



**NORMAL MEMORIAL PUBLIC LIBRARY  
FULTON COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2007**



**Mary Taylor, CPA**  
Auditor of State



**NORMAL MEMORIAL PUBLIC LIBRARY  
FULTON COUNTY**

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**Mary Taylor, CPA**  
Auditor of State

Normal Memorial Public Library  
Fulton County  
301 N. Eagle Street, P.O. Box 100  
Fayette, Ohio 43521-0100

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.

*Mary Taylor*

**Mary Taylor, CPA**  
Auditor of State

June 9, 2008

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# Mary Taylor, CPA

## Auditor of State

### INDEPENDENT ACCOUNTANTS' REPORT

Normal Memorial Public Library  
Fulton County  
301 N. Eagle Street, P.O. Box 100  
Fayette, Ohio 43521-0100

To the Board of Trustees:

We have audited the accompanying financial statements of Normal Memorial Public Library, Fulton County, (the Library) as of and for the years ended December 31, 2007 and 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. The Library processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Library because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code §117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. 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 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.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the fund cash balances and reserves for encumbrances of Normal Memorial Public Library, Fulton County, as of December 31, 2007 and 2006, and its 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 June 9, 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.



**Mary Taylor, CPA**  
Auditor of State

June 9, 2008



**NORMAL MEMORIAL PUBLIC LIBRARY  
FULTON COUNTY**

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

|   | <u>All Fund Types</u>  |                             | <u>Totals<br/>(Memorandum<br/>Only)</u> |
|---|------------------------|-----------------------------|---|
|   | <u>General</u>         | <u>Capital<br/>Projects</u> |   |
| <b>Cash Receipts:</b>   |                        |                             |   |
| Library and Local Government Support  | \$151,565              |                             | \$151,565                               |
| Patron Fines and Fees   | 5,073                  |                             | 5,073                                   |
| Services Provided to Other Entities   | 9,000                  |                             | 9,000                                   |
| Contributions, Gifts and Donations  | 673                    |                             | 673                                     |
| Earnings on Investments   | 1,688                  |                             | 1,688                                   |
| Miscellaneous   | 17                     |                             | 17                                      |
|   | <u>168,016</u>         |                             | <u>168,016</u>                          |
| <b>Cash Disbursements:</b>  |                        |                             |   |
| Current:  |                        |                             |   |
| Salaries  | 99,320                 |                             | 99,320                                  |
| Employee Fringe Benefits  | 17,248                 |                             | 17,248                                  |
| Purchased and Contractual Services  | 30,915                 |                             | 30,915                                  |
| Library Materials and Information   | 23,285                 |                             | 23,285                                  |
| Supplies  | 5,950                  |                             | 5,950                                   |
| Other   | 387                    |                             | 387                                     |
| Capital Outlay  | 1,780                  | \$6,901                     | 8,681                                   |
|   | <u>178,885</u>         | <u>6,901</u>                | <u>185,786</u>                          |
| Total Cash Disbursements Over Cash Receipts                                     | <u>(10,869)</u>        | <u>(6,901)</u>              | <u>(17,770)</u>                         |
| <b>Other Financing Receipts:</b>  |                        |                             |   |
| Sale of Fixed Assets  | 1,338                  |                             | 1,338                                   |
| Excess of Cash Disbursements Over<br>Cash Receipts and Other Financing Receipts | (9,531)                | (6,901)                     | (16,432)                                |
| Fund Cash Balances, January 1   | 48,977                 | 6,901                       | 55,878                                  |
| <b>Fund Cash Balances, December 31</b>  | <b><u>\$39,446</u></b> |                             | <b><u>\$39,446</u></b>                  |
| Reserve for Encumbrances, December 31   | <u>\$4,471</u>         |                             | <u>\$4,471</u>                          |

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

**NORMAL MEMORIAL PUBLIC LIBRARY  
FULTON COUNTY**

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

|   | <u>All Fund Types</u>  |                             | <u>Totals<br/>(Memorandum<br/>Only)</u> |
|---|------------------------|-----------------------------|---|
|   | <u>General</u>         | <u>Capital<br/>Projects</u> |   |
| <b>Cash Receipts:</b>   |                        |                             |   |
| Library and Local Government Support  | \$154,908              |                             | \$154,908                               |
| Patron Fines and Fees   | 5,232                  |                             | 5,232                                   |
| Services Provided to Other Entities   | 6,000                  |                             | 6,000                                   |
| Contributions, Gifts and Donations  | 525                    |                             | 525                                     |
| Earnings on Investments   | 1,849                  |                             | 1,849                                   |
| Miscellaneous   | 24                     |                             | 24                                      |
|   | <u>168,538</u>         |                             | <u>168,538</u>                          |
| <b>Cash Disbursements:</b>  |                        |                             |   |
| Current:  |                        |                             |   |
| Salaries  | 94,130                 |                             | 94,130                                  |
| Employee Fringe Benefits  | 13,935                 |                             | 13,935                                  |
| Purchased and Contractual Services  | 33,107                 |                             | 33,107                                  |
| Library Materials and Information   | 23,516                 |                             | 23,516                                  |
| Supplies  | 5,341                  |                             | 5,341                                   |
| Other   | 376                    |                             | 376                                     |
| Capital Outlay  | 14,158                 |                             | 14,158                                  |
|   | <u>184,563</u>         |                             | <u>184,563</u>                          |
| Total Cash Disbursements Over Cash Receipts                                     | <u>(16,025)</u>        |                             | <u>(16,025)</u>                         |
| <b>Other Financing Receipts:</b>  |                        |                             |   |
| Sale of Fixed Assets  | 1,058                  |                             | 1,058                                   |
| Excess of Cash Disbursements Over<br>Cash Receipts and Other Financing Receipts | (14,967)               |                             | (14,967)                                |
| Fund Cash Balances, January 1   | 63,944                 | \$6,901                     | 70,845                                  |
| <b>Fund Cash Balances, December 31</b>  | <b><u>\$48,977</u></b> | <b><u>\$6,901</u></b>       | <b><u>\$55,878</u></b>                  |
| Reserve for Encumbrances, December 31   | <u>\$11,719</u>        |                             | <u>\$11,719</u>                         |

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

**NORMAL MEMORIAL PUBLIC LIBRARY  
FULTON 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 Normal Memorial Public Library, Fulton County, (the Library) as a body corporate and politic. The Gorham-Fayette 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**

The Library values certificates of deposit at cost.

**D. Fund Accounting**

The Library uses fund accounting to segregate cash that is 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. Capital Project Funds**

This fund accounts for receipts restricted to acquiring or constructing major capital projects. The Library had the following significant capital project fund:

Capital Improvement Fund – This fund received donations for possible building improvements.

**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 object level of control.

**NORMAL MEMORIAL PUBLIC LIBRARY  
FULTON COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

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.

**2. EQUITY IN POOLED CASH**

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

|                                 | 2007     | 2006     |
|---------------------------------|----------|----------|
| Demand deposits                 | \$9,316  | \$25,748 |
| Certificates of deposit         | 30,000   | 30,000   |
| Total deposits                  | 39,316   | 55,748   |
| Cash on hand                    | 130      | 130      |
| Total deposits and cash on hand | \$39,446 | \$55,878 |

Deposits are insured by the Federal Depository Insurance Corporation.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2007 and 2006 follows:

| 2007 Budgeted vs. Actual Receipts |                      |                    |            |
|-----------------------------------|----------------------|--------------------|------------|
| Fund Type                         | Budgeted<br>Receipts | Actual<br>Receipts | Variance   |
| General                           | \$180,438            | \$169,354          | (\$11,084) |
|                                   |                      |                    |            |

| 2007 Budgeted vs. Actual Budgetary Basis Expenditures |                            |                           |          |
|---|----------------------------|---------------------------|----------|
| Fund Type   | Appropriation<br>Authority | Budgetary<br>Expenditures | Variance |
| General   | \$228,113                  | \$183,356                 | \$44,757 |
| Capital Project                                       | 6,901                      | 6,901                     |          |
| Total   | \$235,014                  | \$190,257                 | \$44,757 |
|   |                            |                           |          |

| 2006 Budgeted vs. Actual Receipts |                      |                    |          |
|-----------------------------------|----------------------|--------------------|----------|
| Fund Type                         | Budgeted<br>Receipts | Actual<br>Receipts | Variance |
| General                           | \$166,908            | \$169,596          | \$2,688  |
|                                   |                      |                    |          |

**NORMAL MEMORIAL PUBLIC LIBRARY  
FULTON COUNTY**

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

**3. BUDGETARY ACTIVITY – (CONTINUED)**

| 2006 Budgeted vs. Actual Budgetary Basis Expenditures |                            |                           |          |
|---|----------------------------|---------------------------|----------|
| Fund Type   | Appropriation<br>Authority | Budgetary<br>Expenditures | Variance |
| General   | \$229,895                  | \$196,282                 | \$33,613 |

**4. GRANTS-IN-AID**

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 any additional revenues the Library receives.

**5. RETIREMENT SYSTEM**

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%, 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**

**Risk Pool Membership**

The Library belongs to the Ohio Government Risk Management Plan (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to over 550 Ohio governments ("Members").

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages, modified for each Member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the Member's deductible.

The Plan issues its own policies and reinsures the Plan with A- VII or better rated carriers, except for the 15% casualty and the 10% property portions the Plan retains. The Plan retains the lesser of 15% or \$37,500 of casualty losses and the lesser of 10% or \$100,000 of property losses. Individual Members are only responsible for their self-retention (deductible) amounts, which vary from member to member.

**NORMAL MEMORIAL PUBLIC LIBRARY  
FULTON COUNTY**

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

**6. RISK MANAGEMENT – (CONTINUED)**

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2006 and 2005 (the latest information available):

|                 | <b>2006</b>        | <b>2005</b>        |
|-----------------|--------------------|--------------------|
| Assets          | \$9,620,148        | \$8,219,430        |
| Liabilities     | <u>(3,329,620)</u> | <u>(2,748,639)</u> |
| Members' Equity | <u>\$6,290,528</u> | <u>\$5,470,791</u> |

You can read the complete audited financial statements for The Ohio Government Risk Management Plan at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).



# 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*

Normal Memorial Public Library  
Fulton County  
301 N. Eagle Street, P.O. Box 100  
Fayette, Ohio 43521-0100

To the Board of Trustees:

We have audited the financial statements of Normal Memorial Public Library, Fulton County, (the Library) as of and for the years ended December 31, 2007 and 2006, and have issued our report thereon dated June 9, 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 also noted the Library uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Library. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code §117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. 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.

We noted a certain matter that we reported to the Library's management in a separate letter dated June 9, 2008.

#### **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 management and the Board of Trustees. We intend it for no one other than these specified parties.



**Mary Taylor, CPA**  
Auditor of State

June 9, 2008





Mary Taylor, CPA  
Auditor of State

**NORMAL MEMORIAL LIBRARY**

**FULTON 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  
JULY 15, 2008**