

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

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



FILED
01/03/2011

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Marvel B. Zuercher Angela D. Moore	01-01-08 to 10-14-10 10-15-10 to 12-31-11
Treasurer	Naomi E. Lehman	11-01-07 to 10-31-11
President of the Board	Rick A. Gorrell Edward L. Fox	11-01-07 to 10-31-09 11-01-09 to 10-31-11



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE BERNE PUBLIC LIBRARY, ADAMS COUNTY, INDIANA

We have examined the financial information presented herein of the Berne 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.

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

November 22, 2010

BERNE 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:				
Operating	\$ 83,087	\$ 309,438	\$ 337,375	\$ 55,150
Gift	7,765	9,029	13,738	3,056
Rainy Day	86,291	32,706	19,040	99,957
State Technology Grant	4,500	3,600	-	8,100
Lease Rental	54,749	113,430	114,000	54,179
Library Improvement Reserve	64,108	-	1,592	62,516
Fiduciary Funds:				
Payroll Withholdings	-	46,694	46,694	-
PLAC	-	90	90	-
Totals	<u>\$ 300,500</u>	<u>\$ 514,987</u>	<u>\$ 532,529</u>	<u>\$ 282,958</u>
	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
Governmental Funds:				
Operating	\$ 55,150	\$ 307,450	\$ 257,158	\$ 105,442
Gift	3,056	10,448	4,627	8,877
Rainy Day	99,957	-	9,111	90,846
State Technology Grant	8,100	3,600	3,600	8,100
Lease Rental	54,179	116,903	118,000	53,082
Library Improvement Reserve	62,516	16,529	37,136	41,909
Fiduciary Funds:				
Payroll Withholdings	-	31,571	31,571	-
PLAC	-	120	90	30
Totals	<u>\$ 282,958</u>	<u>\$ 486,621</u>	<u>\$ 461,293</u>	<u>\$ 308,286</u>

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

BERNE PUBLIC LIBRARY
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

The Library was established under the laws of the State of Indiana. The Library provides culture and recreation 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.

BERNE PUBLIC 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 lease:		
Library building lease	\$ 425,000	\$ 117,000

BERNE PUBLIC LIBRARY
EXAMINATION RESULTS AND COMMENTS

INVESTMENT MATURITY LIMITATIONS

The Library purchased the following certificates of deposit which have a stated maturity in excess of two years:

<u>Principal Amount</u>	<u>Date Purchased</u>	<u>Maturity Date</u>
\$ 100,000	08-19-07	04-19-12
25,000	03-08-08	11-08-11

A similar comment appeared in prior Report B32924.

Investments made under IC 5-13-9 must have a stated final maturity of not more than two years after the date of purchase or entry into a repurchase agreement. [IC 5-13-9-5.6] (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 9)

ANNUAL REPORT

The Library Annual Report (LAR-1) for 2008 did not include all transactions of the Library Improvement Reserve Fund. Insurance reimbursements of \$7,913 were not reported as receipts and payments of \$7,913 for roof repairs were not reported as disbursements.

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

CAPITAL ASSET RECORDS

Capital asset records presented for examination did not include asset additions and deletions for the examination period.

Every governmental unit should have a complete inventory of all capital assets owned which reflects their acquisition value. Such inventory should be recorded on the applicable Capital Asset 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)

BERNE PUBLIC LIBRARY
EXIT CONFERENCE

The contents of this report were discussed on November 22, 2010, with Angela D. Moore, Director; Marvel B. Zuercher, former Director; and Naomi E. Lehman, Treasurer.