

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

EXAMINATION REPORT
OF
SWITZERLAND COUNTY PUBLIC LIBRARY
SWITZERLAND COUNTY, INDIANA
January 1, 2008 to December 31, 2009



FILED
11/18/2010

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
Errors in Annual Reports	7
Exit Conference.....	8

OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Kristi D. Harms Shannon Phipps	01-01-08 to 02-22-09 02-23-09 to 12-31-10
Treasurer	Sundra Penick Whitham	01-01-08 to 12-31-10
President of the Board	Janet Boling	01-01-08 to 12-31-10



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE SWITZERLAND COUNTY PUBLIC LIBRARY,
SWITZERLAND COUNTY, INDIANA

We have examined the financial information presented herein of the Switzerland County Public Library (Library), for the period of January 1, 2008 to December 31, 2009. 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, 2008 and 2009, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

September 9, 2010

SWITZERLAND 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, 2008 And 2009

	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
Governmental Funds:				
General	\$ 33,008	\$ 290,721	\$ 304,367	\$ 19,362
Gift	1,356	-	154	1,202
Rainy Day	8,725	-	-	8,725
Library Memorial	473	-	98	375
Grants	18,815	2,300	1,666	19,449
Distance Learning	25,946	-	-	25,946
Library Improvement Reserve	21,744	-	-	21,744
Library Construction Gift	10,343	-	-	10,343
Fiduciary Fund:				
Payroll Withholdings	2,705	32,867	32,888	2,684
Totals	<u>\$ 123,115</u>	<u>\$ 325,888</u>	<u>\$ 339,173</u>	<u>\$ 109,830</u>

	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
Governmental Funds:				
General	\$ 19,362	\$ 312,945	\$ 248,491	\$ 83,816
Gift	1,202	1,919	973	2,148
Rainy Day	8,725	-	-	8,725
Library Memorial	375	250	318	307
Grants	19,449	398	11,191	8,656
Distance Learning	25,946	8,000	21,526	12,420
Library Improvement Reserve	21,744	-	5,370	16,374
Library Construction Gift	10,343	-	-	10,343
Fiduciary Fund:				
Payroll Withholdings	2,684	34,918	34,539	3,063
Totals	<u>\$ 109,830</u>	<u>\$ 358,430</u>	<u>\$ 322,408</u>	<u>\$ 145,852</u>

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

SWITZERLAND 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 cultural 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.

SWITZERLAND 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.

SWITZERLAND COUNTY PUBLIC LIBRARY
EXAMINATION RESULTS AND COMMENTS

APPROPRIATIONS

In 2008, the expenditures for the General Fund exceeded the approved appropriation by \$19,565.

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."

ERRORS IN THE ANNUAL REPORT

The State Board of Accounts has prescribed the Library Annual Financial report to provide a summary of the Library's financial activity for the year. This report is required to be filed with the State Board of Accounts in order to inform the public of the use of its tax dollars. The Library Annual Financial Report was completed and filed as required; however, the information was inaccurate. A review of the financial report identified the following errors:

1. Beginning balances for the Grants, Library Construction, and Payroll Withholding Funds in the 2008 annual report did not agree with the ending balances for the respective funds from the 2007 annual report.
2. Beginning balances for the General, Grants, Library Construction, and Payroll Withholding Funds in the 2009 annual report did not agree with the ending balances for the respective funds from the 2008 annual report.
3. General Fund receipts of \$58,064 were reported as Grant Fund receipts in the 2008 annual report.
4. Disbursements were not properly reflected in the 2008 annual financial report. Net differences in disbursements were identified for the Payroll Withholding, General, Grants, and Library Memorial Funds in the amounts of \$32,888; \$13,736; \$1,323; and \$98, respectively.
5. Transfers between checking accounts of \$40,000 in 2008 and \$25,000 in 2009 were reported as transfers between funds in the General Fund, overstating receipts and disbursements in the respective years.
6. General fund disbursements were not properly recorded in the amount of \$12,534 in the 2009 annual report.

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines for Libraries, Chapter 4)

SWITZERLAND COUNTY PUBLIC LIBRARY
EXIT CONFERENCE

The contents of this report were discussed on September 9, 2010, with Denise Crawford, Board Member; Diana Johnson, Board Secretary; Shannon Phipps, Director; and Sundra Penick Whitham, Treasurer. The officials concurred with our findings.