



Dave Yost • Auditor of State

HUBBARD PUBLIC LIBRARY
TRUMBULL COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Cover Letter	1
Independent Accountants' Report.....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Fund Types - For the Year Ended December 31, 2010.....	5
Notes to the Financial Statements	7
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	13

THIS PAGE INTENTIONALLY LEFT BLANK.



Dave Yost • Auditor of State

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

To the Board of Trustees:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

May 25, 2012

THIS PAGE INTENTIONALLY LEFT BLANK.



Dave Yost • 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 Hubbard Public Library, Trumbull County, (the Library) as of and for the year ended December 31, 2010. 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 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 independence of the Auditor of State 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(A) mandates the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Library has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Library's larger (i.e. major) funds separately. While the Library does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require Governments to reformat their statements. The Library has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the year ended December 31, 2010 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Library as of December 31, 2010, or its changes in financial position for the year then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and the reserves for encumbrances of Hubbard Public Library, Trumbull County, as of December 31, 2010, and its combined cash receipts and disbursements for the year then ended on the accounting basis Note 1 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 25, 2012, 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.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

May 25, 2012

**HUBBARD PUBLIC LIBRARY
TRUMBULL COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2010**

	All Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Permanent	
Cash Receipts:					
Library and Local Government Support	631,386	\$0	\$0	\$0	631,386
Patron Fines and Fees	13,236				13,236
Services Provided to Other Entities	4,700				4,700
Contributions, Gifts and Donations	20,544				20,544
Earnings on Investments	4,026	660		30	4,716
Miscellaneous	3,113				3,113
Total Cash Receipts	677,005	660	0	30	677,695
Cash Disbursements:					
Current:					
Salaries	333,275				333,275
Employee Fringe Benefits	114,017				114,017
Purchased and Contractual Services	77,021				77,021
Library Materials and Information	75,720	1,475	2,774		79,969
Supplies	33,167				33,167
Other	1,782				1,782
Capital Outlay	18		20,378		20,396
Total Cash Disbursements	635,000	1,475	23,152	0	659,627
Total Receipts Over/(Under) Disbursements	42,005	(815)	(23,152)	30	18,068
Other Financing Receipts / (Disbursements):					
Transfers-In			55,236		55,236
Transfers-Out	(55,236)				(55,236)
Total Other Financing Receipts / (Disbursements)	(55,236)	0	55,236	0	0
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(13,231)	(815)	32,084	30	18,068
Fund Cash Balances, January 1	122,367	24,546	377,178	1,058	525,149
Fund Cash Balances, December 31	\$109,136	\$23,731	\$409,262	\$1,088	\$543,217
Reserve for Encumbrances, December 31	\$23,530	\$0	\$500	\$0	\$24,030

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

THIS PAGE INTENTIONALLY LEFT BLANK.

**HUBBARD PUBLIC LIBRARY
TRUMBULL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Hubbard Public Library, Trumbull County, (the Library) as a body corporate and politic. Hubbard Exempted Village School Board appoints a seven member Board of Trustees to govern the Library. 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. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Library recognizes receipts when received in cash rather than when earned, and recognizes disbursements 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 the Auditor of State prescribes or permits.

C. Deposits and Investments

The Library's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Certificate of deposits are valued at cost. Money market mutual funds (including STAR Ohio) are recorded at share values the mutual funds report.

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 reports all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

These funds account for proceeds from specific sources (other than from private-purpose trusts or for capital projects) that are restricted to expenditure for specific purposes. The Library had the following significant Special Revenue Funds:

Malin/Camp Gift Fund – Monies are used specifically to purchase materials for the "Career" section of the Library, and databases pertaining to careers.

HUBBARD PUBLIC LIBRARY
TRUMBULL COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

OPLIN Grant – State monies used for purchasing web filtering licenses.

3. Capital Project Funds

These funds account for receipts restricted to acquiring or constructing 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 Library.

Hubbard Public Library Technology Fund – Monies are to be used to carry out projects specifically related to the current Board of Trustee's approved Technology Plan.

4. Permanent Funds

These funds account for assets held under a trust agreement that are legally restricted to the extent that only earnings, not principal, are available to support the Library's programs. The Library had the following significant permanent fund:

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

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.

A summary of 2010 budgetary activity appears in Note 3.

F. Property, Plant, and Equipment

The Library records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

**HUBBARD PUBLIC LIBRARY
TRUMBULL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010
(Continued)**

2. EQUITY IN POOLED DEPOSITS AND INVESTMENTS

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

	2010
Demand deposits	\$223,005
Certificates of deposit	269,380
Total deposits	492,385
STAR Ohio	50,832
Total investments	50,832
Total deposits and investments	\$543,217

Deposits: Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by securities specifically pledged by the financial institution to the Library.

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

3. BUDGETARY ACTIVITY

Budgetary activity for the year ending December 31, 2010 follows:

2010 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$676,058	\$677,005	\$947
Special Revenue	660	660	0
Capital Projects	0	55,236	55,236
Permanent	30	30	0
Total	\$676,748	\$732,931	\$56,183

2010 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$790,043	\$713,766	\$76,277
Special Revenue	1,475	1,475	0
Capital Projects	23,732	23,652	80
Permanent	0	0	0
Total	\$815,250	\$738,893	\$76,357

**HUBBARD PUBLIC LIBRARY
TRUMBULL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010
(Continued)**

4. GRANTS-IN-AID AND TAX RECEIPTS

The primary source of revenue for Ohio public libraries is the Public Library Fund (PLF). The State allocates PLF to each county based on the total tax revenue credited to the State's general revenue fund during the preceding month. The County Budget Commission bases the amount for distribution on the needs of such library for the construction of new library buildings, parts of buildings, improvements, operation, maintenance, or other expenses. The County Budget Commission cannot reduce its allocation of these funds to the Library based on of any additional revenues the Library receives.

5. RETIREMENT SYSTEMS

The Library's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2010, OPERS members contributed 10% of their gross salaries and the Library contributed an amount equaling 14% of participants' gross salaries. The Library has paid all contributions required through December 31, 2010.

6. RISK MANAGEMENT

Commercial Insurance

The Library has obtained commercial insurance for the following risks:

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

7. DEBT

Hubbard Exempted Local School District (the 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.

On October 25, 2011, the District issued \$1,400,000 in general obligation library improvement bonds on behalf of the Library. The bonds were issued for a ten year period with the final maturity at December 1, 2001 and are backed by the full faith and credit of the School District.

8. 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.

**HUBBARD PUBLIC LIBRARY
TRUMBULL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010
(Continued)**

9. 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.

10. SUBSEQUENT EVENTS

Hubbard Public Library depends primarily on the Public Library Fund (PLF) established by the State of Ohio with revenue coming from the Ohio general fund state taxes. Prior to the PLF, the primary source of funding was the Local Library Government Support Fund (LLGSF), which was a portion of state income tax revenue disbursed to libraries. Since the implementation of the PLF in 2009, revenue distribution has been drastically reduced at the state level. This led to the library passing a 1.9 mill property tax levy in 2010. For monies from the PLF, the Trumbull County Libraries negotiate and reformulate the amount of dollars each Library will be entitled to for the upcoming year. The current agreement ends in 2012. Library funding is continually affected by demographics and political changes in the State government. As the PLF is dependent on Ohio State Tax revenue, economic conditions have caused uncertain predictions for the near future.

THIS PAGE INTENTIONALLY LEFT BLANK.



Dave Yost • 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 Hubbard Public Library, Trumbull County; (the Library) as of and for the year ended December 31, 2010, and have issued our report thereon dated May 25, 2010. We also noted the Government processes its financial transactions with 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 audit the Government 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(A) mandates 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 the purpose of expressing our opinion on the financial statements, but not for the purpose of opining 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 *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Library's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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 management, the Board of Trustee, and others within the Library. We intend it for no one other than these specified parties.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

May 25, 2012



Dave Yost • 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
JUNE 21, 2012