



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 year ended December 31, 2008, which 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 modified 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 modified cash financial position of the governmental activities and each major fund of the Columbus Law Library Association, Franklin County, Ohio as of December 31, 2008, and the respective changes in modified cash financial position thereof for the year then ended in conformity with the basis of accounting Note 2 describes.

House Bill 420 of the 127th General Assembly required the 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, and the County will present these funds in its financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 29, 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.

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

November 29, 2010

**COLUMBUS LAW LIBRARY ASSOCIATION
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008
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 year ended December 31, 2008, 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 2008 are as follows:

Net assets increased by 59.3 percent, or \$98,377, as compared to 2007.

The Library's primary funding source was fines and forfeiture receipts. These receipts represent 83.5% of the total cash received for governmental activities during the year. Fines and forfeiture receipts increased \$27,661, compared to 2007, as fines collected by various courts in Franklin County increased due to more tickets being issued. The 2008 receipts are still \$35,330 below the 2006 receipts.

The Library also received a onetime payment of \$85,767 from Franklin County for the Law Librarian's accumulated sick and vacation leave benefits in response to Attorney General Opinion 2007-012. This receipt represented 87.2% of the increase in net assets from 2007.

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 modified 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's General Fund and Retained Monies Fund 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, 2008
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 2008, within the limitations of cash basis accounting. The statement of net assets presents the cash balances of the governmental activities of the General Fund and Retained Monies Fund of the Library at December 31, 2008. 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 2008 were the General Fund and the Retained Monies Fund. Because the Library reports on a modified 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, 2008
UNAUDITED
(Continued)**

The Library as a Whole

Table 1 provides a summary of the Library's net assets for 2008 compared to 2007 on a cash basis:
(Table 1)

Net Assets

	<u>Governmental Activities</u>	
	<u>2008</u>	<u>2007</u>
Assets		
Cash	\$264,367	\$165,990
Total Assets	<u>\$264,367</u>	<u>\$165,990</u>
Net Assets		
Restricted for:		
Personnel	41,590	22,740
Future Compensated Absences	85,767	-
Unrestricted	<u>137,010</u>	<u>143,250</u>
Total Net Assets	<u>\$264,367</u>	<u>\$165,990</u>

Net assets of governmental activities increased \$98,377 in 2008 from 2007. Table 2 reflects the changes in net assets from 2007 and 2008.

(Table 2)

Changes in Net Assets

	<u>Governmental Activities</u>	
	<u>2008</u>	<u>2007</u>
Receipts:		
Program Receipts:		
Fines and Forfeitures	\$ 983,205	\$ 955,544
Operating Grants and Contributions	85,767	\$ 955,544
Total Program Receipts	<u>1,068,972</u>	<u>955,544</u>
General Receipts:		
Interest	<u>2,073</u>	<u>5,703</u>
Total Receipts	<u>1,071,045</u>	<u>961,247</u>
Disbursements:		
Personnel	445,464	401,172
Publications	412,155	431,374
Equipment	35,645	51,525
Supplies and Materials	65,763	51,928
Miscellaneous	13,641	8,225
Total Disbursements	<u>972,668</u>	<u>944,224</u>
Increase in Net Assets	98,377	17,023
Net Assets, January 1	165,990	148,967
Net Assets, December 31	<u>\$ 264,367</u>	<u>\$ 165,990</u>

**COLUMBUS LAW LIBRARY ASSOCIATION
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2008
UNAUDITED
(Continued)**

Program receipts represent 99 percent of total receipts 2008 and are the primary revenue source of the Library in 2008. The 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 percent of the Library's total disbursements for 2008 (88% in 2007). 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 2008 and 2007, 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 account for 88 percent in both years. 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	Net Cost	Total Cost	Net Cost
	Of Services	Of Services	Of Services	of Services
	2008	2008	2007	2007
Personnel	\$ 445,464	\$ (96,304)	\$ 401,172	\$ 25,443
Publications	412,155	-	431,374	-
Equipment	35,645	-	51,525	(14,123)
Supplies and Materials	65,763	-	51,928	-
Miscellaneous	13,641	-	8,225	-
Total Expenses	\$ 972,668	\$ (96,304)	\$ 944,224	\$ 11,320

The Library's Funds

Total governmental funds had receipts of \$1,071,045 and \$961,427 in 2008 and 2007, respectively. Total governmental funds had disbursements of \$972,668 and \$944,224, in 2008 and 2007, respectively.

**COLUMBUS LAW LIBRARY ASSOCIATION
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2008
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 - MODIFIED CASH BASIS
DECEMBER 31, 2008**

	Governmental Activities
Assets	
Cash	<u>\$ 264,367</u>
<i>Total Assets</i>	<u>264,367</u>
Net Assets	
Restricted for:	
Personnel	41,590
Future Compensated Absences	85,767
Unrestricted	<u>137,010</u>
<i>Total Net Assets</i>	<u>\$ 264,367</u>

See accompanying notes to the basic financial statements

**COLUMBUS LAW LIBRARY ASSOCIATION
FRANKLIN COUNTY**

**STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Cash Disbursements	Program Cash Receipts Charges for Services	Operating Grants and Contributions	Net (Disbursements) Receipts and Changes in Net Assets Governmental Activities
Governmental Activities				
Library Services:				
Personnel	\$ 445,464	\$ 456,001	\$ 85,767	\$ 96,304
Publications	412,155	412,155	-	-
Equipment	35,645	35,645	-	-
Supplies and Materials	65,763	65,763	-	-
Miscellaneous	13,641	13,641	-	-
<i>Total Governmental Activities</i>	<u>\$ 972,668</u>	<u>\$ 983,205</u>	<u>\$ 85,767</u>	<u>96,304</u>
General Receipts				
Interest				2,073
Change in Net Assets				98,377
<i>Net Assets Beginning of Year</i>				<u>165,990</u>
<i>Net Assets End of Year</i>				<u>\$ 264,367</u>

See accompanying notes to the basic financial statements

**COLUMBUS LAW LIBRARY ASSOCIATION
FRANKLIN COUNTY**

**STATEMENT OF MODIFIED CASH BASIS ASSETS AND FUND BALANCE
GOVERNMENTAL FUNDS
DECEMBER 31, 2008**

	<u>General</u>	<u>Retained Monies Fund</u>	<u>Total Governmental Funds</u>
Assets			
Cash	\$ 87,867	\$ 90,733	\$ 178,600
Restricted Cash	85,767	-	85,767
<i>Total Assets</i>	<u>173,634</u>	<u>90,733</u>	<u>264,367</u>
Fund Balances			
Reserved:			
Reserved for Encumbrances	56,761	-	56,761
Future Compensated Absences	85,767	-	85,767
Unreserved:			
Undesignated, Reported in:			
General Fund	31,106	-	31,106
Special Revenue Funds	-	90,733	90,733
<i>Total Fund Balances</i>	<u>\$ 173,634</u>	<u>\$ 90,733</u>	<u>\$ 264,367</u>

See accompanying notes to the basic financial statements

**COLUMBUS LAW LIBRARY ASSOCIATION
FRANKLIN COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN
MODIFIED CASH BASIS FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2008**

	General	Retained Monies Fund	Total Governmental Funds
Receipts			
Fines and Forfeitures	\$ 983,205	\$ -	\$ 983,205
Earnings on Investments	0	2,073	2,073
<i>Total Receipts</i>	<u>983,205</u>	<u>2,073</u>	<u>985,278</u>
Disbursements			
Current:			
Library Services:			
Personnel	445,464	0	445,464
Publications	412,155	0	412,155
Equipment	35,645	0	35,645
Supplies and Materials	65,763	0	65,763
Miscellaneous	13,641	0	13,641
<i>Total Disbursements</i>	<u>972,668</u>	<u>0</u>	<u>972,668</u>
<i>Excess of Receipts Over Disbursements</i>	<u>10,537</u>	<u>2,073</u>	<u>12,610</u>
Other Financing Sources (Uses)			
Transfers In	1,032	0	1,032
Transfers Out	0	(1,032)	(1,032)
Receipt from County - Law Librarian Accumulated Leave	85,767	-	85,767
<i>Total Other Financing Sources (Uses)</i>	<u>86,799</u>	<u>(1,032)</u>	<u>85,767</u>
<i>Net Change in Fund Balances</i>	<u>97,336</u>	<u>1,041</u>	<u>98,377</u>
<i>Fund Balances Beginning of Year</i>	<u>76,298</u>	<u>89,692</u>	<u>165,990</u>
<i>Fund Balances End of Year</i>	<u>\$ 173,634</u>	<u>\$ 90,733</u>	<u>\$ 264,367</u>

See accompanying notes to the basic financial statements

**COLUMBUS LAW LIBRARY ASSOCIATION
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2008**

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. Beginning 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 thereafter. During 2008, the Library was responsible for 40% of the librarian's and assistants' compensation and for 20% of the costs of the space and utilities of the law library as required by Ohio Revised 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 shall be made pursuant to the annual appropriation measure adopted by the commissioners.

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 modified cash basis of accounting. This modified 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 modified 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, 2008
(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 modified 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, 2008
(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. Restricted Assets

Cash, cash equivalents and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. Restricted assets represent the payment for the Librarian's accumulated sick and vacation leave received from the County.

H. Capital Assets

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

I. 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 2008 due to monies owed to Franklin County for the Librarian's salary, as required by the Ohio Revised Code and for monies held for the Librarian's accumulated sick and vacation liability.

**COLUMBUS LAW LIBRARY ASSOCIATION
FRANKLIN COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. 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 \$142,528 and 44,763 as of December 31, 2008 and December 31, 2007, respectively.

3. REFUND TO RELATIVE INCOME SOURCES AND AMOUNT RETAINED

In any year that revenues exceed disbursements, the Library refunds at least ninety percent of the balance to the political subdivisions who provided the funds and retains the remaining amount. This refund process is referred to as the application of Ohio Rev. Code Section 3375.56 or refund to relative income sources. The Library did not refund or retain any monies in 2008.

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, 2008, the carrying amount of the Library's deposits was \$178,600 and the bank balance was \$178,600. Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, As of December 31, 2008, none of the bank balance was exposed to Custodial Risk as described above. All of the bank balances were covered by FDIC.

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, 2008
(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, 2008, the members of all three plans were required to contribute 10 percent of their annual covered salaries. The Library's contribution rate for pension benefits for 2008 was 14 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 year ended December 31, 2008 was \$67,623. The Library has paid all contributions required through December 31, 2008.

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 2008 was 14 percent of covered payroll. For 2008, the employer contribution allocated to the health care plan was 7.0 percent of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units. Active members do not make contributions to the OPEB plan.

OPERS' Post Employment Health Care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post employment health care benefits. For 2008, the employer contribution allocated to the health care plan was 7 percent of covered payroll. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the healthcare benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and coverage selected. The actual employer contributions by the Library used to fund postemployment benefits was \$19,729 for 2008.

The Health Care Preservation Plan (HCPP) plan adopted by the OPERS Retirement Board on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007, and January 1, 2008, which allowed additional funds to be allocated to the health care plan.

**COLUMBUS LAW LIBRARY ASSOCIATION
FRANKLIN COUNTY**

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

7. RISK MANAGEMENT

Commercial Insurance

The Library has obtained commercial insurance for the following risks:

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

8. CLOSEOUT TRANSFER TO COUNTY

HB 420 of the 127th General Assembly required the Library to transfer all unspent fines and penalties in the their general fund and retained moneys fund collected pursuant to sections 3375.50 to 3375.53 of the Revised Code, and all personal property they can reasonably identify as having been purchased by such fines and penalties, to the County Law Library Resources Board on or before January 1, 2010. The County will assume accounting responsibilities for these funds commencing in 2010. The Library had encumbrances of \$17,845 as of December 31, 2009 that were paid out during January 2010. On January 4, 2010, the Library transferred \$100,369, the remaining cash balance, to the County. In addition to the transfer, the Library also returned an undeposited check in the amount of \$43,139 to the County.

Pursuant to 2007 Op. Att'y Gen. No. 2007-012, the Library received \$85,767 from the County in 2008 as a payment for the Librarian's accumulated sick leave balance as of December 31, 2006. The Library in return invested the monies into a certificate of deposit (CD). As noted in Note 1A, upon the Librarian's employment with the County Law Library Resources Board, HB 420 transferred the Librarian's accrued but unused sick leave liability back to the County. As of November 29, 2010, the Library has not transferred the \$85,767 back to the County; however, the Library and the County are in agreement that the CD will either be turned over to the County, or when the CD matures, the \$85,767 plus interest will be transferred back to the County to pay for the Librarian's accrued but unused sick leave liability upon retirement.



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, (the Library) as of and for the year ended December 31, 2008, which comprise the Library's basic financial statements and have issued our report thereon dated November 29, 2010, wherein we also disclosed the financial statements include only the general fund and the retained monies fund, In addition, we also disclosed that State Statute requires the Library to transfer its public funds to the County. The County will assume accounting responsibilities for the Library in 2010. 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 Government'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 2008-01 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 November 29, 2010.

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

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

November 29, 2010

**COLUMBUS LAW LIBRARY ASSOCIATION
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2008**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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Finding Number	2008-001
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Financial Reporting – 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 were necessary to reclassify transfers between the General and Retained Monies funds to reclassify expenditures from the Retained Monies fund to the General fund. These audit adjustments ranged in dollar amount from \$429 to \$31,106. In addition, an audit adjustment was made to report the receipt and restricted cash/net asset, in the amount \$85,767, from Franklin County for the Law Librarian's accumulated sick and vacation leave benefits.

The financial statements have been adjusted to reflect these adjustments. However, due to HB 420, which required the Library to transfer all public monies the County on January 1, 2010, there was no need to adjust the accounting records.

We recommend the Library implement additional procedures to provided 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.

We did not receive a response from Officials' to the above finding.

**COLUMBUS LAW LIBRARY ASSOCIATION
FRANKLIN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 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	Material Weakness – Implement additional procedures to assure complete and accurate financial statement reporting.	No	Repeated as Finding Number 2008-001.
2007-002	Finding for recovery for refunds of relative income sources	No	Not Corrected



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
DECEMBER 30, 2010**