

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

EXAMINATION REPORT

OF

NEWPORT-VERMILLION COUNTY PUBLIC LIBRARY

VERMILLION COUNTY, INDIANA

January 1, 2005 to December 31, 2006



**FILED**  
10/26/2007



TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Officials .....	2
Independent Accountant's Report .....	3
Financial Information: Schedules of Receipts, Disbursements, and Cash and Investment Balances .....	4
Notes to Financial Information.....	5-6
Supplementary Information: Schedule of Long-Term Debt.....	7
Examination Results and Comments: Annual Report.....	8
Capital Asset Records .....	8
Condition of Records .....	8
Personal Expenses .....	9
Errors on Claims .....	9
Exit Conference.....	10

OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Carol Jackson	01-01-05 to 12-31-05
	Briget Steinbrenner (Interim)	01-01-06 to 12-31-07
Treasurer	Tamie Dowers	01-01-05 to 04-30-05
	Ramona Trover	05-01-05 to 12-31-05
	Robert Booth	01-01-06 to 12-31-07
President of the Board	Ramona Trover	01-01-05 to 12-31-06
	Donna Prather	01-01-07 to 12-31-07



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE NEWPORT-VERMILLION COUNTY  
PUBLIC LIBRARY, VERMILLION COUNTY, INDIANA

We have examined the financial information presented herein of the Newport-Vermillion County 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.

The Schedule of Long-Term Debt, as listed in the Table of Contents, is presented for additional analysis and is not a required part of the basic financial information. It has not been subjected to the examination procedures applied to the basic financial information, and accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

August 30, 2007

NEWPORT-VERMILLION 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, 2005 And 2006

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
General	\$ 1,854	\$ 273,627	\$ 239,019	\$ 36,462
Gift	50	-	-	50
Gym Improvement	1,591	-	50	1,541
Genealogy	129	-	-	129
Excess Levy	-	363	-	363
Bond and Interest Redemption	127,509	181,721	174,637	134,593
Library Improvement Reserve	21,989	35,000	7,695	49,294
Fiduciary Fund:				
Payroll Withholdings	376	14,236	13,563	1,049
Totals	<u>\$ 153,498</u>	<u>\$ 504,947</u>	<u>\$ 434,964</u>	<u>\$ 223,481</u>

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Governmental Funds:				
General	\$ 36,462	\$ 227,377	\$ 228,567	\$ 35,272
Gift	50	-	-	50
Gym Improvement	1,541	-	-	1,541
Genealogy	129	-	-	129
Excess Levy	363	-	-	363
Bond and Interest Redemption	134,593	121,872	174,460	82,005
Library Improvement Reserve	49,294	-	-	49,294
Fiduciary Fund:				
Payroll Withholdings	1,049	13,138	13,780	407
Totals	<u>\$ 223,481</u>	<u>\$ 362,387</u>	<u>\$ 416,807</u>	<u>\$ 169,061</u>

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

NEWPORT-VERMILLION COUNTY PUBLIC LIBRARY  
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

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

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 (Indiana Code 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 (Indiana Code 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.

NEWPORT-VERMILLION COUNTY 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 (Indiana Code 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. Restatements

For the year ended December 31, 2006, certain changes have been made to the financial statements to more appropriately reflect financial activity of the Library. The following schedule presents a summary of restated beginning balances by opinion unit.

Opinion Unit	Balance as Reported December 31 2004	New Funds	Prior Period Adjustments	Balance as Restated January 1, 2005
General	\$ 1,756	\$ -	\$ 95	\$ 1,854
Gym improvement	2,115	-	(524)	1,591
Genealogy	-	129	-	129
Payroll withholdings	75	-	301	376

NEWPORT-VERMILLION COUNTY PUBLIC LIBRARY  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF LONG-TERM DEBT

For The Year Ended December 31, 2006

Description of Asset	Ending Balance	Due Within One Year
Bonds payable:		
General obligation bonds of 2001:		
Acquisition and construction of capital facilities	<u>\$ 885,000</u>	<u>\$ 140,000</u>

NEWPORT-VERMILLION COUNTY PUBLIC LIBRARY  
EXAMINATION RESULTS AND COMMENTS

ANNUAL REPORT

Annual reports for 2005 and 2006 were not presented for examination.

Indiana Code 5-11-1-4 states in part: "(a) The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality financial reports covering the full period of each fiscal year. . . . (b) The following shall prepare, verify, and file the reports required under subsection (a) not later than sixty (60) days after the end of each year. . . (2) A public library."

CAPITAL ASSET RECORDS

Capital asset records were incomplete and were not kept on the proper Capital Asset Ledger, General Form 369.

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. 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)

CONDITION OF RECORDS

The following deficiencies relating to the recordkeeping were present during our period of examination:

1. Record balances were not reconciled to depository balances during the two year period.

Indiana Code 5-13-6-1(e) states in part: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

2. There were several posting errors. These errors included deposits not receipted, checks and receipts not recorded in the proper amounts, receipts and checks not posted to the proper funds.

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)

NEWPORT-VERMILLION COUNTY PUBLIC LIBRARY  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

PERSONAL EXPENSES

Public funds were used to purchase a Christmas dinner and gift certificates for library employees.

Public funds may not be used to pay for personal items or for expenses which do not relate to the functions and purposes of the governmental unit. Any personal expenses paid by the governmental entity may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 4)

ERRORS ON CLAIMS

Claims or invoices did not have evidence to support receipt of goods or services.

Indiana Code 5-11-10-1.6 states in part:

"(b) As used in this section, 'claim' means a bill or an invoice submitted to a governmental entity for goods or services.

(c) The fiscal officer of a governmental entity may not draw a warrant or check for payment of a claim unless:

- (1) there is a fully itemized invoice or bill for the claim;
- (2) the invoice or bill is approved by the officer or person receiving the goods and services;
- (3) the invoice or bill is filed with the governmental entity's fiscal officer;
- (4) the fiscal officer audits and certifies before payment that the invoice or bill is true and correct; and
- (5) payment of the claim is allowed by the governmental entity's legislative body or the board or official having jurisdiction over allowance of payment of the claim."

NEWPORT-VERMILLION COUNTY PUBLIC LIBRARY  
EXIT CONFERENCE

The contents of this report were discussed on August 30, 2007, with Briget Steinbrenner, Director; and Lisa Pearman, Bookkeeper. The officials concurred with our findings.