

B35438

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

EXAMINATION REPORT
OF
LEBANON PUBLIC LIBRARY
BOONE COUNTY, INDIANA
January 1, 2007 to December 31, 2008



FILED
12/30/2009

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:	
Official Bond	8
Overdrawn Fund Balance	8
Condition of Records	9
Exit Conference.....	10

OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Kay Martin	01-01-07 to 12-31-09
Treasurer	David Koehler	01-01-07 to 12-31-09
President of the Board	Sharon Wood	01-01-07 to 12-31-09



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 LEBANON PUBLIC LIBRARY, BOONE COUNTY, INDIANA

We have examined the financial information presented herein of the Lebanon Public Library (Library), for the period of January 1, 2007 to December 31, 2008. 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, 2007 and 2008, 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

October 27, 2009

LEBANON 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, 2007 And 2008

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds:				
General	\$ 326,900	\$ 1,313,584	\$ 1,478,449	\$ 162,035
Gift	1,314	23,792	7,233	17,873
Kenworthy Summer Camp	174,527	-	2,839	171,688
Bond and Interest Redemption	418,164	448,597	748,392	118,369
Library Improvement Reserve	138,178	-	-	138,178
Library Capital Projects	76,789	46,273	93,787	29,275
Construction	279,227	-	272,934	6,293
Rainy Day	-	244,072	-	244,072
Levy Excess	374	21,846	-	22,220
Fiduciary Fund:				
Payroll Withholdings	6,327	155,417	150,995	10,749
Totals	<u>\$ 1,421,800</u>	<u>\$ 2,253,581</u>	<u>\$ 2,754,629</u>	<u>\$ 920,752</u>
	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
Governmental Funds:				
General	\$ 162,035	\$ 1,406,624	\$ 1,243,413	\$ 325,246
Gift	17,873	54,531	5,249	67,155
Kenworthy Summer Camp	171,688	18	2,387	169,319
Bond and Interest Redemption	118,369	825,147	717,000	226,516
Library Improvement Reserve	138,178	-	-	138,178
Library Capital Projects	29,275	45,790	77,901	(2,836)
Construction	6,293	-	-	6,293
Rainy Day	244,072	272,116	272,116	244,072
Levy Excess	22,220	-	-	22,220
Fiduciary Fund:				
Payroll Withholdings	10,749	187,716	180,983	17,482
Totals	<u>\$ 920,752</u>	<u>\$ 2,791,942</u>	<u>\$ 2,499,049</u>	<u>\$ 1,213,645</u>

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

LEBANON 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: public safety, health and social 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.

LEBANON 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.

LEBANON PUBLIC LIBRARY
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2008

Lebanon Public Library has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:		
Capital leases:		
Lebanon Library Building Corporation - 1997	\$ 235,000	\$ 174,000
Lebanon Library Leasing Corporation - 2004	<u>6,875,000</u>	<u>553,000</u>
Total governmental activities debt	<u>\$ 7,110,000</u>	<u>\$ 727,000</u>

LEBANON PUBLIC LIBRARY
EXAMINATION RESULTS AND COMMENTS

OFFICIAL BOND

An official bond for the Library Treasurer was not filed annually. The most current official bond on file at the Boone County Recorder's Office was for a term beginning June 1, 2005, for an indefinite period of time. This bond is payable to the Lebanon Public Library, rather than the State of Indiana.

IC 36-12-2-22(g) requires the Treasurer's bond to be deposited in the office of the County Recorder. Other library employee bonds shall also be filed in the office of the County Recorder. (Accounting and Uniform Compliance Guidelines manual for Libraries, Chapter 1)

The library board shall annually elect a treasurer of the public library. (Accounting and Uniform Compliance Guidelines manual for Libraries, Chapter 1)

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:

1. Written by an insurance company licensed to do business in Indiana;
2. For the term of office of the treasurer;
3. In an amount determined by the library board;
4. Paid for with the money from the library fund;
5. Payable to the State of Indiana;
6. Approved by the library board

(Accounting and Uniform Compliance Guidelines manual for Libraries, Chapter 1)

OVERDRAWN FUND BALANCE

The Library Capital Projects Fund was overdrawn at December 31, 2008, by \$2,835.54.

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

LEBANON PUBLIC LIBRARY
EXAMINATION RESULTS AND COMMENTS
(Continued)

CONDITION OF RECORDS

Individual fund balances for the Kenworthy Summer Camp Fund and the Building Gift Fund, as presented on the funds ledger, were not in agreement with the balances as presented on the Library Annual Report (LAR-1). However, the totals of all fund balances, as shown on both the funds ledger and the LAR-1, were in agreement.

From January 1, 2007 to September 30, 2009, the General Fund balance has been understated by \$100,000. An uncleared "Manual Entry," in the amount of \$100,000, was shown on the outstanding checklist at December 31, 2007 and December 31, 2008. This was from an attempt to backdate a 2006 transfer from the General Fund to the Library Improvement Reserve Fund. The General Fund showed the transfer/disbursement being made on January 17, 2007, but a corresponding receipt for the transfer was not posted to the Library Improvement Reserve Fund. Instead, the General Fund disbursement has been shown as a reconciling item (Manual Entry) on the outstanding checklist from January 31, 2007 through September 30, 2009. The beginning balances at January 1, 2007, for the General Fund and the Library Improvement Reserve Fund, reflected that the \$100,000 transfer had taken place in 2006.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records. In addition, controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines for Public Libraries, Chapter 4)

LEBANON PUBLIC LIBRARY
EXIT CONFERENCE

The contents of this report were discussed on October 27, 2009, with Kay Martin, Director; and
Glenna Lenox, Library Bookkeeper.