



**Auditor of State
Betty Montgomery**

**NORTHWEST LIBRARY DISTRICT
WOOD COUNTY**

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

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, (NORWELD) as of and for the years ended June 30, 2004 and 2003. These financial statements are the responsibility of NORWELD's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As discussed in Note 1, 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, 2004 and 2003, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2005 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 an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended 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.

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

Betty Montgomery
Auditor of State

March 30, 2005

**NORTHWEST LIBRARY DISTRICT
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, 2004

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Other Government Grants-In-Aid		\$ 174,843	\$ 174,843
Earnings on Investments	\$ 826	252	1,078
Services Provided to Other Entities	326,136	241,895	568,031
Total Cash Receipts	<u>326,962</u>	<u>416,990</u>	<u>743,952</u>
Cash Disbursements:			
Current:			
Salaries and Benefits		182,244	182,244
Library Materials and Information	25,928	61,784	87,712
Purchased and Contracted Services	9,615	93,999	103,614
Supplies	2,226	8,376	10,602
Other	3,142		3,142
Capital Outlay	283,106	13,977	297,083
Total Cash Disbursements	<u>324,017</u>	<u>360,380</u>	<u>684,397</u>
Total Cash Receipts Over Cash Disbursements	<u>2,945</u>	<u>56,610</u>	<u>59,555</u>
Other Financing Receipts/(Disbursements):			
Transfers-In	1	10,294	10,295
Transfers-Out		(10,295)	(10,295)
Total Other Financing Receipts/(Disbursements)	<u>1</u>	<u>(1)</u>	
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	2,946	56,609	59,555
Fund Cash Balances, January 1	<u>74,118</u>	<u>81,550</u>	<u>155,668</u>
Fund Cash Balances, December 31	<u>\$ 77,064</u>	<u>\$ 138,159</u>	<u>\$ 215,223</u>
Reserves for Encumbrances, December 31	<u>\$ -</u>	<u>\$ 20,735</u>	<u>\$ 20,735</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
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2003

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Other Government Grants-In-Aid		\$ 200,753	\$ 200,753
Earnings on Investments	\$ 1,177	1,373	2,550
Services Provided to Other Entities	44,331	113,313	157,644
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	45,508	315,439	360,947
Cash Disbursements:			
Current:			
Salaries and Benefits	6,698	214,916	221,614
Library Materials and Information	18,591	93,542	112,133
Purchased and Contracted Services	22,783	98,753	121,536
Supplies	1,086	8,802	9,888
Other	2,322	2	2,324
Capital Outlay		4,513	4,513
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	51,480	420,528	472,008
Total Cash Receipts (Under) Cash Disbursements	<hr/> (5,972)	<hr/> (105,089)	<hr/> (111,061)
Other Financing Receipts/(Disbursements):			
Transfers-In	431	30,879	31,310
Transfers-Out		(31,310)	(31,310)
	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts/(Disbursements)	431	(431)	-
Cash Receipts and Other Financing Receipts (Under) Cash Disbursements and Other Financing Disbursements	<hr/> (5,541)	<hr/> (105,520)	<hr/> (111,061)
Fund Cash Balances, January 1	<hr/> 79,659	<hr/> 187,070	<hr/> 266,729
Fund Cash Balances, December 31	<hr/> \$ 74,118	<hr/> \$ 81,550	<hr/> \$ 155,668
Reserves for Encumbrances, December 31	<hr/> <hr/> \$ 673	<hr/> <hr/> \$ 2,305	<hr/> <hr/> \$ 2,978

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, 2004 AND 2003

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Northwest Library District, Wood County, (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 the 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 educational resources to NORWELD.

NORWELD's management believes these financial statements present all activities for which the NORWELD 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

Money market mutual funds (including STAR Ohio) are recorded at share values reported by the mutual fund.

D. Fund Accounting

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

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 Funds:

**NORTHWEST LIBRARY DISTRICT
WOOD COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2004 AND 2003
(Continued)

NORWELD 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. Unencumbered appropriations lapse at year end. Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function level of control.

A summary of 2004 and 2003 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. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the basis of accounting NORWELD uses.

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Library maintains a cash and investments pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at June 30 follows:

	<u>2004</u>	<u>2003</u>
Demand deposits	\$ 114,233	\$ 75,073
STAR Ohio	<u>100,990</u>	<u>80,595</u>
Total deposits and investments	<u>\$ 215,223</u>	<u>\$ 155,668</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, 2004 and 2003 follows:

**NORTHWEST LIBRARY DISTRICT
WOOD COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2004 AND 2003
(Continued)

2004 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 331,069	\$ 324,017	\$ 7,052
Special Revenue	403,554	391,410	12,144
Total	\$ 734,623	\$ 715,427	\$ 19,196

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 63,771	\$ 52,153	\$ 11,618
Special Revenue	474,178	454,143	20,035
Total	\$ 537,949	\$ 506,296	\$ 31,653

4. RETIREMENT SYSTEM

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

Contribution rates are prescribed by the Ohio Revised Code. NORWELD's OPERS members contributed 4.25 percent and NORWELD "picked up" 4.25 percent of participants' gross salaries. NORWELD contributed an amount equal to 13.55 percent of participants' gross salaries for 2004 and 2003. The Library has paid all contributions required through June 30, 2004.

5. RISK MANAGEMENT

Commercial Insurance

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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**Auditor of State
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT 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, (NORWELD) as of and for the years ended June 30, 2004 and 2003, and have issued our report thereon dated March 30, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether 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 audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Library's internal control over financial reporting 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 NORWELD's management in a separate letter dated March 30, 2005.

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.

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

Betty Montgomery
Auditor of State

March 30, 2005



**Auditor of State
Betty Montgomery**

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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
MAY 5, 2005**