

STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

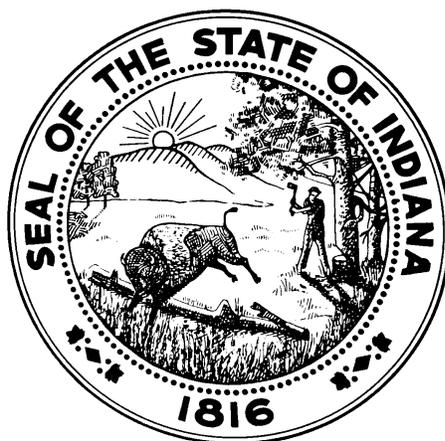
EXAMINATION REPORT

OF

HAMILTON EAST PUBLIC LIBRARY

HAMILTON COUNTY, INDIANA

January 1, 2006 to December 31, 2006



FILED
10/30/2007

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Officials	2
Independent Accountant's Report	3
Financial Information:	
Schedule of Receipts, Disbursements, and Cash and Investment Balances	4
Notes to Financial Information.....	5-6
Supplementary Information:	
Schedule of Capital Assets.....	7
Schedule of Long-Term Debt.....	8
Examination Result and Comment:	
Payroll Reporting	9
Exit Conference.....	10

OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	David L. Cooper	01-01-03 to 12-31-07
Treasurer	Robyn A. Neal	09-17-05 to 09-16-07
President of the Board	Robert G. James	09-17-05 to 09-16-07



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE HAMILTON EAST PUBLIC LIBRARY, HAMILTON COUNTY, INDIANA

We have examined the financial information presented herein of the Hamilton East Public Library (Library), for the period of January 1, 2006 to December 31, 2006. The Library's management is responsible for the financial information presented herein. 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 financial information presented herein 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 financial information referred to above presents fairly, in all material respects, the financial information of the Library for the year ended December 31, 2006, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Schedule of Capital Assets and Schedule of Long-Term Debt, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the basic financial information. They have not been subjected to the examination procedures applied to the basic financial information, and accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

September 12, 2007

HAMILTON EAST PUBLIC LIBRARY
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES
As Of And For The Year Ended December 31, 2006

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Governmental Funds:				
General	\$ 1,414,006	\$ 5,725,292	\$ 5,555,681	\$ 1,583,617
Gift and Bequests	8,251	15,283	6,186	17,348
State Technology Grant	-	10,800	-	10,800
Aquarium Gift	1,214	3,910	4,438	686
Literacy	6,808	600	804	6,604
Rotary Reading Room	10,000	-	-	10,000
Rotary Reading Room Gift	-	500	-	500
Lease Rental	191,297	2,719,893	2,343,293	567,897
Library Improvement Reserve	4,017,431	-	222,317	3,795,114
Fiduciary Funds:				
PLAC	1,269	6,131	7,400	-
Payroll	-	2,995,686	2,992,899	2,787
Totals	<u>\$ 5,650,276</u>	<u>\$ 11,478,095</u>	<u>\$ 11,133,018</u>	<u>\$ 5,995,353</u>

The accompanying notes are an integral part of the financial information.

HAMILTON EAST PUBLIC LIBRARY
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

The Library was established under the laws of the State of Indiana. The Library operates under an appointed governing board and 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.

HAMILTON EAST PUBLIC LIBRARY
NOTES TO FINANCIAL INFORMATION
(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.

HAMILTON EAST PUBLIC LIBRARY
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 For The Year Ended December 31, 2006

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 3,875,000
Buildings	30,750,000
Machinery and equipment	<u>13,949,003</u>
 Total governmental activities, capital assets not being depreciated	 <u>\$ 48,574,003</u>

HAMILTON EAST PUBLIC LIBRARY
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 For The Year Ended December 31, 2006

CAPITAL LEASES

The Library has entered into the following capital leases:

Description of Asset	Ending Balance	Due Within One Year
Governmental Activities:		
Capital leases:		
Combined Noblesville/Fishers original Buildings	\$ 40,000	\$ 44,000
Expansion of Noblesville and Fishers Buildings	<u>28,380,000</u>	<u>2,414,000</u>
Total governmental activities long-term debt	<u>\$ 28,420,000</u>	<u>\$ 2,458,000</u>

HAMILTON EAST PUBLIC LIBRARY
EXAMINATION RESULT AND COMMENT

PAYROLL REPORTING

The following errors in payroll reporting were noted:

An employee's wages of \$9,645 was not properly included in the wages, tips, and other compensation box 1 (federal wages) on the W-2.

The amounts reported for the Social Security Wages and the Medicare Wages on the W-3 Transmittal of Wage and Tax Statements Form were \$3,840 higher than the total of the amounts reported on the 941 Employer's Quarterly Federal Tax Returns for 2006.

Governmental units should file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 4)

HAMILTON EAST PUBLIC LIBRARY
EXIT CONFERENCE

The contents of this report were discussed on September 17, 2007, with Robyn A. Neal, Treasurer; David L. Cooper, Director; and Gail A. Winsmore, Assistant Director.