

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

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



FILED
02/03/2010

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OFFICIALS

| <u>Office</u> | <u>Official</u> | <u>Term</u> |
|------------------------|-------------------|----------------------|
| Director | Sandra Furr | 01-01-07 to 12-31-09 |
| Treasurer | William L. Leburg | 01-01-07 to 12-31-09 |
| President of the Board | William Weist | 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 BENTON COUNTY PUBLIC LIBRARY, BENTON COUNTY, INDIANA

We have examined the financial information presented herein of the Benton County 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.

STATE BOARD OF ACCOUNTS

December 16, 2009

BENTON 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, 2007 And 2008

| | Cash and Investments 01-01-07 | Receipts | Disbursements | Cash and Investments 12-31-07 |
|-------------------------------|-------------------------------------|-------------------|-------------------|-------------------------------------|
| Governmental Funds: | | | | |
| General | \$ 62,677 | \$ 189,758 | \$ 156,626 | \$ 95,809 |
| Gift | 4,955 | 2,990 | 1,062 | 6,883 |
| Library Improvement Reserve | 51,088 | 513 | - | 51,601 |
| Library Capital Projects | 21,256 | 40,533 | 21,090 | 40,699 |
| Ella Grant Lawson Scholarship | 5,544 | 512 | - | 6,056 |
| Levy Excess | 1,261 | - | 1,261 | - |
| Fiduciary Fund: | | | | |
| Payroll Withholdings | - | 28,829 | 28,829 | - |
| Totals | <u>\$ 146,781</u> | <u>\$ 263,135</u> | <u>\$ 208,868</u> | <u>\$ 201,048</u> |

| | Cash and Investments 01-01-08 | Receipts | Disbursements | Cash and Investments 12-31-08 |
|-------------------------------|-------------------------------------|-------------------|-------------------|-------------------------------------|
| Governmental Funds: | | | | |
| General | \$ 95,809 | \$ 140,274 | \$ 160,340 | \$ 75,743 |
| Gift | 6,883 | 1,739 | 6,608 | 2,014 |
| Library Improvement Reserve | 51,601 | 407 | - | 52,008 |
| Library Capital Projects | 40,699 | 27,412 | 8,890 | 59,221 |
| Ella Grant Lawson Scholarship | 6,056 | 93 | 6,149 | - |
| CAGIT | - | 5,587 | - | 5,587 |
| Fiduciary Fund: | | | | |
| Payroll Withholdings | - | 28,202 | 25,352 | 2,850 |
| Totals | <u>\$ 201,048</u> | <u>\$ 203,714</u> | <u>\$ 207,339</u> | <u>\$ 197,423</u> |

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

BENTON 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 recreation.

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. However, due to reassessment, 2007 taxes were due in two installments on July 25 and November 12 and 2008 taxes were due in one installment on November 10.

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.

BENTON 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

The Library paid \$16,600 from the General Fund for repairs to the air conditioning system in August 2009.

The Library paid \$18,336 from the Library Improvement Reserve Fund to replace a portion of the Library's roof in October 2009.

BENTON COUNTY PUBLIC LIBRARY
EXAMINATION RESULTS AND COMMENTS

ANNUAL REPORT

An annual report for 2008 was not filed with the State Board of Accounts. The 2007 and 2008 annual reports did not reflect the transactions of the Payroll Withholdings fund.

IC 5-3-1-4 states, in part:

"(a) The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality financial reports covering the full period of each fiscal year. . . . (b) The following shall prepare, verify, and file the reports required under subsection (a) not later than sixty (60) days after the end of each year . . . (2) A public library."

Public libraries are required to file an annual financial report with the State Board of Accounts pursuant to IC 5-11-1-4 not later than sixty (60) days after the end of each year. (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 1)

BANK ACCOUNT RECONCILIATIONS

Fund balances did not reconcile with the bank balances during the examination period.

IC 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."

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)

BENTON COUNTY PUBLIC LIBRARY
EXAMINATION RESULTS AND COMMENTS
(Continued)

COMPENSATION AND BENEFITS

The Library Board discusses salaries at the beginning of every year; however, a salary ordinance or resolution is not prepared and the board minutes are not clear as to the intended compensation for employees.

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution or salary schedule adopted by the governing body unless otherwise authorized by statute. Compensation should be made in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 4)

CAPITAL ASSET RECORDS

The Library purchased library materials, major equipment, land improvements, and building upgrades during our examination period. These purchases were not reflected on their capital asset records.

Every governmental unit should have a complete inventory of all capital assets owned which reflects their acquisition value. Such inventory should be recorded in the Capital Assets Ledger. A complete inventory should be taken at least 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)

BENTON COUNTY PUBLIC LIBRARY
EXIT CONFERENCE

The contents of this report were discussed on December 16, 2009, with William L. Leburg, Treasurer; and Sandra Furr, Director. The officials concurred with our findings.