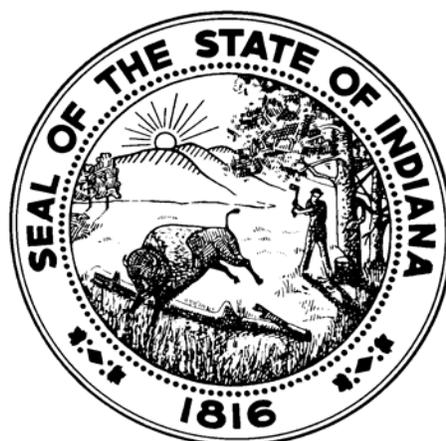


**STATE BOARD OF ACCOUNTS**  
**302 West Washington Street**  
**Room E418**  
**INDIANAPOLIS, INDIANA 46204-2765**

EXAMINATION REPORT  
OF  
HANCOCK COUNTY PUBLIC LIBRARY  
HANCOCK COUNTY, INDIANA  
January 1, 2004 to December 31, 2005



**FILED**  
10/02/2006



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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Dianne Osborne	01-01-04 to 12-31-06
Treasurer	E.J. Kline	01-01-04 to 12-31-06
President of the Board	Harlan Smith	01-01-04 to 12-31-06



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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE HANCOCK COUNTY PUBLIC LIBRARY, HANCOCK COUNTY, INDIANA

We have examined the schedules of receipts, disbursements, and cash and investment balances of the Hancock County Public Library (Library), for the period of January 1, 2004 to December 31, 2005. The Library's management is responsible for the schedules. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the schedule of receipts, disbursements, and cash and investment balances and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the schedules referred to above present fairly, in all material respects, the cash transactions of the Library for the years ended December 31, 2004 and 2005, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

September 12, 2006

HANCOCK COUNTY PUBLIC LIBRARY  
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES  
As Of And For The Years Ended December 31, 2004 And 2005

	Cash and Investments 01-01-04	Receipts	Disbursements	Cash and Investments 12-31-04
<b>Governmental Funds:</b>				
General	\$ 1,114,167	\$ 3,342,326	\$ 3,614,433	\$ 842,060
Gift	37,511	1,008	3,000	35,519
Gift Fund #2	-	9,295	8,663	632
Rainy Day	197,697	706,856	-	904,553
Grant	27,486	4,770	26,926	5,330
Levy Excess	-	-	-	-
Bond and Interest Redemption	2,464	-	2,464	-
Library Improvement Reserve	858,743	806,787	700,000	965,530
Library Capital Projects	-	362,947	201,260	161,687
Construction	-	1,449,300	1,447,740	1,560
Building	-	5,685,511	1,245,000	4,440,511
GBC Contingency	-	45,048	-	45,048
Building Sale	-	60,003	-	60,003
Special CAGIT	-	314,336	-	314,336
Capital Campaign	-	23,849	23,849	-
<b>Fiduciary Funds:</b>				
Payroll Withholdings	3,747	303,371	303,666	3,452
PLAC	359	4,502	4,317	544
Trust Fund - Pearson Electric	-	6,251	-	6,251
<b>Totals</b>	<b>\$ 2,242,174</b>	<b>\$ 13,126,160</b>	<b>\$ 7,581,318</b>	<b>\$ 7,787,016</b>

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
<b>Governmental Funds:</b>				
General	\$ 842,060	\$ 2,952,853	\$ 2,322,954	\$ 1,471,959
Credit Card Sales Fund	-	2,080	57	2,023
Gift	35,519	2,696	2,455	35,760
Gift Fund #2	632	3,104	3,599	137
Rainy Day	904,553	25,518	500,000	430,071
Grant	5,330	5	5,313	22
C.A.P.E. Grant 3	-	40,000	19,031	20,969
Levy Excess	-	-	-	-
Bond and Interest Redemption	-	291,089	291,089	-
Library Improvement Reserve	965,530	26,542	625,134	366,938
Library Capital Projects	161,687	-	161,687	-
Construction	1,560	4,953,975	4,868,704	86,831
Building	4,440,511	33,870	4,447,000	27,381
GBC Contingency	45,048	-	-	45,048
Building Sale	60,003	163	-	60,166
Special CAGIT	314,336	9,563	-	323,899
Capital Campaign	-	283,890	277,956	5,934
Hospital Book	-	1,187	1,641	(454)
<b>Fiduciary Funds:</b>				
Payroll Withholdings	3,452	307,287	306,889	3,850
PLAC	544	4,474	4,382	636
Trust Fund - Pearson Electric	6,251	21,648	-	27,899
Officeworks Escrow	-	26,453	-	26,453
<b>Totals</b>	<b>\$ 7,787,016</b>	<b>\$ 8,986,397</b>	<b>\$ 13,837,891</b>	<b>\$ 2,935,522</b>

The accompanying notes are an integral part of the schedules.

HANCOCK COUNTY PUBLIC LIBRARY  
NOTES TO SCHEDULES

Note 1. Introduction

The Library was established under the laws of the State of Indiana. The Library provides culture services.

Note 2. Fund Accounting

The Library uses funds to report on its cash and investments and the results of its operations on a cash basis. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities.

Note 3. Budgets

The operating budget is initially prepared and approved at the local level. In addition, funds for which property taxes are levied are subject to final approval by the Indiana Department of Local Government Finance.

Note 4. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the Library in June and December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which become delinquent if not paid by May 10 and November 10, respectively. All property taxes collected by the County Treasurer and available for distribution were distributed to the Library on or prior to December 31 of the year collected.

Note 5. Deposits and Investments

Deposits, made in accordance with Indiana Code 5-13, with financial institutions in the State of Indiana at year end were entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

State statute (IC 5-13-9) authorizes the Library to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

HANCOCK COUNTY PUBLIC LIBRARY  
NOTES TO SCHEDULES  
(Continued)

Note 6. Pension Plan

Public Employees' Retirement Fund

Plan Description

The Library contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system, and give the Library authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

PERF administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Public Employees' Retirement Fund  
Harrison Building, Room 800  
143 West Market Street  
Indianapolis, IN 46204  
Ph. (317) 233-4162

Funding Policy and Annual Pension Cost

The contribution requirements of the plan members for PERF are established by the Board of Trustees of PERF.

Note 7. Long-Term Debt

In 2004, the Library issued general obligation bonds for the construction of the new main library. The outstanding principal at December 31, 2005, was \$5,660,000.

HANCOCK COUNTY PUBLIC LIBRARY  
EXIT CONFERENCE

The contents of this report were discussed on September 12, 2006, with Dianne Osborne, Director; E.J. Kline, Treasurer; Nicea Cox, Bookkeeper; and Harlan Smith, President of the Board. Our examination disclosed no material items that warrant comment at this time.