries to pay 20% of the compensation for their librarian and up to two assistants from their own funds and the Library's funding obligation increases by 20 percentage points, annually. Therefore, beginning January 1, 2011, law libraries must pay 100% of these librarians' compensation from law library funds.

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

The Library deems some funds it receives as private monies. Private monies include: membership dues, overdue book charges, and photocopying charges. Fees the Library collects for the use of books and copiers remain private even though the books and copiers may have been purchased with public funds. Private monies can be disbursed at the discretion of the Library. The accompanying financial statements do not present private monies.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Note 2C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. Following are the more significant of the Library's accounting policies.

A. Basis of Presentation

The Library's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

**COLUMBUS LAW LIBRARY ASSOCIATION
FRANKLIN COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (Continued)

A. Basis of Presentation (Continued)

Government-wide Financial Statements

The statement of net assets and the statements of activities display information about the Library as a whole.

The statement of net assets presents the cash balance of the governmental activities of the Library at year end. The statement of activities compares disbursements with program receipts for each of the Library's governmental activities. Disbursements are reported by object. Program receipts include fines and forfeitures paid by the Courts to the Library. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each object is self-financing on a cash basis or draws from the Library's general receipts.

Fund Financial Statements

During the year, the Library segregates transactions related to certain Library functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Library at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column.

B. Fund Accounting

The Library uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are used to segregate resources that are restricted as to use. The funds of the Library are all governmental.

Governmental Funds

The Library classifies all funds as governmental funds. The Library's major governmental funds are the General Fund and Retained Monies Fund. The General Fund is used to account for all financial resources, except those required to be accounted for in another fund. The Retained Monies Fund consists of monies retained by the Library under Ohio Revised Code § 3375.56. At the end of each calendar year the Library is permitted under law to retain up to ten percent of their unencumbered balance.

C. Accounting Basis

The Library's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the Library's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

**COLUMBUS LAW LIBRARY ASSOCIATION
FRANKLIN COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Accounting Basis (Continued)

As a result of the use of the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

D. Cash and Investments

Investments are included in Fund Cash Balances. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

E. Budgetary Process

The Library is not required to budget annually; however, under Ohio Revised Code Section 3375.56 the Library is permitted to encumber funds equal to their commitments outstanding at year end. Encumbrances outstanding at year end are carried over to the subsequent year.

F. Refund to Relative Income Sources

If certain conditions are met, the Library is required to refund at least ninety percent of any *unencumbered* balance to political subdivisions that provided revenues to the Library. See Footnote 3 for additional information.

G. Capital Assets

Acquisitions of property, plant, and equipments are recorded as disbursements when paid. These items are not reflected in the accompanying financial statements.

H. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Library had restricted net assets in 2007 due to monies owed to Franklin County for 20% of the Librarian's salary as required by the Ohio Revised Code.

I. Fund Balance Reserves

The Library reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved (*undesignated*) fund balance indicates that portion of fund balance which is available in future periods. The Library had fund balance reserves of \$76,298 and \$64,978 as of December 31, 2007 and December 31, 2006, respectively.

**COLUMBUS LAW LIBRARY ASSOCIATION
FRANKLIN COUNTY**

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

3. REFUND TO RELATIVE INCOME SOURCES AND AMOUNT RETAINED

In any year that revenues exceed disbursements and encumbrances, pursuant to Ohio Rev. Code Section 3375.56, the Library refunds at least ninety percent of the balance to the political subdivisions who provided the funds and retains the remaining amount. The remaining ten percent is transferred into the retained monies fund. For 2006, the Library did not properly calculate the unencumbered balance, due to a misunderstanding on how to reflect a prior year encumbrance that was never paid. The Library should have refunded \$34,562 to the political subdivisions; however the Library remitted no funds to the subdivisions. Ten percent of the amount was transferred to the Retained Monies Fund, while the remaining amount is being held in the General Fund.

4. DEPOSITS AND INVESTMENTS

The Law Library Association does not have an investment policy that limits investments or related risks.

Custodial Risk – is the risk that in the event of bank failure, the Library's deposits may not be returned. According to state law, public depositories must give security for all public funds on deposit. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by the Federal Deposit Insurance Corporation (FDIC), or may pledge a pool of government securities valued at least 105% of the total value of public monies on deposit at the institution. Repurchase agreements must be secured by the specific government securities upon which the repurchase agreements are based. These securities must be obligations of or guaranteed by the United States and mature or be redeemable within 5 years of the date of the related repurchase agreement. State law does not require security for public deposits and investments to be maintained in the Library's name. The Library complied with the provisions of these statutes.

At December 31, 2007 and 2006, the carrying amount of the Library's deposits was \$165,990 and \$148,967 and the bank balance was \$236,081 and \$191,384, respectively. Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, As of December 31, 2006, none of the bank balance was exposed to Custodial Risk as described above. All of the bank balances were covered by FDIC. As of December 31, 2007, \$44,854 of the bank balance was exposed to custodial credit risk.

5. DEFINED BENEFIT PENSION PLANS

The Library participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

**COLUMBUS LAW LIBRARY ASSOCIATION
FRANKLIN COUNTY**

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

5. DEFINED BENEFIT PENSION PLANS (Continued)

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 800-222-7377.

For the year ended December 31, 2007, the members of all three plans were required to contribute 9.5 percent of their annual covered salaries. The Library's contribution rate for pension benefits for 2007 was 13.85 percent. For the year ended December 31, 2006, the members of all three plans were required to contribute 9 percent of their annual covered salaries. The Library's contribution rate for pension benefits in 2006 was 13.7 percent. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Library's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2007 and 2006 were \$61,894 and \$54,635 respectively. The Library has paid all contributions required through December 31, 2007.

6. POST EMPLOYMENT BENEFITS

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and qualified survivor benefit recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The local government employer contribution rate for 2007 and 2006 was 13.85 percent and 13.7 percent, respectively, of covered payroll. For 2007, the employer contribution allocated to the health care plan from January 1 through June 30, 2007 and July 1 through December 31, 2007 was 5.0 percent and 6.0 percent of covered payroll, respectively. For 2006, 4.50 percent of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the individual entry age actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2006, include a rate of return on investments of 6.50 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.3 percent based on additional annual pay increases. Health care costs were assumed to increase between .50 and 5.00 percent annually for the next eight years and 4.00 percent annually after eight years.

**COLUMBUS LAW LIBRARY ASSOCIATION
FRANKLIN COUNTY**

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

6. POST EMPLOYMENT BENEFITS (Continued)

All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually, not to exceed a 12 percent corridor.

The number of active contributing participants in the traditional and combined plans was 374,979. The number of active contributing participants for both plans used in the December 31, 2006, actuarial valuation was 362,310. Actual employer contributions for 2007 and 2006 which were used to fund postemployment benefits were \$25,081 and \$18,217, respectively. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2006, (the latest information available) were \$12 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$30.7 billion and \$18.7 billion, respectively.

On September 9, 2004 the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. To improve the solvency of the Health Care Fund, OPERS created a separate investment pool for health care assets. Member and employer contribution rates increased as of January 1, 2006, and January 1, 2007, which will allow additional funds to be allocated to the health care plan.

7. RISK MANAGEMENT

Commercial Insurance

The Library has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Errors and omissions.



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*

Columbus Law Library Association
Franklin County
369 South High Street, 10th Floor
Columbus, Ohio 43215

To the Library Board of Trustees:

We have audited the financial statements of the governmental activities and each major fund of the Columbus Law Library Association, Franklin County, Ohio (the Library) as of and for the year ended December 31, 2007 and 2006, which collectively comprise the Library's basic financial statements and have issued our report thereon dated April 18, 2008, where in we disclosed the financial statements include only the general fund and the retained monies fund. We conducted our audits 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 opinions 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 finding 2007-001 described in the accompanying schedule of findings to be a significant deficiency in internal control over financial reporting.

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.

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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 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 that we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2007-002.

We also noted a certain noncompliance or other matter not requiring inclusion in this report that we reported to the Library's management in a separate letter dated April 18, 2008.

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

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



Mary Taylor, CPA
Auditor of State

April 18, 2008

**COLUMBUS LAW LIBRARY ASSOCIATION
FRANKLIN COUNTY**

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

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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Finding Number	2007-001
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Financial Reporting – Significant Deficiency/Material Weakness

The Library utilizes the Accpac Vision Point accounting software for daily transaction processing and annual financial statement preparation. There were modifications or reclassifications necessary to the Library's annual financial statements. Although the accounting software generates the financial statements, management is responsible for the presentation of the basic financial statements and accordingly should implement review procedures and controls over the financial preparation and reporting process.

Audit adjustments to the financial statements and accounting system were necessary to accurately reflect the receipts and disbursements of the Library. The Library reported as Other Financing Sources on the financial statements a receipt that was an accounting system entry and should have had no impact on the financial statements resulting in an overstatement of Retained Monies Fund ending balance.

In addition, audit adjustments were necessary to reclassify a transfer between the General and Retained Monies funds and to reclassify refunds received as a reduction of expenditures in the General Fund rather than a receipt in the Retained Monies Fund. These audit adjustments ranged in dollar amount from \$429 to \$35,556.

We recommend the Library implement additional procedures to provide assurance over the completeness and accuracy of information reported within the financial statements. Such procedures may include additional reviews of the financial statements including the notes to the financial statements by a member of management and an analytical comparison of the current year annual report to the prior year annual report for obvious errors or omissions.

Officials' Response:

The Library agrees that it will continue to review, monitor, and reconcile its accounting systems and checks and balances in an effort to assure future accuracy and the integrity of its financial reporting and will periodically review these and will implement whatever additional safeguards that are necessary to meet and fulfill these objectives.

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**COLUMBUS LAW LIBRARY ASSOCIATION
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2007 AND 2006
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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Finding Number	2007-002
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Material Noncompliance – Finding For Recovery

Ohio Rev. Code Section 3375.56 requires a law library board to refund proportionately to the treasurers of the various contributing political subdivisions at least 90% of public monies received under Section 3375.50 to 3375.53 of the Revised Code that exceed expenditures during the same period. The Library reported a finding for recovery as an encumbrance on the 2005 Treasurer's Report to the County to be paid in 2006. As such, the encumbered money was not included in the Library's 90% refund calculation in 2005. The Library was informed by the Attorney General's Office in March of 2006 that, as a result of legislation changes, the finding for recovery was no longer valid, making the money available to be encumbered or expended by the end of 2006 or to be subject to the refund calculation at that time.

The Library did not expend or encumber the amount in question prior to December 31, 2006, nor was the amount included in the 2006 refund calculation. As such, the Library had revenues in excess of disbursements in the amount of \$34,562 for 2006 but did not make refunds to the appropriate political subdivisions.

In accordance with the foregoing facts and pursuant to Ohio Revised Code Section 117.28, a finding for recovery for public monies due but not collected is hereby issued against the Columbus Law Library General fund, in the amount \$31,106, which represents 90% of the excess, in favor of Franklin County. This money should then be distributed by Franklin County to the appropriate entities proportionate to the amount of funds that comprised the receipts to the Library during fiscal year 2006.

Officials' Response:

The Library is aware of Ohio Rev. Code Section 3375.56 that requires the library to refund proportionately to the treasurers of the various contributing political subdivisions at least 90% of public monies received under Section 3375.50 to 3375.53 of the Revised Code that exceed expenditures during the same period. In March 2006, the Attorney General's office copied the Library on a letter to the County Prosecutor that it concurred that the 2002 FFR should be considered resolved and that no additional funds should be due to other subdivisions. However, the Library never received formal notification of this disposition from the Auditor's office until 2008. Thus, the Library continued holding the funds as a contingency and planned to expend the funds in 2008 once the contingency was released.

Auditor of State's Analysis:

As noted above the Library was informed by the Attorney General's Office in March of 2006. The Auditor of State's only requirement under R.C. 9.24 is to maintain and update the Finding For Recovery database. The Auditor of State received written notice from the Attorney General's office on April 3, 2006 and at this time removed the Finding from the database.



Mary Taylor, CPA
Auditor of State

COLUMBUS LAW LIBRARY ASSOCIATION

FRANKLIN 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
SEPTEMBER 4, 2008**