



**NORTHWEST LIBRARY DISTRICT
WOOD COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED JUNE 30, 2000-1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**NORTHWEST LIBRARY DISTRICT
WOOD COUNTY**

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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

Northwest Library District
Wood County
181½ South Main Street
Bowling Green, Ohio 43402-2910

To the Board of Trustees:

We have audited the accompanying financial statements of the Northwest Library District, Wood County, Ohio, (NORWELD) as of and for the years ended June 30, 2000 and 1999. These financial statements are the responsibility of NORWELD's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 1, NORWELD 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 NORWELD as of June 30, 2000 and 1999, 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 November 30, 2000 on our consideration of NORWELD'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 audits performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

This report is intended solely for the information and use of 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

November 30, 2000

**NORTHWEST LIBRARY DISTRICT
WOOD COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2000**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Government Grants-In-Aid		\$233,514	\$233,514
Earnings on Investments	\$6,738	5,094	11,832
Services Provided to Other Entities	143,794	239,665	383,459
	<u>150,532</u>	<u>478,273</u>	<u>628,805</u>
Total Cash Receipts			
	<u>150,532</u>	<u>478,273</u>	<u>628,805</u>
Cash Disbursements:			
Current:			
Salaries and Benefits	5,366	228,058	233,424
Supplies	1,648	7,924	9,572
Purchased and Contracted Services	113,684	156,440	270,124
Library Materials and Information	10,665	47,214	57,879
Other Objects	5,411	408	5,819
Capital Outlay	70	13,118	13,188
	<u>136,844</u>	<u>453,162</u>	<u>590,006</u>
Total Cash Disbursements			
	<u>136,844</u>	<u>453,162</u>	<u>590,006</u>
Total Cash Receipts Over Cash Disbursements	<u>13,688</u>	<u>25,111</u>	<u>38,799</u>
Other Financing Receipts/(Disbursements):			
Transfers-In	632		632
Transfers-Out		(632)	(632)
	<u>632</u>	<u>(632)</u>	<u> </u>
Total Other Financing Receipts/(Disbursements)			
	<u>632</u>	<u>(632)</u>	<u> </u>
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	<u>14,320</u>	<u>24,479</u>	<u>38,799</u>
Fund Cash Balances, July 1	<u>113,081</u>	<u>134,299</u>	<u>247,380</u>
Fund Cash Balances, June 30	<u><u>\$127,401</u></u>	<u><u>\$158,778</u></u>	<u><u>\$286,179</u></u>
Reserves for Encumbrances, June 30	<u><u> </u></u>	<u><u>\$5,114</u></u>	<u><u>\$5,114</u></u>

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

**NORTHWEST LIBRARY DISTRICT
WOOD COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED JUNE 30, 1999**

	Governmental Fund Types		Totals (Memorandum Only)
	General	Special Revenue	
Cash Receipts:			
Government Grants-In-Aid		\$227,512	\$227,512
Earnings on Investments	\$5,533		5,533
Services Provided to Other Entities	188,384	232,222	420,606
Total Cash Receipts	193,917	459,734	653,651
Cash Disbursements:			
Current:			
Salaries and Benefits	12,133	210,285	222,418
Supplies	957	9,887	10,844
Purchased and Contracted Services	91,100	143,651	234,751
Library Materials and Information	38,966	37,235	76,201
Other Objects	8,093	401	8,494
Capital Outlay	24,588	13,595	38,183
Total Cash Disbursements	175,837	415,054	590,891
Total Cash Receipts Over Cash Disbursements	18,080	44,680	62,760
Other Financing Receipts/(Disbursements):			
Transfers-In	232		232
Transfers-Out		(232)	(232)
Total Other Financing Receipts/(Disbursements)	232	(232)	
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	18,312	44,448	62,760
Fund Cash Balances, July 1	94,769	89,851	184,620
Fund Cash Balances, June 30	\$113,081	\$134,299	\$247,380
Reserves for Encumbrances, June 30		\$22,348	\$22,348

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

**NORTHWEST LIBRARY DISTRICT
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2000 AND 1999**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Northwest Library District (NORWELD) is a Metropolitan Library System, as defined by §3375.90 of the Ohio Revised Code, established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. NORWELD is an organization of public, academic, special, school, institutional, and other libraries or information services within NORWELD's geographical service area. NORWELD operates under a Membership Council, which consists of library administrators and trustees from member libraries, and a Board of Trustees (15 members) elected by the Membership Council. The Board of Trustees is responsible for the provision of special library and educational resources to NORWELD.

NORWELD's management believes these financial statements present all activities for which NORWELD is financially accountable, except employee deferred compensation funds maintained by outside custodians are not included in these financial statements. These assets are described in Note 6 to the financial statements.

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

The investment in STAR Ohio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer.

D. Fund Accounting

NORWELD uses fund accounting to segregate cash and investments that are restricted as to use. NORWELD 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.

**NORTHWEST LIBRARY DISTRICT
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2000 AND 1999
(Continued)**

2. Special Revenue Funds

These funds are used to account for proceeds from specific sources that are restricted to expenditure for specific purposes. NORWELD had the following significant Special Revenue Fund:

NORWELD Fund - This fund receives State Library allocations and membership fees from participating libraries to be used for program operations.

E. Budgetary Process

The Ohio Administrative Code requires that each fund be budgeted annually.

1. Budget

NORWELD prepares two separate budgets of estimated cash receipts and disbursements in January of each year, for the period July 1 to June 30 of the following year. One is prepared for the grant program, and is submitted to the State Library of Ohio. The other budget is prepared for the general fund and is submitted to the Board of Trustees, but is not required to be submitted to the State Library of Ohio.

2. Appropriations

The approved budget serves as the appropriation measure to control cash disbursements.

3. Encumbrances

The District is required to use the encumbrance method of accounting by virtue of Ohio law. Under this system, purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve the portion of the applicable appropriation. At the close of each fiscal year, the unencumbered cash balance in the grant fund must be encumbered by June 30 and expended before August 31. The unencumbered cash balance in the general fund is carried forward to the succeeding fiscal year and becomes subject to future appropriations and the encumbered appropriation balance is carried forward to the succeeding fiscal year and need not be reappropriated.

A summary of FY00 and FY99 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as capital outlay disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

G. Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by NORWELD.

**NORTHWEST LIBRARY DISTRICT
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2000 AND 1999
(Continued)**

2. EQUITY IN POOLED CASH AND INVESTMENTS

NORWELD 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 June 30 follows:

	<u>2000</u>	<u>1999</u>
Demand deposits	\$62,975	\$134,851
STAR Ohio	<u>223,204</u>	<u>112,529</u>
Total deposits and investments	<u><u>\$286,179</u></u>	<u><u>\$247,380</u></u>

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

Investments: Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending June 30, 2000 and 1999 follows:

FY00 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$206,000	\$151,164	(\$54,836)
Special Revenue	<u>467,564</u>	<u>478,273</u>	<u>10,709</u>
Total	<u><u>\$673,564</u></u>	<u><u>\$629,437</u></u>	<u><u>(\$44,127)</u></u>

FY00 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$206,000	\$136,844	\$69,156
Special Revenue	<u>467,564</u>	<u>458,908</u>	<u>8,656</u>
Total	<u><u>\$673,564</u></u>	<u><u>\$595,752</u></u>	<u><u>\$77,812</u></u>

**NORTHWEST LIBRARY DISTRICT
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2000 AND 1999
(Continued)**

FY99 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$208,957	\$194,149	(\$14,808)
Special Revenue	438,202	459,734	21,532
Total	\$647,159	\$653,883	\$6,724

FY99 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$208,957	\$175,837	\$33,120
Special Revenue	438,202	437,634	568
Total	\$647,159	\$613,471	\$33,688

4. 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. NORWELD's PERS members contributed 4.25% and NORWELD "picked up" 4.25 percent of participants' gross salaries. NORWELD contributed an amount equal to 13.55% of participants' gross salaries. NORWELD has paid all contributions required through June 30, 2000.

5. RISK MANAGEMENT

NORWELD has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Errors and omissions

NORWELD also provides health insurance to full-time employees through a private carrier.



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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***

Northwest Library District
Wood County
181½ South Main Street
Bowling Green, Ohio 43402-2910

To the Board of Trustees:

We have audited the accompanying financial statements of the Northwest Library District, Wood County, Ohio, (NORWELD) as of and for the years ended June 30, 2000 and 1999, and have issued our report thereon dated November 30, 2000. We conducted our audits in accordance with generally accepted auditing standards 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 NORWELD's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered 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. However, we noted a matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of NORWELD in a separate letter dated November 30, 2000.

Northwest Library District
Wood County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
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This report is intended for the information and use of 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

November 30, 2000



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

NORTHWEST LIBRARY DISTRICT

WOOD 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
DECEMBER 26, 2000**