

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

FINANCIAL STATEMENT EXAMINATION REPORT

OF

CARMEL CLAY PUBLIC LIBRARY

HAMILTON COUNTY, INDIANA

January 1, 2009 to December 31, 2010



FILED
10/19/2011

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Wendy Phillips	07-01-08 to 06-30-12
Treasurer	Thomas Kapostasy	07-01-08 to 06-30-12
President of the Board	William Wiebenga, Ph. D. James Hehner	07-01-08 to 06-30-09 07-01-09 to 06-30-12



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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF CARMEL CLAY PUBLIC LIBRARY, HAMILTON COUNTY, INDIANA

We have examined the financial statements of Carmel Clay Public Library (Library), for the period of January 1, 2009 to December 31, 2010. The Library's management is responsible for the financial statements. 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 statements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

As discussed in Note 1, the Library prepares its financial statements on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The basis noted above is a different basis than that used in the prior year.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the Library for the years ended December 31, 2009 and 2010, on the basis of accounting described in Note 1.

The Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, 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 financial statements. They have not been subjected to the examination procedures applied to the financial statements and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the Library's management, Board of Trustees, and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

September 8, 2011

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FINANCIAL STATEMENTS

The financial statements and accompanying notes were approved by management of the Library. The financial statements and notes are presented as intended by the Library.

CARMEL CLAY PUBLIC LIBRARY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Year Ended December 31, 2009

	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
General	\$ 3,272,241	\$ 5,374,180	\$ 5,493,657	\$ 3,152,764
Petty Cash	200	-	-	200
Cash Fund	1,530	-	-	1,530
State Grant	12,870	15,660	12,870	15,660
Gift	266,744	168,527	99,665	335,606
Rainy Day	833,834	997,457	-	1,831,291
Levy Excess	-	24,825	-	24,825
Bond And Interest Redemption	821,324	1,675,519	1,680,428	816,415
Library Improvement Reserve	753,898	250,000	-	1,003,898
Capital Improvements	1,059,084	958,075	425,521	1,591,638
Payroll	2,627	666,734	666,674	2,687
PLAC Card	3,150	15,871	17,041	1,980
	<u>\$ 7,027,502</u>	<u>\$ 10,146,848</u>	<u>\$ 8,395,856</u>	<u>\$ 8,778,494</u>

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

CARMEL CLAY PUBLIC LIBRARY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Year Ended December 31, 2010

	Cash and Investments 01-01-10	Receipts	Disbursements	Cash and Investments 12-31-10
General	\$ 3,152,764	\$ 5,680,688	\$ 5,343,005	\$ 3,490,447
Petty Cash	200	-	-	200
Cash Fund	1,530	-	-	1,530
State Grant	15,660	13,422	15,660	13,422
Gift	335,606	180,077	98,276	417,407
Rainy Day	1,831,291	941,241	-	2,772,532
Levy Excess	24,825	12,394	24,825	12,394
Bond And Interest Redemption	816,415	1,589,657	1,697,000	709,072
Library Improvement Reserve	1,003,898	250,000	-	1,253,898
Capital Improvements	1,591,638	727,952	1,159,022	1,160,568
Payroll	2,687	675,222	675,222	2,687
PLAC Card	1,980	5,851	5,981	1,850
	<u>\$ 8,778,494</u>	<u>\$ 10,076,504</u>	<u>\$ 9,018,991</u>	<u>\$ 9,836,007</u>

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

CARMEL CLAY PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

The accompanying financial statements present the financial information for the Library (primary government), and does not include financial information for any of the Library's legally separate component units, which accounting principles generally accepted in the United States of America require to be reported with the financial information of the Library (primary government.)

B. Basis of Accounting

The financial statements are reported on a regulatory basis of accounting prescribed by the State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when received and disbursements are recorded when paid.

The regulatory basis of accounting differs from accounting principles generally accepted in the United States of America in that receipts are recognized when received in cash rather than when earned and disbursements are recognized when paid rather than when a liability is incurred.

C. Cash and Investments

Investments are stated at cost. Any changes in fair value of the investments are reported as receipts in the year of the sale of the investment.

D. Receipts

Receipts are presented in the aggregate on the face of the financial statements. The aggregate receipts may include, but are not limited to, the following sources:

Taxes, which can include one or more of the following: property taxes, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, wheel tax, innkeepers tax, food and beverage tax, county economic development income tax, boat and trailer excise tax county adjusted gross income tax, and other taxes that are set by the Library.

Intergovernmental receipts which includes receipts from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of this type of receipts includes, but is not limited to: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distribution received from the state, local road and street distribution received from the state, financial institution tax received from the state, auto excise surtax received from the state, commercial vehicle excise tax received from the state, major moves distributions received from the state, and riverboat receipts received from the county.

CARMEL CLAY PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
(Continued)

Charges for services which can include, but are not limited to the following: planning commission charges, building department charges, copies of public records; copy machine charges; accident report copies, gun permit applications, 911 telephone services; recycling fees, dog pound fees; emergency medical service fees, park rental fees; swimming pool receipts; cable tv receipts; ordinance violations; fines and fees, bond forfeitures, court costs, and court receipts.

Fines and forfeits which includes receipts derived from fines and penalties imposed for the commission of statutory offenses, violation of lawful administrative rules and regulations (fines), and for the neglect of official duty and monies derived from confiscating deposits held as performance guarantees (forfeitures).

Transfers in which includes funds authorized by statute, ordinance, resolution or court order to be transferred in from another fund.

Fiduciary receipts which are comprised mostly of contributions to the pensions funds from state and local sources.

E. Disbursements

Disbursements are presented in the aggregate on the face of the financial statements. The aggregate disbursements may include, but are not limited to, the following uses:

Personal services which includes outflows for salaries, wages and related employee benefits provided for all persons employed. In those units where sick leave, vacation leave, overtime compensation, and other such benefits are appropriated separately, such payments would also be included.

Supplies which includes articles and commodities that are entirely consumed and materially altered when used and/or show rapid depreciation after use for a short period of time. Examples of supplies include office supplies, operating supplies, and repair and maintenance supplies.

Other services and charges which includes, but is not limited to: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance; and rental charges.

Debt service principle and interest which includes fixed obligations resulting from financial transactions previously entered into by the Library. It includes all expenditures for the reduction of the principal and interest of the Library's general obligation indebtedness.

Capital outlay which includes all outflows for land, infrastructure, buildings, improvements, machinery and equipment having an appreciable and calculable period of usefulness.

Transfers out which includes funds authorized by statute, ordinance, resolution or court order to be transferred to another fund.

CARMEL CLAY PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
(Continued)

F. Interfund Transfers

The Library may, from time to time, transfer money from one fund to another. These transfers, if any, are included as a part of the receipts and disbursements of the affected funds and as a part of total receipts and disbursements. The transfers are used for cash flow purposes as provided by various statutory provisions.

G. Fund Accounting

Separate funds are established, maintained, and reported by the Library. Each fund is used to account for money received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds are internally restricted by the Library. The money accounted for in a specific fund may only be available for use for certain, legally restricted purposes. Additionally, some funds are used to account for assets held by the Library in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and therefore the funds cannot be used for any expenditures of the unit itself.

Note 2. Budgets

The operating budget is initially prepared and approved at the local level. The fiscal officer of the Library submits a proposed operating budget to the governing board for the following calendar year. The budget is advertised as required by law. Prior to adopting the budget, the governing board conducts public hearings and obtains taxpayer comments. Prior to November 1, the governing board approves the budget for the next year. The budget for funds for which property taxes are levied or highway use taxes are received is subject to final approval by the Indiana Department of Local Government Finance.

Note 3. Property Taxes

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the Library in June and December; however, situations can arise which would delay the distributions. 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 normally become delinquent if not paid by May 10 and November 10, respectively.

Note 4. Deposits and Investments

Deposits, made in accordance with state statute (IC 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.

CARMEL CLAY PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

Note 5. Risk Management

The Library may be exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents; and natural disasters.

These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third party. The establishment of a self-insurance fund allows the Library to set aside money for claim settlements. The self-insurance fund would be included in the financial statements. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks. These risks may also be mitigated by the Library by recording as a disbursement and replacement items purchased.

Note 6. Pension Plan

A. Public Employees' Retirement Fund

Plan Description

The Indiana Public Employees' Retirement Fund (PERF) is 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.

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SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the Library's Annual Reports can be found on the Indiana Transparency Portal website: www.in.gov/itp/annual_reports/.

Differences may be noted between the financial information presented in the financial statements contained in this report and the financial information presented in the Annual Reports of the Library which are referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the examination. This is a common occurrence in any financial statement examination. The financial information presented in this report is examined information, and the accuracy of such information can be determined by reading the opinion given in the Independent Accountant's Report.

The supplementary information presented was prepared by management of the Library. It is presented as intended by the Library.

CARMEL CLAY PUBLIC LIBRARY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2009

	General	Petty Cash	Cash Fund	State Grant	Gift	Rainy Day	Levy Excess
Cash and investments - beginning	\$ 3,272,241	\$ 200	\$ 1,530	\$ 12,870	\$ 266,744	\$ 833,834	\$ -
Receipts:							
Taxes	2,002,740	-	-	-	-	-	-
Intergovernmental	3,076,036	-	-	15,660	-	360,457	-
Charges for services	14,902	-	-	-	-	-	-
Fines and forfeits	157,498	-	-	-	-	-	-
Other receipts	123,004	-	-	-	168,527	637,000	24,825
Total receipts	<u>5,374,180</u>	<u>-</u>	<u>-</u>	<u>15,660</u>	<u>168,527</u>	<u>997,457</u>	<u>24,825</u>
Disbursements:							
Personal services	3,156,211	-	-	-	-	-	-
Supplies	77,877	-	-	-	-	-	-
Other services and charges	950,277	-	-	12,870	99,665	-	-
Capital outlay	411,107	-	-	-	-	-	-
Other disbursements	898,185	-	-	-	-	-	-
Total disbursements	<u>5,493,657</u>	<u>-</u>	<u>-</u>	<u>12,870</u>	<u>99,665</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(119,477)</u>	<u>-</u>	<u>-</u>	<u>2,790</u>	<u>68,862</u>	<u>997,457</u>	<u>24,825</u>
Cash and investments - ending	<u>\$ 3,152,764</u>	<u>\$ 200</u>	<u>\$ 1,530</u>	<u>\$ 15,660</u>	<u>\$ 335,606</u>	<u>\$ 1,831,291</u>	<u>\$ 24,825</u>

CARMEL CLAY PUBLIC LIBRARY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2009
 (Continued)

	Bond And Interest Redemption	Library Improvement Reserve	Capital Improvements	Payroll	PLAC Card	Totals
Cash and investments - beginning	\$ 821,324	\$ 753,898	\$ 1,059,084	\$ 2,627	\$ 3,150	\$ 7,027,502
Receipts:						
Taxes	1,533,871	-	864,058	-	-	4,400,669
Intergovernmental	141,648	-	79,793	-	-	3,673,594
Charges for services	-	-	-	-	-	14,902
Fines and forfeits	-	-	-	-	-	157,498
Other receipts	-	250,000	14,224	666,734	15,871	1,900,185
Total receipts	<u>1,675,519</u>	<u>250,000</u>	<u>958,075</u>	<u>666,734</u>	<u>15,871</u>	<u>10,146,848</u>
Disbursements:						
Personal services	-	-	-	-	-	3,156,211
Supplies	-	-	-	-	-	77,877
Other services and charges	1,671,000	-	158,791	666,674	17,041	3,576,318
Capital outlay	-	-	262,518	-	-	673,625
Other disbursements	9,428	-	4,212	-	-	911,825
Total disbursements	<u>1,680,428</u>	<u>-</u>	<u>425,521</u>	<u>666,674</u>	<u>17,041</u>	<u>8,395,856</u>
Excess (deficiency) of receipts over disbursements	<u>(4,909)</u>	<u>250,000</u>	<u>532,554</u>	<u>60</u>	<u>(1,170)</u>	<u>1,750,992</u>
Cash and investments - ending	<u>\$ 816,415</u>	<u>\$ 1,003,898</u>	<u>\$ 1,591,638</u>	<u>\$ 2,687</u>	<u>\$ 1,980</u>	<u>\$ 8,778,494</u>

CARMEL CLAY PUBLIC LIBRARY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010

	General	Petty Cash	Cash Fund	State Grant	Gift	Rainy Day	Levy Excess
Cash and investments - beginning	\$ 3,152,764	\$ 200	\$ 1,530	\$ 15,660	\$ 335,606	\$ 1,831,291	\$ 24,825
Receipts:							
Taxes	2,396,996	-	-	-	-	-	12,394
Intergovernmental	3,025,065	-	-	13,422	-	385,242	-
Charges for services	14,326	-	-	-	-	-	-
Fines and forfeits	141,809	-	-	-	-	-	-
Other receipts	102,492	-	-	-	180,077	555,999	-
Total receipts	<u>5,680,688</u>	<u>-</u>	<u>-</u>	<u>13,422</u>	<u>180,077</u>	<u>941,241</u>	<u>12,394</u>
Disbursements:							
Personal services	3,131,009	-	-	-	-	-	-
Supplies	86,273	-	-	-	-	-	-
Other services and charges	630,385	-	-	15,660	98,276	-	-
Capital outlay	689,338	-	-	-	-	-	-
Other disbursements	806,000	-	-	-	-	-	24,825
Total disbursements	<u>5,343,005</u>	<u>-</u>	<u>-</u>	<u>15,660</u>	<u>98,276</u>	<u>-</u>	<u>24,825</u>
Excess (deficiency) of receipts over disbursements	<u>337,683</u>	<u>-</u>	<u>-</u>	<u>(2,238)</u>	<u>81,801</u>	<u>941,241</u>	<u>(12,431)</u>
Cash and investments - ending	<u>\$ 3,490,447</u>	<u>\$ 200</u>	<u>\$ 1,530</u>	<u>\$ 13,422</u>	<u>\$ 417,407</u>	<u>\$ 2,772,532</u>	<u>\$ 12,394</u>

CARMEL CLAY PUBLIC LIBRARY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Bond And Interest Redemption	Library Improvement Reserve	Capital Improvements	Payroll	PLAC Card	Totals
Cash and investments - beginning	\$ 816,415	\$ 1,003,898	\$ 1,591,638	\$ 2,687	\$ 1,980	\$ 8,778,494
Receipts:						
Taxes	1,445,502	-	657,669	-	-	4,512,561
Intergovernmental	144,155	-	65,587	-	-	3,633,471
Charges for services	-	-	-	-	-	14,326
Fines and forfeits	-	-	-	-	-	141,809
Other receipts	-	250,000	4,696	675,222	5,851	1,774,337
Total receipts	<u>1,589,657</u>	<u>250,000</u>	<u>727,952</u>	<u>675,222</u>	<u>5,851</u>	<u>10,076,504</u>
Disbursements:						
Personal services	-	-	-	-	-	3,131,009
Supplies	-	-	-	-	-	86,273
Other services and charges	1,697,000	-	238,202	675,222	5,981	3,360,726
Capital outlay	-	-	920,820	-	-	1,610,158
Other disbursements	-	-	-	-	-	830,825
Total disbursements	<u>1,697,000</u>	<u>-</u>	<u>1,159,022</u>	<u>675,222</u>	<u>5,981</u>	<u>9,018,991</u>
Excess (deficiency) of receipts over disbursements	<u>(107,343)</u>	<u>250,000</u>	<u>(431,070)</u>	<u>-</u>	<u>(130)</u>	<u>1,057,513</u>
Cash and investments - ending	<u>\$ 709,072</u>	<u>\$ 1,253,898</u>	<u>\$ 1,160,568</u>	<u>\$ 2,687</u>	<u>\$ 1,850</u>	<u>\$ 9,836,007</u>

CARMEL CLAY PUBLIC LIBRARY
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 December 31, 2010

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	\$ 863,932
Buildings	15,706,132
Other improvements	1,183,110
Machinery and equipment	<u>9,652,789</u>
Total capital assets, not being depreciated	<u>\$ 27,405,963</u>

CARMEL CLAY PUBLIC LIBRARY
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 Decemeber 31, 2010

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Capital leases:		
Building	<u>\$ 13,470,000</u>	<u>\$ 1,728,000</u>

CARMEL CLAY PUBLIC LIBRARY
EXIT CONFERENCE

The contents of this report were discussed on September 20, 2011, with Wendy Phillips, Director; Jack Stafford, Board member; and Ronald Brockett, Business Manager. Our examination disclosed no material items that warrant comment at this time.