



**Auditor of State  
Betty Montgomery**



**SABINA PUBLIC LIBRARY  
CLINTON COUNTY**

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**Auditor of State  
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**INDEPENDENT ACCOUNTANTS' REPORT**

Sabina Public Library  
Clinton County  
11 East Elm Street  
Sabina, Ohio 45169

To the Board of Trustees:

We have audited the accompanying financial statements of the Sabina Public Library, Clinton County, Ohio (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 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 May 16, 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 management, the Board of Trustees, and other officials authorized to receive this report under Section 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

May 16, 2003

**SABINA PUBLIC LIBRARY  
CLINTON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
GENERAL AND EXPENDABLE TRUST FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>General</u>	<u>Expendable Trust</u>	<u>Totals (Memorandum Only)</u>
<b>Cash Receipts:</b>			
Library and Local Government Support	\$248,937	\$0	\$248,937
Patrons Fines and Fees	2,598	0	2,598
Contributions, Gifts, and Donations	25	0	25
Earnings on Investments	2,751	7,978	10,729
Miscellaneous	480	0	480
	<u>254,791</u>	<u>7,978</u>	<u>262,769</u>
<b>Cash Disbursements:</b>			
Current:			
Salaries	107,827	0	107,827
Employee Fringe Benefits	22,114	0	22,114
Purchased and Contracted Services	20,989	0	20,989
Library Materials and Information	73,025	0	73,025
Supplies	6,244	0	6,244
Other	675	0	675
Capital Outlay	3,066	0	3,066
	<u>233,940</u>	<u>0</u>	<u>233,940</u>
Total Cash Receipts Over Cash Disbursements	<u>20,851</u>	<u>7,978</u>	<u>28,829</u>
<b>Other Financing Receipts</b>			
Sale of Fixed Assets	286	0	286
	<u>286</u>	<u>0</u>	<u>286</u>
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements	<u>21,137</u>	<u>7,978</u>	<u>29,115</u>
Fund Cash Balances, January 1	<u>244,062</u>	<u>30,939</u>	<u>275,001</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$265,199</u></b>	<b><u>\$38,917</u></b>	<b><u>\$304,116</u></b>
Reserves for Encumbrances, December 31	<u>\$4,387</u>	<u>\$0</u>	<u>\$4,387</u>

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

**SABINA PUBLIC LIBRARY  
CLINTON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
GENERAL AND EXPENDABLE TRUST FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>General</u>	<u>Expendable Trust</u>	<u>Totals (Memorandum Only)</u>
<b>Cash Receipts:</b>			
Library and Local Government Support	\$269,945	\$0	\$269,945
Patrons Fines and Fees	2,498	0	2,498
Contributions, Gifts, and Donations	100	0	100
Earnings on Investments	10,303	12,908	23,211
Miscellaneous	<u>9,052</u>	<u>0</u>	<u>9,052</u>
Total Cash Receipts	<u>291,898</u>	<u>12,908</u>	<u>304,806</u>
<b>Cash Disbursements:</b>			
Current:			
Salaries	102,111	0	102,111
Employee Fringe Benefits	18,321	0	18,321
Purchased and Contracted Services	26,275	0	26,275
Library Materials and Information	61,066	0	61,066
Supplies	6,640	0	6,640
Other	603	0	603
Capital Outlay	<u>52,426</u>	<u>0</u>	<u>52,426</u>
Total Cash Disbursements	<u>267,442</u>	<u>0</u>	<u>267,442</u>
Total Cash Receipts Over Cash Disbursements	<u>24,456</u>	<u>12,908</u>	<u>37,364</u>
<b>Other Financing Receipts:</b>			
Sale of Fixed Assets	<u>796</u>	<u>0</u>	<u>796</u>
Total Other Financing Receipts	<u>796</u>	<u>0</u>	<u>796</u>
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements	<u>25,252</u>	<u>12,908</u>	<u>38,160</u>
Fund Cash Balances, January 1	<u>218,810</u>	<u>18,031</u>	<u>236,841</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$244,062</u></b>	<b><u>\$30,939</u></b>	<b><u>\$275,001</u></b>
Reserves for Encumbrances, December 31	<u>\$13,787</u>	<u>\$0</u>	<u>\$13,787</u>

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



**SABINA PUBLIC LIBRARY  
CLINTON COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Sabina Public Library, Clinton County, Ohio (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 the East Clinton School Board, the Library board members can only make recommendations. 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 Deposits**

The Clerk-Treasurer deposits all available funds of the Library. Library funds are deposited into a Super NOW account and Certificates of Deposit at a local commercial bank. Certificates of cost 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. Fiduciary Fund**

Trust funds are used to account for resources restricted by legally binding trust agreements. The Library had the following expendable trust fund:

Parrett Trust Fund

Established from the last will and testament of Margaret P. Parrett. National Bank and Trust was named trustee to manage, invest, and reinvest the trust estate. Under the terms of the trust, only the income from the trust is to be paid quarterly to the Library to be utilized for the general operation, maintenance, and improvement of the Library. Amounts paid from the bank to the Library are recorded in an expendable trust fund. The Library has no control over the investment of this money, and the corpus of the trust is not reflected in the accompanying financial statements.

**SABINA PUBLIC LIBRARY  
CLINTON 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. Budgetary expenditures 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. Unpaid Vacation and Sick Leave**

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

**2. EQUITY IN POOLED CASH AND DEPOSITS**

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

	<u>2002</u>	<u>2001</u>
Demand deposits	\$273,236	\$245,001
Certificates of deposit	<u>30,880</u>	<u>30,000</u>
Total deposits	<u><u>\$304,116</u></u>	<u><u>\$275,001</u></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.

**SABINA PUBLIC LIBRARY  
CLINTON 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	\$316,955	\$238,362	\$78,593
Fiduciary	0	0	0
Total	\$316,955	\$238,362	\$78,593

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$317,860	\$281,230	\$36,630
Fiduciary	0	0	0
Total	\$317,860	\$281,230	\$36,630

**4. GOVERNMENT 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 of any additional revenues the Library receives.

**5. 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.

**SABINA PUBLIC LIBRARY  
CLINTON COUNTY**

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

**6. RISK MANAGEMENT**

**Commercial Insurance**

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

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



**Auditor of State  
Betty Montgomery**

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

Sabina Public Library  
Clinton County  
11 East Elm Street  
Sabina, Ohio 45169

To the Board of Trustees:

We have audited the accompanying financial statements of the Sabina Public Library, Clinton County, Ohio (the Library), as of and for the years ended December 31 2002 and 2001, and have issued our report thereon dated May 16, 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. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Library in a separate letter dated May 16, 2003.

This report is intended solely for the information and use of 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

May 16, 2003



**Auditor of State  
Betty Montgomery**

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140

Telephone 614-466-4514  
800-282-0370

Facsimile 614-466-4490

**SABINA PUBLIC LIBRARY**

**CLINTON 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 5, 2003**