

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

EXAMINATION REPORT
OF
LINCOLN HERITAGE PUBLIC LIBRARY
SPENCER COUNTY, INDIANA
January 1, 2005 to December 31, 2006



FILED
10/10/2007

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Karen Moran	01-01-05 to 12-31-07
Treasurer	Janet Blowers Kenneth R. Schaaf	01-01-05 to 01-31-07 02-01-07 to 12-31-07
President of the Board	Victoria Winkler Kenneth Sands	01-01-05 to 12-31-06 01-01-07 to 12-31-07



STATE OF INDIANA
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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE LINCOLN HERITAGE PUBLIC LIBRARY, SPENCER COUNTY, INDIANA

We have examined the financial information presented herein of the Lincoln Heritage Public Library (Library), for the period of January 1, 2005 to December 31, 2006. 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, 2005 and 2006, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

August 15, 2007

LINCOLN HERITAGE 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, 2005 And 2006

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
General	\$ 111,133	\$ 457,186	\$ 477,565	\$ 90,754
Gift	66	10,439	3,706	6,799
Bond and Interest Redemption	162,625	196,216	177,170	181,671
Library Improvement Reserve	190,758	35,645	30	226,373
Library Capital Projects	71,473	93,130	64,559	100,044
Construction	163,817	7,766	5,835	165,748
Fiduciary Fund:				
PLAC	45	-	25	20
Totals	<u>\$ 699,917</u>	<u>\$ 800,382</u>	<u>\$ 728,890</u>	<u>\$ 771,409</u>

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Governmental Funds:				
General	\$ 90,754	\$ 491,456	\$ 493,948	\$ 88,262
Gift	6,799	2,720	4,807	4,712
Bond and Interest Redemption	181,671	90,505	178,407	93,769
Library Improvement Reserve	226,373	37,638	-	264,011
Library Capital Projects	100,044	182,848	150,691	132,201
Construction	165,748	41,197	101,421	105,524
Fiduciary Fund:				
PLAC	20	-	-	20
Totals	<u>\$ 771,409</u>	<u>\$ 846,364</u>	<u>\$ 929,274</u>	<u>\$ 688,499</u>

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

LINCOLN HERITAGE PUBLIC LIBRARY
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

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

LINCOLN HERITAGE 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.

LINCOLN HERITAGE PUBLIC LIBRARY
EXAMINATION RESULTS AND COMMENTS

INVESTMENT MATURITY LIMITATIONS

The governmental unit purchased certain investments which have a stated maturity in excess of two years.

Indiana Code 5-13-9-5.6 states: "Investments made under IC 5-13-9 must have a stated final maturity of not more than two years after the date of purchase or entry into a repurchase agreement."

OFFICIAL BONDS

The official bonds for the Treasurer and the Employee's Blanket Bond were not filed in the Office of the County Recorder.

Indiana Code 5-4-1-5.1(b) states in part: "Every elected or appointed officer, official, deputy, or employee of a political subdivision . . . shall file the bond in the office of the county recorder. . . ."

LIST OF EMPLOYEES NOT FILED WITH COUNTY TREASURER

A list of employees was not certified to the County Treasurer.

Indiana Code 6-1.1-22-14(a) states in part: "On or before June 1 and December 1 of each year . . . the disbursing officer of each political subdivision . . . shall certify the names and addresses of each person who has money due from the political subdivision to the treasurer of each county in which the political subdivision is located."

PRESCRIBED FORMS

The following prescribed or approved form was not always in use: Register of Investments, General Form 350.

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 4)

LINCOLN HERITAGE PUBLIC LIBRARY
EXIT CONFERENCE

The contents of this report were discussed on August 15, 2007, with Kenneth R. Schaaf, Treasurer; Rebecca J. Hunter, Assistant Treasurer; Janet Blowers, former Treasurer; and Karen Moran, Director. The officials concurred with our findings.