



**Auditor of State
Betty Montgomery**

**BOWERSTON SCHOOL DISTRICT PUBLIC LIBRARY
HARRISON COUNTY**

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Bowerston School District Public Library
Harrison County
P.O. Box 205
200 Main Street
Bowerston, Ohio 44695

To the Board of Trustees:

We have audited the accompanying financial statements of the Bowerston School District Public Library, Harrison County, (the Library) as of and for the years ended December 31, 2002 and December 31, 2001. 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 *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, the Library 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 the Bowerston School District Public Library, Harrison County, as of December 31, 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 June 2, 2003 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 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 the audit committee, management, Library 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

June 2, 2003

**BOWERSTON SCHOOL DISTRICT PUBLIC LIBRARY
HARRISON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Governmental Fund Types</u>				<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
Cash Receipts:						
Government Grants-In-Aid	\$228,779		\$27,195			\$255,974
Patron Fines and Fees	3,393					3,393
Earnings on Investments	4,518					4,518
Contributions, Gifts and Donations	2,245					2,245
Miscellaneous	1,526		238			1,764
Total Cash Receipts	<u>240,461</u>		<u>27,433</u>			<u>267,894</u>
Cash Disbursements:						
Salaries	83,515					83,515
Employee Fringe Benefits	19,421					19,421
Supplies	9,688					9,688
Purchased and Contracted Services	31,614					31,614
Library Materials and Information	46,338					46,338
Other Objects	2,964					2,964
Capital Outlay	3,573	\$1,300		\$6,820		11,693
Debt Service			29,311			29,311
Total Cash Disbursements	<u>197,113</u>	<u>1,300</u>	<u>29,311</u>	<u>6,820</u>		<u>234,544</u>
Total Receipts Over/(Under) Disbursements	<u>43,348</u>	<u>(1,300)</u>	<u>(1,878)</u>	<u>(6,820)</u>		<u>33,350</u>
Fund Cash Balances, January 1	147,923	1,300	3,587	65,121	\$11,045	228,976
Fund Cash Balances, December 31	<u><u>\$191,271</u></u>	<u><u>\$0</u></u>	<u><u>\$1,709</u></u>	<u><u>\$58,301</u></u>	<u><u>\$11,045</u></u>	<u><u>\$262,326</u></u>
Reserves for Encumbrances, December 31	<u><u>\$24,597</u></u>					<u><u>\$24,597</u></u>

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

**BOWERSTON SCHOOL DISTRICT PUBLIC LIBRARY
HARRISON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Governmental Fund Types</u>				<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
Cash Receipts:						
Government Grants-In-Aid	\$255,369	\$8,196	\$28,610			\$292,175
Patron Fines and Fees	3,205					3,205
Earnings on Investments	9,172					9,172
Contributions, Gifts and Donations	200					200
Miscellaneous	1,051		223			1,274
Total Cash Receipts	<u>268,997</u>	<u>8,196</u>	<u>28,833</u>			<u>306,026</u>
Cash Disbursements:						
Employee Fringe Benefits	118,938					118,938
Supplies	8,800					8,800
Purchased and Contracted Services	42,200					42,200
Library Materials and Information	39,481					39,481
Other Objects	2,971			\$2,796		5,767
Capital Outlay	7,415	6,896		3,414		17,725
Debt Service			29,539			29,539
Total Cash Disbursements	<u>219,805</u>	<u>6,896</u>	<u>29,539</u>	<u>6,210</u>		<u>262,450</u>
Total Receipts Over/(Under) Disbursements	<u>49,192</u>	<u>1,300</u>	<u>(706)</u>	<u>(6,210)</u>		<u>43,576</u>
Other Financing Receipts and (Disbursements):						
Transfers-In				12,500		12,500
Transfers-Out	(12,500)					(12,500)
Total Other Financing Receipts/(Disbursements)	<u>(12,500)</u>			<u>12,500</u>		
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>36,692</u>	<u>1,300</u>	<u>(706)</u>	<u>6,290</u>		<u>43,576</u>
Fund Cash Balances, January 1	<u>111,231</u>		<u>4,293</u>	<u>58,831</u>	<u>\$11,045</u>	<u>185,400</u>
Fund Cash Balances, December 31	<u>\$147,923</u>	<u>\$1,300</u>	<u>\$3,587</u>	<u>\$65,121</u>	<u>\$11,045</u>	<u>\$228,976</u>
Reserves for Encumbrances, December 31	<u>\$17,375</u>	<u>\$1,300</u>				<u>\$18,675</u>

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

**BOWERSTON SCHOOL DISTRICT PUBLIC LIBRARY
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Bowerston School District Public Library, Harrison County (the Library) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Library is directed by a seven-member Board of Trustees appointed by the Conotton Valley Union Local School District Board of Education. The Library provides the community with various educational and literary resources. The Library is responsible for the provision of library services to the residents of the Conotton Valley Union Local School District which is located in Harrison and Carroll Counties.

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.

Certificates of deposit are valued at cost.

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 fund:

Gates Foundation Fund – This fund receives a grant from the Bill and Melinda Gates Foundation to purchase computers and equipment.

**BOWERSTON SCHOOL DISTRICT PUBLIC LIBRARY
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Debt Service Funds

The debt service fund is used to accumulate resources for the payment of bonds and note indebtedness. The Library had the following significant debt service fund:

General Obligation Debt Service Fund – This fund receives state and local government receipts to pay a general obligation note relating to an addition to the library building.

4. Capital Project Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Library had the following significant capital project fund:

Capital Project Fund – This fund receives donations or transfers from the General Fund to pay for capital improvements of the library.

5. Fiduciary Funds (Trust Funds)

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Library to maintain the corpus of the trust, the fund is classified as a nonexpendable trust fund. Other trust funds are classified as expendable. The Library had the following significant fiduciary fund:

Johnston Expendable Trust Fund – This fund receives interest earnings for the purchase of library books and materials from money donated by the Ruth Johnston Family.

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, and object level of control.

A summary of 2002 and 2001 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 Sick Leave

Employees are entitled to carry over unused sick leave to a maximum of 240 hours. Unpaid sick leave is not reflected as a liability under the cash basis of accounting used by the Library.

**BOWERSTON SCHOOL DISTRICT PUBLIC LIBRARY
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Library maintains a cash and investment pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash at December 31 follows:

	2002	2001
Demand deposits	\$251,236	\$217,886
Cash on hand	90	90
Certificates of deposit	11,000	11,000
Total deposits	\$262,326	\$228,976

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2002 and 2001 follows:

2002 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$239,353	\$240,461	\$1,108
Special Revenue	0	0	0
Debt Service	27,362	27,433	71
Capital Projects	0	0	0
Fiduciary	0	0	0
Total	\$266,715	\$267,894	\$1,179

2002 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$387,275	\$221,710	\$165,565
Special Revenue	1,300	1,300	0
Debt Service	30,950	29,311	1,639
Capital Projects	65,121	6,820	58,301
Fiduciary	11,045	0	11,045
Total	\$495,691	\$259,141	\$236,550

**BOWERSTON SCHOOL DISTRICT PUBLIC LIBRARY
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$268,475	\$268,997	\$522
Special Revenue	8,196	8,196	0
Debt Service	28,833	28,833	0
Capital Projects	12,500	12,500	0
Fiduciary	0	0	0
Total	<u>\$318,004</u>	<u>\$318,526</u>	<u>\$522</u>

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$379,706	\$249,680	\$130,026
Special Revenue	8,196	8,196	0
Debt Service	33,126	29,539	3,587
Capital Projects	71,331	6,210	65,121
Fiduciary	11,045	0	11,045
Total	<u>\$503,404</u>	<u>\$293,625</u>	<u>\$209,779</u>

4. GRANTS-IN-AID

The primary source of revenue for Ohio public libraries is the State Library and Local Government Support Fund (LLGSF). The LLGSF is allocated to each county based on the county's prior intangibles tax of LLGSF revenues, and its population. The County Budget Commission allocates these funds to the Library based on its needs such as for the construction of new library buildings, improvements, operation, maintenance, or other expenses. The Budget Commission cannot reduce its allocation of these funds to the Library based on of any additional revenues the Library receives.

5. DEBT

Debt outstanding at December 31, 2002 was as follows:

	Principal	Interest Rate
General Obligation Note	\$24,001	5.8%

The general obligation note was issued on December 18, 1999 to finance an addition to the Library in the amount of \$101,226.91. The maturity date of the note is November 18, 2003. The note will be repaid with State Library and Local Government Support Fund (LLGSF) revenue which is received and allocated through the Harrison County Auditor's Office. This note is secured by the full faith and credit of the Library.

**BOWERSTON SCHOOL DISTRICT PUBLIC LIBRARY
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

5. DEBT (Continued)

Amortization of the above debt, including interest, is scheduled as follows:

Year ending December 31:	General Obligation Note
2003	<u>\$24,933</u>
Total	<u><u>\$24,933</u></u>

6. 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. The Library's PERS members contributed 8.5% of their gross salaries. The Library contributed an amount equal to 13.55% of participants' gross salaries for 2002 and 2001. The Library has paid all contributions required through December 31, 2002.

7. RISK MANAGEMENT

Commercial Insurance

The Library has obtained commercial insurance for the following risks:

- Comprehensive property and general liability; and
- Errors and omission

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**Auditor of State
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

Bowerston School District Public Library
Harrison County
P.O. Box 205
200 Main Street
Bowerston, Ohio 44695

To the Board of Trustees:

We have audited the accompanying financial statements of the Bowerston School District Public Library, Harrison County (the Library) as of and for the years ended December 31, 2002 and December 31, 2001, and have issued our report thereon dated June 2, 2003. 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 the Library'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 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.

Bowerston School District Public Library
Harrison County
Independent Accountants' Report on Compliance and on Internal Control
Required by *Government Auditing Standards*
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This report is intended solely for the information and use of the audit committee, 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

June 2, 2003



**Auditor of State
Betty Montgomery**

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BOWERSTON SCHOOL DISTRICT PUBLIC LIBRARY

HARRISON 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
JUNE 24, 2003**