



Dave Yost • Auditor of State



**NAPOLEON PUBLIC LIBRARY  
HENRY COUNTY**

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# Dave Yost • 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 "Dave Yost".

**Dave Yost**  
Auditor of State

October 22, 2012

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# Dave Yost • 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, Ohio (the Library), as of and for the years ended December 31, 2011 and 2010. 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. In 2011, the Library began processing 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(A) mandates 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 combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Library's larger (i.e. major) funds separately. While the Library does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require libraries to reformat their statements. The Library has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2011 and 2010 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, 2011 and 2010, 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 as of December 31, 2011 and 2010 and the reserves for encumbrances as of December 31, 2010 of Napoleon Public Library, Henry County, Ohio and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

As described in Note 2, during 2011 the Library adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 22, 2012, 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.



**Dave Yost**  
Auditor of State

October 22, 2012



**NAPOLEON PUBLIC LIBRARY  
HENRY COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2011**

	General	Capital Projects	Permanent	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$143,748			\$143,748
Public Library	442,824			442,824
Intergovernmental	76,870			76,870
Patron Fines and Fees	12,138			12,138
Contributions, Gifts and Donations	1,392		\$75	1,467
Earnings on Investments	4,074		93	4,167
Miscellaneous	4,773			4,773
<i>Total Cash Receipts</i>	<u>685,819</u>		<u>168</u>	<u>685,987</u>
<b>Cash Disbursements</b>				
Current:				
Library Services:				
Public Services and Programs	212,513		18	212,531
Support Services:				
Facilities Operation and Maintenance	71,570			71,570
Information Services	214,069			214,069
Business Administration	74,843			74,843
Capital Outlay	775	\$9,815		10,590
<i>Total Cash Disbursements</i>	<u>573,770</u>	<u>9,815</u>	<u>18</u>	<u>583,603</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>112,049</u>	<u>(9,815)</u>	<u>150</u>	<u>102,384</u>
<b>Other Financing Receipts (Disbursements)</b>				
Transfers In		100,000		100,000
Transfers Out	(100,000)			(100,000)
Other Financing Uses	(243)			(243)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(100,243)</u>	<u>100,000</u>		<u>(243)</u>
<i>Net Change in Fund Cash Balances</i>	11,806	90,185	150	102,141
<i>Fund Cash Balances, January 1</i>	<u>533,904</u>	<u>322,068</u>	<u>11,081</u>	<u>867,053</u>
<b>Fund Cash Balances, December 31</b>				
Nonspendable			11,000	11,000
Restricted			231	231
Assigned		412,253		412,253
Unassigned	545,710			545,710
<i>Fund Cash Balances, December 31</i>	<u>\$545,710</u>	<u>\$412,253</u>	<u>\$11,231</u>	<u>\$969,194</u>

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

**NAPOLEON PUBLIC LIBRARY  
HENRY COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGE IN FUND BALANCE (CASH BASIS)  
FIDUCIARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2011**

	Private Purpose Trust
<b>Operating Cash Receipts</b>	
Earnings on Investments	<u>\$555</u>
<b>Operating Cash Disbursements</b>	
Other	<u>2,000</u>
<i>Net Change in Fund Cash Balance</i>	(1,445)
<i>Fund Cash Balance, January 1</i>	<u>79,086</u>
<i>Fund Cash Balance, December 31</i>	<u><u>\$77,641</u></u>

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

**NAPOLEON PUBLIC LIBRARY  
HENRY COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2010**

	All Governmental Fund Types				Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Permanent	Private Purpose Trust Fund	
<b>Cash Receipts:</b>						
Property and Other Local Taxes	\$148,912					\$148,912
Library and Local Government Support	416,833					416,833
Intergovernmental	82,396					82,396
Patron Fines and Fees	13,975					13,975
Contributions, Gifts and Donations	3,378	\$38		\$63		3,479
Earnings on Investments	7,837			271	\$1,456	9,564
Miscellaneous	5,361					5,361
<i>Total Cash Receipts</i>	<u>678,692</u>	<u>38</u>		<u>334</u>	<u>1,456</u>	<u>680,520</u>
<b>Cash Disbursements:</b>						
Current:						
Salaries	318,560					318,560
Employee Fringe Benefits	90,189					90,189
Purchased and Contractual Services	83,757	1,656				85,413
Library Materials and Information	103,153			312		103,465
Supplies	11,360					11,360
Other	4,884				3,000	7,884
Capital Outlay	527		\$4,199			4,726
<i>Total Cash Disbursements</i>	<u>612,430</u>	<u>1,656</u>	<u>4,199</u>	<u>312</u>	<u>3,000</u>	<u>621,597</u>
<i>Net Change in Fund Cash Balances</i>	66,262	(1,618)	(4,199)	22	(1,544)	58,923
<i>Fund Cash Balances, January 1</i>	<u>107,519</u>	<u>361,741</u>	<u>326,267</u>	<u>11,059</u>	<u>80,630</u>	<u>887,216</u>
<i>Fund Cash Balances, December 31</i>	<u>\$173,781</u>	<u>\$360,123</u>	<u>\$322,068</u>	<u>\$11,081</u>	<u>\$79,086</u>	<u>\$946,139</u>
<i>Reserve for Encumbrances, December 31</i>	<u>\$5,440</u>					<u>\$5,440</u>

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

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**NAPOLEON PUBLIC LIBRARY  
HENRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010**

**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, Ohio (the Library), as a body corporate and politic. Napoleon City School District 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. Deposits**

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 Funds**

These funds account for proceeds from specific sources (other than from private-purpose trusts or for capital projects) that are 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, 2011 AND 2010  
(Continued)**

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

**3. Capital Project Funds**

These funds 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 – Revenues received are used for building repairs and improvement.

**4. Permanent Funds**

These funds account for assets held under a trust agreement 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.

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 may not exceed appropriations at the fund, function, and object level of control

A summary of 2011 and 2010 budgetary activity appears in Note 4.

**F. Fund Balance**

For December 31, 2011 fund balance is divided into five classifications based primarily on the extent to which the Library must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

**1. Nonspendable**

The Library classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

NAPOLEON PUBLIC LIBRARY  
HENRY COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010  
(Continued)

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

**2. Restricted**

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

**3. Committed**

Trustees can *commit* amounts via formal action (resolution). The Library must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

**4. Assigned**

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Library Trustees or a Library official delegated that authority by resolution, or by State Statute.

**5. Unassigned**

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Library applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**G. 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.

**H. 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, 2011 AND 2010  
(Continued)**

**2. Change in Accounting Principle and Restatement of Fund Balance**

For 2011, the Library has implemented Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. GASB Statement No. 54 provides fund balance classifications that can be more consistently applied and clarifies the existing governmental fund type definitions. The District reclassified certain funds as required by the revised fund classification guidance in Governmental Accounting Standard Board (GASB) Statement No. 54.

Implementing GASB Statement No. 54 had the following effect on fund balances previously reported:

	Fund Balance at December 31, 2010	GASB 54 Change in Fund Structure	Adjusted Fund Balance at January 1, 2011
General	\$173,781	\$360,123	\$533,904
Special Revenue	360,123	(360,123)	

**3. Equity in Pooled Deposits**

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

	2011	2010
Demand deposits	\$334,212	\$466,017
Certificates of deposit	712,453	479,952
Total deposits	<u>1,046,665</u>	<u>945,969</u>
Cash on Hand	170	170
Total deposits and cash on hand	<u>\$1,046,835</u>	<u>\$946,139</u>

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

**4. Budgetary Activity**

Due to the implementation of GASB Statement No. 54, for 2011 the endowment fund is included in the General Fund for financial reporting purposes and is included in the Special Revenue Funds on the budget basis.

Budgetary activity for the years ending December 31, 2011 and 2010 follows:

2011 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$700,850	\$685,819	(\$15,031)
Capital Projects		100,000	100,000
Permanent	85	168	83
Private Purpose Trust	600	555	(45)
Total	<u>\$701,535</u>	<u>\$786,542</u>	<u>\$85,007</u>



**NAPOLEON PUBLIC LIBRARY  
HENRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010  
(Continued)**

**4. Budgetary Activity (Continued)**

2011 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$706,290	\$657,053	\$49,237
Special Revenue	360,122	16,960	343,162
Capital Projects	322,068	9,815	312,253
Permanent	166	18	148
Private Purpose Trust	4,340	2,000	2,340
Total	\$1,392,986	\$685,846	\$707,140

2010 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$660,700	\$678,692	\$17,992
Special Revenue		38	38
Permanent	263	334	71
Private Purpose Trust	1,500	1,456	(44)
Total	\$662,463	\$680,520	\$18,057

2010 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$718,000	\$617,870	\$100,130
Special Revenue	361,741	1,656	360,085
Capital Projects	326,267	4,199	322,068
Permanent	322	312	10
Private Purpose Trust	4,784	3,000	1,784
Total	\$1,411,114	\$627,037	\$784,077

**5. Grants-in-aid and Tax Receipts**

The primary source of revenue for Ohio public libraries is the Public Library Fund (PLF). The State allocates PLF to each county based on the total tax revenue credited to the State's general revenue fund during the preceding month. The County Budget Commission bases the amount for distribution on the needs of such library for the construction of new library buildings, parts of buildings, improvements, operation, maintenance, or other expenses. The County 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 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.

**NAPOLEON PUBLIC LIBRARY  
HENRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010  
(Continued)**

**5. Grants-in-aid and Tax Receipts (Continued)**

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 2011 and 2010, OPERS members contributed 10% of their gross salaries and the Library contributed an amount equaling 14% of participants' gross salaries. The Library has paid all contributions required through December 31, 2011.

**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.



# Dave Yost • 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, Ohio (the Library), as of and for the years ended December 31, 2011 and 2010, and have issued our report thereon dated October 22, 2012 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 adopted Governmental Accounting Standards Board Statement No. 54 in 2011. We also noted in 2011 the Library began processing 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(A) mandates 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 the purpose of expressing our opinion on the financial statements, but not for the purpose of opining 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider finding 2011-001 described in the accompanying schedule of findings to be a material weakness.

### **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 also noted a certain matter not requiring inclusion in this report that we reported to the Library's management in a separate letter dated October 22, 2012

We intend this report solely for the information and use of management, the audit committee, Board of Trustees and others within the Library. We intend it for no one other than these specified parties.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State

October 22, 2012

**NAPOLEON PUBLIC LIBRARY  
HENRY COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2011 AND 2010**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

**FINDING NUMBER 2011-001**

**Material Weakness**

**Monitoring Financial Statements**

Accurate financial reporting is the responsibility of the Fiscal Officer and is essential to ensure the information provided to the readers of the financial statements accurately reflects the Library's activity.

The 2011 and 2010 financial statements contained material errors, such as the following:

- Commercial activities tax, Electric deregulation, and rollback exemption of \$58,184 were incorrectly classified as Tax Revenue instead of Intergovernmental Revenue in the General fund in 2011.
- The Special Revenue Endowment Fund activity, including the fund balance of \$360,122 was not adjusted to the General Fund in 2011 in accordance with GASB 54.
- Interest of \$271 was incorrectly classified as Contributions, Gifts and Donations in the Permanent Fund in 2010.

As a result, the financial statements did not correctly reflect the financial activity of the Library. Adjustments ranging from \$271 to \$360,122 were posted to the financial statements, and where applicable, accounting records to correct these and other errors.

To ensure the Library's financial statements and notes to the statements are complete and accurate, the Board of Trustees should adopt policies and procedures, including a final review of the financial statements and notes to the financial statements to identify and correct errors and omissions.

**Officials' Response:**

We did not receive a response from Officials to this finding.

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NAPOLEON PUBLIC LIBRARY  
HENRY COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2011 AND 2010

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2009-001	Material Weakness regarding the monitoring of financial statements.	No	Finding has not been corrected and is repeated in this report as Finding 2011-001.

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# Dave Yost • Auditor of State

**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  
NOVEMBER 8, 2012**