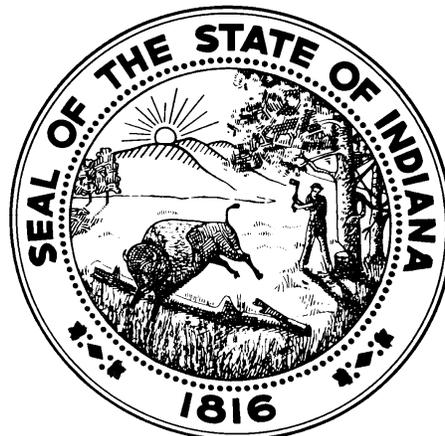


STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

EXAMINATION REPORT
OF
FRANKFORT COMMUNITY PUBLIC LIBRARY
CLINTON COUNTY, INDIANA
January 1, 2006 to December 31, 2007



FILED
12/31/2008

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
Examination Results and Comments: Appropriations.....	7
Overdrawn Fund Balance.....	7
Exit Conference.....	8

OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Claude W. Caddell Michelle Bradley (Interim) Michelle Bradley	01-01-06 to 08-31-07 09-01-07 to 12-31-07 01-01-08 to 12-31-08
Treasurer	Carolyn A. Sharp	01-01-06 to 12-31-08
President of the Board	Stephen Rothenberger	01-01-06 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 FRANKFORT COMMUNITY
PUBLIC LIBRARY, CLINTON COUNTY, INDIANA

We have examined the financial information presented herein of Frankfort Community 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.

STATE BOARD OF ACCOUNTS

December 1, 2008

FRANKFORT COMMUNITY 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	\$ 630,968	\$ 1,671,913	\$ 1,558,160	\$ 744,721
Gift	646,556	102,912	83,142	666,326
Literacy	4,069	18,521	20,676	1,914
Children's Art Enrichment	3,187	6,846	6,364	3,669
Private Foundation Grant	14,502	-	14,502	-
EPA Cleanup	47,621	15,321	24,242	38,700
Staff	195	53	206	42
Rainy Day	31,030	-	-	31,030
Levy Excess	4,027	11,263	15,290	-
Library Improvement Reserve	140,745	84,000	18,670	206,075
Construction	7,877	17,820	24,128	1,569
Fiduciary Funds:				
Payroll Withholdings	-	204,734	204,734	-
PLAC	56	62	118	-
Totals	<u>\$ 1,530,833</u>	<u>\$ 2,133,445</u>	<u>\$ 1,970,232</u>	<u>\$ 1,694,046</u>

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds:				
General	\$ 744,721	\$ 1,175,807	\$ 1,876,472	\$ 44,056
Gift	666,326	122,518	90,681	698,163
Literacy	1,914	20,740	22,031	623
Children's Art Enrichment	3,669	13,320	13,053	3,936
EPA Cleanup	38,700	16,960	23,137	32,523
Staff	42	421	134	329
Rainy Day	31,030	50,000	-	81,030
Levy Excess	-	2,278	-	2,278
Library Improvement Reserve	206,075	84,000	29,059	261,016
Construction	1,569	44,029	3,786	41,812
Fiduciary Funds:				
COBRA	-	2,089	1,567	522
Payroll Withholdings	-	208,449	214,872	(6,423)
PLAC	-	92	91	1
Totals	<u>\$ 1,694,046</u>	<u>\$ 1,740,703</u>	<u>\$ 2,274,883</u>	<u>\$ 1,159,866</u>

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

FRANKFORT COMMUNITY 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, 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.

FRANKFORT COMMUNITY 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 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.

FRANKFORT COMMUNITY PUBLIC LIBRARY
EXAMINATION RESULTS AND COMMENTS

APPROPRIATIONS

The following expenditures were in excess of budgeted appropriations:

<u>Fund</u>	<u>Year</u>	<u>Excess Amount Expended</u>
Library Improvement Reserve	2006	<u>\$ 18,670.75</u>

Indiana Code 6-1.1-18-4 states in part: ". . . the proper officers of a political subdivision shall appropriate funds in such a manner that the expenditures for a year do not exceed its budget for that year as finally determined under this article."

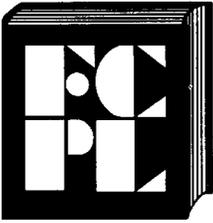
OVERDRAWN FUND BALANCE

The Payroll Fund was overdrawn \$6,423.03 in 2007.

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)

FRANKFORT COMMUNITY PUBLIC LIBRARY
EXIT CONFERENCE

The contents of this report were discussed on December 1, 2008, with Michelle Bradley, Director; and Carolyn A. Sharp, Treasurer. The official response has been made a part of this report and may be found on pages 9 and 10.



FRANKFORT COMMUNITY PUBLIC LIBRARY CLINTON COUNTY CONTRACTUAL PUBLIC LIBRARY

208 W. Clinton Street
Frankfort, Indiana 46041-1899

Phone (765) 654-8746
Fax: (765) 654-8747
E-Mail: fcpl@accs.net

December 8, 2008

State Board of Accounts
Indiana Government Center South, Room E418
302 W. Washington St.
Indianapolis, IN 46204-2765

RE: "Official Response" to Examiner's Comments
To Audit of 2006 and 2007 Financial Recorders
of the Frankfort Community Public Library

My Official Response to the Comments is as follows:

2006 Appropriations – the Library Improvement Reserve Fund was overspent by \$18,670.75. This was an oversight by our former Director and me. It was not intentional.

2007 Overdrawn Payroll Withholding Fund Balances – the State and County Withholdings were overdrawn at the end of 2007. This was a mistake made on December 27, 2007 when I electronically transferred the State and County Withholdings for the December 30, 2007 payroll. I mistakenly entered the wrong figures when transferring the final payroll for the year. I used the fourth quarter total (\$6,423.03) instead of the correct figures from the December 30 payroll. Being the end of the year I could not correct the error until 2008 which has been done. The field examiner has seen the supporting papers.

Thank you for allowing me to respond.

A handwritten signature in black ink that reads "Carolyn Sharp".

Carolyn Sharp
Treasurer
Frankfort Community Public Library

Enclosure

FRANKFORT COMMUNITY PUBLIC LIBRARY, CLINTON COUNTY
EXAMINATION RESULTS AND COMMENTS

APPROPRIATIONS

In 2006, the Library Improvement Reserve Fund was over spent by \$18,670.75.

IC 6-1.1-18-4 states in part: "... the proper officers of a political subdivision shall appropriate funds in such a manner that the expenditures for a year do not exceed its budget for that year as finally determined under this article."

OVERDRAWN FUND BALANCES

The Payroll Fund was overdrawn in 2007 by \$6,423.03.

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)