

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

EXAMINATION REPORT  
OF  
BREMEN PUBLIC LIBRARY  
MARSHALL COUNTY, INDIANA  
January 1, 2004 to December 31, 2005



**FILED**  
10/11/2006



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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Marsha L. Patterson	07-01-03 to 06-30-07
Treasurer	Kay Kline	07-01-03 to 06-30-04
	Fred J. Anderson	07-01-04 to 06-30-06
	Deanna Beall	07-01-06 to 06-30-07
President of the Board	Jill Yeager	07-01-03 to 06-30-04
	Deanna Beall	07-01-04 to 06-30-06
	Paul Davis	07-01-06 to 06-30-07



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE BREMEN PUBLIC LIBRARY, MARSHALL COUNTY, INDIANA

We have examined the schedules of receipts, disbursements, and cash and investment balances of the Bremen 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

September 7, 2006

BREMEN 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	\$ 422,880	\$ 410,387	\$ 593,351	\$ 239,916
Gift	24,306	6,374	1,734	28,946
Rainy Day	16,053	76,705	-	92,758
Grant	595	-	196	399
Bond and Interest Redemption	11,299	225,220	241,120	(4,601)
Library Improvement Reserve	494,498	127,230	82,250	539,478
Fiduciary Funds:				
Payroll Withholdings	26	49,447	49,473	-
PLAC	-	416	416	-
Totals	<u>\$ 969,657</u>	<u>\$ 895,779</u>	<u>\$ 968,540</u>	<u>\$ 896,896</u>

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
General	\$ 239,916	\$ 546,016	\$ 629,401	\$ 156,531
Gift	28,946	6,560	4,249	31,257
Rainy Day	92,758	56,304	-	149,062
Grant	399	-	-	399
Bond and Interest Redemption	(4,601)	195,465	169,025	21,839
Library Improvement Reserve	539,478	61,604	-	601,082
Levy Excess	-	13,457	-	13,457
Fiduciary Funds:				
Payroll Withholdings	-	49,787	49,787	-
PLAC	-	616	616	-
Totals	<u>\$ 896,896</u>	<u>\$ 929,809</u>	<u>\$ 853,078</u>	<u>\$ 973,627</u>

The accompanying notes are an integral part of the schedules.

BREMEN PUBLIC LIBRARY  
NOTES TO SCHEDULES

Note 1. Introduction

The Library was established under the laws of the State of Indiana. The Library provides cultural services 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. 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.

BREMEN 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 entered into a capital lease for a building addition and renovations. The outstanding lease payments at December 31, 2005, totaled \$834,500.

BREMEN PUBLIC LIBRARY  
EXAMINATION RESULTS AND COMMENTS

OVERDRAWN FUND BALANCE

The Bond and Interest Redemption Fund was overdrawn in 2004.

The fund 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)

SUPPORTING DOCUMENTATION

Several payments were observed which were not supported by adequate documentation, such as receipts, invoices, and other public records. Due to the lack of supporting information, the validity and accountability for some money disbursed could not be established.

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for audit to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 4)

CAPITAL ASSET RECORDS

The Library has not recorded all capital asset additions. There are no records of any disposals. The Library does not have a written capitalization policy.

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 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)

BREMEN PUBLIC LIBRARY  
EXIT CONFERENCE

The contents of this report were discussed on September 7, 2006, with Fred J. Anderson, Vice President; and Marsha L. Patterson, Director. The officials concurred with our findings.