

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

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



FILED
02/09/2011

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Helen Holmstrom	01-01-08 to 10-14-08
	Marilyn A. Robinson (Interim)	10-15-08 to 07-13-09
	Ann Hoehn	07-14-09 to 12-31-10
Treasurer	Richard Hankins	07-01-07 to 06-30-10
	Michael Stevens	07-01-10 to 06-30-11
President of the Board	Nancy Weeks	07-01-07 to 06-30-09
	Margie Yeager	07-01-09 to 06-30-11



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INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the financial information presented herein of the Fayette 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

November 8, 2010

FAYETTE 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, recreation, and education, 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.

FAYETTE 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.

FAYETTE COUNTY PUBLIC LIBRARY
EXAMINATION RESULTS AND COMMENTS

ACCOUNTABLE ITEMS

Records presented for examination indicated that Public Library Access Card (PLAC) numbers 151745 to 151750 were missing. PLAC cards are distributed by the Indiana State Library, and when sold by local libraries have a value of \$50 each beginning in 2010, and \$30 each prior to 2010.

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 Manual for Libraries, Chapter 4)

OVERDRAWN FUND BALANCE

The Payroll Withholding Fund was overdrawn in 2009.

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)

OVERPAYMENTS TO EMPLOYEE CREDIT UNION ACCOUNT

Records presented for examination indicate that payments made to two employees' savings accounts at Indiana Members Credit Union were in excess of their actual payroll withholdings during the year 2009. Payments to the savings account on behalf of Marilyn A. Robinson, Assistant Director, were \$800 in excess of actual withholdings, and payments made to the savings account on behalf of Lena F. Cupp, former Bookkeeper, were \$200 in excess of actual withholdings.

On December 7, 2010, Marilyn A. Robinson, Assistant Director, refunded \$800 to the Library. We have requested that Lena F. Cupp, former Bookkeeper, repay the Library \$200 in overpayments. (See Summary, Page 10)

Governmental units should collect any overpayments made. (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 4)

FAYETTE COUNTY PUBLIC LIBRARY
EXAMINATION RESULTS AND COMMENTS
(Continued)

INVESTMENT MATURITY LIMITATIONS

The Library purchased certain investments which have a stated maturity in excess of two years.

IC 5-13-9-5.6 states: "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."

CAPITAL ASSET RECORDS

The Library's capital asset records are not complete. Assets purchased and posted to the ledger are sometimes posted as a lump sum and not in sufficient detail so that the asset purchased can be easily identified. There are numerous instances of assets posted to the ledger either being unclassified or misclassified. Also, there is no control page maintained summarizing the total of assets in each classification.

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)

FAYETTE COUNTY PUBLIC LIBRARY
EXIT CONFERENCE

The contents of this report were discussed on November 8, 2010, with Michael Stevens, Treasurer; Ann Hoehn, Director; and Christy Collier, Bookkeeper.

FAYETTE COUNTY PUBLIC LIBRARY
SUMMARY

	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
Lena F. Cupp, former Bookkeeper:			
Overpayment to Employee Credit Union Account, page 7	\$ 200	\$	\$
Refund made by Lena F. Cupp, Check No. 3865, dated January 12, 2011		200	-
Marilyn A. Robinson, Assistant Director:			
Overpayment to Employee Credit Union Account, page 7	<u>800</u>	<u>800</u>	<u>-</u>
Totals	<u>\$ 1,000</u>	<u>\$ 1,000</u>	<u>\$ -</u>