

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

EXAMINATION REPORT

OF

SHELBYVILLE-SHELBY COUNTY PUBLIC LIBRARY

SHELBY COUNTY, INDIANA

January 1, 2004 to December 31, 2005



FILED
09/28/2006

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Officials	2
Independent Accountant's Report	3
Schedules of Receipts, Disbursements, and Cash and Investment Balances.....	4
Notes to Schedules	5-6
Examination Result and Comment: Capital Asset Records	7
Exit Conference	8

OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Janet Wallace	01-01-04 to 12-31-06
Treasurer	Rick Haymond Bruce DeBaun	01-01-04 to 12-31-05 01-01-06 to 12-31-06
President of the Board	Bruce DeBaun Sylvia Spurling	01-01-04 to 12-31-05 01-01-06 to 12-31-06



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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE SHELBYVILLE-SHELBY COUNTY
PUBLIC LIBRARY, SHELBY COUNTY, INDIANA

We have examined the schedules of receipts, disbursements, and cash and investment balances of the Shelbyville-Shelby 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

August 10, 2006

SHELBYVILLE-SHELBY 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
Governmental Funds:				
General	\$ 440,842	\$ 1,298,550	\$ 881,386	\$ 858,006
Gifts and Bequests	25,824	26,313	19,912	32,225
Shelby County Reads Grant	3,000	3,020	4,558	1,462
Bond and Interest Redemption	45,640	385,542	368,525	62,657
Library Improvement Reserve	468,026	249,895	269,957	447,964
Capital Projects	520	99,880	-	100,400
Fiduciary Funds:				
McFadden Interest	724	105	-	829
Rotary Interest	362	23	-	385
JC DePrez Expendable	142,869	1,564	-	144,433
McFadden Principal	10,000	-	-	10,000
Rotary Principal	3,065	-	-	3,065
JC DePrez Nonexpendable	133,786	-	-	133,786
PLAC	-	702	702	-
Totals	<u>\$ 1,274,658</u>	<u>\$ 2,065,594</u>	<u>\$ 1,545,040</u>	<u>\$ 1,795,212</u>

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
General	\$ 858,006	\$ 1,298,858	\$ 1,250,809	\$ 906,055
Gifts and Bequests	32,225	13,529	10,369	35,385
Shelby County Reads Grant	1,462	7,260	3,526	5,196
Bond and Interest Redemption	62,657	385,512	383,275	64,894
Library Improvement Reserve	447,964	51,792	122,368	377,388
Capital Projects	100,400	319,538	-	419,938
Fiduciary Funds:				
McFadden Interest	829	233	-	1,062
Rotary Interest	385	72	-	457
JC DePrez Expendable	144,433	3,898	-	148,331
McFadden Principal	10,000	-	-	10,000
Rotary Principal	3,065	-	-	3,065
JC DePrez Nonexpendable	133,786	-	-	133,786
PLAC	-	784	784	-
Totals	<u>\$ 1,795,212</u>	<u>\$ 2,081,476</u>	<u>\$ 1,771,131</u>	<u>\$ 2,105,557</u>

The accompanying notes are an integral part of the schedules.

SHELBYVILLE-SHELBY COUNTY PUBLIC LIBRARY
NOTES TO SCHEDULES

Note 1. Introduction

The Library was established under the laws of the State of Indiana. The Library provides the following services: culture and recreation and general administrative 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.

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.

SHELBYVILLE-SHELBY 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

The Library has issued general obligation bonds to provide funds for the acquisition and construction of major capital facilities. The outstanding principal at December 31, 2005, was \$260,000.

SHELBYVILLE-SHELBY COUNTY PUBLIC LIBRARY
EXAMINATION RESULT AND COMMENT

CAPITAL ASSET RECORDS

The Library does not maintain capital asset records. However, at the end of the examination period the Library was in the process of developing a capital asset inventory.

Every governmental unit should have a complete inventory of all capital assets owned which reflect their acquisition value. Such inventory should be recorded in the Capital Assets Ledger form. A complete inventory should be taken 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)

SHELBYVILLE-SHELBY COUNTY PUBLIC LIBRARY
EXIT CONFERENCE

The contents of this report were discussed on August 10, 2006, with Bruce DeBaun, Treasurer; Janet Wallace, Director; and Valerie Stevens, Business Office Director. The officials concurred with our finding.