



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**NAPOLEON PUBLIC LIBRARY
HENRY COUNTY**

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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 (the Library) as of and for the years ended December 31, 2001 and 2000. 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 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. 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 audit 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, 2001 and 2000, 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 March 26, 2002 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. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of the audit committee, management, 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

March 26, 2002

**NAPOLEON PUBLIC LIBRARY
HENRY COUNTY**

**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, 2001**

	<u>Governmental Fund Types</u>		<u>Fiduciary Fund Type</u>	Totals (Memorandum Only)
	<u>General</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
Cash Receipts:				
Property and Other Local Taxes	\$847,436			\$847,436
Patron Fines and Fees	14,336			14,336
Earnings on Investments	67,852			67,852
Contributions, Gifts and Donations	1,987		\$30,000	31,987
Miscellaneous Receipts	3,058	\$879		3,937
	<u>934,669</u>	<u>879</u>	<u>30,000</u>	<u>965,548</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
Salaries and Benefits	423,182			423,182
Supplies	18,774			18,774
Purchased and Contracted Services	92,453			92,453
Library Materials	155,268			155,268
Dues and Memberships	5,554			5,554
Capital Outlay	5,953	233,062		239,015
	<u>701,184</u>	<u>233,062</u>		<u>934,246</u>
Total Cash Disbursements				
Total Cash Receipts Over/(Under) Cash Disbursements	<u>233,485</u>	<u>(232,183)</u>	<u>30,000</u>	<u>31,302</u>
Other Financing Receipts/(Disbursements):				
Transfers-In		250,000		250,000
Transfers-Out	(250,000)			(250,000)
	<u>(250,000)</u>	<u>250,000</u>		
Total Other Financing Receipts/(Disbursements)				
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(16,515)	17,817	30,000	31,302
Fund Cash Balances, January 1	<u>429,369</u>	<u>570,376</u>	<u>346,043</u>	<u>1,345,788</u>
Fund Cash Balances, December 31	<u>\$412,854</u>	<u>\$588,193</u>	<u>\$376,043</u>	<u>\$1,377,090</u>
Reserves for Encumbrances, December 31	<u>\$24,061</u>	<u>\$22,003</u>		<u>\$46,064</u>

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

**NAPOLEON PUBLIC LIBRARY
HENRY COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
NONEXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2001**

	Fiduciary Fund Type
	Nonexpendable Trust
Non-Operating Cash Receipts:	
Earnings on Investments	\$6,266
Contributions, Gifts, and Donations	250
Total Non-Operating Cash Receipts	6,516
Non-Operating Cash Disbursements:	
Library Materials	583
Scholarships	5,000
Total Non-Operating Cash Disbursements	5,583
Net Cash Receipts Over Disbursements	933
Fund Cash Balances, January 1	100,100
Fund Cash Balances, December 31	\$101,033
Reserves for Encumbrances, December 31	

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

**NAPOLEON PUBLIC LIBRARY
HENRY COUNTY**

**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, 2000**

	<u>Governmental Fund Types</u>		<u>Fiduciary Fund Type</u>	Totals (Memorandum Only)
	<u>General</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
Cash Receipts:				
Property and Other Local Taxes	\$802,693			\$802,693
Patron Fines and Fees	14,569			14,569
Earnings on Investments	67,704			67,704
Contributions, Gifts and Donations	1,950			1,950
Miscellaneous Receipts	2,209			2,209
	<hr/>			<hr/>
Total Cash Receipts	889,125			889,125
Cash Disbursements:				
Current:				
Salaries and Benefits	399,812			399,812
Supplies	13,525			13,525
Purchased and Contracted Services	85,968			85,968
Library Materials	143,753			143,753
Dues and Memberships	7,087			7,087
Capital Outlay	5,866	\$71,361		77,227
	<hr/>			<hr/>
Total Cash Disbursements	656,011	71,361		727,372
Total Cash Receipts Over/(Under) Cash Disbursements	233,114	(71,361)		161,753
Other Financing Receipts/(Disbursements):				
Transfers-In		250,000		250,000
Transfers-Out	(250,000)			(250,000)
	<hr/>			<hr/>
Total Other Financing Receipts/(Disbursements)	(250,000)	250,000		
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(16,886)	178,639		161,753
Fund Cash Balances, January 1	446,255	391,737	346,043	1,184,035
	<hr/>			<hr/>
Fund Cash Balances, December 31	\$429,369	\$570,376	\$346,043	\$1,345,788
	<hr/>			<hr/>
Reserves for Encumbrances, December 31	\$14,878			\$14,878
	<hr/>			<hr/>

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

**NAPOLEON PUBLIC LIBRARY
HENRY COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
NONEXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2000**

	Fiduciary Fund Type
	Nonexpendable Trust
Non-Operating Cash Receipts:	
Earnings on Investments	\$5,812
Non-Operating Cash Disbursements:	
Library Materials	576
Scholarships	3,501
Total Non-Operating Cash Disbursements	4,077
Net Cash Receipts Over Disbursements	1,735
Fund Cash Balances, January 1	98,365
Fund Cash Balances, December 31	\$100,100
Reserves for Encumbrances, December 31	

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

**NAPOLEON PUBLIC LIBRARY
HENRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000**

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 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

Investments are reported as assets. 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.

Certificates of deposit and repurchase agreements are valued at cost. Money market mutual funds are recorded at share values reported by the mutual fund.

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.

**NAPOLEON PUBLIC LIBRARY
HENRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(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. There were no expenditures during the audit period.

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

E. Budgetary Process

The Ohio Administrative Code requires budgeting for each fund annually.

1. Appropriations

The Board must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end. Budgetary expenditures (that is, disbursements and encumbrances in 2000, and disbursements in 2001) may not exceed appropriations at the fund and function level of control.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1.

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.

Effective January 1, 2001, the Ohio Administrative Code amended library budgetary requirements. Libraries are not required to estimate resources or encumber appropriations.

A summary of 2001 and 2000 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.

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the basis of accounting the Library uses.

**NAPOLEON PUBLIC LIBRARY
HENRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

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:

	2001	2000
Demand deposits	\$30,274	\$27,539
Certificates of deposit	996,349	961,349
Total deposits	1,026,623	988,888
Repurchase agreement	384,000	457,000
Money Market Access Account	67,500	
Total investments	451,500	457,000
Total deposits and investments	\$1,478,123	\$1,445,888

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation, or (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. Investments in Money Market Access Account are not evidenced by securities that exist in physical or book-entry form.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2001 and 2000 follows:

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,169,878	\$975,245	\$194,633
Capital Projects	820,376	255,065	565,311
Expendable	346,043		346,043
Nonexpendable	20,011	5,583	14,428
Total	\$2,356,308	\$1,235,893	\$1,120,415

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$815,500	\$889,125	\$73,625
Capital Projects	250,000	250,000	
Expendable			
Nonexpendable	5,092	5,812	720
Total	\$1,070,592	\$1,144,937	\$74,345

**NAPOLEON PUBLIC LIBRARY
HENRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,117,542	\$920,889	\$196,653
Capital Projects	641,737	71,361	570,376
Expendable	346,043		346,043
Nonexpendable	15,822	4,077	11,745
Total	\$2,121,144	\$996,327	\$1,124,817

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 based on any additional revenues the Library receives.

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 Property and Other Local Taxes. 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 prescribed by the Ohio Revised Code. For 2001 and 2000, PERS members contributed 8.5% of their gross salaries. The Library contributed an amount equal to 13.55% of participants' gross salaries for 2001 and from January 1, 2000 through June 30, 2000. PERS temporarily reduced the employer contribution rate to 8.13% effective July 1, 2000 through December 31, 2000. The Library has paid all contributions required through December 31, 2001.

**NAPOLEON PUBLIC LIBRARY
HENRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

6. RISK MANAGEMENT

Commercial Insurance

The Napoleon Public Library has obtained commercial insurance for the following risks:

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

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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 (the Library) as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated March 26, 2002. 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.

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 no instances of noncompliance that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Library in a separate letter dated March 26, 2002.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the 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.

Napoleon Public Library
Henry County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

This report is intended solely for the information and use of the audit committee, management and 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

March 26, 2002

**NAPOLEON PUBLIC LIBRARY
HENRY COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
FISCAL YEAR END**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
1999-00135-001	Encumber purchases prior to obligation.	Yes	Libraries are no longer required to encumber appropriations.



STATE OF OHIO
OFFICE OF THE AUDITOR

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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 9, 2002**