



**MADISON JOINT RECREATION BOARD  
LAKE COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2004 & 2003**



**Auditor of State  
Betty Montgomery**



**MADISON JOINT RECREATION BOARD  
LAKE COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Cover Letter .....	1
Independent Accountants' Report.....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - Governmental Fund Types - For the Year Ended December 31, 2004 .....	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - Governmental Fund Types - For the Year Ended December 31, 2003.....	6
Notes to the Financial Statements .....	7
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	9

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**Auditor of State  
Betty Montgomery**

Madison Joint Recreation Board  
Lake County  
P.O. Box 456  
Madison, Ohio 44057

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 a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an 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.

A handwritten signature in black ink that reads "Betty Montgomery".

**Betty Montgomery**  
Auditor of State

May 18, 2005

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

Madison Joint Recreation Board  
Lake County  
P.O. Box 456  
Madison, Ohio 44057

To the Board of Trustees:

We have audited the accompanying financial statements of Madison Joint Recreation Board, Lake County, Ohio (the Board) as of and for the years ended December 31, 2004 and December 31, 2003. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

Revisions to GAAP would require the Board to reformat its financial statement presentation and make other changes effective for the year ended December 31, 2004. Instead of the combined funds the accompanying financial statements present for 2004 (and 2003), the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2004. While the Board does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require Recreation Boards to reformat their statements. The Board has elected not to reformat its statements. Since this Board does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the year ended December 31, 2004 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Board as of December 31, 2004, or their changes in financial position for the year then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Madison Joint Recreation Board, Lake County, Ohio as of December 31, 2004 and December 31, 2003, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Board to include Management's Discussion and Analysis for the year ended December 31, 2004. The Board has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 18, 2005, on our consideration of the Board'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.



**Betty Montgomery**  
Auditor of State

May 18, 2005



**MADISON JOINT RECREATION BOARD  
LAKE COUNTY**

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

	<u>Governmental Fund Type</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Intergovernmental	\$1,000	\$12,000	\$13,000
Total Cash Receipts	<u>1,000</u>	<u>12,000</u>	<u>13,000</u>
<b>Cash Disbursements:</b>			
General Government	280	10,140	10,420
Other		145	145
Total Cash Disbursements	<u>280</u>	<u>10,285</u>	<u>10,565</u>
Total Receipts Over/(Under) Disbursements	<u>720</u>	<u>1,715</u>	<u>2,435</u>
Fund Cash Balances, January 1, 2004	<u>3,633</u>	<u>1,648</u>	<u>5,281</u>
<b>Fund Cash Balances, December 31, 2004</b>	<b><u><u>\$4,353</u></u></b>	<b><u><u>\$3,363</u></u></b>	<b><u><u>\$7,716</u></u></b>

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

**MADISON JOINT RECREATION BOARD  
LAKE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>Governmental Fund Type</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Intergovernmental	\$1,000	\$12,000	\$13,000
Total Cash Receipts	<u>1,000</u>	<u>12,000</u>	<u>13,000</u>
<b>Cash Disbursements:</b>			
General Government	988	14,695	15,683
Other		90	90
Total Cash Disbursements	<u>988</u>	<u>14,785</u>	<u>15,773</u>
Total Receipts Over/(Under) Disbursements	<u>12</u>	<u>(2,785)</u>	<u>(2,773)</u>
Fund Cash Balances, January 1, 2003	<u>3,621</u>	<u>4,433</u>	<u>8,054</u>
<b>Fund Cash Balances, December 31, 2003</b>	<b><u>\$3,633</u></b>	<b><u>\$1,648</u></b>	<b><u>\$5,281</u></b>

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

**MADISON JOINT RECREATION BOARD  
LAKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Madison Joint Recreation Board, Lake County, Ohio, (the Board) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Board is directed by a nine-member Board of Trustees, three from Madison Board of Education, three from Madison Village, and three from Madison Township.

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

**B. Basis of Accounting**

These financial statements follow the basis of accounting the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned and recognizes disbursements when paid rather than when a liability is incurred.

These statements adequately disclose material matters the Auditor of State's accounting basis requires.

**C. Fund Accounting**

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

**1. General Fund**

The General Fund accounts for all financial resources except those restricted by law or contract.

**2. Special Revenue Funds**

This fund account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Board had the following significant Special Revenue Fund:

Maintenance Fund – This fund receives money to be used for maintenance of the athletic fields in Madison, Ohio.

**D. Budgetary Process**

The Board is not subject to Ohio Budgetary law since it is not a taxing authority subdivision.

**E. Property, Plant, and Equipment**

The Board records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

**MADISON JOINT RECREATION BOARD  
LAKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003  
(Continued)**

**2. EQUITY IN POOLED CASH**

The Board maintains cash in a business bank account at Key Bank. The Ohio Revised Code prescribes allowable deposits. The carrying amount of cash at December 31 was as follows:

	<u>2004</u>	<u>2003</u>
Demand Deposits	<u>\$7,716</u>	<u>\$5,281</u>
Total Cash	<u><u>\$7,716</u></u>	<u><u>\$5,281</u></u>

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

**3. RISK MANAGEMENT**

The Board has obtained commercial insurance for employee dishonesty coverage.



**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***

Madison Joint Recreation Board  
Lake County  
P.O. Box 456  
Madison, Ohio 44057

To the Board of Trustees:

We have audited the financial statements of the Madison Joint Recreation Board, Lake County, Ohio, (the Board) as of and for the years ended December 31, 2004 and December 31, 2003, and have issued our report thereon dated May 18, 2005, wherein we noted the Board followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States'.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Board'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 Board's management dated May 18, 2005, we reported a certain matter involving internal control over financial reporting.

**Compliance and Other Matters**

As part of reasonably assuring whether the Board'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 Board's management dated May 18, 2005, we reported a certain matter related to noncompliance we deemed immaterial.

Madison Joint Recreation Board  
Lake County  
Independent Accountants' Report on Internal Control Over  
Financial Reporting and on Compliance and Other Matters  
Required by *Government Auditing Standards*  
Page 2

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

May 18, 2005



**Auditor of State  
Betty Montgomery**

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**MADISON JOINT RECREATION BOARD**

**LAKE COUNTY**

**CLERK'S CERTIFICATION**

**This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.**

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JUNE 16, 2005**