



**NORWALK PUBLIC LIBRARY  
HURON COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2005**



**Auditor of State  
Betty Montgomery**



NORWALK PUBLIC LIBRARY  
HURON COUNTY

TABLE OF CONTENTS

| TITLE   | PAGE |
|---|------|
| Cover Letter .....  | 1    |
| Independent Accountants' Report.....  | 3    |
| Combined Statement of Cash Receipts, Cash Disbursements, and Changes in<br>Fund Cash Balances - All Governmental Fund Types -<br>For the Year Ended December 31, 2005.....    | 5    |
| Combined Statement of Cash Receipts, Cash Disbursements, and Changes in<br>Fund Cash Balances - All Governmental Fund Types -<br>For the Year Ended December 31, 2004.....    | 6    |
| Notes to the Financial Statements .....   | 7    |
| Independent Accountants' Report on Internal Control Over<br>Financial Reporting and on Compliance and Other Matters<br>Required by <i>Government Auditing Standards</i> ..... | 13   |

**This page intentionally left blank.**



**Auditor of State  
Betty Montgomery**

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

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 a February 2, 2005, 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 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 "Betty Montgomery".

**Betty Montgomery**  
Auditor of State

August 22, 2006

**This page intentionally left blank.**



**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

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 the Norwalk Public Library, Huron County, (the Library) as of and for the years ended December 31, 2005 and 2004. 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 audits.

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 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. The Library processes 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 Government 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(B) and 115.56 mandate 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.

Revisions to GAAP would require the Library to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2005 and 2004. Instead of the combined funds the accompanying financial statements present for 2005 and 2004, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2005 and 2004. 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 the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Library has elected not to reformat its statements. Since this Library does not use GAAP to measure financial statement amounts, 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, 2005 and 2004, 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, 2005 and 2004, 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 the Norwalk Public Library, Huron County, as of December 31, 2005 and 2004, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Library to include Management's Discussion and Analysis for the years ended December 31, 2005 and 2004. 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 August 22, 2006, 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 audits.



**Betty Montgomery**  
Auditor of State

August 22, 2006



**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, 2005**

|  | <u>Governmental Fund Types</u> |                         |                             | <b>Totals<br/>(Memorandum<br/>Only)</b> |
|--|--------------------------------|-------------------------|-----------------------------|---|
|  | <u>General</u>                 | <u>Debt<br/>Service</u> | <u>Capital<br/>Projects</u> |   |
| <b>Cash Receipts:</b>  |                                |                         |                             |   |
| Property and Other Local Taxes   | \$145,371                      |                         |                             | \$145,371                               |
| Library and Local Government Support   | 714,579                        |                         |                             | 714,579                                 |
| Intergovernmental  | 19,312                         |                         |                             | 19,312                                  |
| Patron Fines and Fees  | 29,293                         |                         |                             | 29,293                                  |
| Contributions, Gifts and Donations   | 15,039                         |                         | \$21,090                    | 36,129                                  |
| Earnings on Investments  | 7,430                          |                         | 318                         | 7,748                                   |
| Miscellaneous Receipts   | 31,194                         |                         |                             | 31,194                                  |
| <b>Total Cash Receipts</b>   | <b>962,218</b>                 |                         | <b>21,408</b>               | <b>983,626</b>                          |
| <b>Cash Disbursements:</b>   |                                |                         |                             |   |
| Current:   |                                |                         |                             |   |
| Salaries   | 504,720                        |                         |                             | 504,720                                 |
| Employees Fringe Benefits  | 140,100                        |                         |                             | 140,100                                 |
| Purchased and Contracted Services  | 151,022                        |                         |                             | 151,022                                 |
| Library Materials and Information  | 109,727                        |                         |                             | 109,727                                 |
| Supplies   | 20,814                         |                         | 72                          | 20,886                                  |
| Other Objects  | 6,693                          |                         |                             | 6,693                                   |
| Debt Service:  |                                |                         |                             |   |
| Redemption of Principal  |                                | \$25,486                |                             | 25,486                                  |
| Interest Payments and Other Financing Fees and Costs   |                                | 3,818                   |                             | 3,818                                   |
| Capital Outlay   | 6,744                          |                         | 9,492                       | 16,236                                  |
| <b>Total Cash Disbursements</b>  | <b>939,820</b>                 | <b>29,304</b>           | <b>9,564</b>                | <b>978,688</b>                          |
| <b>Total Cash Receipts Over/(Under) Cash Disbursements</b>   | <b>22,398</b>                  | <b>(29,304)</b>         | <b>11,844</b>               | <b>4,938</b>                            |
| <b>Other Financing Receipts/(Disbursements):</b>   |                                |                         |                             |   |
| Transfers-In   |                                | 29,304                  | 4,000                       | 33,304                                  |
| Transfers-Out  | (33,304)                       |                         |                             | (33,304)                                |
| <b>Total Other Financing Receipts/(Disbursements)</b>  | <b>(33,304)</b>                | <b>\$29,304</b>         | <b>4,000</b>                |   |
| Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements | (10,906)                       |                         | 15,844                      | 4,938                                   |
| Fund Cash Balances, January 1  | 111,740                        |                         | 104,114                     | 215,854                                 |
| <b>Fund Cash Balances, December 31</b>   | <b>\$100,834</b>               |                         | <b>\$119,958</b>            | <b>\$220,792</b>                        |
| Reserves for Encumbrances, December 31   | \$40,279                       |                         |                             | \$40,279                                |

*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, 2004**

|   | <u>Governmental Fund Types</u> |                         |                             | <b>Totals<br/>(Memorandum<br/>Only)</b> |
|---|--------------------------------|-------------------------|-----------------------------|---|
|   | <u>General</u>                 | <u>Debt<br/>Service</u> | <u>Capital<br/>Projects</u> |   |
| <b>Cash Receipts:</b>   |                                |                         |                             |   |
| Property and Other Local Taxes  | \$146,032                      |                         |                             | \$146,032                               |
| Library and Local Government Support  | 713,033                        |                         |                             | 713,033                                 |
| Intergovernmental   | 18,751                         |                         |                             | 18,751                                  |
| Patron Fines and Fees   | 30,146                         |                         |                             | 30,146                                  |
| Contributions, Gifts and Donations  | 8,686                          |                         |                             | 8,686                                   |
| Earnings on Investments   | 5,719                          |                         |                             | 5,719                                   |
| Miscellaneous Receipts  | 32,014                         |                         |                             | 32,014                                  |
| <b>Total Cash Receipts</b>  | <u>954,381</u>                 |                         |                             | <u>954,381</u>                          |
| <b>Cash Disbursements:</b>  |                                |                         |                             |   |
| Current:  |                                |                         |                             |   |
| Salaries  | 518,429                        |                         |                             | 518,429                                 |
| Employees Fringe Benefits   | 131,875                        |                         |                             | 131,875                                 |
| Purchased and Contracted Services   | 151,234                        |                         | \$6,912                     | 158,146                                 |
| Library Materials and Information   | 108,551                        |                         |                             | 108,551                                 |
| Supplies  | 20,768                         |                         | 55                          | 20,823                                  |
| Other Objects   | 9,408                          |                         | 1,960                       | 11,368                                  |
| Debt Service:   |                                |                         |                             |   |
| Redemption of Principal   |                                | \$27,286                |                             | 27,286                                  |
| Interest Payments and Other Financing Fees and Costs  |                                | 2,018                   |                             | 2,018                                   |
| Capital Outlay  | 10,078                         |                         | 28,128                      | 38,206                                  |
| <b>Total Cash Disbursements</b>   | <u>950,343</u>                 | <u>29,304</u>           | <u>37,055</u>               | <u>1,016,702</u>                        |
| <b>Total Cash Receipts Over/(Under) Cash Disbursements</b>  | <u>4,038</u>                   | <u>(29,304)</u>         | <u>(37,055)</u>             | <u>(62,321)</u>                         |
| <b>Other Financing Receipts/(Disbursements):</b>  |                                |                         |                             |   |
| Transfers-In  |                                | 29,304                  | 16,038                      | 45,342                                  |
| Transfers-Out   | (45,342)                       |                         |                             | (45,342)                                |
| <b>Total Other Financing Receipts/(Disbursements)</b>   | <u>(45,342)</u>                | <u>\$29,304</u>         | <u>16,038</u>               |   |
| Excess of Cash Receipts and Other Financing Receipts Under Cash Disbursements and Other Financing Disbursements | (41,304)                       |                         | (21,017)                    | (62,321)                                |
| Fund Cash Balances, January 1   | 153,044                        |                         | 125,131                     | 278,175                                 |
| <b>Fund Cash Balances, December 31</b>  | <u><u>\$111,740</u></u>        |                         | <u><u>\$104,114</u></u>     | <u><u>\$215,854</u></u>                 |
| Reserves for Encumbrances, December 31  | <u><u>\$23,482</u></u>         |                         | <u><u>\$4,500</u></u>       | <u><u>\$27,982</u></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, 2005 AND 2004**

**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 the Norwalk City School District Board of Education. The Library provides the community with various educational 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 the Auditor of State prescribes or permits. This accounting basis is similar to the cash receipts and disbursements 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. Accordingly, the Library does not record investment purchases as disbursements or investment sales as receipts. The Library records gains or losses at the time of sale as receipts or disbursements, respectively.

The Library values certificates of deposit at cost. U.S. savings bonds and common stock are valued at fair market value when donated.

**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 accounts for all financial resources except those required to be accounted for in another fund.

**2. Debt Service Fund**

The debt service fund accounts for resources the Library accumulates to pay principal and interest on the mortgage on the adjacent building purchased in 2003 for future expansion.

**NORWALK PUBLIC LIBRARY  
HURON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005 AND 2004  
(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. 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 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 the construction or acquisition of new buildings.

**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 2005 and 2004 budgetary activity appears in Note 3.

**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.

**NORWALK PUBLIC LIBRARY  
HURON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005 AND 2004  
(Continued)**

**2. 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 follows:

|                                | 2005      | 2004      |
|--------------------------------|-----------|-----------|
| Demand deposits                | \$112,515 | \$133,724 |
| Certificates of deposit        | 96,942    | 70,795    |
| Total deposits                 | 209,457   | 204,519   |
| U.S. Savings bonds             | 688       | 688       |
| Common Stock                   | 10,647    | 10,647    |
| Total investments              | 11,335    | 11,335    |
| Total deposits and investments | \$220,792 | \$215,854 |

**Deposits:** Deposits are insured either (1) by the Federal Depository Insurance Corporation; (2) collateralized by securities specifically pledged by the financial institution to the Library, or (3) collateralized by the financial institution's public entity deposit pool.

**Investments:** The common stock and savings bonds are evidenced by securities that exist in physical form in the Library's possession. At December 31, 2005 and 2004, the Library held \$10,647 in equity securities. Such securities are ineligible investments for the Library under Ohio law. These securities were bequeathed to the Library and the Library has neither purchased nor sold the securities.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2005 and 2004 follows:

| 2005 Budgeted vs. Actual Receipts |                      |                    |            |
|-----------------------------------|----------------------|--------------------|------------|
| Fund Type                         | Budgeted<br>Receipts | Actual<br>Receipts | Variance   |
| General                           | \$981,653            | \$962,218          | (\$19,435) |
| Debt Service                      | 29,304               | 29,304             |            |
| Capital Projects                  | 500                  | 25,408             | 24,908     |
| Total                             | \$1,011,457          | \$1,016,930        | \$5,473    |

| 2005 Budgeted vs. Actual Budgetary Basis Expenditures |                            |                           |           |
|---|----------------------------|---------------------------|-----------|
| Fund Type   | Appropriation<br>Authority | Budgetary<br>Expenditures | Variance  |
| General   | \$1,093,282                | \$1,013,403               | \$79,879  |
| Debt Service  | 29,304                     | 29,304                    |           |
| Capital Projects                                      | 104,614                    | 9,564                     | 95,050    |
| Total   | \$1,227,200                | \$1,052,271               | \$174,929 |

**NORWALK PUBLIC LIBRARY  
HURON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005 AND 2004  
(Continued)**

**3. BUDGETARY ACTIVITY – (Continued)**

| 2004 Budgeted vs. Actual Receipts |                      |                    |            |
|-----------------------------------|----------------------|--------------------|------------|
| Fund Type                         | Budgeted<br>Receipts | Actual<br>Receipts | Variance   |
| General                           | \$950,133            | \$954,381          | \$4,248    |
| Debt Service                      | 29,304               | 29,304             |            |
| Capital Projects                  | 45,037               | 16,038             | (28,999)   |
| Total                             | \$1,024,474          | \$999,723          | (\$24,751) |

| 2004 Budgeted vs. Actual Budgetary Basis Expenditures |                            |                           |           |
|---|----------------------------|---------------------------|-----------|
| Fund Type   | Appropriation<br>Authority | Budgetary<br>Expenditures | Variance  |
| General   | \$1,102,957                | \$1,019,167               | \$83,790  |
| Debt Service  | 29,304                     | 29,304                    |           |
| Capital Projects                                      | 144,019                    | 41,555                    | 102,464   |
| Total   | \$1,276,280                | \$1,090,026               | \$186,254 |

**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 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 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 Board 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 Intergovernmental Revenue. 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.

**NORWALK PUBLIC LIBRARY  
HURON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005 AND 2004  
(Continued)**

**5. DEBT**

Debt outstanding at December 31, 2005, was as follows:

|  | Principal | Interest Rate |
|--|-----------|---------------|
| Mortgage for Purchase of Adjacent Bldg | 74,265    | 4.75          |
| Total                                  | \$74,265  |               |

The Library obtained a ten year mortgage for the purchase of the adjacent building for future expansion on June 30, 2003. The mortgage will be repaid in annual installments through the year 2012. The interest rate on the loan is variable, 1.25 percent below the prime rate. The mortgage is secured by the building acquired with the proceeds.

Amortization of the above debt, including interest, is scheduled as follows:

| Year ending December 31: | General<br>Obligation<br>Bonds |
|--------------------------|--------------------------------|
| 2006                     | \$17,327                       |
| 2007                     | 16,704                         |
| 2008                     | 16,208                         |
| 2009                     | 15,671                         |
| 2010                     | 15,113                         |
| 2011-2012                | 21,718                         |
| Total                    | \$102,741                      |

**6. RETIREMENT SYSTEM**

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

The Ohio Revised Code also prescribes contribution rates. The Library's OPERS members contributed 8.5 percent of their gross salaries. The Library contributed an amount equal to 13.55 percent of participants' gross salaries. The Library has paid all contributions required through December 31, 2005.

**NORWALK PUBLIC LIBRARY  
HURON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005 AND 2004  
(Continued)**

**7. RISK MANAGEMENT**

**Commercial Insurance**

The Library has obtained commercial insurance for the following risks:

- Comprehensive property
- Equipment breakdown
- Inland marine;
- General and umbrella liability;
- Employee benefits liability;
- Employers stop gap liability;
- Automobile;
- Terrorism and umbrella terrorism;
- Boiler;
- Errors and omissions.

***Health Insurance***

The Library provides health and life insurance for its employees through private insurance carriers.





## **Auditor of State Betty Montgomery**

### **INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS 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 financial statements of the Norwalk Public Library, Huron County, (the Library) as of and for the years ended December 31, 2005 and 2004, and have issued our report thereon dated August 22, 2006, wherein we noted the Library follows the accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We also noted that the Library uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Library because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. 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 the Comptroller General of the United States' *Government Auditing Standards*.

#### **Internal Control Over Financial Reporting**

In planning and performing our audits, we considered the Library's internal control over financial reporting to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses.

#### **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 audits 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*.

One Government Center / Room 1420 / Toledo, OH 43604-2246  
Telephone: (419) 245-2811 (800) 443-9276 Fax: (419) 245-2484  
[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

Norwalk Public Library  
Huron County  
Independent Accountants' Report on Internal Control Over  
Financial Reporting and on Compliance and Other Matters  
Required by *Government Auditing Standards*  
Page 2

We intend this report solely for the information and use of the audit committee, management, and the Board of Trustees. It is not intended for anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

August 22, 2006



**Auditor of State  
Betty Montgomery**

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  
SEPTEMBER 14, 2006**