



**NORTHWEST REGIONAL LIBRARY SYSTEM  
WOOD COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED JUNE 30, 2009 AND 2010**



**Mary Taylor, CPA**  
Auditor of State



**NORTHWEST REGIONAL LIBRARY SYSTEM  
WOOD COUNTY**

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Mary Taylor, CPA  
Auditor of State

Northwest Regional Library System  
Wood County  
181 ½ South Main Street  
Bowling Green, Ohio 43402

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.

*Mary Taylor*

**Mary Taylor, CPA**  
Auditor of State

September 29, 2010

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Northwest Regional Library System  
Wood County  
181 ½ South Main Street  
Bowling Green, Ohio 43402

To the Board of Trustees:

We have audited the accompanying financial statements of Northwest Regional Library System, Wood County, (the System) as of and for the years ended June 30, 2010 and 2009. These financial statements are the responsibility of the System's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As described more fully in Note 1, the system 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 System's larger (i.e. major) funds separately. While the System 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 System 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 June 30, 2010 and 2009 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the System as of June 30, 2010 and 2009, 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 of Northwest Regional Library System, Wood County, as of June 30, 2010 and 2009, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The System 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 September 29, 2010, on our consideration of the System'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.

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

**Mary Taylor, CPA**  
Auditor of State

September 29, 2010



**NORTHWEST REGIONAL LIBRARY SYSTEM  
WOOD COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL FUND TYPES  
FOR THE YEAR ENDED JUNE 30, 2010**

	<u>All Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Intergovernmental		\$234,650	234,650
Services Provided to Other Entities	\$19,546	173,850	193,396
Earnings on Investments	109	16	125
	<u>19,655</u>	<u>408,516</u>	<u>428,171</u>
<b>Cash Disbursements:</b>			
Current:			
Salaries		146,670	146,670
Employee Fringe Benefits		35,454	35,454
Purchased and Contractual Services	646	95,506	96,152
Library Materials and Information	1,924	7,008	8,932
Supplies	1,146	6,735	7,881
Other	4,881		4,881
Capital Outlay	10,484	39,006	49,490
	<u>19,081</u>	<u>330,379</u>	<u>349,460</u>
Total Cash Receipts Over Cash Disbursements	<u>574</u>	<u>78,137</u>	<u>78,711</u>
<b>Other Financing Receipts / (Disbursements):</b>			
Transfers-In	10,473	15,453	25,926
Transfers-Out	(5,031)	(20,895)	(25,926)
	<u>5,442</u>	<u>(5,442)</u>	
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	6,016	72,695	78,711
Fund Cash Balances, July 1	<u>89,737</u>	<u>54,510</u>	<u>144,247</u>
<b>Fund Cash Balances, June 30</b>	<b><u><u>\$95,753</u></u></b>	<b><u><u>\$127,205</u></u></b>	<b><u><u>\$222,958</u></u></b>

**NORTHWEST REGIONAL LIBRARY SYSTEM  
WOOD COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED JUNE 30, 2009**

	<u>All Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Intergovernmental		\$216,370	\$216,370
Services Provided to Other Entities	\$8,766	90,859	99,625
Earnings on Investments	1,202	1,072	2,274
	<u>9,968</u>	<u>308,301</u>	<u>318,269</u>
<b>Cash Disbursements:</b>			
Current:			
Salaries		152,835	152,835
Employee Fringe Benefits		42,534	42,534
Purchased and Contractual Services	5,926	121,902	127,828
Library Materials and Information	2,392	15,738	18,130
Supplies	2,193	6,112	8,305
Other	1,732		1,732
Capital Outlay		6,690	6,690
	<u>12,243</u>	<u>345,811</u>	<u>358,054</u>
Total Cash Disbursements Over Cash Receipts	<u>(2,275)</u>	<u>(37,510)</u>	<u>(39,785)</u>
<b>Other Financing Receipts / (Disbursements):</b>			
Transfers-In	283	9,350	9,633
Transfers-Out		(9,633)	(9,633)
	<u>283</u>	<u>(283)</u>	
Excess of Cash Disbursements and Other Financing Disbursements Over Cash Receipts and Other Financing Receipts	(1,992)	(37,793)	(39,785)
Fund Cash Balances, July 1	<u>91,729</u>	<u>92,303</u>	<u>184,032</u>
<b>Fund Cash Balances, June 30</b>	<b><u><u>\$89,737</u></u></b>	<b><u><u>\$54,510</u></u></b>	<b><u><u>\$144,247</u></u></b>

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

**NORTHWEST REGIONAL LIBRARY SYSTEM  
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009**

**1. Summary of Significant Accounting Policies**

**A. Description of the Entity**

Northwest Regional Library System, Wood County, (the System) 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. The System is an organization of public, academic, special, school, institutional, and other libraries or information services within the System's geographical service area. Effective July 1, 2006, the State Library of Ohio amended the System's charter to reorganize and adjust their geographic service area boundaries, and changed their name to Northwest Regional Library System. The System 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 educational resources to the System.

The System's management believes these financial statements present all activities for which The Systems 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 System recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred.

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

**C. Deposits and Investments**

The System'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.

STAR Ohio is recorded at share values reported by the State of Ohio.

**D. Fund Accounting**

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

**NORTHWEST REGIONAL LIBRARY SYSTEM  
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009  
(Continued)**

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

**2. Special Revenue Fund**

This fund accounts for proceeds from specific sources (other than from private-purpose trusts or for capital projects) that are restricted to expenditure for specific purposes. The System had the following significant Special Revenue Fund:

**The System 10 Fund** – This fund receives State Library allocations and membership fees from participating libraries to be used for program operations.

**E. Budgetary Process**

The Board must annually approve appropriation measures and subsequent amendments. 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 2010 and 2009 budgetary activity appears in Note 3.

**F. Property, Plant, and Equipment**

The System 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.

**2. Equity in Pooled Deposits and Investments**

The System maintains a deposit and investments pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at June 30 was as follows:

	2010	2009
Demand deposits	\$135,714	\$52,109
STAR Ohio	87,244	92,138
Total deposits and investments	\$222,958	\$144,247

**Deposits:** Deposits are 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.

**NORTHWEST REGIONAL LIBRARY SYSTEM  
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009  
(Continued)**

**3. Budgetary Activity**

Budgetary activity for the years ending June 30, 2010 and 2009 follows:

2010 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General		\$30,128	\$30,128
Special Revenue	\$381,090	423,969	42,879
Total	\$381,090	\$454,097	\$73,007

2010 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$27,081	\$24,112	\$2,969
Special Revenue	372,924	351,274	21,650
Total	\$400,005	\$375,386	\$24,619

2009 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General		\$10,251	\$10,251
Special Revenue	\$366,034	317,651	(48,383)
Total	\$366,034	\$327,902	(\$38,132)

2009 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$21,100	\$12,243	\$8,857
Special Revenue	366,034	355,444	10,590
Total	\$387,134	\$367,687	\$19,447

**4. Retirement System**

The System'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 2010 and 2009, OPERS members contributed 5%, respectively, of their gross salaries and the System "picked up" 5% of participants' gross salaries. The System contributed an amount equaling 14%, respectively, of participants' gross salaries. The System has paid all contributions required through June 30, 2010.

**NORTHWEST REGIONAL LIBRARY SYSTEM  
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009  
(Continued)**

**5. Risk Management**

**Commercial Insurance**

The System has obtained commercial insurance for the following risks:

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



# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Northwest Regional Library System  
Wood County  
181 ½ South Main Street  
Bowling Green, Ohio 43402

To the Board of Trustees:

We have audited the financial statements of Northwest Regional Library System, Wood County, the System as of and for the years ended June 30, 2010 and 2009, and have issued our report thereon dated September 29, 2010 wherein we noted the System prepared its financial statements using accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. 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 System'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 System's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the System's internal control over financial reporting.

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 combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the System's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

### **Compliance and Other Matters**

As part of reasonably assuring whether the System'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 did note certain a matter not requiring inclusion in this report that we reported to the System's management in a separate letter dated September 29, 2010.

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

A handwritten signature in cursive script that reads "Mary Taylor".

**Mary Taylor, CPA**  
Auditor of State

September 29, 2010





**Mary Taylor, CPA**  
Auditor of State

**NORTHWEST REGIONAL LIBRARY SYSTEM**

**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  
OCTOBER 14, 2010**