



Mary Taylor, CPA  
Auditor of State



**NOLA REGIONAL LIBRARY SYSTEM  
TRUMBULL COUNTY**

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# Mary Taylor, CPA

Auditor of State

NOLA Regional Library System  
Trumbull County  
4445 Mahoning Avenue NW  
Warren, Ohio 44483

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.

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**Mary Taylor, CPA**  
Auditor of State

November 30, 2007

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

NOLA Regional Library System  
Trumbull County  
4445 Mahoning Avenue NW  
Warren, Ohio 44483

To the Board of Trustees:

We have audited the accompanying financial statements of the NOLA Regional Library System, Trumbull County, (the Library) as of and for the fifteen month period ended September 30, 2006. These financial statements are the responsibility of the Library's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. 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 fifteen month period ended September 30, 2006. Instead of the combined funds the accompanying financial statements present for the fifteen month period ended September 30, 2006, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for the fifteen month period ended September 30, 2006. 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 fifteen month period ended September 30, 2006 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 September 30, 2006, or its changes in financial position for the fifteen month period then ended.

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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 NOLA Regional Library System, Trumbull County, as of September 30, 2006, and its combined cash receipts and disbursements for the fifteen month period 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 fifteen month period ended September 30, 2006. 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 November 30, 2007, on our consideration of the Library's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

**Mary Taylor, CPA**  
Auditor of State

November 30, 2007



**NOLA REGIONAL LIBRARY SYSTEM  
TRUMBULL COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES  
FOR THE FIFTEEN MONTH PERIOD ENDED SEPTEMBER 30, 2006**

	<u>Governmental Fund Types</u>		<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Agency Funds</u>	
<b>Cash Receipts:</b>				
Federal Grants-in-Aid		\$457,794		\$457,794
State Grants-in-Aid		179,959		179,959
Local Grants-in-Aid	\$354,567			354,567
Patron Fines and Fees	150,937			150,937
Earnings on Investments	54,200			54,200
Miscellaneous Receipts	13,600		\$399,396	412,996
	<u>573,304</u>	<u>637,753</u>	<u>399,396</u>	<u>1,610,453</u>
Total Cash Receipts				
<b>Cash Disbursements:</b>				
Salaries and Leave Benefits	284,051	280,763		564,814
Supplies	4,991	32,473		37,464
Purchased and Contracted Services	351,183	341,308	(1,960)	690,531
Library Material & Information	48,354	29,704	158,197	236,255
Capital Outlay	34,127	25,057	235,899	295,083
Miscellaneous	2,099	200		2,299
	<u>724,805</u>	<u>709,505</u>	<u>392,136</u>	<u>1,826,446</u>
Total Cash Disbursements				
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(151,501)</u>	<u>(71,752)</u>	<u>7,260</u>	<u>(215,993)</u>
<b>Other Financing Receipts/(Disbursements):</b>				
Other Receipts			1,682,178	1,682,178
Other Disbursements			(1,680,448)	(1,680,448)
Transfers-In	21,915		3,370	25,285
Transfers-Out	(3,370)		(21,915)	(25,285)
Advances-In	64,509	62,549		127,058
Advances-Out	(60,819)	(62,549)	(3,690)	(127,058)
	<u>22,235</u>	<u>0</u>	<u>(20,505)</u>	<u>1,730</u>
Total Other Financing Receipts/(Disbursements)				
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(129,266)	(71,752)	(13,245)	(214,263)
Fund Cash Balances, July 1, 2005	887,128	71,756	13,245	972,129
<b>Fund Cash Balances, September 30, 2006</b>	<u><b>\$757,862</b></u>	<u><b>\$4</b></u>	<u><b>\$0</b></u>	<u><b>\$757,866</b></u>
<b>Reserves for Encumbrances, September 30, 2006</b>	<u><b>\$4,823</b></u>	<u><b>\$0</b></u>	<u><b>\$0</b></u>	<u><b>\$4,823</b></u>

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

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**NOLA REGIONAL LIBRARY SYSTEM  
TRUMBULL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FIFTEEN MONTH PERIOD ENDED SEPTEMBER 30, 2006**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

NOLA Regional Library System, Trumbull County, (the Library) is comprised of public, academic, special, school, institutional, and other libraries and information services established to provide cooperative information services and programs within the geographical area of Ashtabula, Columbiana, Geauga, Lake, Lorain, Mahoning, Portage, and Trumbull Counties. The Library System is chartered as a metropolitan library system, created and governed according to the provisions of Sections 3375.90 and 3375.93, Revised Code, and does not overlap with any other legally state chartered system.

The NOLA Regional Library System is governed by a Board of Trustees comprised of thirteen members who have the right to exercise all powers pursuant to Revised Code Section 3375.91. The Board composition includes eleven members representing public libraries and two members representing non-public libraries. Board members are elected by, from, and among the Membership Council, to a term of three years and cannot serve longer than two consecutive terms.

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.

Repurchase agreements are valued at cost. The investment in STAR Ohio is valued at amounts reported by the State Treasurer.

**NOLA REGIONAL LIBRARY SYSTEM  
TRUMBULL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FIFTEEN MONTH PERIOD ENDED SEPTEMBER 30, 2006  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)**

**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.

**2. Special Revenue Funds**

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Library had the following significant Special Revenue Funds:

State Library Funding Fund - This fund accounts for all restricted State monies.

Know-It Now Fund – This fund receives Federal and State grant money to maintain a live, online, free of charge information service for the citizens of Ohio.

**3. Fiduciary Funds (Agency Funds)**

Funds for which the Library is acting in an agency capacity are classified as agency funds. The Library had the following significant fiduciary funds:

Health Insurance Fund – The Library acts as the agent for paying health insurance premiums for its member libraries.

Group Purchasing Fund – The Library acts as a purchasing agent for its member libraries for purchasing from database vendors and electronic equipment vendors.

**E. Budgetary Process**

**1. Budget**

For the second year of the Biennium Contract no later than May 31, the Library submits an annual plan of service for federal and local funds to the State Library Board. The State Library Board takes action on this plan on or before June 30 and the Library signs all the necessary contracts with the State Library. For the negotiations of the Biennium contract, budgetary reports are due on or before March 31.

**2. 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.

**NOLA REGIONAL LIBRARY SYSTEM  
TRUMBULL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FIFTEEN MONTH PERIOD ENDED SEPTEMBER 30, 2006  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)**

**3. Encumbrances**

Although the Ohio Administrative Code has rescinded the requirement to encumber appropriations, the Library has chosen to continue to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be re-appropriated.

A summary of 2006 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. 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 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 September 30 follows:

	9/30/2006
Demand deposits	\$16,255
Total deposits	16,255
STAR Ohio	131,005
Repurchase agreement	610,606
Total investments	741,611
Total deposits and investments	\$757,866

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation (FDIC).

**Investments:** Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form. The Library's financial institution transfers the securities to the Library's agent to collateralize repurchase agreements. The securities are not in the Library's name.

**NOLA REGIONAL LIBRARY SYSTEM  
TRUMBULL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FIFTEEN MONTH PERIOD ENDED SEPTEMBER 30, 2006  
(Continued)**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the fifteen month period ending September 30, 2006 follows:

2006 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 761,249	\$ 732,998	\$ 28,251
Special Revenue	726,407	709,505	16,902
Total	\$ 1,487,656	\$ 1,442,503	\$ 45,153

**4. RETIREMENT SYSTEM**

The Ohio Public Employees Retirement System (OPERS) is a state operated, cost-sharing, multiple employer public employee retirement system. OPERS 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.

Contribution rates are prescribed by the Ohio Revised Code. For 2006 and 2005, the Library's OPERS members contributed 9% and 8.5%, respectively, of their gross salaries and the Library contributed an amount equaling 13.7% and 13.55%, respectively, of participants' gross salaries. The Library has paid all contributions required through September 30, 2006.

**5. RISK MANAGEMENT**

**Commercial Insurance**

NOLA Regional Library System has obtained commercial insurance for the following risks:

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

**6. SUBSEQUENT EVENTS**

In accordance with the directions of the State Librarian, NOLA Regional Library System (NOLA) dissolved effective July 1, 2006, and merged with two other regional libraries to form the new Northeast Ohio Regional Library System (NEORLS).

As of September 30, 2006, the NOLA Board passed a resolution to terminate NOLA's existence. All physical assets, liabilities, and functions were transferred to NEORLS except that any deposits or investments remaining were placed in a trust fund to be administered by a five member Board of Trustees.

The Trustees may determine to use trust funds based upon their sole discretion to enrich the membership of NEORLS.



# 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*

NOLA Regional Library System  
Trumbull County  
4445 Mahoning Avenue NW  
Warren, Ohio 44483

To the Board of Trustees:

We have audited the financial statements of the NOLA Regional Library System, Trumbull County, (the Library) as of and for the fifteen month period ended September 30, 2006, and have issued our report thereon dated November 30, 2007, 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 conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

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

In planning and performing our audit, we considered the Library's internal control over financial reporting 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 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*.

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NOLA Regional Library System  
Trumbull 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 Board of Trustees. It is not intended for anyone other than these specified parties.

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**Mary Taylor, CPA**  
Auditor of State

November 30, 2007





**Mary Taylor, CPA**  
Auditor of State

**NOLA REGIONAL LIBRARY SYSTEM**

**TRUMBULL 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  
JANUARY 3, 2008**