



**NAPOLEON PUBLIC LIBRARY  
HENRY COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 1999-1998**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



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## REPORT OF INDEPENDENT ACCOUNTANTS

Napoleon Public Library  
Henry County  
310 West Clinton Street  
Napoleon, Ohio 43545-1597

To the Board of Trustees

We have audited the accompanying financial statements of the Napoleon Public Library, Henry County, Ohio, (the Library) as of and for the years ended December 31, 1999 and 1998. 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 audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about 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 audits provide a reasonable basis for our opinion.

As discussed in Note 1, the Library prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

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 the Library as of December 31, 1999 and 1998, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 14, 2000 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 grants.

This report is intended solely for the information and use of management, the Board of Trustees, and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

**Jim Petro**  
Auditor of State

April 14, 2000

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 1999**

	Governmental Fund Types		Fiduciary Fund Type	Totals (Memorandum Only)
	General	Capital Projects	Expendable Trust	
<b>Cash Receipts:</b>				
Property and Other Local Taxes	\$747,182	\$0	\$0	\$747,182
Patron Fines and Fees	14,033			14,033
Earnings on Investments	38,699			38,699
Contributions, Gifts and Donations	4,277			4,277
Miscellaneous Receipts	1,752			1,752
<b>Total Cash Receipts</b>	<b>805,943</b>	<b>0</b>	<b>0</b>	<b>805,943</b>
<b>Cash Disbursements:</b>				
Current:				
Salaries and Benefits	341,339			341,339
Supplies	14,294			14,294
Purchased and Contracted Services	68,943			68,943
Library Materials	137,844			137,844
Dues and Memberships	5,990			5,990
Capital Outlay	17,255			17,255
<b>Total Cash Disbursements</b>	<b>585,665</b>	<b>0</b>	<b>0</b>	<b>585,665</b>
<b>Total Cash Receipts Over Cash Disbursements</b>	<b>220,278</b>	<b>0</b>	<b>0</b>	<b>220,278</b>
<b>Other Financing Receipts/(Disbursements):</b>				
Transfers-In		175,000		175,000
Transfers-Out	(175,000)			(175,000)
<b>Total Other Financing Receipts/(Disbursements)</b>	<b>(175,000)</b>	<b>175,000</b>	<b>0</b>	<b>0</b>
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	45,278	175,000	0	220,278
Fund Cash Balances, January 1	400,977	216,737	346,043	963,757
<b>Fund Cash Balances, December 31</b>	<b>\$446,255</b>	<b>\$391,737</b>	<b>\$346,043</b>	<b>\$1,184,035</b>
Reserves for Encumbrances, December 31	\$29,042	\$0	\$0	\$29,042

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

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - NONEXPENDABLE TRUST FUND  
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<b>Fiduciary Fund Type</b>
	<b>Nonexpendable Trust</b>
<b>Non-Operating Cash Receipts:</b>	
Earnings on Investments	\$4,747
<b>Non-Operating Cash Disbursements:</b>	
Library Materials	588
Scholarships	2,712
Total Non-Operating Cash Disbursements	3,300
Net Income	1,447
Fund Cash Balances, January 1	96,918
<b>Fund Cash Balances, December 31</b>	<b>\$98,365</b>
Reserves for Encumbrances, December 31	\$1,288

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

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 1998**

	Governmental Fund Types		Fiduciary Fund Type	Totals (Memorandum Only)
	General	Capital Projects	Expendable Trust	
<b>Cash Receipts:</b>				
Property and Other Local Taxes	\$696,457	\$0	\$0	\$696,457
Patron Fines and Fees	13,771			13,771
Earnings on Investments	38,122			38,122
Contributions, Gifts and Donations	1,238			1,238
Miscellaneous Receipts	3,042			3,042
Total Cash Receipts	752,630	0	0	752,630
<b>Cash Disbursements:</b>				
Current:				
Salaries and Benefits	337,267			337,267
Supplies	11,247			11,247
Purchased and Contracted Services	63,020			63,020
Library Materials	117,279			117,279
Dues and Memberships	6,119			6,119
Capital Outlay	9,397			9,397
Total Cash Disbursements	544,329	0	0	544,329
Total Cash Receipts Over Cash Disbursements	208,301	0	0	208,301
Fund Cash Balances, January 1	192,676	216,737	346,043	755,456
<b>Fund Cash Balances, December 31</b>	<b>\$400,977</b>	<b>\$216,737</b>	<b>\$346,043</b>	<b>\$963,757</b>
Reserves for Encumbrances, December 31	\$15,342	\$0	\$0	\$15,342

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

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - NONEXPENDABLE TRUST FUND  
FOR THE YEAR ENDED DECEMBER 31, 1998**

	<b>Fiduciary Fund Type</b>
	<b>Nonexpendable Trust</b>
<b>Non-Operating Cash Receipts:</b>	
Earnings on Investments	\$6,288
<b>Non-Operating Cash Disbursements:</b>	
Library Materials	447
Scholarships	5,644
Total Non-Operating Cash Disbursements	6,091
Net Income	197
Fund Cash Balances, January 1	96,721
<b>Fund Cash Balances, December 31</b>	<b>\$96,918</b>
Reserves for Encumbrances, December 31	\$0

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

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Napoleon Public Library, Henry County, (the Library) 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 Library is directed by a seven-member Board of Trustees appointed by Napoleon Board of education. 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. Basis of Accounting**

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized 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 prescribed or permitted by the Auditor of State.

**C. Cash and Investments**

Certificates of deposit and repurchase agreements are valued at cost.

**D. Fund Accounting**

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

**1. General Fund**

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

**2. Capital Project Funds**

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Library had the following significant capital project funds:

Building and Repair Fund - Revenues received are to be used for building repairs and improvements.

**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 1999 AND 1998**  
**(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Fund Accounting (Continued)**

**3. Fiduciary Funds (Trust Funds)**

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Library to maintain the corpus of the trust, the fund is classified as a nonexpendable trust fund. Other trust funds are classified as expendable. The Library had the following significant fiduciary funds:

Memorial Endowment Expendable Trust Fund - This fund receives donations and bequests and was expended for computer implementation at the Library.

Myers Scholarship Nonexpendable Trust Fund - This fund accounts for interest earnings utilized for scholarships awarded.

**E. Budgetary Process**

The Ohio Administrative Code requires that each fund be budgeted annually.

**1. Appropriations**

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

**2. Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must also approve the above estimated resources.

**3. Encumbrances**

The Ohio Administrative Code requires the Library to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated. The Library did not encumber all commitments required by the Ohio Administrative Code.

A summary of 1999 and 1998 budgetary activity appears in Note 3.

**F. Property, Plant and Equipment**

Acquisitions of property, plant and equipment are recorded as capital outlay disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 1999 AND 1998**  
(Continued)

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**G. Unpaid Vacation and Sick Leave**

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the Library.

**2. EQUITY IN POOLED CASH AND INVESTMENTS**

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

	<u>1999</u>	<u>1998</u>
Demand deposits	\$25,052	\$28,327
Certificates of deposit	<u>786,348</u>	<u>436,348</u>
Total deposits	811,400	464,675
Repurchase Agreement	<u>471,000</u>	<u>596,000</u>
Total deposits and investments	<u><u>\$1,282,400</u></u>	<u><u>\$1,060,675</u></u>

**Deposits:** Deposits are either (1) insured by the Federal Depository Insurance Corporation, (2) collateralized by the financial institution's public entity deposit pool.

**Investments:** Repurchase agreements are held in book-entry form by the Financial Institution, in the name of the Library's financial institution. The financial institution maintains records identifying the Library as owner of these securities.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 1999 and 1998 follows:

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$752,864	\$805,943	\$53,079
Capital Projects	0	175,000	175,000
Expendable Trust	0	0	0
Nonexpendable Trust	<u>0</u>	<u>4,747</u>	<u>4,747</u>
Total	<u><u>\$752,864</u></u>	<u><u>\$985,690</u></u>	<u><u>\$232,826</u></u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 1999 AND 1998**  
**(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$968,206	\$789,707	\$178,499
Capital Projects	391,737	0	391,737
Expendable Trust	346,043	0	346,043
Nonexpendable Trust	16,598	4,588	12,010
Total	<u>\$1,722,584</u>	<u>\$794,295</u>	<u>\$928,289</u>

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$653,708	\$752,630	\$98,922
Capital Projects	0	0	0
Expendable Trust	0	0	0
Nonexpendable Trust	0	6,288	6,288
Total	<u>\$653,708</u>	<u>\$758,918</u>	<u>\$105,210</u>

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$668,519	\$559,671	\$108,848
Capital Projects	216,737	0	216,737
Expendable Trust	346,043	0	346,043
Nonexpendable Trust	16,684	6,091	10,593
Total	<u>\$1,247,983</u>	<u>\$565,762</u>	<u>\$682,221</u>

**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 LLGSF is allocated 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 on account of any additional revenues realized by the Library.

**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 1999 AND 1998**  
**(Continued)**

**4. GRANTS-IN-AID AND TAX RECEIPTS (Continued)**

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the taxing authority of the subdivision to whose jurisdiction the Library is subject. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Other Governments Grants In Aid. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, 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.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

**5. RETIREMENT SYSTEM**

The Public Employees Retirement System of Ohio (PERS) is a state operated, cost-sharing, multiple employer public employee retirement system. PERS provides retirement benefits to vested employees who are eligible to retire based upon years of service. PERS also provides survivor and disability benefits to vested employees.

Contribution rates are also prescribed by the Ohio Revised Code. The Library's PERS members contributed 8.5% of their gross salaries. The Library contributed an amount equal to 13.55% of participants' gross salaries. The Library has paid all contributions required through December 31, 1999.

**6 RISK MANAGEMENT**

The Library has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Errors and omissions

The Library is uninsured for the following risks:

- Employee theft in office

The Library also provides health insurance to full-time employees through a private carrier.

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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON  
INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Napoleon Public Library  
Henry County  
310 West Clinton Street  
Napoleon, Ohio 43545-1597

To the Board of Trustees

We have audited the accompanying financial statements of the Napoleon Public Library, Henry County, Ohio, (the Library) as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated April 14, 2000. We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the Library's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under Government Auditing Standards which is described in the accompanying Schedule of Findings as item 1999-00135-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the Library in a separate letter dated April 14, 2000.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Library's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a 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 in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Library in a separate letter dated April 14, 2000.

This report is intended for the information and use of management and the Board of Trustees, and is not intended to be and should not be used by anyone other than these specified parties.

**Jim Petro**  
Auditor of State

April 14, 2000

**SCHEDULE OF FINDINGS  
DECEMBER 31, 1999**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 1999-00135-001**

Ohio Administrative Code § states that each Library Board of Trustees shall execute a purchase order when offering to buy goods or services. The Library did not issue a purchase order or encumber funds when the obligation occurred for 28% of the transactions tested. The Clerk/Treasurer stated it was difficult to encumber properly with the volume of book orders and not being automated. We recommend the Napoleon Public Library encumber their purchases prior to the obligation.





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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**NAPOLEON PUBLIC LIBRARY**

**HENRY 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  
MAY 4, 2000**