



**VILLAGE OF BOWERSTON
HARRISON COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999 - 2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

VILLAGE OF BOWERSTON
HARRISON COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

Village of Bowerston
Harrison County
205 Water Alley
P.O. Box 2
Bowerston, Ohio 44695

To the Village Council:

We have audited the accompanying financial statements of the Village of Bowerston, Harrison County, Ohio, (the Village) as of and for the years ended December 31, 2000 and 1999. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards 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 Village 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 the Village of Bowerston as of December 31, 2000 and 1999, 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 May 15, 2001 on our consideration of the Village'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, and Village Council 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.

Jim Petro
Auditor of State

May 15, 2001

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**VILLAGE OF BOWERSTON
HARRISON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Local Taxes Receipts	\$44,105	\$4,504	\$4,269	\$52,878
Intergovernmental Receipts	28,584	12,318	40,000	80,902
Fines, Licenses, and Permits	883			883
Miscellaneous	20,317	1,304		21,621
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts	93,889	18,126	44,269	156,284
Cash Disbursements:				
Current:				
Security of Persons and Property	4,246			4,246
Public Health Services	210			210
Leisure Time Activities	300	1,593		1,893
Community Environment	10			10
Basic Utility Services	657	1,878		2,535
Transportation	13,441	8,398		21,839
General Government	42,458	1,146		43,604
Capital Outlay		1,725	45,000	46,725
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	61,322	14,740	45,000	121,062
Total Receipts Over/(Under) Disbursements	32,567	3,386	(731)	35,222
Other Financing Sources/(Uses):				
Transfers-In			5,000	5,000
Transfers-Out	(5,000)			(5,000)
	<hr/>	<hr/>	<hr/>	<hr/>
Total Other Financing Sources/(Uses)	(5,000)		5,000	
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing uses	27,567	3,386	4,269	35,222
Fund Cash Balances, January 1	115,318	22,383	1,448	139,149
	<hr/>	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	<u>\$142,885</u>	<u>\$25,769</u>	<u>\$5,717</u>	<u>\$174,371</u>

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

VILLAGE OF BOWERSTON
HARRISON COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND CHANGES IN FUND CASH BALANCES - ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000

	<u>Enterprise</u>
Operating cash receipts:	
Charges for services	\$118,481
Miscellaneous	50
	<hr/>
Total operating cash receipts	118,531
	<hr/>
Operating cash disbursements:	
Personal services	35,835
Transportation	189
Contractual services	8,508
Supplies and materials	17,538
	<hr/>
Total operating cash disbursements	62,070
	<hr/>
Operating income/(loss)	56,461
Non-operating cash disbursements:	
Debt service	38,164
	<hr/>
Excess of receipts over/(under) disbursements	18,297
Fund cash balances, January 1	112,721
	<hr/>
Fund cash balances, December 31	<u><u>\$131,018</u></u>

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

**VILLAGE OF BOWERSTON
HARRISON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Local Taxes Receipts	\$41,004	\$4,357	\$3,958	\$49,319
Intergovernmental Receipts	32,327	11,720	90,814	134,861
Fines, Licenses, and Permits	767			767
Miscellaneous	11,901	1,090		12,991
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts	85,999	17,167	94,772	197,938
Cash Disbursements:				
Current:				
Security of Persons and Property	4,265			4,265
Public Health Services	210			210
Leisure Time Activities		3,314		3,314
Community Environment	10			10
Basic Utility Services	657	1,117		1,774
Transportation	8,072	8,142		16,214
General Government	38,982	1,212		40,194
Capital Outlay	2,195	1,196	128,981	132,372
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	54,391	14,981	128,981	198,353
Total Receipts Over/(Under) Disbursements	31,608	2,186	(34,209)	(415)
Other Financing Sources/(Uses):				
Transfers-In			39,096	39,096
Transfers-Out	(19,796)		(11,729)	(31,525)
	<hr/>		<hr/>	<hr/>
Total Other Financing Sources/(Uses)	(19,796)		27,367	7,571
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Uses	11,812	2,186	(6,842)	7,156
Fund Cash Balances, January 1	103,506	20,197	8,290	131,993
	<hr/>	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	<u>\$115,318</u>	<u>\$22,383</u>	<u>\$1,448</u>	<u>\$139,149</u>

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

**VILLAGE OF BOWERSTON
HARRISON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND CHANGES IN FUND CASH BALANCES - ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999**

	Enterprise
Operating cash receipts:	
Charges for services	\$121,457
Miscellaneous	50
	121,507
Total operating cash receipts	121,507
Operating cash disbursements:	
Personal services	41,605
Transportation	119
Contractual services	8,828
Supplies and materials	20,512
Miscellaneous	8,360
	79,424
Total operating cash disbursements	79,424
Operating income/(loss)	42,083
Non-operating cash disbursements:	
Debt service	38,764
	38,764
Total non-operating cash disbursements	38,764
Excess of receipts over/(under) disbursements	3,319
Other Financing Sources/(Uses):	
Transfers-in	39,693
Transfers-out	(47,264)
	(7,571)
Total Other Financing Sources/(Uses)	(7,571)
Excess of revenues over/(under) expenses including other financing sources/(uses)	(4,252)
Fund cash balances, January 1	116,973
Fund cash balances, December 31	\$112,721

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

**VILLAGE OF BOWERSTON
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Bowerston, Harrison County, (the Village) 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 Village is directed by a publicly-elected six-member Council. The Village provides general governmental services, including water and sewer utilities and street maintenance. The Village contracts with Bowerston Volunteer Fire Department for fire protection.

The Village's management believes these financial statements present all activities for which the Village 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. Fund Accounting

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

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 Village had the following significant Special Revenue Fund:

Street Construction, Maintenance and Repair Fund - This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining and repairing Village streets.

3. 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 Village had the following significant Capital Project Funds:

Sunnyslope Water Line Replacement Fund - This fund receives intergovernmental receipts which were used to replace a water line.

**VILLAGE OF BOWERSTON
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Gordon/Jarvis Street Project Fund - This fund receives intergovernmental receipts which are used for street capital improvement.

4. 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 Village had the following significant Enterprise Funds:

Water Fund - This fund receives charges for services from residents to cover the cost of providing this utility.

Sewer Fund - This fund receives charges for service from residents to cover the cost of providing this utility.

D. Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund and function level of control, and appropriations may not exceed estimated resources. The Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at the end of the year. The Village did not appropriate all expenditures as required by Ohio Revised Code § 5705.41 (B).

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The County Budget Commission must also approve estimated resources.

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are canceled and reappropriated in the subsequent year.

A summary of 2000 and 1999 budgetary activity appears in Note 3.

E. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

**VILLAGE OF BOWERSTON
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

2. EQUITY IN POOLED CASH

The Village maintains a cash pool used by all funds. The Ohio Revised Code prescribes allowable deposits. The carrying amount of cash at December 31 was as follows:

	<u>2000</u>	<u>1999</u>
Demand deposits	\$ <u>305,389</u>	\$ <u>251,870</u>

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2000 and 1999 follows:

2000 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 66,443	\$ 93,889	\$ 27,446
Special Revenue	15,600	18,126	2,526
Capital Project	43,500	49,269	5,769
Enterprise	107,460	118,531	11,071
Total	<u>\$ 233,003</u>	<u>\$ 279,815</u>	<u>\$ 46,812</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 86,443	\$ 66,322	\$ 20,121
Special Revenue	18,500	14,740	3,760
Capital Project	45,000	45,000	0
Enterprise	105,225	100,234	4,991
Total	<u>\$ 255,168</u>	<u>\$ 226,296</u>	<u>\$ 28,872</u>

1999 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 61,400	\$ 85,999	\$ 24,599
Special Revenue	14,965	17,167	2,202
Capital Project	176,600	133,868	(42,732)
Enterprise	152,765	161,200	8,435
Total	<u>\$ 405,730</u>	<u>\$ 398,234</u>	<u>\$ (7,496)</u>

**VILLAGE OF BOWERSTON
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 84,906	\$ 74,187	\$ 10,719
Special Revenue	21,050	14,981	6,069
Capital Project	10,800	140,710	(129,910)
Enterprise	173,246	165,452	7,794
Total	\$ 290,002	\$ 395,330	\$ (105,328)

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Village Council. 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 Intergovernmental Receipts. 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.

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 Village.

5. DEBT

Debt outstanding at December 31, 2000 was as follows:

	Principal	Interest Rate
Ohio Water Development Authority Loan	\$ 11,529	6%
Mortgage Revenue Bonds	456,000	5%
Total	\$ 467,529	

The Ohio Water Development Authority (OWDA) loan relates to a water and sewer plant expansion project that was mandated by the Ohio Environmental Protection Agency. The OWDA has approved \$20,000 in loans to the Village for this project. The loan is paid in semiannual installments of \$2,764, including interest, over 10 years. The loan is collateralized by water and sewer receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The sanitary sewer system revenue bonds from the Farmers Home Administration were issued for a new sanitary sewer system. The original amount was \$600,000 dated March 1, 1981. These bonds are redeemed at a rate of approximately \$35,500, including interest, paid annually over 40 years.

**VILLAGE OF BOWERSTON
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

5. DEBT (Continued)

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

Year ending December 31:	OWDA Loan	Mortgage Revenue Bonds
2001	\$2,764	\$35,800
2002	2,764	35,150
2003	2,764	35,500
2004	2,764	35,800
2005	2,764	36,050
Subsequent	0	568,350
Total	\$13,820	\$746,650

6. RETIREMENT SYSTEM

The employees of the Village were covered by the Public Employees Retirement System (PERS) of Ohio. PERS is a cost sharing, multiple-employer plans. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 1999 and 2000, PERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% during 1999 and 10.84% during 2000 of participants' gross salaries. The Village has paid all contributions required through December 31, 2000.

7. RISK MANAGEMENT

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Errors and omissions

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**STATE OF OHIO
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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND
ON INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Village of Bowerston
Harrison County
205 Water Alley
P. O. Box 2
Bowerston, Ohio 44695

To the Village Council:

We have audited the accompanying financial statements of the Village of Bowerston, Harrison County, Ohio (the Village), as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated May 15, 2001. We conducted our audit in accordance with generally accepted auditing standards 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 Village'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 an instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings as item 2000-31234-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated May 15, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Village'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. However, we noted a certain matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the Village in a separate letter dated May 15, 2001.

Village of Bowerston
Harrison County
Report of Independent Accountants on Compliance and on Internal Control
Required by *Government Auditing Standards*
Page 2

This report is intended for the information and use of the audit committee, management, and Village Council, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

May 15, 2001

VILLAGE OF BOWERSTON
HARRISON COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2000 AND 1999

FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

FINDING NUMBER 2000-31234-001

Ohio Revised Code § 5705.41(B) prohibits a subdivision from making an expenditure unless it has been properly appropriated.

During fiscal year 1999, the Capital Project Fund Type had disbursements which exceeded appropriations by 93%. The Village should monitor disbursements throughout the year so that they are all within total fund appropriations. If the Village has adequate resources, the Council should amend appropriations in an amount necessary to cover all expenditures. These procedures will help to ensure budgetary compliance.



STATE OF OHIO
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VILLAGE OF BOWERSTON

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 21, 2001**