

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

EXAMINATION REPORT

OF

ST. JOSEPH COUNTY PUBLIC LIBRARY

ST. JOSEPH COUNTY, INDIANA

January 1, 2006 to December 31, 2007



FILED

04/22/2008

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Donald Napoli	01-01-06 to 12-31-08
Treasurer	Shirleen R. Martens Nancy Korpai	01-01-06 to 08-01-08 08-02-08 to 12-31-08
President of the Board	Dr. Mark Green John P. Wibbens	01-01-06 to 12-31-06 01-01-07 to 12-31-08



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE ST. JOSEPH COUNTY PUBLIC LIBRARY, ST. JOSEPH COUNTY, INDIANA

We have examined the financial information presented herein of the St. Joseph County Public Library (Library), for the period of January 1, 2006 to December 31, 2007. 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, 2006 and 2007, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Schedule of Capital Assets and Schedule of Long-Term Debt, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the basic financial information. They have 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

March 6, 2008

ST. JOSEPH 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, 2006 And 2007

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Governmental Funds:				
General	\$ 7,241,693	\$ 11,974,897	\$ 11,495,115	\$ 7,721,475
Gift	547,340	28,161	7,618	567,883
Rainy Day	834,200	165,800	-	1,000,000
Grant	7,821	15,615	13,610	9,826
Cluster Network Services	918,027	202,429	125,043	995,413
Bond and Interest Redemption	163,261	1,408,571	1,390,944	180,888
Library Improvement Reserve	1,676,016	600,000	545,022	1,730,994
Library Capital Projects	1,296,314	539,418	81,784	1,753,948
Construction 2005	1,625,089	31,170	1,199,405	456,854
Program	12,385	28,145	28,203	12,327
Staff Development	897	1,500	214	2,183
Readmobile	1,345	-	1,345	-
Fiduciary Funds:				
Payroll Withholdings	35,676	5,687,286	5,684,758	38,204
PLAC	1,185	2,194	2,156	1,223
Totals	<u>\$ 14,361,249</u>	<u>\$ 20,685,186</u>	<u>\$ 20,575,217</u>	<u>\$ 14,471,218</u>

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds:				
General	\$ 7,721,475	\$ 12,919,646	\$ 14,539,976	\$ 6,101,145
Gift	567,883	17,975	7,823	578,035
Rainy Day	1,000,000	983,437	983,437	1,000,000
Grant	9,826	11,250	5,021	16,055
Cluster Network Services	995,413	148,462	50,020	1,093,855
Bond and Interest Redemption	180,888	2,223,983	2,315,255	89,616
Library Improvement Reserve	1,730,994	601,000	1,395,743	936,251
Library Capital Projects	1,753,948	1,436,155	1,371,560	1,818,543
Construction 2005	456,854	2,526	449,510	9,870
Construction 2007	-	8,000,000	-	8,000,000
Program	12,327	24,884	29,461	7,750
Staff Development	2,183	-	493	1,690
Fiduciary Funds:				
Payroll Withholdings	38,204	5,599,835	5,636,216	1,823
PLAC	1,223	2,579	2,720	1,082
Totals	<u>\$ 14,471,218</u>	<u>\$ 31,971,732</u>	<u>\$ 26,787,235</u>	<u>\$ 19,655,715</u>

The accompanying notes are an integral part of the schedules.

ST. JOSEPH 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 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 or highway use taxes are received 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.

ST. JOSEPH 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 (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. Subsequent Events

In January 2008, the Library sold general obligation bonds for \$7,330,000 for the construction of a new library in German Township, construction of a new library to replace the existing Roger B. Francis branch and for the renovations and expansions of the following four libraries: LaSalle, River Park, Virginia M. Tutt and Western.

In January 2008, the Library entered into a contract for the renovations and expansions of the LaSalle, River Park, Virginia M. Tutt and Western branch libraries, with a cost of \$3,960,156.

ST. JOSEPH COUNTY PUBLIC LIBRARY
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS

For The Year Ended December 31, 2007

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>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 35,443,165
Buildings	4,740,916
Improvements other than buildings	408,025
Machinery and equipment	7,112,424
Construction in progress	<u>1,151,885</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 48,856,415</u>

ST. JOSEPH COUNTY PUBLIC LIBRARY
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2007

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental Activities:		
Bonds payable:		
General obligation bonds:		
2007 General obligation bond	<u>\$ 8,000,000</u>	<u>\$ 625,389</u>

ST. JOSEPH COUNTY PUBLIC LIBRARY
EXAMINATION RESULT AND COMMENT

ANNUAL REPORT

The annual reports for 2006 and 2007 presented for audit were incomplete and were not always reflective of the activity of the Library. Investment transactions were omitted and transfers were incorrectly posted.

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 4)

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)

ST. JOSEPH COUNTY PUBLIC LIBRARY
EXIT CONFERENCE

The contents of this report were discussed on March 6, 2008, with Donald Napoli, Director; Shirleen R. Martens, Treasurer. The officials concurred with our finding.