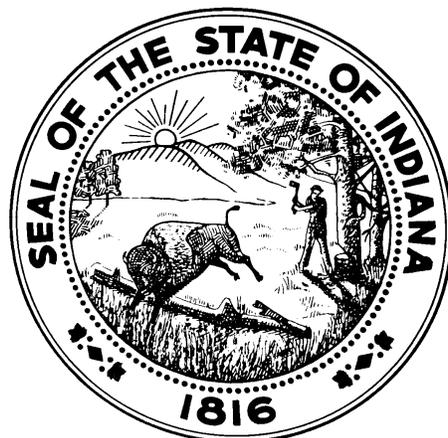


**STATE BOARD OF ACCOUNTS**  
**302 West Washington Street**  
**Room E418**  
**INDIANAPOLIS, INDIANA 46204-2769**

EXAMINATION REPORT  
OF  
HANCOCK COUNTY PUBLIC LIBRARY  
HANCOCK COUNTY, INDIANA  
January 1, 2007 to December 31, 2008



**FILED**  
12/14/2009



TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Officials .....	2
Independent Accountant's Report.....	3
Financial Information:	
Schedules of Receipts, Disbursements, and Cash and Investment Balances .....	4
Notes to Financial Information .....	5-6
Supplementary Information:	
Schedule of Long-Term Debt .....	7
Examination Results and Comments:	
Overdrawn Cash Balances.....	8
Petty Cash Fund .....	8
Capital Asset Records .....	8
Exit Conference.....	9

OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Dianne Osborne	01-01-07 to 12-31-08
Treasurer	Ginny Andis (Interim)	01-01-07 to 01-08-07
	Mike Moore	01-09-07 to 05-29-07
	Vacant	05-30-07 to 06-11-07
	Natalie Flowers	06-12-07 to 08-03-07
	Vacant	08-04-07 to 08-06-07
	Jane Pfaff	08-07-07 to 11-12-07
	Debbi Barnhart	11-13-07 to 12-31-09
President of the Board	Harlan Smith	01-01-07 to 01-08-07
	Mark Copeland	01-09-07 to 12-31-09



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
ROOM E418  
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513  
Fax: (317) 232-4711  
Web Site: [www.in.gov/sboa](http://www.in.gov/sboa)

INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the financial information presented herein of the Hancock County Public Library (Library), for the period of January 1, 2007 to December 31, 2008. 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 years ended December 31, 2007 and 2008, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Schedule of Long-Term Debt, as listed in the Table of Contents, is presented for additional analysis and is not a required part of the basic financial information. It has not been subjected to the examination procedures applied to the basic financial information and, accordingly, we express no opinion on it.

STATE BOARD OF ACCOUNTS

October 26, 2009

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, 2007 And 2008

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
<b>Governmental Funds:</b>				
General	\$ 2,327,549	\$ 3,506,781	\$ 2,782,147	\$ 3,052,183
Credit Card Sales	18,646	24,226	836	42,036
Gift	25,280	1,460	19,921	6,819
Gift Fund - Rest.	487	-	-	487
Gift Fund 4-R. Majors	-	19,202	8,762	10,440
Rainy Day	770,965	174,881	-	945,846
C.A.P.E. Grant 3	20,969	-	16,872	4,097
Bond and Interest Redemption	-	348,955	348,955	-
Library Improvement Reserve	289,855	227,873	264,602	253,126
Capital Projects	185	-	-	185
Construction	1,803	1,018	2,036	785
Contingency	45,596	-	-	45,596
Special CAGIT	337,735	98,781	-	436,516
Capital Campaign	16,087	34,500	56,870	(6,283)
Meeting Room Res.	1,205	510	-	1,715
<b>Fiduciary Funds:</b>				
Payroll Withholdings	5,529	324,418	327,850	2,097
PLAC	589	5,970	4,950	1,609
<b>Totals</b>	<u>\$ 3,862,480</u>	<u>\$ 4,768,575</u>	<u>\$ 3,833,801</u>	<u>\$ 4,797,254</u>
	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
<b>Governmental Funds:</b>				
General	\$ 3,052,183	\$ 3,149,761	\$ 2,944,353	\$ 3,257,591
Credit Card Sales	42,036	29,339	1,551	69,824
Gift	6,819	6,567	2,952	10,434
Gift fund - Rest.	487	6,456	248	6,695
Gift fund 4-R. Majors	10,440	35	10,122	353
Rainy Day	945,846	31,274	-	977,120
Rainy Day Flagstar	-	156,857	-	156,857
C.A.P.E. Grant 3	4,097	-	4,097	-
Bond and Interest Redemption	-	333,564	333,564	-
Library Improvement Reserve	253,126	6,258	-	259,384
Capital Projects	185	-	-	185
Construction	785	46,042	675	46,152
Contingency	45,596	-	45,596	-
Special CAGIT	436,516	14,587	-	451,103
Capital Campaign	(6,283)	6,500	4,323	(4,106)
Meeting Room Res.	1,715	760	550	1,925
Endowment Grant	-	250	-	250
<b>Fiduciary Funds:</b>				
Payroll Withholdings	2,097	346,954	352,815	(3,764)
PLAC	1,609	3,422	4,611	420
<b>Totals</b>	<u>\$ 4,797,254</u>	<u>\$ 4,138,626</u>	<u>\$ 3,705,457</u>	<u>\$ 5,230,423</u>

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

HANCOCK COUNTY PUBLIC LIBRARY  
NOTES TO FINANCIAL INFORMATION

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).

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 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.

HANCOCK COUNTY PUBLIC LIBRARY  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF LONG-TERM DEBT  
 December 31, 2008

The Library has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:		
Bonds payable:		
General obligation bonds:		
Hancock County Public Library Building	\$ 5,000,000	\$ 431,763
Total governmental activities debt	<u>\$ 5,000,000</u>	<u>\$ 431,763</u>

HANCOCK COUNTY PUBLIC LIBRARY  
EXAMINATION RESULTS AND COMMENTS

OVERDRAWN CASH BALANCES

The Capital Campaign Fund was overdrawn in 2007 and 2008. The Payroll Withholdings Fund was overdrawn in 2008.

The cash balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 4)

PETTY CASH FUND

Library personnel determined that \$64 was missing from the Petty Cash Fund in 2007. Since there had been no reconciliations performed on the Petty Cash Fund, Library personnel could not determine when the money went missing or why.

After the shortage was discovered, a new Petty Cash Custodian was appointed. The Petty Cash Fund was closed out by expending all remaining cash and without being reimbursed for the \$64 that was missing.

At all times the amount of cash plus unreimbursed receipts must equal the original amount of the petty cash fund. Thus, if the fund is \$50.00, and \$42.33 has been spent for miscellaneous items, the cash on hand should be \$7.67 and unreimbursed receipts should total \$42.33. (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 3)

If the custodian of the petty cash funds changes, the entire fund must be returned to the library operating fund, or turned over and receipted for by the person designated by the board to have future custody. (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 3)

CAPITAL ASSET RECORDS

The Library currently does not have an updated capital asset inventory listing and a complete inventory of assets has not been taken in years.

Every governmental unit should have a complete inventory of all capital assets owned which reflects their acquisition value. Such inventory should be recorded in the Capital Assets Ledger. A complete inventory should be taken at least every two years for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 4)

HANCOCK COUNTY PUBLIC LIBRARY  
EXIT CONFERENCE

The contents of this report were discussed on October 26, 2009, with Dianne Osborne, Director; and Debbi Barnhart, Treasurer. The officials concurred with our findings.