



**COLUMBUS LAW LIBRARY ASSOCIATION
FRANKLIN COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2005-2004



**Auditor of State
Betty Montgomery**

**COLUMBUS LAW LIBRARY ASSOCIATION
FRANKLIN COUNTY**

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Auditor of State Betty Montgomery

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, 2005 and 2004, 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 an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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, 2005 and 2004, and the respective changes in cash financial position thereof for the years then ended in conformity with the basis of accounting Note 2 describes.

For the year ended December 31, 2004, the Library revised its financial statement 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*.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 18, 2006, 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. That report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. It does not opine on the internal control over financial reporting or on compliance. 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 the Government Accounting Standards Board (GASB) 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 "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

September 18, 2006

**COLUMBUS LAW LIBRARY ASSOCIATION
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004
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, 2005 and 2004, 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 2005 are as follows:

Net assets increased by 46 percent, or \$39,266, a significant change from the prior year.

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 increased \$58,297 as compared to 2004 as fines collected by the various courts within Franklin County were significantly more due to an increase in the number of tickets issued.

Key highlights for 2004 are as follows:

Net assets increased by 11 percent, or \$8,570, as compared to 2003.

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 unexpectedly decreased \$185,180 however disbursements for publications decreased \$203,225, as compared to 2003.

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.

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.

**COLUMBUS LAW LIBRARY ASSOCIATION
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004
UNAUDITED
(Continued)**

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 2005 and 2004, 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, 2005 and 2004. 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 2005 and 2004 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.

The Library as a Whole

Table 1 provides a summary of the Library's net assets for 2004 compared to 2003 on a modified cash basis:

**COLUMBUS LAW LIBRARY ASSOCIATION
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004
UNAUDITED
(Continued)**

(Table 1)

Net Assets

	Governmental Activities		
	2005	2004	2003
Assets			
Cash	\$123,837	\$84,571	\$76,001
Total Assets	\$123,837	\$84,571	\$76,001
Net Assets			
Unrestricted	123,837	84,571	76,001
Total Net Assets	\$123,837	\$84,571	\$76,001

Net assets of governmental activities increased \$47,836 since 2003 (\$39,266 and \$8,570 during 2005 and 2004, respectively). The primary reasons contributing to the increase in cash balances occurred in 2005 and is attributed to the increase in fine and forfeiture receipts and a transfer of \$33,140 from the Library's Private Account to their General Fund.

Table 2 reflects the changes in net assets in 2005 and 2004. Since the Library did not prepare financial statements in this format for 2003, a comparative analysis of government-wide data has not been presented for 2003. In future years, when prior year information is available, a comparative analysis will be presented.

**COLUMBUS LAW LIBRARY ASSOCIATION
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004
UNAUDITED
(Continued)**

(Table 2)
Changes in Net Assets

	Governmental Activities	
	2005	2004
Receipts:		
Program Receipts:		
Fines and Forfeitures	1,008,724	950,427
Total Program Receipts	1,008,724	950,427
General Receipts:		
Interest	2,989	2,138
Other Financing Sources	33,140	0
Total General Receipts	36,129	2,138
Total Receipts	1,044,853	952,565
Disbursements:		
Personnel	364,537	381,412
Publications	509,972	447,132
Equipment	39,903	39,803
Supplies and Materials	79,476	64,032
Miscellaneous	11,699	11,616
Total Disbursements	1,005,587	943,995
Increase in Net Assets	39,266	8,570
Net Assets, January 1	84,571	76,001
Net Assets, December 31	\$123,837	\$84,571

Program receipts represent 97 and 99 percent of total receipts in 2005 and 2004 respectively, and are the primary revenue source of the Library in both 2005 and 2004. 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 87 percent of the Library's total disbursements in both 2005 and 2004. 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 2005 on page 10 and for 2004 on page 14, 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 87 percent of all disbursements in both 2005 and 2004. 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.

**COLUMBUS LAW LIBRARY ASSOCIATION
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004
UNAUDITED
(Continued)**

(Table 3)

	Governmental Activities			
	Total Cost	Net Cost	Total Cost	Net Cost
	Of Services	Of Services	Of Services	of Services
	2005	2005	2004	2004
Personnel	\$364,537	\$1,137	\$381,412	\$2,599
Publications	509,972	1,591	447,132	3,047
Equipment	39,903	124	39,803	271
Supplies and Materials	79,476	248	64,032	436
Miscellaneous	11,699	37	11,616	79
Total Expenses	\$1,005,587	\$3,137	\$943,995	\$6,432

Program receipts supported 100 percent of disbursements in both 2005 and 2004.

The Library's Funds

Total governmental funds had receipts of \$1,044,853 and \$952,565, in 2005 and 2004, respectively. Total governmental funds had disbursements of \$1,005,587 and \$943,995, in 2005 and 2004, respectively. The greatest change within governmental funds occurred within the General Fund. The fund balance of the General Fund increased \$36,277 in 2005 as the result of increased receipts for fines and forfeitures and a transfer of \$33,140 from the Library's Private Account to their General Fund.

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.

Capital Assets and Debt Administration

Capital Assets

The Library does not currently keep track of its capital assets.

Debt

At December 31, 2005, the Library had not debt outstanding.

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, 2005**

	Governmental Activities
Assets	
Cash	<u>\$123,837</u>
<i>Total Assets</i>	<u><u>\$123,837</u></u>
Net Assets	
Unrestricted	<u>123,837</u>
<i>Total Net Assets</i>	<u><u>\$123,837</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, 2005**

	Cash Disbursements	Program Cash Receipts	Net (Disbursements) Receipts and Changes in Net Assets
	<u>Cash Disbursements</u>	<u>Charges for Services</u>	<u>Governmental Activities</u>
Governmental Activities			
Library Services:			
Personnel	364,537	365,674	\$1,137
Publications	509,972	511,563	1,591
Equipment	39,903	40,027	124
Supplies and Materials	79,476	79,724	248
Miscellaneous	11,699	11,736	37
<i>Total Governmental Activities</i>	<u>\$1,005,587</u>	<u>\$1,008,724</u>	3,137
General Receipts			
Interest			2,989
Miscellaneous			33,140
<i>Total General Receipts</i>			<u>36,129</u>
Change in Net Assets			39,266
<i>Net Assets Beginning of Year</i>			<u>84,571</u>
<i>Net Assets End of Year</i>			<u>\$123,837</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, 2005**

	General	Retained Monies Fund	Total Governmental Funds
Assets			
Cash	\$50,785	\$73,052	\$123,837
<i>Total Assets</i>	<u>\$50,785</u>	<u>\$73,052</u>	<u>\$123,837</u>
Fund Balances			
Reserved:			
Reserved for Encumbrances	\$49,780	\$0	\$49,780
Unreserved:			
Undesignated, Reported in:			
General Fund	1,005	0	1,005
Special Revenue Funds	0	73,052	73,052
<i>Total Fund Balances</i>	<u>\$50,785</u>	<u>\$73,052</u>	<u>\$123,837</u>

See accompanying notes to the basic financial statements

**COLUMBUS LAW LIBRARY ASSOCIATION
FRANKLIN COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BASIS
FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2005**

	General	Retained Monies Fund	Total Governmental Funds
Receipts			
Fines and Forfeitures	\$1,008,724	\$0	\$1,008,724
Earnings on Investments	0	2,989	2,989
<i>Total Receipts</i>	<u>1,008,724</u>	<u>2,989</u>	<u>1,011,713</u>
Disbursements			
Current:			
Library Services:			
Personnel	364,537	0	364,537
Publications	509,972	0	509,972
Equipment	39,903	0	39,903
Supplies and Materials	79,476	0	79,476
Miscellaneous	11,699	0	11,699
<i>Total Disbursements</i>	<u>1,005,587</u>	<u>0</u>	<u>1,005,587</u>
<i>Excess of Receipts Over Disbursements</i>	<u>3,137</u>	<u>2,989</u>	<u>6,126</u>
Other Financing Sources			
Other Financing Sources	33,140	0	33,140
<i>Total Other Financing Sources</i>	<u>33,140</u>	<u>0</u>	<u>33,140</u>
<i>Net Change in Fund Balances</i>	36,277	2,989	39,266
<i>Fund Balances Beginning of Year</i>	<u>14,508</u>	<u>70,063</u>	<u>84,571</u>
<i>Fund Balances End of Year</i>	<u><u>\$50,785</u></u>	<u><u>\$73,052</u></u>	<u><u>\$123,837</u></u>

See accompanying notes to the basic financial statements

**COLUMBUS LAW LIBRARY ASSOCIATION
FRANKLIN COUNTY**

**STATEMENT OF NET ASSETS - CASH BASIS
DECEMBER 31, 2004**

	Governmental Activities
Assets	
Cash	\$84,571
<i>Total Assets</i>	<u>\$84,571</u>
Net Assets	
Unrestricted	84,571
<i>Total Net Assets</i>	<u>\$84,571</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, 2004**

	General	Retained Monies Fund	Total Governmental Funds
Assets			
Cash	\$14,508	\$70,063	\$84,571
<i>Total Assets</i>	<u>\$14,508</u>	<u>\$70,063</u>	<u>\$84,571</u>
Fund Balances			
Reserved:			
Reserved for Encumbrances	\$9,581	\$0	\$9,581
Unreserved:			
Undesignated, Reported in:			
General Fund	4,927	0	4,927
Special Revenue Funds	0	70,063	70,063
<i>Total Fund Balances</i>	<u>\$14,508</u>	<u>\$70,063</u>	<u>\$84,571</u>

See accompanying notes to the basic financial statements

**COLUMBUS LAW LIBRARY ASSOCIATION
FRANKLIN COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BASIS
FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2004**

	General	Retained Monies Fund	Total Governmental Funds
Receipts			
Fines and Forfeitures	\$950,427	\$0	\$950,427
Earnings on Investments	0	2,138	2,138
<i>Total Receipts</i>	<u>950,427</u>	<u>2,138</u>	<u>952,565</u>
Disbursements			
Current:			
Library Services:			
Personnel	381,412	0	381,412
Publications	447,132	0	447,132
Equipment	39,803	0	39,803
Supplies and Materials	64,032	0	64,032
Miscellaneous	11,616	0	11,616
<i>Total Disbursements</i>	<u>943,995</u>	<u>0</u>	<u>943,995</u>
<i>Excess of Receipts Over Disbursements</i>	<u>6,432</u>	<u>2,138</u>	<u>8,570</u>
<i>Net Change in Fund Balances</i>	6,432	2,138	8,570
<i>Fund Balances Beginning of Year</i>	<u>8,076</u>	<u>67,925</u>	<u>76,001</u>
<i>Fund Balances End of Year</i>	<u><u>\$14,508</u></u>	<u><u>\$70,063</u></u>	<u><u>\$84,571</u></u>

See accompanying notes to the basic financial statements

**COLUMBUS LAW LIBRARY ASSOCIATION
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004**

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 lawbooks; 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 the compensation of the librarian 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.

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 FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(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. Basis of Accounting

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 FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting (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 4 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 no restricted net assets as of December 31, 2005, or December 31, 2004.

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 \$49,780 and \$9,581 as of December 31, 2005 and December 31, 2004, respectively.

**COLUMBUS LAW LIBRARY ASSOCIATION
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

3. CHANGE IN REPORTING PRESENTATION

For 2003, the Library reported fund financial statements by fund type using the regulatory basis of accounting as prescribed by the State Auditor's Office. For the year ended December 31, 2004, the Library revised its financial statement 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 as described in note 2. The fund financial statements now present each major fund in a separate column, rather than a column for each fund type.

The transition from the regulatory basis of accounting to the cash basis of accounting did not require any changes to fund balance as previously reported at December 31, 2003.

4. 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 ORC 3375.56 or refund to relative income sources. The Library did not refund or retain any monies during 2005 or 2004.

5. DEPOSITS AND INVESTMENTS

Monies held by the Library are classified by State Statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Library treasury. Active monies must be maintained either as cash in the Library treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Trustees have identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the Library can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

**COLUMBUS LAW LIBRARY ASSOCIATION
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

5. DEPOSITS AND INVESTMENTS (Continued)

3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Library, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Library or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

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, 2005 and 2004, the carrying amount of the Library's deposits was \$123,837 and \$84,571 and the bank balance was \$131,570 and \$86,811. Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, As of December 31, 2005 and 2004, none of the bank balance was exposed to Custodial Risk as described above, while all of the bank balances were covered by FDIC.

**COLUMBUS LAW LIBRARY ASSOCIATION
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

6. RETIREMENT SYSTEM

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.

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, OH 43215-4642 or by calling (614) 222-6705 or (800) 222-7377.

For the years ended December 31, 2005 and 2004, the members of all three plans were required to contribute 8.5 percent of their annual covered salaries. The Library's contribution rate for pension benefits for 2005 and 2004 was 9.55 percent. The Ohio Revised Code provides statutory authority for member and employer contributions. The Library has paid all contributions required through December 31, 2005.

7. 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 primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in *GASB Statement No. 12*. 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 2005 and 2004 local government employer contribution rate was 13.55 percent of covered payroll; 4.00 percent of covered payroll was the portion that was used to fund health care.

**COLUMBUS LAW LIBRARY ASSOCIATION
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

7. POST EMPLOYMENT BENEFITS (Continued)

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2004, include a rate of return on investments of 8.00 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 premiums were assumed to increase between 1.00 and 6.00 percent annually for the next eight years and 4.00 percent annually after eight years.

All investments are carried at market. 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.

The number of active contributing participants in the traditional and combined plans was 369,885. Actual employer contributions for 2005 and 2004 which were used to fund postemployment benefits were \$27,162 and \$25,203. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2004, (the latest information available) were \$10.8 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$29.5 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. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care costs.

8. RISK MANAGEMENT

Commercial Insurance

The Library has obtained commercial insurance for the following risks:

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

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Auditor of State Betty Montgomery

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 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, 2005 and 2004, which collectively comprise the Library's basic financial statements and have issued our report thereon dated September 18, 2006, wherein we noted the Library revised its financial statement 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*. We also disclosed the financial statements include only the general fund and the retained monies fund. 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 to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the Library's management dated September 18, 2006, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

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*. In a separate letter to the Library's management dated September 18, 2006, we reported a matter related to noncompliance we deemed immaterial.

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We intend this report solely for the information and use of the management and the Board of Trustees. It is not intended for anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

September 18, 2006

**COLUMBUS LAW LIBRARY ASSOCIATION
FRANKLIN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2005 AND 2004**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2003-001	Finding for recovery for refunds to relative income sources.	Yes	
2003-002	Finding for adjustment for retained monies fund	Yes	
2003-003	Reportable Condition - Proper encumbering of funds	Yes	
2003-004	Reportable Condition – Maintaining time cards for part-time employees	Partially	Repeated in current year management letter.



**Auditor of State
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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
NOVEMBER 16, 2006**