



Mary Taylor, CPA
Auditor of State

HUBBARD PUBLIC LIBRARY
TRUMBULL COUNTY

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Hubbard Public Library
Trumbull County
436 West Liberty Street
Hubbard, Ohio 44425

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 Hubbard Public Library, Trumbull County, (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. The Library processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Library because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinions.

As discussed in Note 2, 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 Hubbard Public Library, Trumbull County, Ohio as of December 31, 2006, and the respective changes in cash financial position and the budgetary comparison for the General Fund thereof for the year then ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29 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 Government Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management 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 cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

December 29, 2008

Hubbard Public Library
Management's Discussion and Analysis
For the Year Ended December 31, 2006
Unaudited

This discussion and analysis of the Hubbard Public Library 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:

Net assets of governmental activities increased \$91,469 or 18%, a significant change from the prior year. The fund most affected by the increase in cash and cash equivalents was the General Fund, which realized an increase in contributions, donations, and gifts and investment earnings.

The Library's general receipts are primarily revenue generated from the State of Ohio income tax. (LLGSF) These receipts represent over 87 percent of the total cash received for governmental activities during the year. LLGSF revenue generated from income tax receipts for 2006 changed very little compared to 2005. LLGSF funding has been "frozen" at the State budget level.

The Library has two major funds: the General Fund and the Building and Repair Fund. The General Fund received \$969,451 in receipts and disbursed \$871,035 in expenditures.

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 on 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.

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.

Hubbard Public Library
Management's Discussion and Analysis
For the Year Ended December 31, 2006
Unaudited

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 governmental activities 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 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 governmental 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 non-financial factors as well such as the condition of the Library's capital assets, the extent of the Library's debt obligations, if any, and the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as income taxes.

In the statement of net assets and the statement of activities, Library activities are comprised of governmental activities only.

Governmental activities. All of the Library's basic services are reported here. Library and Local Government Support Fund (income taxes) and charges for services finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

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 categorized as governmental.

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 programs. The Library's significant governmental funds are presented on the financial statements in separate columns. The information for non-major 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.

Hubbard Public Library
Management's Discussion and Analysis
For the Year Ended December 31, 2006
Unaudited

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	\$595,768	\$504,299
Total Assets	\$595,768	\$504,299
Net Assets		
Restricted for:		
Other Purposes	\$24,290	\$20,558
Capital Projects	406,851	417,557
Permanent Fund	1,205	1,178
Unrestricted	163,422	65,006
Total Net Assets	\$595,768	\$504,299

As mentioned previously, net assets of governmental activities increased \$91,469 or 18 percent. Over the last several years, state income tax revenue typically has remained the same, with little or no LLGSF funding increase. The primary reason for the increase in cash balances is as follows:

A large portion of the increase in revenue, \$70,000, was received from a generous gift from the estate of a citizen of the community.

Hubbard Public Library
Management's Discussion and Analysis
For the Year Ended December 31, 2006
Unaudited

Table 2 reflects the changes in net assets on a cash basis in 2006 and 2005.

(Table 2)
Changes in Net Assets

	Governmental Activities 2006	Governmental Activities 2005
Receipts:		
Program Receipts:		
Charges for Services and Sales	\$19,664	\$19,648
Operating Grants and Contributions	8,006	3,608
Total Program Receipts	<u>27,670</u>	<u>23,256</u>
General Receipts:		
Library and Local Government Support Fund	852,239	893,479
Unrestricted Gifts and Contributions	67,867	
Earnings on Investments	27,322	13,809
Miscellaneous	688	3,311
Total General Receipts	<u>948,116</u>	<u>910,599</u>
Total Receipts	<u>975,786</u>	<u>933,855</u>
Disbursements:		
Library Services:		
Public Service/Programs	8,914	8,594
Collection Development/Processing	20,922	27,638
Support Services:		
Facilities Operation and Maintenance	87,034	87,352
Information Services	131,491	149,030
Business Administration	611,727	634,202
Capital Outlay	24,229	17,086
Total Disbursements	<u>884,317</u>	<u>923,902</u>
Increase (Decrease) in Net Assets	91,469	9,953
Net Assets, January 1	504,299	494,346
Net Assets, December 31	<u>\$595,768</u>	<u>\$504,299</u>

Program receipts represent only 3 percent of total receipts and are primarily comprised of restricted intergovernmental receipts and library fees.

General receipts represent 97 percent of the Library's total receipts, and of this amount, 90 percent is from the Local Library Government Support Fund. (LLGSF) Other receipts are very insignificant and somewhat unpredictable revenue sources.

Disbursements for Library Services represent the costs of providing literary services and programs for the general public. The Support Services are the overhead costs of operating and maintaining the Library and do not represent direct services to users.

Hubbard Public Library
Management's Discussion and Analysis
For the Year Ended December 31, 2006
Unaudited

Governmental Activities

In the Statement of Activities on page 10, you will see that the first column lists the major services provided by the Library. The next column identifies the costs of providing these services. The next two columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service 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. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. 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)

Governmental Activities

	Total Cost of Services 2006	Net Cost of Services 2006	Total Cost of Services 2005	Net Cost of Services 2005
Library Services:				
Public Service Programs	\$8,914	\$8,914	\$8,594	(\$11,054)
Collection/Development/Processing	20,922	20,922	27,638	27,638
Support Services:				
Facilities Operation/Maintenance	87,034	87,034	87,352	87,352
Information Services	131,491	123,485	149,030	145,422
Business Administration	611,727	592,063	634,202	634,202
Capital Outlay	24,229	24,229	17,086	17,086
Total Expenses	\$884,317	\$856,647	\$923,902	\$900,646

The dependence upon the local government support fund is apparent as over 96 percent of governmental activities are supported through these general receipts. Interest from investments helps generate additional revenue, although very unpredictable.

The Library's Funds

In year 2006, total governmental funds had receipts of \$975,786 and disbursements of \$884,317.

The Technology Fund received a \$20,000 transfer from the General Fund in 2006. Additional revenue in this fund will continue to support new technology updates, wireless access and future server consortium costs.

General Fund receipts were more than disbursements indicating the General Fund is not in a deficit spending situation. Despite the pending funding freeze at the state level, the Library management has been cautious in spending and scrutinizing expenditures, in some cases reductions are needed as in personnel, materials and services. Reductions have already been implemented for 2007 in lieu of possible future funding loss. It was the recommendation of the finance committee and the administration that a reduction in disbursements was preferable to requesting additional funds from the taxpayers. These cuts will not eliminate the need for additional funds (or additional cuts) in the future should income taxes remain frozen or be eliminated. In the case of LLSGF elimination, another source of funding would seriously have to be sought.

Hubbard Public Library
Management's Discussion and Analysis
For the Year Ended December 31, 2006
Unaudited

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.

During 2006, the Library amended its General Fund budget several times to reflect changing circumstances. Final budgeted receipts were greater than the original budgeted receipts due to an unexpected growth in tax receipts. The difference between final budgeted receipts and actual receipts was not significant.

Final General Fund disbursements were budgeted at \$1,039,014 while actual disbursements (including a transfer-out of \$20,000) were \$896,341. The Library kept spending very close to budgeted amounts.

Capital Assets and Debt Administration

Capital Assets

The Library does currently keep track of its capital assets and infrastructure. The Library has acquired a software package to accomplish this task and processes the necessary information. It is updated as necessary. A complete inventory of Library material and capital assets is readily available.

Debt

Hubbard Public Library has no outstanding debt.

Current Issues

The challenge for Hubbard Public Library is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. We rely heavily on state income taxes which accounts for nearly all of the Library's revenue. Financial forecasts predict a deficit and or continuing funding freeze for 2007; therefore, the Library Board of Trustees and the Library administration are monitoring state level funding very closely. Alternative funding has been discussed. We reviewed our sources of revenue and determined that increases were unlikely. We then reviewed the disbursement history of the Library. We have reduced operating and maintenance costs, and have also reduced staffing levels in areas where we felt it would have the least impact on services. All departments have been asked to reduce their spending for supplies. Further reductions may be necessary because funding in the foreseeable future is unpredictable.

Contacting the Library'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 Deborah L. Carsons, Fiscal Officer, Hubbard Public Library, 436 West Liberty Street, Hubbard, Ohio 44425.

Hubbard Public Library, Trumbull County
Statement of Net Assets - Cash Basis
December 31, 2006

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$595,768
<i>Total Assets</i>	<u>\$595,768</u>
Net Assets	
Restricted for:	
Capital Projects	\$406,851
Permanent Fund	1,205
Other Purposes	24,290
Unrestricted	163,422
<i>Total Net Assets</i>	<u>\$595,768</u>

See accompanying notes to the basic financial statements

Hubbard Public Library, Trumbull County
Statement of Activities - Cash Basis
For the Year Ended December 31, 2006

	Program Cash Receipts			Net (Disbursements) Receipts and Changes In Net Assets
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
Library Services:				
Public Service Programs	\$8,914			(\$8,914)
Collection / Development / Processing	20,922			(20,922)
Support Services:				
Facilities Operation / Maintenance	87,034			(87,034)
Information Services	131,491		\$8,006	(123,485)
Business Administration	611,727	\$19,664		(592,063)
Capital Outlay	24,229			(24,229)
<i>Total Governmental Activities</i>	<u>\$884,317</u>	<u>\$19,664</u>	<u>\$8,006</u>	<u>(856,647)</u>
General Receipts				
Unrestricted Gifts and Contributions				67,867
Library and Local Government Support Fund				852,239
Earnings on Investments				27,322
Miscellaneous				688
<i>Total General Receipts</i>				<u>948,116</u>
Change in Net Assets				91,469
<i>Net Assets Beginning of Year, January 1, 2006</i>				<u>504,299</u>
<i>Net Assets End of Year, December 31, 2006</i>				<u><u>\$595,768</u></u>

See accompanying notes to the basic financial statements

Hubbard Public Library, Trumbull County
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2006

	General Fund	Building and Repair Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$163,422	\$378,726	\$53,620	\$595,768
<i>Total Assets</i>	<u>\$163,422</u>	<u>\$378,726</u>	<u>\$53,620</u>	<u>\$595,768</u>
Fund Balances				
Reserved:				
Reserved for Encumbrances	\$25,306	\$771		\$26,077
Unreserved:				
Undesignated (Deficit), Reported in:				
General Fund	138,116			138,116
Special Revenue Funds			\$24,290	24,290
Capital Projects Funds		377,955	28,125	406,080
Permanent Fund			1,205	1,205
<i>Total Fund Balances</i>	<u>\$163,422</u>	<u>\$378,726</u>	<u>\$53,620</u>	<u>\$595,768</u>

See accompanying notes to the basic financial statements

Hubbard Public Library, Trumbull County
Statement of Cash Receipts, Disbursements and Changes in
Cash Basis Fund Balances - Governmental Funds
For the Year Ended December 31, 2006

	General Fund	Building and Repair Fund	Other Governmental Funds	Total Governmental Funds
Receipts				
Library and Local Government Support	\$850,107		\$2,132	\$852,239
Patron, Fines and Fees	19,664			19,664
Contributions, Gifts and Donations	73,623		2,250	75,873
Earnings on Investments	25,369		1,953	27,322
Miscellaneous	688			688
Total Receipts	969,451	0	6,335	975,786
Disbursements				
Current:				
Library Services:				
Public Service Programs	8,914			8,914
Collection / Development / Processing	20,922			20,922
Support Services:				
Facilities Operation / Maintenance	77,941		9,093	87,034
Information Services	129,982		1,509	131,491
Business Administration	611,727			611,727
Capital Outlay	1,549	\$13,468	9,212	24,229
Total Disbursements	851,035	13,468	19,814	884,317
Excess of Receipts Over (Under) Disbursements	118,416	(13,468)	(13,479)	91,469
Other Financing Sources (Uses)				
Transfers In			20,000	20,000
Transfers Out	(20,000)			(20,000)
Total Other Financing Sources (Uses)	(20,000)	0	20,000	0
Net Change in Fund Balances	98,416	(13,468)	6,521	91,469
Fund Balances Beginning of Year 2006	65,006	392,194	47,099	504,299
Fund Balances End of Year 2006	\$163,422	\$378,726	\$53,620	\$595,768

See accompanying notes to the basic financial statements

Hubbard Public Library, Trumbull 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>		Actual	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Receipts				
Library and Local Government Support	\$850,106	\$850,106	\$850,106	\$0
Patron, Fines and Fees	13,050	19,265	19,664	399
Contributions, Gifts and Donations	1,000	72,623	73,623	1,000
Earnings on Investments	7,825	25,000	25,369	369
Miscellaneous	200	594	689	95
<i>Total Receipts</i>	<u>872,181</u>	<u>967,588</u>	<u>969,451</u>	<u>1,863</u>
Disbursements				
Current:				
Library Services				
Public Service Programs	2,622	8,914	8,914	0
Collection / Development / Processing	30,058	28,587	20,922	7,665
Support Services:				
Facilities Operation / Maintenance	85,373	81,195	87,779	(6,584)
Information Services	142,377	135,409	144,487	(9,078)
Business Administration	670,059	637,271	612,690	24,581
Capital Outlay	1,698	1,615	1,549	66
<i>Total Disbursements</i>	<u>932,187</u>	<u>892,991</u>	<u>876,341</u>	<u>16,650</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(60,006)</u>	<u>74,597</u>	<u>93,110</u>	<u>18,513</u>
Other Financing Sources (Uses)				
Transfers Out		(20,000)	(20,000)	0
Other Financing Uses	(5,000)	(126,023)		126,023
<i>Total Other Financing Sources (Uses)</i>	<u>(5,000)</u>	<u>(146,023)</u>	<u>(20,000)</u>	<u>126,023</u>
<i>Net Change in Fund Balance</i>	(65,006)	(71,426)	73,110	144,536
<i>Fund Balance Beginning of Year 2006</i>	39,425	39,425	39,425	0
Prior Year Encumbrances Appropriated	25,581	25,581	25,581	0
<i>Fund Balance End of Year 2006</i>	<u>\$10,231</u>	<u>\$10,231</u>	<u>\$138,116</u>	<u>\$127,885</u>

See accompanying notes to the basic financial statets

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Hubbard Public Library – Trumbull County, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2006

Note 1 – Description of the Library and Reporting Entity

The Hubbard Public Library was organized as a school district public library in 1947 under the laws of the State of Ohio. The Library has its own Board of Trustees of seven members who are appointed by the Hubbard Exempted Village 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 solely 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," the Library is considered to be a related organization of the Hubbard Exempted Village School District.

Component units are legally separate organizations for which the Library is financially accountable. The Library is financially accountable for an organization if the Library appoints a voting majority of the organization's governing board and (1) the Library is able to significantly influence the programs or services performed or provided by the organization; or (2) the Library is legally entitled to or can otherwise access the organization's resources; the Library is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Library is obligated for the debt of the organization. The Library is also financially accountable for any organizations for which the Library approves the budget, the issuance of debt or the levying of taxes. Component units 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 Library has no component units.

The Friends of the Hubbard 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 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 Hubbard 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. Following are the more significant of the Library's accounting policies.

Hubbard Public Library – Trumbull County, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2006

Note 2 - Summary of Significant Accounting Policies (continued)

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 fund financial statements, which provide a more detailed level of financial information.

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 Hubbard Public Library. Governmental activities generally are financed through the Library and Local Government Support Fund (income taxes), intergovernmental receipts and other nonexchange transactions.

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 requirements of 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 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. Nonmajor funds are aggregated and presented in a single column.

B. Fund Accounting

The Library uses funds to maintain its financial records during the year. A fund is defined as 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 financed primarily from taxes, intergovernmental receipts (e.g. grants), and other non-exchange transactions. Monies are assigned to the various governmental funds according to the purposes for which they may or must be used. The following are the Library's 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.

Building and Repair Fund - The Building and Repair Fund accounts for monies set aside by the Board of Library Trustees specifically for major capital and technology improvements.

Hubbard Public Library – Trumbull County, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2006

Note 2 – Summary of Significant Accounting Policies (continued)

The other governmental funds of the Library account for grants and other resources whose use is restricted to a particular purpose. The Library received a bequest and has a Special Revenue Fund (Malin/Camp Gift Fund) for this purpose. The Library has classified the Dr. Schneider Memorial Fund as a Permanent Fund. Such fund is permitted to expend only the accrued interest to support the program.

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.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued liabilities and the related expenses) are not recorded in these financial statements.

D. Budgetary Process

All funds are legally required to be appropriated. The appropriation 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 year, 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 Fiscal Officer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts of estimated resources when the original appropriations were adopted. 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 year with the restriction that appropriations should not exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation resolution 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 "Equity in Pooled 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. The Library had no reportable investments at December 31, 2006.

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

Hubbard Public Library – Trumbull County, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2006

Note 2 – Summary of Significant Accounting Policies (continued)

During 2006, investments were limited to repurchase agreements, STAR Ohio, and nonnegotiable certificates of deposit. The certificates of deposit and repurchase agreements are recorded at cost.

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.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest receipt credited to the general fund during 2006 amounted to \$25,369 which includes \$16,127 assigned from other Library funds. Per resolution of the Library Board of Trustees, interest earned on monies in the Technology Fund was receipted to this fund in the amount of \$1,066.

F. Restricted Assets

Cash, cash equivalents, and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. The Library did not have any restricted assets at December 31, 2006.

G. 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.

H. 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.

I. Accumulated Leave

In certain circumstances, such as separation of employment or retirement, employees who have been employed by the Library for more than one (1) year are entitled to cash payments for unused leave. Therefore, unpaid leave is not reflected as a liability under the Library's cash basis of accounting.

All full time and part time employees who work 20 hours a week or more earn vacation by a monthly rate affected by length of service. Vacation allowance may not be carried forward from one year to the next. Unused accrued vacation is paid to the employee upon departure of employment.

Sick leave is accrued by full time employees at the rate of 10 hours per month. Eligible full time employees qualify for this benefit after completing the first month of employment. Total accrued sick leave may not exceed 960 hours. Unused accrued sick leave benefits are not paid upon departure of employment.

J. 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.

Hubbard Public Library – Trumbull County, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2006

Note 2 – Summary of Significant Accounting Policies (continued)

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. Net assets restricted for other purposes include donations of money from patrons to be used for books in honor or memory of their choice. Net assets restricted for capital projects are funds set aside for capital improvements. Restricted permanent net assets are used to purchase books for Dr. Schneider's memorial section of the Library.

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. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances.

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 presented for the General Fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is that outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis). The encumbrances outstanding at year end (budgetary basis) amounted to \$25,306 for the General Fund.

Note 4 – Deposits and Investments

State statutes classify monies held by the Library 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 held by the Library can 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;

Hubbard Public Library – Trumbull County, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2006

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) 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).

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Library, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

At year end, the Library had \$65 in undeposited cash on hand which is included as part of "Equity in Pooled Cash and Cash Equivalents" on the financial statements.

Deposits

At December 31, 2006, the carrying amount of all Library deposits was (\$27,430), including the undeposited cash on hand. 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 was not exposed to custodial credit risk because the entire bank balance of \$51,951 was insured by the Federal Deposit Insurance Corporation.

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.

Hubbard Public Library – Trumbull County, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2006

Note 4 – Deposits and Investments (continued)

Investments

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

		Carrying Value	Maturity
STAR Ohio		\$8,125	Average
Repurchase Agreement		615,073	Average
		<u>\$623,198</u>	

Interest rate risk: Interest rate risk arises because the fair value of investment changes as interest rates change. The Library has no investment policy dealing with investment credit risk beyond the requirements in State statutes. State statutes limits investments in repurchase agreements to 30 days and the market value of the securities must exceed the principal value of the agreement by at least 2 percent and be marked to market daily.

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 that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money market fund be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service.

Concentration of credit risk: The Library places no limit on the amount that may be invested in any one issuer. The following is the Library's allocation as of December 31, 2006:

		Carrying Value	% of Total
STAR Ohio		\$8,125	1.3
Repurchase Agreement		615,073	98.7
		<u>\$623,198</u>	

Note 5 – Grants-in-Aid

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 intangibles tax of LLGSF revenues and its population. The County Budget Commission allocates these funds to the Library based on its need 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.

Hubbard Public Library – Trumbull County, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2006

Note 6 - Risk Management

The Library has obtained commercial insurance for the following risks:

- Comprehensive Property and Commercial Liability
- Errors and Omissions Liability

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 System administers and pays all claims.

The Library also provides health, dental, vision and life insurances for all eligible employees. Coverage varies according to full or part time status and family or single plan. NEO-RLS administers and pays all claims.

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) 222-5601 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 the traditional and combined plans for the years ended December 31, 2006, 2005, and 2004 were \$92,726, \$94,675, and \$92,615 respectively; the full amount has been contributed for 2006, 2005, and 2004. No contributions to the member-directed plan for 2006 were made.

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.

Hubbard Public Library – Trumbull County, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2006

Note 8 - Postemployment Benefits (continued)

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 after nine years.

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. OPERS's net assets available for payment of benefits at December 31, 2005, (the latest information available) were \$11.1 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$31.3 billion and 20.2 billion, respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care costs.

Note 9 – Debt

The Hubbard Exempted Village Local School District serves as the taxing authority 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 Library Board approved for the School District to place on the ballot, Library Construction Bonds in the amount of \$1,400,000 for the construction and renovation of the current Library. As of June 30, 2006, (the latest information available) principal outstanding was \$790,000.

The following is a summary of the future annual debt service requirements to maturity for the bonds:

Fiscal Year			
Ending	Principal	Interest	Total
2007	\$145,000	\$38,745	\$183,745
2008	150,000	30,780	180,780
2009	155,000	22,545	177,545
2010	165,000	14,235	179,235
2011	175,000	9,120	184,120
	\$790,000	\$115,425	\$905,425

Hubbard Public Library – Trumbull County, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2006

Note 10 – Interfund Transfers

The General Fund transferred \$20,000 to the Technology Fund for the purchase and maintenance of various technology items throughout the Library.

Note 11 – Public Entity Shared Risk Pool

The Library participates in the Northeast Ohio Regional Library System Insurance Consortium, a shared risk pool comprised of member libraries throughout Northeast Ohio. The purpose of the Consortium is to establish and maintain a fund to which Consortium Members will contribute to provide and/or purchase medical, prescription drug, vision, dental, life, and other insurance benefits for employees and their eligible dependents or beneficiaries. The members of the Board of Trustees of the Northeast Ohio Regional Library System shall be members of the Board of Trustees of the Consortium. The Consortium revenues are generated from charges for services.

Note 12 – Jointly Governed Organization

The Trumbull Library Consortium is a jointly governed organization comprised of six libraries in Trumbull County. The purpose of the Consortium is for member libraries to work cooperatively on projects to improve the quality of library services to residents of Trumbull County.

Each member library shall appoint one representative to Council. Member libraries are billed annually for their fair share of any program costs. All disbursements are made only upon direction of a majority vote of the Trumbull Library Consortium Council.

The Consortium has entered an agreement with the Library Corporation Inc. which has developed a computerized system consisting of hardware and software for authority control, cataloging management, public access catalog, circulation, external/internal multimedia database access, and internet sessions. The computerized system is currently in use and providing services onsite at the location of each member library.

Note 13 – Subsequent Events

Hubbard Public Library depends solely on the Library Local Government Support Fund (LLGSF). At the State level the funding freeze for libraries remains in effect. Trumbull County libraries will negotiate and reformulate the amount of LLGSF dollars each library will be entitled for the fiscal year 2007-2008. The Library's share for fiscal year 2005-2006 was 9.8% of the total LLGSF allotted to Trumbull County libraries.

Continually, library funding is affected by demographics and political changes in the State government. LLGSF is dependent on Ohio State Income Tax. Subsequently, economic demographics have not changed significantly, nor do predictions indicate a noteworthy change for 2007.



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*

Hubbard Public Library
Trumbull County
436 West Liberty Street
Hubbard, Ohio 44425

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 Hubbard Public Library, Trumbull 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 December 29, 2008, wherein we noted the Library uses a comprehensive accounting basis other than generally accepted accounting principles. We also noted the Library uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Library. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. 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 opinion 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.

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Our consideration of the 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 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 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

December 29, 2008



Mary Taylor, CPA
Auditor of State

HUBBARD PUBLIC LIBRARY

TRUMBULL 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
FEBRUARY 3, 2009**