



**HURON PUBLIC LIBRARY
ERIE COUNTY**

REGULAR AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2006



Mary Taylor, CPA
Auditor of State

HURON PUBLIC LIBRARY
ERIE COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report.....	1
Management's Discussion and Analysis.....	3
Basic Financial Statements:	
Statement of Net Assets – Cash Basis – December 31, 2006	9
Statement of Activities – Cash Basis – For the Year Ended December 31, 2006.....	10
Statement of Cash Basis Assets and Fund Balances Governmental Funds – December 31, 2006	11
Statement of Cash Receipts, Disbursements, and Changes in Cash Basis Fund Balances Governmental Funds – For the Year Ended December 31, 2006.....	12
Statement of Receipts, Disbursements, and Changes in Fund Balance – Budget and Actual – Budget Basis – General Fund For the Year Ended December 31, 2006.....	13
Notes to the Basic Financial Statements	14
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	25

This page intentionally left blank.



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Huron Public Library
Erie County
333 Williams Street
Huron, Ohio 44839-1650

To the Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Huron Public Library, Erie County, Ohio (the Library), as of and for the year ended December 31, 2006, which collectively comprise the Library's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Library's management. Our responsibility is to express opinions 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 our audit provides a reasonable basis for our opinions.

As discussed in Note 1, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Huron Public Library, Erie County, Ohio, as of December 31, 2006, and the respective changes in cash financial position and the budgetary comparison for the General Fund for the year then ended in conformity with the basis of accounting Note 1 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2008, 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 grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

June 26, 2008

**HURON PUBLIC LIBRARY
ERIE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2006
UNAUDITED**

This discussion and analysis of the Huron Public Library's (the Library's) financial performance provides an overall review of the Library's financial activities for the year ended December 31, 2006, within the limitations of the Library's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Library's financial performance.

Highlights

Key highlights for 2006 are as follows:

- The Library's general receipts are primarily property taxes and Library and Local Government Support Fund ("LLGSF"). These receipts represent 90.5% of the total cash received for library activities during the year. LLGSF tax receipts for 2006 remained unchanged from 2005 amounts due to a freeze of the LLGSF by the Ohio Government. Property tax receipts rose slightly due to increased collections by the County Auditor.
- Year to date revenue exceeded budgeted revenue by approximately 7.4%. Year to date expenses were 3.1% below budgeted expenses.
- Net assets of the Library decreased \$43,018, or approximately 9.6 %.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Library's cash basis of accounting.

Report Components

The statement of net assets and the statement of activities provide information about the cash activities of the Library as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained in the financial records of the Library as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Library has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Library's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

**HURON PUBLIC LIBRARY
ERIE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2006
UNAUDITED
(Continued)**

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

Reporting the Library as a Whole

The statement of net assets and the statement of activities reflect how the Library did financially during 2006, within the limitations of cash basis accounting. The statement of net assets presents the cash balances and investments of the Library at year end. The statement of activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each library function draws from the Library's general receipts.

These statements report the Library's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Library's financial health. Over time, increases or decreases in the Library's cash position is one indicator of whether the Library's financial health is improving or deteriorating. When evaluating the Library's financial condition, you should also consider other nonfinancial factors as well such as the Library's property tax base, the condition of the Library's capital assets and infrastructure, the extent of the Library's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property taxes and LLGSF.

In the statement of net assets and the statement of activities, the Library has one type activity.

Governmental Activities – All of the Library's basic services are reported here including general library and support services. These services are funded primarily by property taxes and LLGSF revenues.

Reporting the Library's Most Significant Funds

Fund financial statements provide detailed information about the Library's major funds – not the Library as a whole. The Library establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Library are all classified as governmental funds.

Governmental Funds - All of the Library's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Library's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Library's programs. The Library's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Library's major governmental funds are the General Fund and the Building and Repair Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

**HURON PUBLIC LIBRARY
ERIE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2006
UNAUDITED
(Continued)**

The Library as a Whole

Table 1 provides a summary of the Library's net assets for 2006 compared to 2005 on a cash basis:

(Table 1)

Net Assets

	Governmental Activities	
	2006	2005
Assets		
Cash and Cash Equivalents	404,096	447,114
Total Assets	404,096	447,114
Net Assets		
Restricted for:		
Capital Projects	282,581	293,319
Other Purposes	7,283	4,152
Unrestricted	114,232	149,643
Total Net Assets	404,096	447,114

As mentioned previously, net assets of governmental activities decreased \$43,018 or approximately 9.6% during 2006 as increased receipts were offset by higher increases in disbursements.

Disbursements increased by \$70,180 during 2006 compared to 2005. The primary reasons contributing to the increased disbursements are as follows:

- A 2% increase in the wage schedule and a one-step salary increase were granted for 2006.
- Unexpected replacement of three compressors for the Library heating and cooling system.
- Health benefit costs increased during 2006. Health care premiums (including life insurance policy premiums) for 2006 were \$52,206 and for 2005 were \$30,005.
- The Library entered into a one year fixed-rate contract with their natural gas supplier in an effort to protect the library against increasing utility costs.

Receipts for 2006 increased by \$21,216 compared to 2005. These increases occurred primarily in property taxes due to additional collections by the County Auditor and increased earnings on investments attributed to more favorable interest rates during 2006.

**HURON PUBLIC LIBRARY
ERIE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2006
UNAUDITED
(Continued)**

Table 2 reflects the changes in net assets in 2006 comparative to 2005 activity.

(Table 2)
Changes in Net Assets

	Governmental Activities 2006	Governmental Activities 2005
Receipts:		
Program Receipts:		
Charges for Services and Sales	\$35,280	\$40,473
Operating Grants and Contributions	10,642	8,728
Total Program Receipts	45,922	49,201
General Receipts:		
Property Taxes Levied for General Purposes	283,435	270,626
Grants and Entitlements Not Restricted	395,283	395,283
Earnings on Investments	20,853	13,933
Miscellaneous	4,867	101
Total General Receipts	704,438	679,943
Total Receipts	750,360	729,144
Disbursements:		
Library Services:		
Public Service and Programs	292,702	256,718
Collection Development and Processing	156,966	150,884
Support Services:		
Facilities Operations and Maintenance	156,731	126,697
Information Services Support	16,025	14,453
Business Administration	170,954	171,646
Total Disbursements	793,378	723,198
Increase (Decrease) in Net Assets	(43,018)	5,946
Net Assets, January 1	447,114	441,168
Net Assets, December 31	\$404,096	\$447,114

Program receipts represent only 6.1 percent of total receipts and are comprised of patron fines and reimbursements, passport fees, copier fees, and meeting room rental charges.

General receipts represent 93.9 percent of the Library's total receipts, and of this amount, 40.2 percent are local taxes. Grants and entitlements not restricted include Library and Local Government Support Funds and represent 56.1 percent of total general receipts. Other receipts are less significant and somewhat unpredictable revenue sources.

**HURON PUBLIC LIBRARY
ERIE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2006
UNAUDITED
(Continued)**

Disbursements for public service and programs, collection development and processing, facilities operations and maintenance, information services support, and business administration represent the major costs of running the Library.

Library's Activities

If you look at the Statement of Activities, you will see that the first column lists the major costs for services provided by the Library. The major program disbursements for Library activities are for public service related programs which account for 36.9 percent of all Library disbursements. The next two columns of the Statement entitled Program Cash Receipts identify amounts paid by people who are directly charged for the services and grants received by the Library that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. These "net costs" are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)

	Total Cost Of Services 2006	Net Cost of Services 2006	Total Cost Of Services 2005	Net Cost of Services 2005
Library Services:				
Public Services and Programs	292,702	250,414	256,718	211,930
Collection Development and Processing	156,966	153,538	150,884	147,971
Support Services:				
Facilities Operations and Maintenance	156,731	156,731	126,697	126,697
Information Services	16,025	16,025	14,453	14,453
Business Administration	170,954	170,748	171,646	170,146
Capital Outlay			2,800	2,800
Total Expenses	<u>793,378</u>	<u>747,456</u>	<u>723,198</u>	<u>673,997</u>

The dependence upon general receipts is apparent as over 94.2 percent of the Library activities are supported through these general receipts.

The Library's Funds

Total governmental funds had receipts of \$750,360 and disbursements of \$793,378. The General Fund had \$35,411 disbursements in excess of receipts. The Building and Repair fund had no activity during the year.

General Fund Budgeting Highlights

The Library's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

**HURON PUBLIC LIBRARY
ERIE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2006
UNAUDITED
(Continued)**

During 2006, the Library amended its General Fund expenditure budget several times to reflect increased costs in some categories and decreases in others. Final disbursements were budgeted at \$813,823 while actual disbursements were \$788,645 for a difference of \$25,178. This variance is primarily attributed to disbursements for public service and programs, and collection development and processing being less than appropriated. There were no amendments to the original revenue estimate. The final receipts were budgeted at \$691,497 and actual receipts were \$742,588 for a difference of \$51,091. This difference is primarily due to higher property tax collections than anticipated, earnings on investments exceeding estimated amounts, and increased patron fines and fees.

Capital Assets and Debt Administration

Capital Assets

The Library does not currently keep track of its capital assets and infrastructure.

Debt

In 1999 The Board of Trustees of the Huron Public Library submitted to the Huron City School District Board of Education a property tax levy to be used for an addition to the Library. The determination to request approval of a tax levy, the rate and the purpose are discretionary decisions made solely by the Board of Library Trustees.

With approval of the levy, the Board of Education issued District general obligation bonds, in the amount of \$4,300,000 in 1999 for the Library addition. The bonds will be paid from the proceeds of the property tax levy. This debt is not an obligation of the Library and will appear as a liability of the Board of Education on their financial records.

Current Issues

The challenge for all Libraries is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. The Library relies heavily on local taxes and LLGSF funding and the 2007 budget indicates a deficit for the upcoming year. We have reviewed our sources of revenue and have determined that significant increases are unlikely. We then reviewed the disbursement history of the Library and all departments have been asked to reduce their spending in an effort to minimize the deficit.

Contacting the Government's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Library's finances and to reflect the Library's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Beverly Johnson, Clerk-Treasurer, Huron Public Library, 333 Williams Street, Huron, Ohio, 44839-1650.

HURON PUBLIC LIBRARY
ERIE COUNTY

STATEMENT OF NET ASSETS - CASH BASIS
DECEMBER 31, 2006

	Governmental Activities
Assets	
Cash and Cash Equivalents	\$404,096
Total Assets	<u>\$404,096</u>
Net Assets:	
Restricted for:	
Capital Projects	\$282,581
Other Purposes	7,283
Unrestricted	<u>114,232</u>
Total Net Assets	<u>\$404,096</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**HURON PUBLIC LIBRARY
ERIE COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2006**

	Program Revenues		Net (Disbursements) Receipts and Changes in Net Assets	
Expenses	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities	
Governmental Activities:				
Library Services:				
Public Service and Programs	\$292,702	\$35,280	\$7,008	(\$250,414)
Collection Development and Processing	156,966		3,428	(153,538)
Support Services:				
Facilities Operations and Maintenance	156,731			(156,731)
Information Services	16,025			(16,025)
Business Administration	170,954		206	(170,748)
Total Governmental Activities	<u>\$793,378</u>	<u>\$35,280</u>	<u>\$10,642</u>	<u>(747,456)</u>
General Receipts:				
Property Taxes Levied for General Purposes				283,435
Grants and Entitlements not Restricted to Specific Programs				395,283
Earnings on Investments				20,853
Miscellaneous				4,867
Total General Receipts				704,438
Change in Net Assets				(43,018)
Net Assets Beginning of Year				447,114
Net Assets End of Year				\$404,096

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**HURON PUBLIC LIBRARY
ERIE COUNTY**

STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
DECEMBER 31, 2006

	<u>General</u>	<u>Building and Repair Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:				
Cash and cash equivalents	\$114,232	\$260,683	\$29,181	\$404,096
Fund Balances:				
Reserved for Encumbrances	\$10,646		\$3,000	\$13,646
Undesignated, Unreserved, Reported in:				
General Fund	103,586			103,586
Capital Projects Funds		260,683	18,898	279,581
Special Revenue Funds			7,283	7,283
Total Fund Balances	<u>\$114,232</u>	<u>\$260,683</u>	<u>\$29,181</u>	<u>\$404,096</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**HURON PUBLIC LIBRARY
ERIE COUNTY**

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND
CHANGES IN CASH BASIS FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2006

	<u>General</u>	<u>Building and Repair Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Receipts:				
Property Taxes	\$283,435			\$283,435
Library and Local Government Support	395,283			395,283
Patron, Fines and Fees	32,112			32,112
Contributions, Gifts and Donations	4,249		\$6,393	10,642
Investment Income	19,474		1,379	20,853
Miscellaneous	8,035			8,035
Total Receipts	<u>742,588</u>		<u>7,772</u>	<u>750,360</u>
Disbursements:				
Library Services:				
Public Service and Programs	289,880		2,822	292,702
Collection Development and Processing	156,966			156,966
Support Services:				
Facilities Operations and Maintenance	144,614		12,117	156,731
Information Services	16,025			16,025
Business Administration	170,514		440	170,954
Total Disbursements	<u>777,999</u>		<u>15,379</u>	<u>793,378</u>
Net Change in Fund Balances	(35,411)		(7,607)	(43,018)
Fund Balances Beginning of Year	149,643	\$260,683	36,788	447,114
Fund Balances End of Year	<u>\$114,232</u>	<u>\$260,683</u>	<u>\$29,181</u>	<u>\$404,096</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**HURON PUBLIC LIBRARY
ERIE COUNTY**

STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Receipts				
Property Taxes	\$268,714	\$268,714	\$283,435	\$14,721
Library and Local Government Support	395,283	395,283	395,283	
Patron, Fines and Fees	20,000	20,000	32,112	12,112
Contributions, Gifts and Donations	3,000	3,000	4,249	1,249
Earnings on Investments	2,000	2,000	19,474	17,474
Miscellaneous	2,500	2,500	8,035	5,535
<i>Total Receipts</i>	<u>691,497</u>	<u>691,497</u>	<u>742,588</u>	<u>51,091</u>
Disbursements				
Current:				
Library Services:				
Public Service and Programs	286,465	298,285	290,507	7,778
Collection Development and Processing	181,446	175,919	163,130	12,789
Support Services:				
Facilities Operations and Maintenance	140,491	152,245	147,648	4,597
Information Services	15,830	16,113	16,025	88
Business Administration	170,591	171,261	171,335	(74)
<i>Total Disbursements</i>	<u>794,823</u>	<u>813,823</u>	<u>788,645</u>	<u>25,178</u>
<i>Net Change in Fund Balance</i>	(103,326)	(122,326)	(46,057)	76,269
<i>Fund Balance Beginning of Year</i>	<u>138,520</u>	<u>138,520</u>	<u>138,520</u>	
Prior Year Encumbrances Appropriated	<u>11,123</u>	<u>11,123</u>	<u>11,123</u>	
<i>Fund Balance End of Year</i>	<u><u>\$46,317</u></u>	<u><u>\$27,317</u></u>	<u><u>\$103,586</u></u>	<u><u>\$76,269</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**HURON PUBLIC LIBRARY
ERIE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006**

NOTE 1 – DESCRIPTION OF THE LIBRARY AND REPORTING ENTITY

The Huron Public Library was organized as a school district public library in 1933 under the laws of the State of Ohio. The Library has its own Board of Trustees comprised of seven members who are appointed by the Huron City School District Board of Education. Appointments are for seven-year terms and members serve without compensation. Under Ohio statutes, the Library is a body politic and corporate capable of suing and being sued, contracting, acquiring, holding, possessing, and disposing of real property, and of exercising such other powers and privileges conferred upon it by law. The Library also determines and operates under its own budget. Control and management of the Library is governed by sections 3375.33 to 3375.39 of the Ohio Revised Code with the administration of the day-to-day operations of the Library being the responsibility of the Director and financial accountability being that of the Clerk-Treasurer.

The Library is fiscally independent of the Board of Education, although the Board of Education serves in a ministerial capacity as the taxing authority for the Library. The determination to request approval of a tax levy, the role and purpose(s) of the levy, are discretionary decisions made solely by the Board of Library Trustees. Once those decisions are made, the Board of Education must put the levy on the ballot. There is no potential for the Library to provide a financial benefit to or impose a financial burden on the Board of Education.

Under the provisions of Statement No. 14 of the Governmental Accounting Standards Board, "The Financial Reporting Entity," as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units" the Library is considered to be a related organization of the Huron City School District.

Component units are legally separate organizations for which the Library is financially accountable. Component units may also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Library, are accessible to the Library and are significant in amount to the Library. The Friends of the Huron Public Library is a not-for-profit organization with a self-appointing board. The Library is not financially accountable for the organization, nor does the Library approve the budget or the issuance of debt of the organization. Therefore, this organization is not considered a component unit and has been excluded from the reporting entity of the Library.

The Library's management believes these financial statements present all activities for which the Library is financially accountable.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Note 2.C, the financial statements of the Huron Public Library have been prepared on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. The most significant of the Library's accounting policies are described below.

A. Basis of Presentation

The Library's basic financial statements consist of government-wide statements, including a statement of net assets and a statement of activities, and the fund financial statements, which provide a more detailed level of financial information.

**HURON PUBLIC LIBRARY
ERIE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006
(Continued)**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

Government-wide Financial Statements

The statement of net assets and the statement of activities display information about the Library as a whole. These statements include the financial activities of the Library. The statements distinguish between those activities of the Library that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The Library did not have any business type activities.

The statement of net assets presents the cash and investment balances of the governmental activities of the Library at year end. The statement of activities compares disbursements with program receipts for each of the Library's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Library is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program, and receipts of interest earned on grants that are required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function or business-type activity is self-financing on a cash basis or draws from the Library's general receipts.

Fund Financial Statements

During the year, the Library segregates transactions related to certain Library functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Library at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

B. Fund Accounting

The Library uses funds to maintain its financial records during the calendar year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain functions or activities. A fund is a fiscal and accounting entity with a self-balancing set of accounts. The Library's funds are all classified as Governmental.

Governmental Funds

Governmental Funds are those through which most governmental functions are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. The Library reports the following two major governmental funds:

General Fund – The general fund accounts for all financial resources except those required to be accounted for in another fund. The general fund balance is available to the Library for any purpose provided it is expended or transferred according to the general laws of Ohio.

**HURON PUBLIC LIBRARY
ERIE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006
(Continued)**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

Building and Repair Fund – This fund receives General Fund monies to be used for capital expenses.

The other governmental funds of the Library account for other resources whose use is restricted to a particular purpose.

C. Basis of Accounting

The Library's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the Library's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

D. Budgetary Process

All funds are legally required to be appropriated. The appropriations resolution is the Trustee's authorization to spend resources and sets limits on cash disbursements plus encumbrances at the level of control selected by the Trustees. The legal level of control has been established at the fund and character or major category of the object code level for all funds. Budgetary modifications at the legal level of control may only be made by resolution of the Board of Library Trustees.

For control purposes, the Library estimates cash receipts for the year. These estimated receipts, together with the unencumbered carry-over balances from the prior years, set a limit on the amount the Trustees may appropriate. The estimated receipts may be revised during the year if projected increases or decreases in receipts are identified by the Clerk Treasurer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts of estimated resources when the original appropriations were adopted including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts of estimated resources at the time final appropriations were enacted by the Trustees.

The appropriations resolution is subject to amendment throughout the years with the restriction that appropriations should not exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Trustees during the year.

E. Cash and Cash Equivalents

To improve cash management, cash received by the Library is pooled and invested. Individual fund integrity is maintained through the Library's records. Interest in the pool is presented as "Cash and Cash Equivalents."

Investments with original maturities of three months or less at the time they are purchased and investments of the cash management pool are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements and sales of investments are not recorded as receipts.

**HURON PUBLIC LIBRARY
ERIE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006
(Continued)**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

During 2006, investments were limited to STAR Ohio. STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31, 2006.

Interest receipts credited to the General Fund during 2006 amounted to \$19,474 which includes \$13,010 assigned from other Library funds.

F. Inventory and Prepaid Items

The Library reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

G. Capital Assets

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

H. Accumulated Leave

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Library's cash basis of accounting.

I. Employer Contributions to Cost-Sharing Pension Plans

The Library recognizes the disbursement for their employer contributions to cost-sharing pension plans when they are paid. As described in Notes 7 and 8, the employer contributions include portions for pension benefits and for postretirement health care benefits.

J. Long-Term Obligations

The Library's cash basis financial statements do not report liabilities for long-term obligations. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure is reported at inception. Lease payments are reported when paid.

K. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Restricted assets represent monies restricted for capital projects and grants.

The Library's policy is to first apply restricted resources when an obligation is incurred for the purposes for which both restricted and unrestricted net assets are available.

**HURON PUBLIC LIBRARY
ERIE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006
(Continued)**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

L. Fund Balance Reserves

The Library reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Fund balance reserves have been established for encumbrances. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods.

NOTE 3 – BUDGETARY BASIS OF ACCOUNTING

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis for the general fund presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The differences between the budgetary basis and the cash basis are outstanding year end encumbrances are treated as expenditures (budgetary basis) rather than as a reservation of fund balance (cash basis). The encumbrance outstanding at year end (budgetary basis) amounted to \$10,646 in the General Fund.

NOTE 4 – DEPOSITS AND INVESTMENTS

Monies held by the Library are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Library treasury. Such monies must be maintained either as cash in the Library treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Board has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

Interim monies may be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;

**HURON PUBLIC LIBRARY
ERIE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006
(Continued)**

NOTE 4 – DEPOSITS AND INVESTMENTS – (Continued)

2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

At year end, the Library had \$146 in undeposited cash on hand which is included as part Cash and Cash Equivalents on the financial statements.

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the Library will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, the Library's bank balance was covered by FDIC.

The Library has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Library or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Investments

As of December 31, 2006, the Library had the following investments:

	Carrying Value	Market Value	Percent to Total	Maturity
STAR Ohio	382,944	382,944	100%	Approximately 1 month

Credit Risk: STAR Ohio carries a rating of AAAM by Standard and Poor's. The Library has no investment policy dealing with investment credit risk beyond the requirements in state statutes. Ohio law requires STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service.

**HURON PUBLIC LIBRARY
ERIE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006
(Continued)**

NOTE 5 – 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 State allocates LLGSF to each county based on the county's prior intangible 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.

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the Huron City School District. Property tax revenue received during 2006 for real and public utility property taxes represent the collection of 2005 taxes. Property taxes received during 2006 for tangible personal property (other than public utility property) are for 2006 taxes.

2006 real property taxes are levied after October 1, 2006, on the assessed values as of January 1, 2006, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2006 real property taxes are collected in and intended to finance 2007.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2006 public utility property taxes became a lien December 31, 2005, are levied after October 1, 2006, and are collected in 2007.

2006 tangible personal property taxes are levied after October 1, 2005, on the value as of December 31, 2005. Collections are made in 2006. For 2006, tangible personal property is assessed at 18.75% for property including inventory. This percentage will be reduced to 12.5% for 2007, 6.25% for 2008, and zero for 2009.

House Bill No. 66 was signed into law on June 30, 2005. House Bill No. 66 phases out the tax on tangible personal property of general businesses, telephone and telecommunications companies, and railroads. The tax on general business and railroad property will be eliminated by calendar year 2009, and the tax on telephone and telecommunications property will be eliminated by calendar year 2011. The tax is phased out by reducing the assessment rate on the property each year. The bill replaces the revenue lost by the Library due to the phasing out of the tax. In calendar years 2007-2010, the Library will be fully reimbursed for the lost revenue. In calendar years 2011-2017, the reimbursements will be phased out.

Real property taxes are payable annually or semi-annually. If paid annually, the payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established. Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30; with the remainder payable by September 20.

**HURON PUBLIC LIBRARY
ERIE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006
(Continued)**

NOTE 5 – GRANTS-IN-AID AND TAX RECEIPTS – (Continued)

The full tax rate for all Library operations for the year ended December 31, 2006, was \$1.06 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2006 property tax receipts were based are as follows:

Real Property		
Residential/Agricultural	\$	343,055,790
Other		58,840,300
Public Utility Property		
Real		491,090
Personal		10,669,810
Tangible Personal Property		<u>25,589,558</u>
Total Assessed Value	\$	<u><u>438,646,548</u></u>

NOTE 6 - RISK MANAGEMENT

The Library is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2006, the Library contracted with Dawson Companies for various types of insurance coverage as follows:

Company	Type of Coverage	2006 Coverage
St. Paul Travelers	Commercial Property	\$5,944,632
St. Paul Travelers	General Liability	\$2,000,000
St. Paul Travelers	Electronic Data Processing	\$121,629
St. Paul Travelers	Inland Marine	\$2,223,643
St. Paul Travelers	Business Automobile	\$1,000,000
St. Paul Travelers	Commercial Umbrella	\$2,000,000
Chubb Group of Insurance Cos.	Director & Officers Liability	\$3,000,000

Settled claims have not exceeded coverage in any of the last three years and there was no significant reduction in coverage from the prior year.

The Library pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs. The Library has contracted with the Frank Gates Service Company as their third party administrator for Worker's Compensation matters.

The Library also provides health and dental benefits to all employees that work more than 25 hours per week.

**HURON PUBLIC LIBRARY
ERIE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006
(Continued)**

NOTE 7- DEFINED BENEFIT PENSION PLAN

The Library participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-6705 or (800) 222-7377.

For the year ended December 31, 2006, the members of all three plans were required to contribute 9 percent of their annual covered salaries. The Library's contribution rate for pension benefits for 2006 was 13.70 percent. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Library's required contributions for pension obligations to all plans for the year ended December 31, 2006, 2005, and 2004, were \$52,279, \$50,278, and \$52,228 respectively; the full amounts have been contributed for 2006, 2005, and 2004.

NOTE 8 – POSTEMPLOYMENT BENEFITS

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in *GASB Statement No. 12*. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2006 local government employer contribution rate was 13.70 percent of covered payroll; 4.50 percent of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2005, include a rate of return on investments of 6.50 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.30 percent based on additional annual pay increases. Health care premiums were assumed to increase .50 and 6.00 percent annually for the next nine years and 4.00 percent annually ten years and beyond.

**HURON PUBLIC LIBRARY
ERIE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006
(Continued)**

NOTE 8 – POSTEMPLOYMENT BENEFITS – (Continued)

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually, not to exceed a 12 percent corridor.

The number of active contributing participants in the traditional and combined plans was 369,214. The number of active contributing participants for both plans used in the December 31, 2005, actuarial valuation was 358,804. Actual employer contributions for 2006 which were used to fund post-employment benefits were \$17,171. The actual contribution and the actuarial required contribution amounts are the same. The amount of \$12.0 billion represents the actuarial value of OPERS' net assets available for OPEB at December 31, 2006. Based on the actuarial cost method used, the Actuarial Valuation as of December 31, 2006, reported the actuarial accrued liability and the unfunded actuarially accrued liability for OPEB at \$30.7 billion and \$18.7 billion, respectively.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, will be effective January 1, 2007. In addition to the HCPP, OPERS has taken additional action to improve the solvency of the Health Care Fund in 2006 by creating a separate investment pool for health care assets. As an additional component of the HCPP, member and employer contribution rates increased as of January 1, 2006, and January 1, 2007, which will allow additional funds to be allocated to the health care plan.

NOTE 9 - DEBT

The Huron City School District serves as the taxing authority in a ministerial function, and can issue tax related debt on behalf of the Library. The determination to request approval of a tax levy, the rate and the purpose are discretionary decisions made solely by the Library Board of Trustees. In 1999, the Board of Trustees of the Library submitted to the Huron City School District Board of Education a property tax to be used for an addition to the Library. The Board of Education serves as the taxing authority and issues tax related debt on behalf of the Library, although their role is limited to a ministerial function. The determination to request approval of a tax, the rate, and the purpose are discretionary decisions made solely by the Board of Library Trustees.

With approval of the levy, The Board of Education issued District general obligation bonds, in the amount of \$4,300,000 in 1999 for the Library addition. The bonds will be paid from the proceeds of the property tax levy. The debt is not an obligation of the Library; however, it is a liability of the Board of Education and is reflected on their financial records.

NOTE 10 – LEASES

The Library has entered into a lease agreement for two copiers at a total cost of \$4,764 for the year. One lease expires on October 31, 2009, and the second lease expires on August 31, 2011.

This page intentionally left blank.



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Huron Public Library
Erie County
333 Williams Street
Huron, Ohio 44839-1650

To the Board of Trustees:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Huron Public Library, Erie County, (the Library) as of and for the year ended December 31, 2006, which collectively comprise the Library's basic financial statements and have issued our report thereon dated June 26, 2008, wherein we noted the Library prepared its financial statements in accordance with the cash basis of accounting. 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 the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Library's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinions on the financial statements, but not to opine on the effectiveness of the Library's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Library's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Library's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Library's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Library's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

Compliance and Other Matters

As part of reasonably assuring whether the Library's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect 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 an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We intend this report solely for the information and use of the audit committee, management, and the Board of Trustees. We intend it for no one other than these specified parties.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

June 26, 2008



Mary Taylor, CPA
Auditor of State

HURON PUBLIC LIBRARY

ERIE 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
JULY 22, 2008