



**Mary Taylor, CPA**  
Auditor of State



**MADISON PUBLIC LIBRARY  
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, 2007 .....	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - Governmental Fund Types - For the Year Ended December 31, 2006 .....	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> .....	13

**This page intentionally left blank.**



# Mary Taylor, CPA

Auditor of State

Madison Public Library  
Lake County  
6111 Middle Ridge Road  
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 an 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 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.

A handwritten signature in cursive script that reads "Mary Taylor".

**Mary Taylor, CPA**  
Auditor of State

July 25, 2008

**This page intentionally left blank.**



# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Madison Public Library  
Lake County  
6111 Middle Ridge Road  
Madison, Ohio 44057

To the Board of Trustees:

We have audited the accompanying financial statements of Madison Public Library, Lake County, Ohio, (the Library) as of and for the years ended December 31, 2007 and December 31, 2006. 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 our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Library 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.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Library's larger (i.e. major) funds separately. While the Library does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do 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 statements referred to above for the years ended December 31, 2007 and 2006 do 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, 2007 and 2006, or its changes in financial position for the years then ended.

Lausche Building / 615 Superior Ave., NW / Twelfth Floor / Cleveland, OH 44113-1801  
Telephone: (216) 787-3665 (800) 626-2297 Fax: (216) 787-3361  
[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of Madison Public Library, Lake County, Ohio, as of December 31, 2007 and December 31, 2006, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

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 statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 25, 2008, on our consideration of the Library's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

A handwritten signature in cursive script that reads "Mary Taylor".

**Mary Taylor, CPA**  
Auditor of State

July 25, 2008



**MADISON PUBLIC LIBRARY  
LAKE COUNTY**

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

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Property and Other Local Taxes	\$285,178	\$0	\$0	\$285,178
Other Government Grants-In-Aid and Tax Receipts	844,483	0	0	844,483
Patron Fines and Fees	34,085	0	0	34,085
Contributions, Gifts and Donations	12,692	0	0	12,692
Earnings on Investments	70,076	137	0	70,213
Miscellaneous	150	0	0	150
	<u>1,246,664</u>	<u>137</u>	<u>0</u>	<u>1,246,801</u>
<b>Total Cash Receipts</b>				
<b>Cash Disbursements:</b>				
Current:				
Salaries	572,392	0	0	572,392
Employee Fringe Benefits	163,848	0	0	163,848
Purchased and Contractual Services	154,509	78,191	0	232,700
Library Materials and Information	256,896	0	0	256,896
Supplies	20,500	0	0	20,500
Other	7,662	0	0	7,662
Capital Outlay	2,229	0	17,817	20,046
	<u>1,178,036</u>	<u>78,191</u>	<u>17,817</u>	<u>1,274,044</u>
<b>Total Cash Disbursements</b>				
Total Receipts Over/(Under) Disbursements	<u>68,628</u>	<u>(78,054)</u>	<u>(17,817)</u>	<u>(27,243)</u>
Fund Cash Balances, January 1, 2007	<u>234,052</u>	<u>1,001,080</u>	<u>286,646</u>	<u>1,521,778</u>
<b>Fund Cash Balances, December 31, 2007</b>	<u><b>\$302,680</b></u>	<u><b>\$923,026</b></u>	<u><b>\$268,829</b></u>	<u><b>\$1,494,535</b></u>
Reserve for Encumbrances, December 31, 2007	<u>\$2,512</u>	<u>\$5,813</u>	<u>\$0</u>	<u>\$8,325</u>

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

**MADISON PUBLIC LIBRARY  
LAKE COUNTY**

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

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	
<b>Cash Receipts:</b>				
Property and Other Local Taxes	\$277,366	\$0	\$0	\$277,366
Other Government Grants-In-Aid and Tax Receipts	817,205	0	0	817,205
Patron Fines and Fees	33,556	0	0	33,556
Contributions, Gifts and Donations	11,181	0	0	11,181
Earnings on Investments	62,678	15,263	0	77,941
Miscellaneous	176	0	0	176
Total Cash Receipts	1,202,162	15,263	0	1,217,425
<b>Cash Disbursements:</b>				
Current:				
Salaries	529,428	0	0	529,428
Employee Fringe Benefits	131,985	0	0	131,985
Purchased and Contractual Services	150,052	28,595	0	178,647
Library Materials and Information	277,832	0	0	277,832
Supplies	28,158	0	0	28,158
Other	3,397	0	0	3,397
Capital Outlay	2,989	0	16,128	19,117
Total Cash Disbursements	1,123,841	28,595	16,128	1,168,564
Total Receipts Over/(Under) Disbursements	78,321	(13,332)	(16,128)	48,861
<b>Other Financing Receipts / (Disbursements):</b>				
Transfers-In	0	0	48,516	48,516
Transfers-Out	(48,516)	0	0	(48,516)
Total Other Financing Receipts / (Disbursements)	(48,516)	0	48,516	0
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	29,805	(13,332)	32,388	48,861
Fund Cash Balances, January 1, 2006	204,247	1,014,412	254,258	1,472,917
<b>Fund Cash Balances, December 31, 2006</b>	<b>\$234,052</b>	<b>\$1,001,080</b>	<b>\$286,646</b>	<b>\$1,521,778</b>

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

**MADISON PUBLIC LIBRARY  
LAKE COUNTY**

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

**1. Summary of Significant Accounting Policies**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Madison Public Library, Lake County, (the Library) as a body corporate and politic. Madison Board of Education appoints a seven-member Board of Trustees to govern the Library. The Library provides the community with various educational and literary resources.

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

**B. Accounting Basis**

These financial statements follow 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. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

**C. Cash 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. Money market mutual funds (including STAR Ohio) are recorded at share values the mutual funds report.

**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. Special Revenue Fund**

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

**MADISON PUBLIC LIBRARY  
LAKE COUNTY**

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

**1. Summary of Significant Accounting Policies (Continued)**

**D. Fund Accounting (Continued)**

**2. Special Revenue Fund (Continued)**

Special Projects Fund – This fund is for bequests, gifts, memorial contributions and other non-tax sources to be used for library programs and projects as designated and approved by the Board of Trustees.

**3. Capital Project Fund**

This fund account for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The Library had the following significant capital project fund:

Equipment Fund – This fund is used to pay for computers and related equipment.

**E. Budgetary Process**

The Board must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end. Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function, and object level of control.

A summary of 2007 and 2006 budgetary activity appears in Note 3.

**F. Property, Plant, and Equipment**

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

**G. Accumulated Leave**

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

**2. Equity in Pooled Cash and Investments**

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

**MADISON PUBLIC LIBRARY  
LAKE COUNTY**

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

**2. Equity in Pooled Cash and Investments (Continued)**

	2007	2006
Petty cash	\$200	\$200
Demand deposits	67,148	22,917
Money market account	687,999	654,221
Certificates of deposit	575,000	632,916
Total deposits	1,330,147	1,310,054
STAR Ohio	161,394	208,859
Money market mutual funds	2,794	2,665
Total investments	164,188	211,524
Total petty cash, deposits and investments	\$1,494,535	\$1,521,778

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by the financial institution's public entity deposit pool.

**Investments:** Investments in STAR Ohio and mutual funds are not evidenced by securities that exist in physical or book-entry form.

**3. Budgetary Activity**

Budgetary activity for the years ending 2007 and 2006 follows:

2007 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,391,925	\$1,246,664	\$1,145,261
Special Revenue	0	137	(137)
Capital Projects	0	0	0
Total	\$2,391,925	\$1,246,801	\$1,145,124

2007 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,277,874	\$1,178,036	\$99,838
Special Revenue	952,869	78,191	874,678
Capital Projects	286,275	17,817	268,458
Total	\$2,517,018	\$1,274,044	\$1,242,974

**MADISON PUBLIC LIBRARY  
LAKE COUNTY**

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

**3. Budgetary Activity (Continued)**

2006 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,162,148	\$1,202,162	(\$40,014)
Special Revenue	0	15,263	(15,263)
Capital Projects	34,252	48,516	(14,264)
Total	\$1,196,400	\$1,265,941	(\$69,541)

2006 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,173,648	\$1,172,357	\$1,291
Special Revenue	350,000	28,595	321,405
Capital Projects	259,000	16,128	242,872
Total	\$1,782,648	\$1,217,080	\$565,568

**4. Grants-In-Aid and Tax Receipts**

The primary source of revenue for Ohio public libraries is the State Library and Local Government Support Fund (LLGSF). The State allocates LLGSF to each county based on the county's prior intangibles tax of LLGSF revenues, and its population. The County Budget Commission allocates these funds to the Library based on its needs such as for the construction of new library buildings, improvements, operation, maintenance, or other expenses. The Budget Commission cannot reduce its allocation of these funds to the Library based on of any additional revenues the Library receives.

Real property taxes become a lien on January 1 preceding the October 1 date for which the taxing authority of the subdivision to whose jurisdiction the Library is subject adopts rates. The State Department of Taxation, Division of Tax Equalization, adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Other Governments' Grants In Aid. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the taxing district.

Property owners assess tangible personal property tax. These owners must file a list of tangible property to the County by each April 30.

The Lake County Auditor is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Library.

**MADISON PUBLIC LIBRARY  
LAKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006  
(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 2007 and 2006, OPERS members contributed 9.5% and 9.0%, respectively, of their gross salaries and the Library contributed an amount equaling 13.85% and 13.7%, respectively, of participants' gross salaries. The Library has paid all contributions required through December 31, 2007.

**6. Risk Management**

**Commercial Insurance**

The Library has obtained commercial insurance for the following risks:

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

The Library also provides health, vision and dental insurance to full-time employees who work 40 hours per week through a private carrier. The Library's liability for health care is limited to the premium paid.

**This page intentionally left blank.**





# 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*

Madison Public Library  
Lake County  
6111 Middle Ridge Road  
Madison, Ohio 44057

To the Library Board of Trustees:

We have audited the financial statements of the Madison Public Library, Lake County, Ohio, (the Library) as of and for the years ended December 31, 2007 and December 31, 2006, and have issued our report thereon dated July 25, 2008, wherein we noted the Library 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 the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Library's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Library's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Library's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Library's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Library's internal control will not prevent or detect a more than inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Library's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be 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 intend this report solely for the information and use of the audit committee, management and the Board of Trustees. We intend it for no one other than these specified parties.

A handwritten signature in cursive script that reads "Mary Taylor".

**Mary Taylor, CPA**  
Auditor of State

July 25, 2008



**Mary Taylor, CPA**  
Auditor of State

**MADISON PUBLIC LIBRARY**

**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  
AUGUST 7, 2008**