

B37938

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

EXAMINATION REPORT
OF
MORRISON-REEVES LIBRARY
WAYNE COUNTY, INDIANA
January 1, 2007 to December 31, 2009



FILED
11/30/2010

TABLE OF CONTENTS

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:	
Capital Assets.....	8
Overdrawn Fund Balances	8
Exit Conference.....	9
Official Response	10

OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Carol B. McKey	01-01-07 to 12-31-10
Treasurer	Kent G. Klinge	01-01-07 to 12-31-10
President of the Board	Linda Ronald	01-01-07 to 12-31-10



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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 MORRISON-REEVES LIBRARY, WAYNE COUNTY, INDIANA

We have examined the financial information presented herein of the Morrison-Reeves Library (Library), for the period of January 1, 2007 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 present fairly, in all material respects, the financial information of the Library for the years ended December 31, 2007, 2008, and 2009, 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

September 16, 2010

MORRISON-REEVES 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, 2008, And 2009

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds:				
General	\$ 188,361	\$ 3,632,362	\$ 3,788,382	\$ 32,341
Gift	284,167	94,778	139,988	238,957
Rainy Day	33,155	-	30,000	3,155
Construction	561	-	45	516
Library Improvement Reserve	292,211	6,176	-	298,387
Capital Projects	56,238	196,284	211,009	41,513
Fiduciary Funds:				
Payroll Withholdings	21,081	1,365,919	1,365,015	21,985
PLAC	9,811	5,199	13,212	1,798
Contractual Services	10,619	113,640	96,991	27,268
Totals	\$ 896,204	\$ 5,414,358	\$ 5,644,642	\$ 665,920
	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
Governmental Funds:				
General	\$ 32,341	\$ 6,498,700	\$ 6,646,707	\$ (115,666)
Gift	238,957	93,237	273,127	59,067
Rainy Day	3,155	-	-	3,155
Construction	516	-	516	-
Library Improvement Reserve	298,387	93,207	127,377	264,217
Capital Projects	41,513	160,354	209,123	(7,256)
Fiduciary Funds:				
Payroll Withholdings	21,985	1,322,482	1,320,442	24,025
PLAC	1,798	2,350	1,382	2,766
Contractual Services	27,268	107,037	116,483	17,822
Totals	\$ 665,920	\$ 8,277,367	\$ 8,695,157	\$ 248,130
	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
Governmental Funds:				
General	\$ (115,666)	\$ 5,043,804	\$ 5,024,869	\$ (96,731)
Gift	59,067	44,245	32,763	70,549
Rainy Day	3,155	-	-	3,155
Library Improvement Reserve	264,217	234,619	322,339	176,497
Capital Projects	(7,256)	256,654	271,569	(22,171)
Fiduciary Funds:				
Payroll Withholdings	24,025	1,195,274	1,189,044	30,255
PLAC	2,766	1,911	420	4,257
Contractual Services	17,822	109,954	96,974	30,802
Totals	\$ 248,130	\$ 6,886,461	\$ 6,937,978	\$ 196,613

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

MORRISON-REEVES LIBRARY
WAYNE COUNTY
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.

MORRISON-REEVES LIBRARY
WAYNE COUNTY
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.

MORRISON-REEVES LIBRARY
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2009

The Library has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:		
Capital leases:		
Energy Savings Equipment	\$ 976,253	\$ 161,565

MORRISON-REEVES LIBRARY
WAYNE COUNTY
EXAMINATION RESULTS AND COMMENTS

CAPITAL ASSET RECORDS

The Library hired Buckland & Associates to do an appraisal of capital assets. The last report provided for examination was dated March 27, 1995. The Director informed us that the records had not been updated since then.

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)

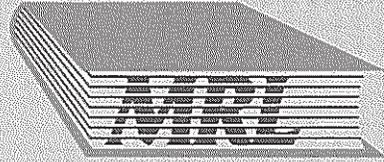
OVERDRAWN FUND BALANCES

The Operating Fund was overdrawn in 2008 and 2009 by \$115,665 and \$96,731 respectively. In addition the Capital Projects Fund was overdrawn in 2009 by \$22,171.

The fund balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 4)

MORRISON-REEVES LIBRARY
WAYNE COUNTY
EXIT CONFERENCE

The contents of this report were discussed on September 16, 2010, with Carol B. McKey, Director, and Barbara Roll, Business Manager. The official response has been made a part of this report and may be found on page 10.



MORRISON-REEVES
LIBRARY

September 27, 2010

OFFICIAL RESPONSE TO MORRISON-REEVES LIBRARY
EXAMINATION RESULTS AND COMMENTS 2007-2009

OVERDRAWN FUND BALANCES:

The final tax settlement for 2008 for Morrisson-Reeves Library *was not* received prior to bank business close on 12/31/08. Those monies were not deposited into the Library's checking account until 1/02/09. In addition, the Library received \$26,858.26 *less* than was projected in total revenues to support the Operating Fund in the final December tax draw.

The final tax settlement for 2009 for Morrisson-Reeves Library's Operating Fund was \$533,757.72 *less* than projected and certified for 2009. The final tax settlement was received on 12/29/09. The Library owed the Indiana Bond Bank on 12/31/09 a total of \$561,817.75 for Operating Fund borrowing that was paid in full but resulted in a negative balance on the Library's books.

The final tax settlement for 2009 for Morrisson-Reeves Library's Capital Projects Fund was \$124,333.03 *less* than projected and certified for 2009. The final tax settlement was received on 12/29/09. The Library owed the Indiana Bond Bank on 12/31/09 a total of \$58,351.66 for Capital Projects Fund borrowing that was paid in full but resulted in a negative balance on the Library's books.

Carol B. McKey
Director/CEO
Morrisson-Reeves Library