



**Auditor of State
Betty Montgomery**

**PUSKARICH PUBLIC LIBRARY
HARRISON COUNTY**

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Puskarich Public Library
Harrison County
200 East Market Street
Cadiz, Ohio 43907

To the Board of Trustees:

We have audited the accompanying financial statements of the Puskarich Public Library, Harrison County (the Library) as of and for the years ended December 31, 2002 and 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 Library 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 January 23, 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, 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 cursive script that reads "Betty Montgomery".

Betty Montgomery
Auditor of State

January 23, 2003

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PUSKARICH PUBLIC LIBRARY
HARRISON COUNTY

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

	Governmental Fund Types			Fiduciary Fund Type	Totals (Memorandum Only)
	General	Debt Service	Capital Projects	Expendable Trust	
Cash Receipts:					
Other Government Grants-In-Aid	\$509,088	\$25,204			\$534,292
Patron Fines and Fees	21,329				21,329
Earnings on Investments	932	54	\$427	\$857	2,270
Contributions, Gifts and Donations	2,848		10,250		13,098
Miscellaneous Receipts	8,607			12	8,619
Total Cash Receipts	542,804	25,258	10,677	869	579,608
Cash Disbursements:					
Current:					
Salaries and Benefits	329,633			663	330,296
Purchased and Contracted Services	109,322			200	109,522
Library Materials and Information	80,923				80,923
Supplies	20,142				20,142
Other Objects	15,143			30	15,173
Debt Service:					
Redemption of Principal		15,319	10,000		25,319
Interest Payments and Other Financing Fees and Costs		10,296			10,296
Capital Outlay	12,690		8,799	1,423	22,912
Total Cash Disbursements	567,853	25,615	18,799	2,316	614,583
Total Cash Receipts Over/(Under) Cash Disbursements	(25,049)	(357)	(8,122)	(1,447)	(34,975)
Fund Cash Balances, January 1	74,966	6,600	49,264	57,217	188,047
Fund Cash Balances, December 31	\$49,917	\$6,243	\$41,142	\$55,770	\$153,072
Reserves for Encumbrances, December 31	\$14,278			\$450	\$14,728

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

**PUSKARICH PUBLIC LIBRARY
HARRISON COUNTY**

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

	<u>Proprietary Fund Types</u>	<u>Fiduciary Fund Types</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Nonexpendable Trust</u>	
Operating Cash Disbursements:			
Current:			
Library Materials and Information		\$773	\$773
Purchased and Contracted Services	\$1,135		1,135
Other Objects	596	20	616
Capital Outlay	3,465		3,465
Total Operating Cash Disbursements	5,196	793	5,989
Operating Income/(Loss)	(5,196)	(793)	(5,989)
Non-Operating Cash Receipts:			
Earnings on Investments	6,049	1,324	7,373
Total Non-Operating Cash Receipts	6,049	1,324	7,373
Net Receipts Over/(Under) Disbursements	853	531	1,384
Fund Cash Balances, January 1	6,196	28,392	34,588
Fund Cash Balances, December 31	<u>\$7,049</u>	<u>\$28,923</u>	<u>\$35,972</u>

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

PUSKARICH PUBLIC LIBRARY
HARRISON COUNTY

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

	Governmental Fund Types				Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
Cash Receipts:						
Other Government Grants-In-Aid	\$547,843	\$14,191	\$25,481	\$69,049		\$656,564
Patron Fines and Fees	18,068					18,068
Earnings on Investments	2,501	65	169	2,419	\$1,107	6,261
Contributions, Gifts and Donations	2,192			31,018		33,210
Miscellaneous Receipts	2,557					2,557
Total Cash Receipts	573,161	14,256	25,650	102,486	1,107	716,660
Cash Disbursements:						
Current:						
Salaries and Benefits	309,796				533	310,329
Purchased and Contracted Services	113,792			2,899		116,691
Library Materials and Information	79,115			2,469		81,584
Supplies	22,337					22,337
Other Objects	15,484				69	15,553
Debt Service:						
Redemption of Principal			14,015			14,015
Interest Payments and Other Financing Fees and Costs			10,852			10,852
Capital Outlay	20,532	14,191		170,135		204,858
Total Cash Disbursements	561,056	14,191	24,867	175,503	602	776,219
Total Cash Receipts Over/(Under) Cash Disbursements	12,105	65	783	(73,017)	505	(59,559)
Other Financing Receipts/(Disbursements):						
Transfers-In	65					65
Transfers-Out		(65)				(65)
Total Other Financing Receipts/(Disbursements)	65	(65)				
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	12,170		783	(73,017)	505	(59,559)
Fund Cash Balances, January 1	62,796		5,817	122,281	56,712	247,606
Fund Cash Balances, December 31	\$74,966		\$6,600	\$49,264	\$57,217	\$188,047
Reserves for Encumbrances, December 31	\$25,753			\$8,676	\$923	\$35,352

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

**PUSKARICH PUBLIC LIBRARY
HARRISON COUNTY**

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

	<u>Proprietary Fund Types</u>	<u>Fiduciary Fund Types</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Nonexpendable Trust</u>	
Operating Cash Disbursements:			
Current:			
Purchased and Contracted Services	\$1,241		\$1,241
Other Objects	1,570	\$32	1,602
Library Materials and Information		500	500
Total Operating Cash Disbursements	<u>2,811</u>	<u>532</u>	<u>3,343</u>
Operating Income/(Loss)	<u>(2,811)</u>	<u>(532)</u>	<u>(3,343)</u>
Non-Operating Cash Receipts:			
Earnings on Investments	<u>6,088</u>	<u>1,290</u>	<u>7,378</u>
Total Non-Operating Cash Receipts	<u>6,088</u>	<u>1,290</u>	<u>7,378</u>
Net Receipts Over/(Under) Disbursements	3,277	758	4,035
Fund Cash Balances, January 1	<u>2,919</u>	<u>27,634</u>	<u>30,553</u>
Fund Cash Balances, December 31	<u><u>\$6,196</u></u>	<u><u>\$28,392</u></u>	<u><u>\$34,588</u></u>

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

**PUSKARICH 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

Puskarich 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 Ohio. The Library is directed by a seven-member Board of Trustees appointed by Harrison County Court of Common Pleas. The Library provides the community with various educational and literary resources.

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 and common stocks are valued at fair value when donated.

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:

LSTA Grant Fund – This fund was a one time grant received in 2001 used to purchase new computers for an existing computer lab at the Main Branch.

**PUSKARICH 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. This fund has been established to repay a loan from Harrison County to purchase and renovate the building housing the Scio Branch.

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 funds:

Bill and Melinda Gates Foundation Technology Fund – This grant fund was used to remodel and furnish a new computer lab at the Main Branch.

Capital Project Fund – This fund receives interest earnings and donations to be used for future capital improvements of the Library.

5. Enterprise Funds

These funds account for operations that are similar to private business enterprises where management intends that the significant costs of providing certain goods or services will be recovered through user charges. The Library had the following significant enterprise fund:

Scio Branch Rental Fund – This fund receives rental income from a restaurant housed in the Scio Branch building.

6. 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 funds:

Expendable Trust Fund – Expendable trust fund which receives interest earned and is used for support of the Library in general.

Rogers Expendable Trust – Expendable trust fund which receives dividends from stock donated to the library and is used for support of the Library in general.

Louys Expendable Trust – Expendable trust fund which receives interest earned and is used for support of the Library in general.

Clark Nonexpendable Trust – Non Expendable trust fund which receives interest earned from a certificate of deposit which is used to purchase books and materials for the library.

**PUSKARICH PUBLIC LIBRARY
HARRISON COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 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 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 the Library 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 December 31 follows:

	2002	2001
Demand deposits	\$118,986	\$152,577
Certificates of deposit	25,549	25,549
Total deposits	144,535	178,126
Common Stock (at cost, fair value was \$22,674 and \$36,825 at December 31, 2002 and 2001, respectively.)	44,509	44,509
Total investments	44,509	44,509
Total deposits and investments	\$189,044	\$222,635

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation, or (2) collateralized by the financial institution's public entity deposit pool.

Investments: The donated stock certificates are held by the library.

**PUSKARICH PUBLIC LIBRARY
HARRISON COUNTY**

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

3. BUDGETARY ACTIVITY

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

2002 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 588,535	\$ 582,131	\$ 6,404
Debt Service	27,128	25,615	1,513
Capital Projects	28,000	18,799	9,201
Enterprise	8,600	5,196	3,404
Fiduciary	<u>13,027</u>	<u>3,559</u>	<u>9,468</u>
Total	<u>\$ 665,290</u>	<u>\$ 635,300</u>	<u>\$ 29,990</u>

2001 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 592,670	\$ 586,809	\$ 5,861
Special Revenue	14,256	14,256	0
Debt Service	26,128	24,867	1,261
Capital Projects	193,348	184,179	9,169
Enterprise	3,600	2,811	789
Fiduciary	<u>13,990</u>	<u>2,057</u>	<u>11,933</u>
Total	<u>\$ 843,992</u>	<u>\$ 814,979</u>	<u>\$ 29,013</u>

4. GRANTS-IN-AID AND TAX RECEIPTS

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 any additional revenues the Library receives.

Real property taxes become a lien on January 1 proceeding the October 1 date for which rates are adopted by the taxing authority of the subdivision to whose jurisdiction the Library is subject. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Other Governments Grants In Aid. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, the first half is due December 31. The second half payment is due the following June 20.

**PUSKARICH PUBLIC LIBRARY
HARRISON COUNTY**

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

4. GRANTS-IN-AID AND TAX RECEIPTS (Continued)

Public utilities are also taxed on personal and real property located within the taxing district.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Library.

5. DEBT

Debt outstanding at December 31, 2002 was as follows:

	Principal	Interest Rate
General Obligation Notes	\$164,292	5.75%
Total	\$164,292	

The note was obtained from Harrison County to aid in the purchase and renovation of the Library's Scio Branch building.

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

	General Obligation Notes
Year ending December 31:	
2003	\$24,859
2004	24,859
2005	24,859
2006	24,859
2007	24,859
2008 – 2012	82,883
Total	\$207,178

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. The Library has paid all contributions required through December 31, 2002.

**PUSKARICH PUBLIC LIBRARY
HARRISON COUNTY**

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

7. RISK MANAGEMENT

Commercial Insurance

The Puskarich Public Library has obtained commercial insurance for the following risks:

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

The Library also provides health insurance coverage to full-time employees through a private carrier.



**Auditor of State
Betty Montgomery**

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

Puskarich Public Library
Harrison County
200 East Market Street
Cadiz, Ohio 43907

To the Board of Trustees:

We have audited the accompanying financial statements of the Puskarich Public Library, Harrison County (the Library) as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated January 23, 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.

Puskarich Public Library
Harrison County
Independent Accountants Report on Compliance and on Internal Control
Required by *Government Auditing Standards*
Page 2

This report is intended solely for the information and use of the audit committee, management and 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

January 23, 2003



**Auditor of State
Betty Montgomery**

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PUSKARICH 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
MAY 27, 2003**