

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

EXAMINATION REPORT  
OF  
RUSHVILLE PUBLIC LIBRARY  
RUSH COUNTY, INDIANA  
January 1, 2006 to December 31, 2007



**FILED**  
01/15/2009



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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Sue Otte	01-01-06 to 12-31-08
Treasurer	Wilma Jo Kile	01-01-06 to 12-31-06
	Ashley Stiers	01-01-07 to 12-31-07
	Robert Hadley	01-01-08 to 12-31-08
President of the Board	Marti Mullis	01-01-06 to 12-31-07
	Tim Yazel	01-01-08 to 12-31-08



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE RUSHVILLE PUBLIC LIBRARY, RUSH COUNTY, INDIANA

We have examined the financial information presented herein of the Rushville 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

December 22, 2008

RUSHVILLE 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:				
Operating	\$ 88,570	\$ 306,437	\$ 343,815	\$ 51,192
Gift	32,105	7,471	20,209	19,367
Library Improvement Reserve	12,658	5,000	450	17,208
Pattison Schrichte	49,488	20,125	34,865	34,748
Construction	-	3,000	-	3,000
State Technology Grant	-	3,600	1,800	1,800
Fiduciary Funds:				
Clearing	3,092	1,316	3,364	1,044
PLAC	56	217	242	31
Totals	<u>\$ 185,969</u>	<u>\$ 347,166</u>	<u>\$ 404,745</u>	<u>\$ 128,390</u>

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds:				
Operating	\$ 51,192	\$ 434,622	\$ 444,765	\$ 41,049
Gift	19,367	6,218	12,023	13,562
Library Improvement Reserve	17,208	5,141	15,614	6,735
Pattison Schrichte	34,748	223	20,000	14,971
Construction	3,000	3,025	-	6,025
State Technology Grant	1,800	3,600	3,300	2,100
Fiduciary Funds:				
Clearing	1,044	1,057	915	1,186
PLAC	31	241	242	30
Totals	<u>\$ 128,390</u>	<u>\$ 454,127</u>	<u>\$ 496,859</u>	<u>\$ 85,658</u>

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

RUSHVILLE 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.

RUSHVILLE 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. Line of Credit Loan – Operating Fund

The Rushville Public Library obtained a line of credit loan from a local bank for the purposes of providing operating fund cash until property tax distributions were received. Loan advances totaled \$94,900 for the 2007 calendar year, and all were repaid by year end. Loan advances received from January 1, 2008 through December 18, 2008, totaled \$177,862, and the amount repaid totaled \$136,000 for the same period. The unpaid balance at December 18, 2008, was \$41,862.

RUSHVILLE 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	\$ 10,000
Buildings	184,900
Machinery and equipment	<u>266,864</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 461,764</u>

RUSHVILLE 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 Due Within One Year
Governmental Activities:		
Notes and loans payable		
Energy Group Interest Free Loan	\$ 9,394	\$ 1,212

RUSHVILLE PUBLIC LIBRARY  
EXAMINATION RESULTS AND COMMENTS

OFFICIAL BOND TERM

The Rushville Public Library Treasurer was covered under a blanket bond and a separate individual bond during the examination period. The term of the bonds was from October of 2003 until an ". . . effective date of cancellation or termination . . ." similar to language found in many "continuation riders."

The Library Board shall annually elect a Treasurer. The Treasurer shall give a surety bond for the faithful performance of duty and for the accurate accounting of all money coming into the treasurer's custody. The bond must be for the term of the office of the treasurer. (Accounting and Uniform Compliance Guidelines Manual for Public Libraries, Chapter 1)

MONTHLY BANK ACCOUNT RECONCILIATIONS

Monthly bank reconciliations of the fund balances (book) to the net depository balances (bank) were incorrect.

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."

CASH NECESSARY TO BALANCE

Reported cash and investment fund balances exceeded the reconciled bank account balances by \$596.10 as of December 31, 2007.

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)

RUSHVILLE PUBLIC LIBRARY  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

LOANS BETWEEN LIBRARY FUNDS

Temporary loans of \$20,000 and \$5,000 were made in 2007 from the Pattison Schrichte Gift Fund and the Gift Fund to the Operating Fund and not repaid by December 31, 2007. The loans have not been repaid as of December 22, 2008.

Indiana Code 36-1-8-4 concerning temporary loans, states in part:

"(a) . . . (3) Except as provided in subsection (b), the prescribed period must end during the budget year of the year in which the transfer occurs; (4) The amount transferred must be returned to the other fund at the end of the prescribed period . . ."

"(b) If the fiscal body of a political subdivision determines that an emergency exists that requires an extension of the prescribed period of a transfer under this section, the prescribed period may be extended for not more than six (6) months beyond the budget year of the year in which the transfer occurs if the fiscal body does the following:

- (1) Passes an ordinance or a resolution that contains the following:
  - (A) A statement that the fiscal body has determined that an emergency exists.
  - (B) A brief description of the grounds for the emergency.
  - (C) The date the loan will be repaid that is not more than six (6) months beyond the budget year in which the transfer occurs.
- (2) Immediately forwards the ordinance or resolution to the state board of accounts and department of local government finance."

RUSHVILLE PUBLIC LIBRARY  
EXIT CONFERENCE

The contents of this report were discussed on December 22, 2008, with Robert Hadley, Treasurer; Sue Otte, Director; and Rhonda Albrecht, Bookkeeper. The officials concurred with our findings.