



**Auditor of State  
Betty Montgomery**



HUBBARD PUBLIC LIBRARY  
TRUMBULL COUNTY

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## Auditor of State Betty Montgomery

### INDEPENDENT ACCOUNTANT'S 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 Hubbard Public Library (the Library) as of and for the years ended December 31, 2003 and 2002. These financial statements are the responsibility of the Library's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The Library's financial transactions were processed using the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to conduct the audit of 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 service, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Library prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Library as of December 31, 2003 and 2002 and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2004 on our consideration of the Library's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of the audit committee, management, Board of Trustees and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

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

**Betty Montgomery**  
Auditor of State

June 30, 2004

**HUBBARD PUBLIC LIBRARY  
TRUMBULL COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>Governmental Fund Types</u>		<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
<b>Cash Receipts:</b>				
Government Grants-In-Aid	\$883,082			\$883,082
Intergovernmental	17,551	\$18,482		36,033
Earnings on Investments	827	4,296		5,123
Contributions, Gifts and Donations	7,127			7,127
Miscellaneous Receipts	135	17,823		17,958
<b>Total Cash Receipts</b>	<b>908,722</b>	<b>40,601</b>		<b>949,323</b>
<b>Cash Disbursements:</b>				
Current:				
Salaries and Benefits	648,485			648,485
Supplies	22,159	92		22,251
Purchased and Contracted Services	72,479	11,242		83,721
Library Materials and Information	142,030			142,030
Other Objects	2,255			2,255
Capital Outlay	23,098	29,292		52,390
<b>Total Cash Disbursements</b>	<b>910,506</b>	<b>40,626</b>		<b>951,132</b>
Total Cash Receipts Over/(Under) Cash Disbursements	(1,784)	(25)		(1,809)
<b>Other Financing Receipts/(Disbursements):</b>				
Transfers-In		2,317		2,317
Transfers-Out		(2,317)		(2,317)
<b>Total Other Financing Receipts/(Disbursements)</b>				
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(1,784)	(25)		(1,809)
Fund Cash Balances, January 1	76,512	395,021	\$499	472,032
<b>Fund Cash Balances, December 31</b>	<b>\$74,728</b>	<b>\$394,996</b>	<b>\$499</b>	<b>\$470,223</b>
Reserves for Encumbrances, December 31	\$44,240	\$341	\$0	\$44,581

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

HUBBARD LIBRARY  
TRUMBULL COUNTY

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
NONEXPENDABLE TRUST FUND  
FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>Nonexpendable Trust</u>
<b>Operating Cash Receipts:</b>	
Contributions, Gifts and Donations	\$50
Earnings on Investment	13
	<hr/>
Total Operating Cash Receipts	63
<b>Operating Cash Disbursements:</b>	
Current:	
Library Materials and Information	41
	<hr/>
Total Operating Cash Disbursements	41
	<hr/>
Operating Income/(Loss)	22
Fund Cash Balances, January 1	1,120
	<hr/>
<b>Fund Cash Balances, December 31</b>	<b><u><u>\$1,142</u></u></b>

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

**HUBBARD LIBRARY  
TRUMBULL COUNTY**

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

	<u>Governmental Fund Types</u>		<u>Fiduciary Fund Type</u>	<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
<b>Cash Receipts:</b>				
Government Grants-In-Aid	\$892,658			\$892,658
Patron Fines and Fees	15,239			15,239
Earnings on Investments	2,424	\$13,076		15,500
Contributions, Gifts and Donations	4,411	5,000		9,411
Miscellaneous Receipts	4,289			4,289
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Total Cash Receipts	919,021	18,076		937,097
<b>Cash Disbursements:</b>				
Current:				
Salaries and Benefits	584,279			584,279
Supplies	25,062	891		25,953
Purchased and Contracted Services	89,212	28,448		117,660
Library Materials and Information	161,375			161,375
Other Objects	2,450			2,450
Capital Outlay	79,628	1,055,213		1,134,841
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Total Cash Disbursements	942,006	1,084,552		2,026,558
Total Cash Receipts Over/(Under) Cash Disbursements	(22,985)	(1,066,476)		(1,089,461)
<b>Other Financing Receipts/(Disbursements):</b>				
Transfers-In		11,711		11,711
Transfers-Out	(11,711)			(11,711)
	<hr/>	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts/(Disbursements)	(11,711)	11,711		
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(34,696)	(1,054,765)		(1,089,461)
Fund Cash Balances, January 1	111,208	1,449,786	499	1,561,493
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Fund Cash Balances, December 31</b>	<b>\$76,512</b>	<b>\$395,021</b>	<b>\$499</b>	<b>\$472,032</b>
	<hr/>	<hr/>	<hr/>	<hr/>
Reserves for Encumbrances, December 31	\$69,704	\$6,578	\$0	\$76,282
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*The notes to the financial statements are an integral part of this statement.*

HUBBARD PUBLIC LIBRARY  
TRUMBULL COUNTY

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
NONEXPENDABLE TRUST FUND  
FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>Nonexpendable Trust</u>
<b>Operating Cash Receipts:</b>	
Contributions, Gifts and Donations	\$80
Earnings on Investments	<u>27</u>
Total Operating Cash Receipts	107
<b>Operating Cash Disbursements:</b>	
Current:	
Library Materials and Information	<u>579</u>
Total Operating Cash Disbursements	<u>579</u>
Operating Income/(Loss)	(472)
Fund Cash Balances, January 1	<u>1,592</u>
<b>Fund Cash Balances, December 31</b>	<b><u><u>\$1,120</u></u></b>
Reserves for Encumbrances, December 31	<u><u>\$19</u></u>

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

**HUBBARD PUBLIC LIBRARY  
TRUMBULL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Hubbard Public Library, Trumbull County, (the Library) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of Ohio. The Library is directed by a seven-member Board of Trustees appointed by the Hubbard Exempted Village School District Board of Education. The Library provides the community with various educational and literary resources.

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

**B. Basis of Accounting**

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

**C. Cash and Investments**

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

Certificates of deposit are valued at cost. Money market mutual funds (including STAR Ohio) are recorded at share values reported by the mutual fund.

**D. Fund Accounting**

The Library uses fund accounting to segregate cash and investments that are restricted as to use. The Library classifies its funds into the following types:

**1. General Fund**

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

**HUBBARD PUBLIC LIBRARY  
TRUMBULL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**2. Capital Project Funds**

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Library had the following significant capital project funds:

*Hubbard Public Library Building, Repair, and Improvement Fund* – Monies are to be used for improvements to the inside of the Library for library related purposes.

*Construction Fund* – This fund was established to account for the expenditures of the Library's renovation project. This fund received the proceeds of the notes which were issued by the school district.

**3. Fiduciary Funds (Trust Funds)**

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Library to maintain the corpus of the trust, the fund is classified as a nonexpendable trust fund. Other trust funds are classified as expendable. The Library had the following significant fiduciary funds:

*Schneider Trust Fund* – This fund is a nonexpendable trust fund. Interest is used to purchase books for Dr. Schneider's memorial section of the Library.

*Gift Fund* – This fund is an expendable trust fund accepting donations of money from patrons which are used for memorial books in honor or memory of individuals of their choice.

**E. Budgetary Process**

The Board must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end. Budgetary expenditures (that is, disbursements and encumbrances), may not exceed appropriations at the fund, function, and object level of control.

Although the Ohio Administrative Code has rescinded the requirement to encumber appropriations, the Library has chosen to continue to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be re-appropriated.

A summary of 2003 and 2002 budgetary activity appears in Note 3.

**F. Property, Plant and Equipment**

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

**HUBBARD PUBLIC LIBRARY  
TRUMBULL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**G. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are who have been employed by the Library for at least 1 year are entitled to cash payments for unused vacation leave. Unpaid leave is not reflected as a liability under the basis of accounting the Library uses.

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

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

	2003	2002
Demand deposits	\$92,837	\$103,635
Certificates of deposit	1,000	1,000
Total deposits	93,837	104,635
 STAR Ohio	 377,528	 368,517
Total investments	377,528	368,517
 Total deposits and investments	 \$471,365	 \$473,152

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

**Investments:** Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

**HUBBARD PUBLIC LIBRARY  
TRUMBULL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2003 and December 31, 2002 follows:

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$985,066	\$954,746	\$30,320
Capital Projects	45,714	43,284	2,430
Fiduciary	69	41	28
Total	\$1,030,849	\$998,071	\$32,778

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,030,069	\$1,023,421	\$6,648
Capital Projects	1,095,980	1,091,130	4,850
Fiduciary	625	598	27
Total	\$2,126,674	\$2,115,149	\$11,525

**4. GRANTS-IN-AID AND TAX RECEIPTS**

The primary source of revenue for Ohio public libraries is the State Library and Local Government Support Fund (LLGSF). The LLGSF is allocated to each county based on the county's prior intangibles tax of LLGSF revenues, and its population. The County Budget Commission allocates these funds to the Library based on its needs such as for the construction of new library buildings, improvements, operation, maintenance, or other expenses. The Budget Commission cannot reduce its allocation of these funds to the Library based on of any additional revenues the Library receives.

**5. DEBT**

In November, 1999, a tax levy was passed in the Hubbard Exempted Village School District's name for the Hubbard Public Library (the "Library"). In accordance with Ohio Revised Code Section 3375.43 – 45, local libraries are not allowed to issue debt or levy taxes in their name, therefore, the levy was placed in the name of Hubbard Exempted Village School District (the "District"). The District acts as taxing authority for the Library, collects levied taxes, and makes required debt service payments.

In February, 2001, the District issued bond anticipation notes in the amount of \$1,400,000. The bond anticipation notes were issued on behalf of the Library, and the proceeds of the bond anticipation notes were transferred to the Board of Trustees of the Library. The bond anticipation notes were retired upon issuance of general obligation bonds in October, 2001.

The bond anticipation notes constitute indebtedness of the Hubbard Exempted Village School District.

**HUBBARD PUBLIC LIBRARY  
TRUMBULL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

**6. RETIREMENT SYSTEM**

The Public Employees Retirement System of Ohio (PERS) is a state operated, cost-sharing, multiple employer public employee retirement system. PERS provides retirement benefits to vested employees who are eligible to retire based upon years of service. PERS also provides survivor and disability benefits to vested employees.

Contribution rates are prescribed by the Ohio Revised Code. The Library's PERS members contributed 8.5% of their gross salaries. The Library contributed an amount equal to 13.55% of participants' gross salaries. The Library has paid all contributions required through December 31, 2003.

**7. RISK MANAGEMENT**

**Commercial Insurance**

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

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

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL  
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 accompanying financial statements of the Hubbard Public Library (the Library) as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated June 30, 2004 wherein we noted that the Library's financial transactions were processed using the Auditor of State's Uniform Accounting Network (UAN). We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the Library's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Library's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Hubbard Public Library  
Trumbull County  
Independent Accountant's Report on Compliance and on Internal Control  
Required by *Government Auditing Standards*  
Page 2

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

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

**Betty Montgomery**  
Auditor of State

June 30, 2004



**Auditor of State  
Betty Montgomery**

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800-282-0370

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**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  
AUGUST 5, 2004**