



**Mary Taylor, CPA**  
Auditor of State



**NAPOLEON PUBLIC LIBRARY  
HENRY COUNTY**

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# Mary Taylor, CPA Auditor of State

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

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

May 13, 2008

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# Mary Taylor, CPA

## Auditor of State

### INDEPENDENT ACCOUNTANTS' REPORT

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 Napoleon Public Library, Henry 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. 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. Also, the Library reclassified its presentation of certain Trust Funds as described in Note 2

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.

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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 combined fund cash balances and reserves for encumbrances of Napoleon Public Library, Henry County, as of December 31, 2007 and 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 May 13, 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

May 13, 2008



**NAPOLEON PUBLIC LIBRARY  
HENRY COUNTY**

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

	All Fund Types					Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Permanent	Private Purpose Trust Funds	
<b>Cash Receipts:</b>						
Property and Other Local Taxes	\$180,553					\$180,553
Library and Local Government Support	554,433					554,433
Intergovernmental	48,615					48,615
Patron Fines and Fees	13,090					13,090
Contributions, Gifts and Donations	12,460	\$23				12,483
Earnings on Investments	45,792			\$952	\$4,179	50,923
Miscellaneous	5,526					5,526
<b>Total Cash Receipts</b>	<b>860,469</b>	<b>23</b>		<b>952</b>	<b>4,179</b>	<b>865,623</b>
<b>Cash Disbursements:</b>						
Current:						
Salaries	418,328					418,328
Employee Fringe Benefits	137,481					137,481
Purchased and Contractual Services	82,896					82,896
Library Materials and Information	144,904			580		145,484
Supplies	17,268	1,567				18,835
Other	4,830				2,000	6,830
Capital Outlay	4,594	9,049	\$129,267			142,910
<b>Total Cash Disbursements</b>	<b>810,301</b>	<b>10,616</b>	<b>129,267</b>	<b>580</b>	<b>2,000</b>	<b>952,764</b>
Total Cash Receipts Over/(Under) Cash Disbursements	50,168	(10,593)	(129,267)	372	2,179	(87,141)
<b>Other Financing Receipts / (Disbursements):</b>						
Transfers-In			100,000			100,000
Transfers-Out	(100,000)					(100,000)
<b>Total Other Financing Receipts / (Disbursements)</b>	<b>(100,000)</b>		<b>100,000</b>			
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(49,832)	(10,593)	(29,267)	372	2,179	(87,141)
Fund Cash Balances, January 1	361,614	339,947	279,181	11,144	79,648	1,071,534
<b>Fund Cash Balances, December 31</b>	<b>\$311,782</b>	<b>\$329,354</b>	<b>\$249,914</b>	<b>\$11,516</b>	<b>\$81,827</b>	<b>\$984,393</b>
Reserve for Encumbrances, December 31	\$27,288				\$1,000	\$28,288

*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 FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2006**

	All Fund Types					Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Permanent	Private Purpose Trust Funds	
<b>Cash Receipts:</b>						
Property and Other Local Taxes	\$202,352					\$202,352
Library and Local Government Support	549,433					549,433
Intergovernmental	33,274					33,274
Patron Fines and Fees	13,070					13,070
Contributions, Gifts and Donations	2,268	\$11,499				13,767
Earnings on Investments	36,737			\$350	\$3,213	40,300
Miscellaneous	3,541					3,541
<b>Total Cash Receipts</b>	<b>840,675</b>	<b>11,499</b>		<b>350</b>	<b>3,213</b>	<b>855,737</b>
<b>Cash Disbursements:</b>						
Current:						
Salaries	406,269					406,269
Employee Fringe Benefits	120,629					120,629
Purchased and Contractual Services	87,674	544				88,218
Library Materials and Information	123,526	403		342		124,271
Supplies	15,710	1,986				17,696
Other	8,016				2,000	10,016
Capital Outlay	14,534	44,662	\$71,826			131,022
<b>Total Cash Disbursements</b>	<b>776,358</b>	<b>47,595</b>	<b>71,826</b>	<b>342</b>	<b>2,000</b>	<b>898,121</b>
Total Cash Receipts Over/(Under) Cash Disbursements	64,317	(36,096)	(71,826)	8	1,213	(42,384)
<b>Other Financing Receipts / (Disbursements):</b>						
Transfers-In			100,000			100,000
Transfers-Out	(100,000)					(100,000)
<b>Total Other Financing Receipts / (Disbursements)</b>	<b>(100,000)</b>		<b>100,000</b>			
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(35,683)	(36,096)	28,174	8	1,213	(42,384)
Fund Cash Balances, January 1	397,297	376,043	251,007	11,136	78,435	1,113,918
<b>Fund Cash Balances, December 31</b>	<b>\$361,614</b>	<b>\$339,947</b>	<b>\$279,181</b>	<b>\$11,144</b>	<b>\$79,648</b>	<b>\$1,071,534</b>
Reserve for Encumbrances, December 31	\$24,950		\$28,679			\$53,629

*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, 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 Napoleon Public Library, Henry County, (the Library) as a body corporate and politic. Napoleon 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 and sweep money market agreements 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 reports all financial resources except those required to be accounted for in another fund.

**2. Special Revenue Fund**

This fund accounts 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:

Memorial Endowment Fund – Revenue received are used for general operations building repairs, and improvements.

**NAPOLEON PUBLIC LIBRARY  
HENRY COUNTY**

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

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

**3. Capital Project Funds**

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:

Building and Repair Fund – Revenue received are used for building repairs and improvement.

**4. Permanent Funds**

These funds account for assets held under a trust agreements that are legally restricted to the extent that only earnings not principal, are available to support the Library's programs. The Library had the following significant permanent funds:

Tyler Fund – This fund receives interest earnings. This fund is used for library materials and information.

Zahend Fund – This fund receives interest earnings. This fund is used for library materials and information.

**5. Private Purpose Trust Funds**

Private-purpose trust funds account for assets held under a trust agreement for individuals, private organizations or other governments which are not available to support the Library's own programs. The Library had the following significant private purpose trust fund:

Myers Scholarship Fund – This fund accounts for interest earnings utilized for scholarships awarded.

**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 4.

**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.

**NAPOLEON PUBLIC LIBRARY  
HENRY COUNTY**

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

**2. RECLASSIFICATION AND RESTATEMENT OF FUND BALANCE**

In accordance with the provisions of Governmental Accounting Standards Board Statement 34, the Library has reclassified the Memorial Endowment Fund from an expendable trust fund to a special revenue fund. In addition, the Myers Scholarship Fund was reclassified from a non-expendable trust fund to a Private Purpose Trust Fund, and the Tyler and Zahend funds were reclassified from non-expendable trust funds to Permanent Funds.

The combined effect on fund balances is as follows:

	Special Revenue	Permanent	Expendable Trust	Private Purpose Trust	Non Expendable Trust
Fund Balances as reported at December 31, 2005			\$376,043		\$89,571
Reclassification of Fund Balances	\$376,043	\$11,136	(376,043)	\$78,435	(89,571)
Restated Fund Balances at January 1, 2006	\$376,043	\$11,136		\$78,435	

**3. 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:

	2007	2006
Demand deposits	\$2,193	\$152,284
Money Market Access Account	243,990	244,298
Certificates of deposit	574,952	574,952
Total deposits	821,135	971,534
Repurchase Agreement	163,258	100,000
Total deposits and investments	\$984,393	\$1,071,534

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

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

**NAPOLEON PUBLIC LIBRARY  
HENRY COUNTY**

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

**4. BUDGETARY ACTIVITY**

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

2007 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$828,000	\$860,469	\$32,469
Special Revenue		23	23
Capital Projects	100,000	100,000	
Permanent	556	952	396
Private Purpose Trust	3,800	4,179	379
Total	\$932,356	\$965,623	\$33,267

2007 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,036,950	\$937,589	\$99,361
Special Revenue	339,947	10,616	329,331
Capital Projects	379,181	129,267	249,914
Permanent	700	580	120
Private Purpose Trust	8,102	3,000	5,102
Total	\$1,764,880	\$1,081,052	\$683,828

2006 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$811,000	\$840,675	\$29,675
Special Revenue		11,499	11,499
Capital Projects		100,000	100,000
Permanent	324	350	26
Private Purpose Trust	3,095	3,213	118
Total	\$814,419	\$955,737	\$141,318

2006 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,015,802	\$901,308	\$114,494
Special Revenue	376,043	47,595	328,448
Capital Projects	351,007	100,505	250,502
Permanent	460	342	118
Private Purpose Trust	6,183	2,000	4,183
Total	\$1,749,495	\$1,051,750	\$697,745

**NAPOLEON PUBLIC LIBRARY  
HENRY COUNTY**

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

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

**6. 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.

**7. RISK MANAGEMENT**

**Commercial Insurance**

The Library has obtained commercial insurance for the following risks:

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

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# 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*

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

To the Board of Trustees:

We have audited the financial statements of Napoleon Public Library, Henry County, (the Library) as of and for the years ended December 31, 2007 and 2006, and have issued our report thereon dated May 13, 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 and the Library reclassified its trust funds. 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.

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We noted a certain matter that we reported to the Library's management in a separate letter dated May 13, 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 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

May 13, 2008



**Mary Taylor, CPA**  
Auditor of State

**NAPLOEON 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  
JUNE 10, 2008**