

B40539

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

FINANCIAL STATEMENT EXAMINATION REPORT

OF

HAMILTON NORTH PUBLIC LIBRARY

HAMILTON COUNTY, INDIANA

January 1, 2010 to December 31, 2011



FILED
06/26/2012

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Officials	2
Independent Accountant's Report.....	3
Financial Statements:	
Statements of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis	6-7
Notes to Financial Statements	8-11
Supplementary Information:	
Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis	14-17
Schedule of Leases and Debt	18
Schedule of Capital Assets.....	19
Examination Result and Comment:	
Annual Report and Form 100R.....	20
Exit Conference.....	21

OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Samuel Mitchel	01-01-10 to 12-31-12
Treasurer	Laura Holliday	01-01-10 to 12-31-10
	Peter Freeman	01-01-11 to 04-26-12
	Laura Holliday	04-27-12 to 12-31-12
President of the Board	Emily Holt	01-01-09 to 12-31-12



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INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the financial statements of Hamilton North Public Library (Library), for the period of January 1, 2010 to December 31, 2011. 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, 2010 and 2011, on the basis of accounting described in Note 1.

The Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, Schedule of Leases and Debt, and Schedule of Capital Assets, 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, Governing Board, and others within the entity 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

May 9, 2012

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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.

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

Fund	Cash and Investments 01-01-10	Receipts	Disbursements	Cash and Investments 12-31-10
Operating Fund	\$ 109,449	\$ 474,907	\$ 494,620	\$ 89,736
Petty Cash Fund	25	-	-	25
Cash Change Fund	23	20	-	43
Copier Coin Box Fund	20	-	-	20
State Technology Fund Grant Fund	6,278	8,423	6,278	8,423
Gift Fund	8,101	6,975	14,536	540
Rainy Day Fund	134,180	51,452	1,509	184,123
Levy Excess Fund	-	1,152	-	1,152
Lease Rental Fund	138,888	300,891	287,000	152,779
Capital Projects Fund	8,929	-	8,929	-
Library Improvement Reserve Fund	32,480	15,423	7,539	40,364
Payroll Fund	-	42,780	42,780	-
Plac Card Fund	-	152	151	1
Totals	<u>\$ 438,373</u>	<u>\$ 902,175</u>	<u>\$ 863,342</u>	<u>\$ 477,206</u>

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

HAMILTON NORTH PUBLIC LIBRARY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Year Ended December 31, 2011

Fund	Cash and Investments 01-01-11	Receipts	Disbursements	Cash and Investments 12-31-11
Operating Fund	\$ 89,736	\$ 500,191	\$ 555,245	\$ 34,682
Rainy Day Fund	184,123	149,000	84,162	248,961
Levy Excess Fund	1,152	-	1,152	-
Library Improvement Reserve Fund	40,364	12,440	12,148	40,656
Plac Card Fund	-	100	100	-
Petty Cash Fund	25	-	-	25
Cash Change Fund	44	-	-	44
Copier Coin Box Fund	20	-	-	20
State Technology Fund Grant Fund	8,423	7,576	8,423	7,576
Gift Fund	540	16,547	12,611	4,476
Lease Rental Fund	152,779	345,618	365,001	133,396
Payroll Fund	-	42,591	42,591	-
Totals	<u>\$ 477,206</u>	<u>\$ 1,074,063</u>	<u>\$ 1,081,433</u>	<u>\$ 469,836</u>

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

HAMILTON NORTH 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 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 include receipts from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of this type of receipts include, but are 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.

HAMILTON NORTH 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.

Other receipts which include amounts received from various sources which can include, but are not limited to the following: net proceeds from borrowings; interfund loan activity; transfers authorized by statute, ordinance, resolution or court order; internal service receipts; and fiduciary receipts.

E. Disbursements

Disbursements are presented in the aggregate on the face of the financial statements. The aggregate disbursements may include the following uses:

Personal services include 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 include 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 include, but are not limited to: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

Debt service principal and interest which include 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 include all outflows for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

Other disbursements which include, but are not limited to the following: interfund loan payments, loans made to other funds, internal service disbursements, and transfers out that are authorized by statute, ordinance, resolution, or court order.

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.

HAMILTON NORTH PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
(Continued)

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 percent 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 should be 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 statutes authorize 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.

HAMILTON NORTH PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
(Continued)

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 any replacement items purchased.

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SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the Library's 2010 Annual Report can be found on the Indiana Transparency Portal website: www.in.gov/itp/annual_reports/.

For additional financial information, the Library's 2011 Annual Report information can be found on the Gateway website: <https://gateway.ifionline.org/>.

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 approved by management of the Library. It is presented as intended by the Library.

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

	Operating Fund	Petty Cash Fund	Cash Change Fund	Copier Coin Box Fund	State Technology Fund Grant Fund	Gift Fund	Rainy Day Fund
Cash and investments - beginning	\$ 109,449	\$ 25	\$ 23	\$ 20	\$ 6,278	\$ 8,101	\$ 134,180
Receipts:							
Taxes	159,295	-	-	-	-	-	-
Intergovernmental	289,584	-	-	-	8,423	-	38,958
Charges for services	2,500	-	-	-	-	-	-
Fines and forfeits	13,439	-	-	-	-	-	-
Other receipts	10,089	-	20	-	-	6,975	12,494
Total receipts	<u>474,907</u>	<u>-</u>	<u>20</u>	<u>-</u>	<u>8,423</u>	<u>6,975</u>	<u>51,452</u>
Disbursements:							
Personal services	300,279	-	-	-	-	-	-
Supplies	12,884	-	-	-	-	-	-
Other services and charges	104,220	-	-	-	6,278	-	1,509
Capital outlay	62,222	-	-	-	-	14,536	-
Other disbursements	15,015	-	-	-	-	-	-
Total disbursements	<u>494,620</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,278</u>	<u>14,536</u>	<u>1,509</u>
Excess (deficiency) of receipts over disbursements	<u>(19,713)</u>	<u>-</u>	<u>20</u>	<u>-</u>	<u>2,145</u>	<u>(7,561)</u>	<u>49,943</u>
Cash and investments - ending	<u>\$ 89,736</u>	<u>\$ 25</u>	<u>\$ 43</u>	<u>\$ 20</u>	<u>\$ 8,423</u>	<u>\$ 540</u>	<u>\$ 184,123</u>

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

	Levy Excess Fund	Lease Rental Fund	Capital Projects Fund	Library Improvement Reserve Fund	Payroll Fund	Plac Card Fund	Totals
Cash and investments - beginning	\$ -	\$ 138,888	\$ 8,929	\$ 32,480	\$ -	\$ -	\$ 438,373
Receipts:							
Taxes	1,152	264,452	-	-	-	-	424,899
Intergovernmental	-	36,439	-	-	-	-	373,404
Charges for services	-	-	-	-	-	-	2,500
Fines and forfeits	-	-	-	-	-	-	13,439
Other receipts	-	-	-	15,423	42,780	152	87,933
Total receipts	<u>1,152</u>	<u>300,891</u>	<u>-</u>	<u>15,423</u>	<u>42,780</u>	<u>152</u>	<u>902,175</u>
Disbursements:							
Personal services	-	-	-	-	42,780	-	343,059
Supplies	-	-	-	-	-	-	12,884
Other services and charges	-	274,506	-	7,539	-	-	394,052
Capital outlay	-	-	3,506	-	-	151	80,415
Other disbursements	-	12,494	5,423	-	-	-	32,932
Total disbursements	<u>-</u>	<u>287,000</u>	<u>8,929</u>	<u>7,539</u>	<u>42,780</u>	<u>151</u>	<u>863,342</u>
Excess (deficiency) of receipts over disbursements	<u>1,152</u>	<u>13,891</u>	<u>(8,929)</u>	<u>7,884</u>	<u>-</u>	<u>1</u>	<u>38,833</u>
Cash and investments - ending	<u>\$ 1,152</u>	<u>\$ 152,779</u>	<u>\$ -</u>	<u>\$ 40,364</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 477,206</u>

HAMILTON NORTH PUBLIC LIBRARY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011

	Operating Fund	Rainy Day Fund	Levy Excess Fund	Library Improvement Reserve Fund	Plac Card Fund	Petty Cash Fund	Cash Change Fund
Cash and investments - beginning	\$ 89,736	\$ 184,123	\$ 1,152	\$ 40,364	\$ -	\$ 25	\$ 44
Receipts:							
Taxes	157,103	-	-	-	-	-	-
Intergovernmental	236,939	-	-	-	-	-	-
Charges for services	19,212	-	-	-	100	-	-
Other receipts	86,937	149,000	-	12,440	-	-	-
Total receipts	<u>500,191</u>	<u>149,000</u>	<u>-</u>	<u>12,440</u>	<u>100</u>	<u>-</u>	<u>-</u>
Disbursements:							
Personal services	298,924	-	-	-	-	-	-
Supplies	14,738	-	-	-	-	-	-
Other services and charges	88,413	4,858	-	12,148	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	63,851	3,304	-	-	-	-	-
Other disbursements	89,319	76,000	1,152	-	100	-	-
Total disbursements	<u>555,245</u>	<u>84,162</u>	<u>1,152</u>	<u>12,148</u>	<u>100</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(55,054)</u>	<u>64,838</u>	<u>(1,152)</u>	<u>292</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ 34,682</u>	<u>\$ 248,961</u>	<u>\$ -</u>	<u>\$ 40,656</u>	<u>\$ -</u>	<u>\$ 25</u>	<u>\$ 44</u>

HAMILTON NORTH PUBLIC LIBRARY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011
 (Continued)

	Copier Coin Box Fund	State Technology Fund Grant Fund	Gift Fund	Lease Rental Fund	Payroll Fund	Totals
Cash and investments - beginning	\$ 20	\$ 8,423	\$ 540	\$ 152,779	\$ -	\$ 477,206
Receipts:						
Taxes	-	-	-	243,610	-	400,713
Intergovernmental	-	7,576	6,680	29,008	-	280,203
Charges for services	-	-	-	-	-	19,312
Other receipts	-	-	9,867	73,000	42,591	373,835
Total receipts	-	7,576	16,547	345,618	42,591	1,074,063
Disbursements:						
Personal services	-	-	-	-	-	298,924
Supplies	-	-	-	-	-	14,738
Other services and charges	-	8,423	-	-	-	113,842
Debt service - principal and interest	-	-	-	292,001	-	292,001
Capital outlay	-	-	12,611	-	-	79,766
Other disbursements	-	-	-	73,000	42,591	282,162
Total disbursements	-	8,423	12,611	365,001	42,591	1,081,433
Excess (deficiency) of receipts over disbursements	-	(847)	3,936	(19,383)	-	(7,370)
Cash and investments - ending	\$ 20	\$ 7,576	\$ 4,476	\$ 133,396	\$ -	\$ 469,836

HAMILTON NORTH PUBLIC LIBRARY
 SCHEDULE OF LEASES AND DEBT
 December 31, 2011

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities: Hamilton North Public Library Holding Corporation	To construct a new facility	<u>\$ 292,000</u>	01-15-97	01-15-18

HAMILTON NORTH PUBLIC LIBRARY
 SCHEDULE OF CAPITAL ASSETS
 December 31, 2011

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>Ending Balance</u>
Governmental activities:	
Land	\$ 64,000
Buildings	2,090,894
Improvements other than buildings	328,780
Machinery, equipment and vehicles	<u>1,944,282</u>
Total governmental activities	<u>4,427,956</u>
Total capital assets	<u><u>\$ 4,427,956</u></u>

HAMILTON NORTH PUBLIC LIBRARY
EXAMINATION RESULT AND COMMENT

ANNUAL REPORT AND FORM 100R

An Annual Report for Hamilton North Public Library was not completed until March 7, 2011.

The Form 100R for fiscal year 2011 was not filed until February 27, 2012.

Indiana Code 5-11-1-4 (a) concerning annual reports states in part: ". . . these reports shall be prepared, verified, and filed with the state examiner no later than thirty (30) days after the close of each fiscal year."

Public libraries are required to file electronically an annual financial report with the State Board of Accounts pursuant to IC 5-11-1-4 not later than sixty (60) days after the end of each year. In addition, public libraries are required to file Form 100R, Report of Names, Addresses, Duties and Compensation of Public Employees, in accordance with IC 5-11-13-1 during the month of January.

HAMILTON NORTH PUBLIC LIBRARY
EXIT CONFERENCE

The contents of this report were discussed on May 31, 2012, with Laura Holliday, Treasurer; Amy Wolfe, Bookkeeper; and Samuel Mitchell, Director. The officials concurred with our audit finding.