



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

---

**STATE OF OHIO**



NORWALK PUBLIC LIBRARY  
HURON COUNTY

TABLE OF CONTENTS

<u>TITLE</u>	<u>PAGE</u>
Report of Independent Accountants .....	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types – For the Year Ended December 31, 2001 .....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types – For the Year Ended December 31, 2000 .....	4
Notes to the Financial Statements .....	5
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i> .....	11

**This page intentionally left blank.**



STATE OF OHIO  
OFFICE OF THE AUDITOR  
JIM PETRO, AUDITOR OF STATE

One Government Center  
Room 1420  
Toledo, Ohio 43604-2246  
Telephone 419-245-2811  
800-443-9276  
Facsimile 419-245-2484  
www.auditor.state.oh.us

## REPORT OF INDEPENDENT ACCOUNTANTS

Norwalk Public Library  
Huron County  
46 West Main Street  
Norwalk, Ohio 44857-1471

To the Board of Trustees:

We have audited the accompanying financial statements of Norwalk 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 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. Those standards require that we plan and perform the audit 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 provides 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 29, 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, 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

March 29, 2002

**NORWALK PUBLIC LIBRARY  
HURON COUNTY**

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

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Property and Other Local Taxes	\$42,128			\$42,128
Other Government Grants-In-Aid	780,976			780,976
Patron Fines and Fees	27,995			27,995
Earnings on Investments	12,945		\$14,814	27,759
Contributions, Gifts and Donations	10,861		43,615	54,476
Miscellaneous Receipts	28,389			28,389
	<u>903,294</u>		<u>58,429</u>	<u>961,723</u>
<b>Cash Disbursements:</b>				
Current:				
Salaries and Benefits	533,626			533,626
Supplies	21,853			21,853
Purchased & Contracted Services	120,489		3,162	123,651
Library Materials & Information	110,761			110,761
Other Objects	7,392		39,690	47,082
Capital Outlay	21,866			21,866
	<u>815,987</u>		<u>42,852</u>	<u>858,839</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>87,307</u>		<u>15,577</u>	<u>102,884</u>
<b>Other Financing Receipts/(Disbursements):</b>				
Transfers-In			40,399	40,399
Transfers-Out	(40,399)			(40,399)
	<u>(40,399)</u>		<u>40,399</u>	
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	46,908		55,976	102,884
Fund Cash Balances, January 1	192,869	\$90	286,820	479,779
<b>Fund Cash Balances, December 31</b>	<u><b>\$239,777</b></u>	<u><b>\$90</b></u>	<u><b>\$342,796</b></u>	<u><b>\$582,663</b></u>
Reserves for Encumbrances, December 31	<u>\$48,691</u>			<u>\$48,691</u>

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

**NORWALK PUBLIC LIBRARY  
HURON COUNTY**

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

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Property and Other Local Taxes	\$42,570			\$42,570
Other Government Grants-In-Aid	763,922			763,922
Patron Fines and Fees	28,261			28,261
Earnings on Investments	14,410		\$5,148	19,558
Contributions, Gifts and Donations	11,634			11,634
Miscellaneous Receipts	6,136			6,136
	<u>866,933</u>		<u>5,148</u>	<u>872,081</u>
<b>Cash Disbursements:</b>				
Current:				
Salaries and Benefits	503,443			503,443
Supplies	21,704			21,704
Purchased & Contracted Services	116,630		3,235	119,865
Library Materials & Information	131,320			131,320
Other Objects	8,284		52,981	61,265
Capital Outlay	13,545			13,545
	<u>794,926</u>		<u>56,216</u>	<u>851,142</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>72,007</u>		<u>(51,068)</u>	<u>20,939</u>
<b>Other Financing Receipts/(Disbursements):</b>				
Transfers-In			50,000	50,000
Transfers-Out	(50,000)			(50,000)
	<u>(50,000)</u>		<u>50,000</u>	
Total Other Financing Receipts/(Disbursements)	<u>(50,000)</u>		<u>50,000</u>	
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	22,007		(1,068)	20,939
Fund Cash Balances, January 1	170,862	\$90	287,888	458,840
<b>Fund Cash Balances, December 31</b>	<b><u>\$192,869</u></b>	<b><u>\$90</u></b>	<b><u>\$286,820</u></b>	<b><u>\$479,779</u></b>
Reserves for Encumbrances, December 31	<u>\$31,596</u>			<u>\$31,596</u>

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



**NORWALK PUBLIC LIBRARY  
HURON COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Norwalk Public Library, Huron 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 Norwalk City School District Board of Education. The Library provides the community with various educational and literary resources.

The Library is a related organization of the Norwalk City School District. The Norwalk City School District is a separate entity from the Library and the financial statements of the School District are not included herein.

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, U.S. savings bonds and equity securities are valued at cost or fair value when donated. Insurance company common stock with a carrying value of \$24,753 received as a result of health insurer demutualization is valued at market value on the date received.

**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.

**NORWALK PUBLIC LIBRARY  
HURON COUNTY**

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

**2. Special Revenue Funds**

These funds are used to account for proceeds from specific sources (other than for capital projects) that are restricted to expenditure for specific purposes. There was no activity in the Library's special revenue funds for the years ended December 31, 2001 and 2000.

**3. Capital Project Funds**

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects. The Library had the following significant capital project funds:

*Automation Reserve Fund* - This fund received proceeds from contributions, gifts, and donations and operating transfers from the general fund. The proceeds are being used to acquire and maintain automated cataloging equipment and computer systems.

*Major Repair Fund* - This fund accounts for monies that are not needed in the General Fund and are put aside for future repairs of the Library's building.

*Building Fund* - This fund accounts for the monies that are not needed in the General Fund and are put aside for future building needs.

**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 may not exceed appropriations at the fund, function, and object 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.

**NORWALK PUBLIC LIBRARY  
HURON COUNTY**

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

**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.

**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	\$178,326	\$120,992
Certificates of deposit	368,249	347,452
Total deposits	546,575	468,444
Government Bonds	688	688
Common stock	35,400	10,647
Total investments	36,088	11,335
Total deposits and investments	\$582,663	\$479,779

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

**Investments:** Equity securities and government bonds are evidenced by securities that exist in physical form in the Library's possession.

**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	\$1,078,206	\$905,077	\$173,129
Capital Projects	376,334	42,852	333,482
Total	\$1,454,540	\$947,929	\$506,611

**NORWALK PUBLIC LIBRARY  
HURON COUNTY**

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

2000 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$813,787	\$866,933	\$53,146
Capital Projects	60,000	55,148	(4,852)
Total	<u>\$873,787</u>	<u>\$922,081</u>	<u>\$48,294</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$979,164	\$876,522	\$102,642
Capital Projects	337,888	56,216	281,672
Total	<u>\$1,317,052</u>	<u>\$932,738</u>	<u>\$384,314</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 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 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.

**NORWALK PUBLIC LIBRARY  
HURON COUNTY**

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

**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. 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.

**6. RISK MANAGEMENT**

**Commercial Insurance**

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

- Comprehensive property and general liability;
- Automobile;
- Inland Marine; and
- Errors and omissions.

**This page intentionally left blank.**



STATE OF OHIO  
OFFICE OF THE AUDITOR  
JIM PETRO, AUDITOR OF STATE

One Government Center  
Room 1420  
Toledo, Ohio 43604-2246  
Telephone 419-245-2811  
800-443-9276  
Facsimile 419-245-2484  
www.auditor.state.oh.us

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

Norwalk Public Library  
Huron County  
46 West Main Street  
Norwalk, Ohio 44857-1471

To the Board of Trustees:

We have audited the accompanying financial statements of Norwalk Public Library (the Library) as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated March 29, 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 audit 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*.

**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.

Norwalk Public Library  
Huron 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 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

March 29, 2002





STATE OF OHIO  
OFFICE OF THE AUDITOR  

---

JIM PETRO, AUDITOR OF STATE

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140  
Telephone 614-466-4514  
800-282-0370  
Facsimile 614-466-4490

**NORWALK PUBLIC LIBRARY**

**HURON 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**