



**JIM PETRO**  
**AUDITOR OF STATE**  

---

**STATE OF OHIO**



**NORTHWEST LIBRARY DISTRICT  
WOOD COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Report of Independent Accountants .....	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - Governmental Fund Types - For the Year Ended June 30, 2002.....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - Governmental Fund Types - For the Year Ended June 30, 2001 .....	4
Notes to the Financial Statements .....	5
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i> .....	9

**This page intentionally left blank.**



STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

One Government Center  
Suite 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 (NORWELD) as of and for the years ended June 30, 2002 and 2001. 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 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 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 of NORWELD as of June 30, 2002 and 2001, 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 OCTOBER 30, 2002 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 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.

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is stylized with a large, looping initial "J" and a long horizontal stroke extending to the right.

**Jim Petro**  
Auditor of State

October 30, 2002

**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, 2002**

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Government Grants-In-Aid		\$209,919	\$209,919
Earnings on Investments	\$2,919	2,212	5,131
Services Provided to Other Entities	50,448	231,390	281,838
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	53,367	443,521	496,888
	<hr/>	<hr/>	<hr/>
<b>Cash Disbursements:</b>			
Current:			
Salaries and Benefits	9,445	258,203	267,648
Supplies	12,628	7,801	20,429
Purchased and Contracted Services	21,991	85,720	107,711
Library Materials and Information	18,480	44,992	63,472
Other Objects	6,222	655	6,877
Capital Outlay	657	73,488	74,145
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	69,423	470,859	540,282
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements Over Cash Receipts	(16,056)	(27,338)	(43,394)
	<hr/>	<hr/>	<hr/>
<b>Other Financing Receipts/(Disbursements):</b>			
Transfers-In	23	5,343	5,366
Transfers-Out		(5,366)	(5,366)
	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts/(Disbursements)	23	(23)	
	<hr/>	<hr/>	<hr/>
Excess of Cash Disbursement and Other Financing Disbursement Over Cash Receipts and Other Financing Disbursements	(16,033)	(27,361)	(43,394)
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, July 1	95,692	214,431	310,123
	<hr/>	<hr/>	<hr/>
<b>Fund Cash Balances, June 30</b>	<b>\$79,659</b>	<b>\$187,070</b>	<b>\$266,729</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

*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, 2001**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Government Grants-In-Aid		\$300,535	\$300,535
Earnings on Investments	\$6,564	5,250	11,814
Services Provided to Other Entities	100,234	253,910	354,144
Total Cash Receipts	<u>106,798</u>	<u>559,695</u>	<u>666,493</u>
<b>Cash Disbursements:</b>			
Current:			
Salaries and Benefits	8,315	243,220	251,535
Supplies	1,532	7,692	9,224
Purchased and Contracted Services	108,107	160,018	268,125
Library Materials and Information	14,800	65,707	80,507
Other Objects	5,665	919	6,584
Capital Outlay	9,636	16,938	26,574
Total Cash Disbursements	<u>148,055</u>	<u>494,494</u>	<u>642,549</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(41,257)</u>	<u>65,201</u>	<u>23,944</u>
<b>Other Financing Receipts/(Disbursements):</b>			
Transfers-In	9,548	5,094	14,642
Transfers-Out		(14,642)	(14,642)
Total Other Financing Receipts/(Disbursements)	<u>9,548</u>	<u>(9,548)</u>	
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(31,709)	55,653	23,944
Fund Cash Balances, July 1	<u>127,401</u>	<u>158,778</u>	<u>286,179</u>
<b>Fund Cash Balances, June 30</b>	<u><u>\$95,692</u></u>	<u><u>\$214,431</u></u>	<u><u>\$310,123</u></u>

*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, 2002 AND 2001**

**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.

**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**

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.

**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.

**NORTHWEST LIBRARY DISTRICT  
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2002 AND 2001  
(Continued)**

**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 and function level of control.

A summary of FY02 and FY01 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**

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 December 31 follows:

	2002	2001
Demand deposits	\$60,763	\$19,213
STAR Ohio	205,966	290,910
Total deposits and investments	\$266,729	\$310,123

**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, 2002 and 2001 follows:

FY02 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$87,851	\$69,423	\$18,428
Special Revenue	481,060	476,225	4,835
Total	\$568,911	\$545,648	\$23,263

**NORTHWEST LIBRARY DISTRICT  
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2002 AND 2001  
(Continued)**

FY01 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$150,483	\$148,055	\$2,428
Special Revenue	568,117	509,136	58,981
Total	<u>\$718,600</u>	<u>\$657,191</u>	<u>\$61,409</u>

**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 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 for 2001 and 2002. PERS temporarily reduced the employer contribution rate to 8.13%, effective July 1, 2000 through December 31, 2000. NORWELD has paid all contributions required through June 30, 2002.

**5. RISK MANAGEMENT**

**Commercial Insurance**

The Northwest Library District has obtained commercial insurance for the following risks:

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

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

**This page intentionally left blank.**



STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

One Government Center  
Suite 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 (NORWELD) as of and for the years ended June 30, 2002 and 2001, and have issued our report thereon dated October 30, 2002. 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 NORWELD'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 October 30, 2002.

Northwest Library District  
Wood County  
Report of Independent Accountants on Compliance and on Internal Control  
Required by *Government Auditing Standards*  
Page 2

This report is intended solely 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, appearing to read "Jim Petro". The signature is stylized with a large loop at the end of the last name.

**Jim Petro**  
Auditor of State

October 30, 2002



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  
NOVEMBER 26, 2002**