



**COLUMBUS LAW LIBRARY ASSOCIATION
FRANKLIN COUNTY**

FINAL AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2009



Mary Taylor, CPA
Auditor of State

**COLUMBUS LAW LIBRARY ASSOCIATION
FRANKLIN COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Cover Letter	1
Independent Accountants' Report.....	3
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Public Funds - For the Year Ended December 31, 2009.....	5
Notes to the Financial Statement.....	7
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	11
Schedule of Prior Audit Findings.....	13

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Mary Taylor, CPA
Auditor of State

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

To the Board of Trustees:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your Library to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

Mary Taylor

Mary Taylor, CPA
Auditor of State

November 29, 2010

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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 statement of the general fund and the retained monies fund of the Columbus Law Library Association, Franklin County, Ohio (the Library) as of and for the year ended December 31, 2009. This financial statement is the responsibility of the Library's management. Our responsibility is to express an opinion on this financial statement 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 statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

The financial statement presents only the general fund and the retained monies fund and does not intend to present fairly the financial position or results of operations of the all Library funds.

As described more fully in Note 1, the Library has prepared this financial statement using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statement of the variances between these regulatory accounting practices and GAAP, we presume they are material.

While the Library does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statement does not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require Libraries to reformat their statements. The Library has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statement referred to above for the year ended December 31, 2009 does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Library as of December 31, 2009, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statement referred to above presents fairly, in all material respects, the fund cash balances and reserves for encumbrances of the Columbus Law Library Association, Franklin County, general fund and the retained monies fund as of December 31, 2009, and its cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

As discussed in Note 1D, the Library has included activity associated with the Retained Monies Fund.

Also, as discussed in Note 2, the Library changed its financial presentation comparable to the requirements of Governmental Accounting Standard No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* to the accounting practices the Auditor of State prescribes or permits.

The Library has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statement.

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 statement.

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.



Mary Taylor, CPA
Auditor of State

November 29, 2010

**COLUMBUS LAW LIBRARY ASSOCIATION
FRANKLIN COUNTY**

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

	General	Retained Monies Fund	Totals (Memorandum Only)
Receipts			
Fines and Forfeitures	\$ 954,119	\$ -	\$ 954,119
Earnings on Investments	-	511	511
<i>Total Receipts</i>	<u>954,119</u>	<u>511</u>	<u>954,630</u>
Disbursements			
Current:			
Library Services:			
Personnel	458,077	-	458,077
Publications	435,915	-	435,915
Equipment	26,282	-	26,282
Space	18,419	-	18,419
Supplies and Materials	61,364	-	61,364
Miscellaneous	14,832	-	14,832
<i>Total Disbursements</i>	<u>1,014,889</u>	<u>-</u>	<u>1,014,889</u>
<i>Excess of Receipts Over Disbursements</i>	<u>(60,770)</u>	<u>511</u>	<u>(60,259)</u>
Other Financing Sources			
Transfer In	21,961	-	21,961
Transfer Out	-	(21,961)	(21,961)
<i>Total Other Financing Sources</i>	<u>21,961</u>	<u>(21,961)</u>	<u>-</u>
<i>Net Change in Fund Balances</i>	<u>(38,809)</u>	<u>(21,450)</u>	<u>(60,259)</u>
<i>Public Fund Cash Balances, January 1</i>	<u>173,634</u>	<u>90,733</u>	<u>264,367</u>
<i>Public Fund Cash Balances, December 31</i>	<u>\$ 134,825</u>	<u>\$ 69,283</u>	<u>\$ 204,108</u>
Reserves for Encumbrances, December 31	<u>\$ 17,845</u>	<u>\$ -</u>	<u>\$ 17,845</u>

See accompanying notes to the basic financial statements

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**COLUMBUS LAW LIBRARY ASSOCIATION
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2009**

1. Summary of Significant Accounting Policies

A. Description of the Entity

The Columbus Law Library Association (the Library) is governed by a board of ten trustees. Members of the Franklin County Bar Association elect the board members annually. The Library provides access to all county officers and the judges of the several courts within the county.

The Library operates by receiving a portion of fine and forfeiture monies from the courts (and any associated interest) under Ohio Revised Code (ORC) §§ 3375.50 to .53, inclusive. ORC § 3375.54 authorizes the Library to disburse funds to purchase, lease or rent law books; computer communications consoles to access a system of computerized legal research; microfilm materials and equipment, videotape materials and equipment; audio or visual materials and equipment; and other services, materials, and equipment that provide legal information or facilitate legal research.

ORC §3375.49 requires the Franklin County Commissioners to provide adequate facilities for the Library, including suitable bookcases, heating and lighting for the rooms.

The Board of Trustees hires a librarian. The Judges of the Court of Common Pleas of Franklin County fix these librarians' compensation pursuant to ORC § 3375.48. If the Library provides free access to all county officers and the judges of the several courts, the County treasury pays the librarians' salary. If the Library does not provide free access, the Library must pay the librarians' salary.

During 2009, Ohio Rev. Code Section 3375.48 made the county commissioners responsible for compensating the librarian and up to two assistants and for the costs of the space and utilities.

As of January 1, 2010, a Law Library Resources Board (LLRB) will govern county law libraries. Each county will establish a county law library resources fund (LLRF) as required by Ohio Revised Code Section 307.514. On or before January 1, 2010 the Library must transfer money and property purchased with fine and penalties monies to the LLRB. Expenditures from the LLRF fund shall be made pursuant to the annual appropriation measure adopted by the commissioners.

The Library's management believes this financial statement presents all public funds 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. The Library need not comply with ORC § 3375.54 when disbursing private money. The accompanying financial statement does not present private monies.

B. Accounting Basis

This financial statement follows the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Library recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. The Reserve for Encumbrances on the financial statement represents the Library's commitments for purchases. The Library recognizes encumbrances when it commits funds.

**COLUMBUS LAW LIBRARY ASSOCIATION
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2009
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

B. Accounting Basis (Continued)

This statement includes adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Deposits and Investments

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

The Library values certificates of deposit at cost.

D. Fund Accounting

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

1. General Fund

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

2. Retained Monies Fund

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

E. Budgetary Process

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

F. Property, Plant, and Equipment

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

H. Accumulated Leave

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

**COLUMBUS LAW LIBRARY ASSOCIATION
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2009
(Continued)**

2. Change in Basis of Accounting

For the year ended December 31, 2009, the Library changed its financial presentation comparable to the requirements of Governmental Accounting Standard No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments* to the accounting practices the Auditor of State prescribes or permits. This change did not result in a restatement of the fund balances.

3. 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.

4. Equity in Pooled Deposits and Investments

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

	<u>2009</u>
Demand deposits	<u>\$118,341</u>
Certificates of deposit	<u>85,767</u>
Total deposits and investments	<u><u>\$204,108</u></u>

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

Investments: During 2009, the Library established a Certificate of Deposit with Champagne Bank to account for the Law Librarian’s accumulated leave payout received from the County in accordance with HB 66 and HB 363. The Certificate is held in the Library’s name and is to be paid out to the Law Librarian upon retirement. The funds are considered restricted assets of the Library.

**COLUMBUS LAW LIBRARY ASSOCIATION
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2009
(Continued)**

5. Retirement Systems

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

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

5. Risk Management

Commercial Insurance

The Library has obtained commercial insurance for the following risks:

- Comprehensive property and general liability; and
- 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 Board of Trustees:

We have audited the financial statement of the Columbus Law Library Association, Franklin County, Ohio (the Library) as of and for the year ended December 31, 2009, and have issued our report thereon dated November 29, 2010, wherein we noted the Library changed its financial presentation and followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We also disclosed the financial statement includes 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 Library's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Library's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Library's internal control over financial reporting.

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 combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Government's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

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 did note 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, 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 PRIOR AUDIT FINDINGS
DECEMBER 31, 2009**

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 and 2008-001	Material Weakness – Implement additional procedures to assure complete and accurate financial statement reporting.	No	Repeated in the management letter.

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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**