

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

EXAMINATION REPORT
OF
MUNCIE PUBLIC LIBRARY
DELAWARE COUNTY, INDIANA
January 1, 2006 to December 31, 2007



FILED
12/31/2008

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Virginia Nilles	01-01-06 to 12-31-08
Treasurer	Allan Smith Richard Shirey Beth Kroehler	01-01-06 to 12-17-06 12-18-06 to 06-15-07 06-16-07 to 12-31-08
President of the Board	Sylvia D. Searight Roger Gilcrest Billie Sheppard	07-01-05 to 06-30-06 07-01-06 to 06-30-08 07-01-08 to 06-30-09



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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE MUNCIE PUBLIC LIBRARY, DELAWARE COUNTY, INDIANA

We have examined the financial information presented herein of the Muncie 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 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 it.

STATE BOARD OF ACCOUNTS

December 4, 2008

MUNCIE 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:				
Library Operating	\$ 2,276,104	\$ 4,551,138	\$ 4,501,030	\$ 2,326,212
Levy Excess	205,432	-	191,687	13,745
Gift	12,817	384	384	12,817
Night Owl	296	-	-	296
Title I Snacks	717	-	-	717
Adult Programs	1,219	1,698	2,800	117
Carnegie Café	492	135	68	559
Friends of the Library	(274)	5,920	6,215	(569)
Fun Committee	285	1,107	826	566
Kennedy Remodel	181,576	174,588	56,066	300,098
Title I	2,022	24,477	29,713	(3,214)
C.A.P.E.	15,688	84,295	93,157	6,826
Jewish Literature	-	1,628	786	842
Lincoln Traveling Exhibit Grant	-	1,000	-	1,000
Muncie Technology Initiative	-	3,774	-	3,774
Library Improvement Reserve	238,685	12,135	-	250,820
Capital Projects	227,397	49,842	77,948	199,291
Rainy Day	807,134	557,364	-	1,364,498
Fiduciary Funds:				
Payroll Withholdings	7,908	554,538	541,411	21,035
PLAC	477	2,726	2,583	620
Totals	<u>\$ 3,977,975</u>	<u>\$ 6,026,749</u>	<u>\$ 5,504,674</u>	<u>\$ 4,500,050</u>

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

MUNCIE 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
(Continued)

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds:				
Library Operating	\$ 2,326,212	\$ 4,823,697	\$ 5,025,060	\$ 2,124,849
Levy Excess	13,745	-	13,745	-
Gift	12,817	3,957	3,390	13,384
Night Owl	296	1	297	-
Title I Snacks	717	-	103	614
Adult Programs	117	2,288	891	1,514
Carnegie Café	559	124	83	600
Friends of the Library	(569)	697	128	-
Fun Committee	566	1,553	942	1,177
Big Read Project	-	22,000	30,656	(8,656)
Kennedy Remodel	300,098	371,417	453,783	217,732
American Dream Project	-	1,000	-	1,000
Title I	(3,214)	28,123	18,910	5,999
C.A.P.E.	6,826	42,000	48,826	-
Jewish Literature	842	-	842	-
Lincoln Traveling Exhibit Grant	1,000	-	-	1,000
Muncie Technology Initiative	3,774	-	-	3,774
Library Improvement Reserve	250,820	20,827	256,943	14,704
Capital Projects	199,291	27,418	203,277	23,432
Rainy Day	1,364,498	353,421	1,355,763	362,156
Fiduciary Funds:				
Kennedy Escrow	-	87,400	-	87,400
Payroll Withholdings	21,035	657,293	660,673	17,655
PLAC	620	9,427	30	10,017
Totals	<u>\$ 4,500,050</u>	<u>\$ 6,452,643</u>	<u>\$ 8,074,342</u>	<u>\$ 2,878,351</u>

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

MUNCIE 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.

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.

MUNCIE 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.

MUNCIE PUBLIC LIBRARY
SUPPLEMENTARY INFORMATION
SCHEDULE OF LONG-TERM DEBT
 December 31, 2007

The Library has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental Activities:		
Bonds payable:		
General obligation bonds:		
Library improvements	\$ 3,910,000	\$ 413,083

MUNCIE PUBLIC LIBRARY
EXAMINATION RESULTS AND COMMENTS

CONDITION OF RECORDS - NEGATIVE DISBURSEMENTS

The receipt portion of transactions to transfer money from one fund to another was routinely posted as a "negative" disbursement, rather than a receipt, in the receiving fund.

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)

OVERDRAWN CASH BALANCES

The cash balance of the Title I Fund and the Friends of the Library Fund were overdrawn in 2006 and the cash balance of the Big Read Project Fund was overdrawn in 2007.

The cash balance of any fund may not be reduced below zero. (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 4)

CAPITAL ASSET RECORDS

The Capital Asset Record presented for examination contained balances as of December 31, 2005. Nothing was presented to show that capital asset records had been updated to include purchases and disposals for the years 2006 and 2007.

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 form. 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)

MUNCIE PUBLIC LIBRARY
EXIT CONFERENCE

The contents of this report were discussed on December 4, 2008, with Virginia Nilles, Director. The official concurred with our findings.