

**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, 2009 to December 31, 2010



**FILED**  
10/06/2011



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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Sandra Furr	01-01-09 to 12-31-11
Treasurer	William L. Leburg	01-01-09 to 12-31-11
President of the Board	William Weist	01-01-09 to 12-31-11



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INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the financial statements of the Benton County Public Library (Library), for the period of January 1, 2009 to December 31, 2010. The Library's management is responsible for the financial statements. 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 statements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

As discussed in Note 1, the Library prepares its financial statements on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The basis noted above is a different basis than that used in the prior year.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the Library for the years ended December 31, 2009 and 2010, on the basis of accounting described in Note 1.

The Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statements. They have not been subjected to the examination procedures applied to the financial statements and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the Library's management, Library Board, and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

August 18, 2011

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FINANCIAL STATEMENTS

BENTON COUNTY PUBLIC LIBRARY  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For The Year Ended December 31, 2009

	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
General-Operating	\$ 75,743	\$ 253,710	\$ 176,091	\$ 153,362
Gift	2,014	2,237	506	3,745
Rainy Day/Excess Cagit	5,587	-	-	5,587
Ella Grant Lawson	-	150	100	50
Wind Farm	-	11,560	7,165	4,395
State Technology	-	2,700	-	2,700
Capital Projects	59,221	45,376	5,913	98,684
Lirf	52,008	243	35,336	16,915
Payroll	2,850	20,874	24,151	(427)
Totals	<u>\$ 197,423</u>	<u>\$ 336,850</u>	<u>\$ 249,262</u>	<u>\$ 285,011</u>

The notes to the financial statements are an integral part of the financial information.

BENTON COUNTY PUBLIC LIBRARY  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For The Year Ended December 31, 2010

	Cash and Investments 01-01-10	Receipts	Disbursements	Cash and Investments 12-31-10
General-Operating	\$ 153,362	\$ 242,108	\$ 168,536	\$ 226,934
Gift	3,745	2,222	872	5,095
Rainy Day/Excess Cagit	5,587	103,193	-	108,780
State Technology	2,700	1,741	2,363	2,078
Ella Grant Lawson	50	-	-	50
Levy Excess	-	538	-	538
Wind Farm	4,395	11,760	9,008	7,147
Capital Projects	98,684	-	98,684	-
Lirf	16,915	160	-	17,075
Payroll	(427)	21,695	21,268	-
Totals	<u>\$ 285,011</u>	<u>\$ 383,417</u>	<u>\$ 300,731</u>	<u>\$ 367,697</u>

The notes to the financial statements are an integral part of the financial information.

BENTON COUNTY PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS

**Note 1. Summary of Significant Accounting Policies**

*A. Reporting Entity*

The Library was established under the laws of the State of Indiana. The Library operates under an appointed governing board and provides culture services.

The accompanying financial statements present the financial information for the Library (primary government), and does not include financial information for any of the Library's legally separate component units, which accounting principles generally accepted in the United States of America require to be reported with the financial information of the Library (primary government).

*B. Basis of Accounting*

The financial statements are reported on a regulatory basis of accounting prescribed by the State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when received and disbursements are recorded when paid.

The regulatory basis of accounting differs from accounting principles generally accepted in the United States of America in that receipts are recognized when received in cash, rather than when earned, and disbursements are recognized when paid, rather than when a liability is incurred.

*C. Cash and Investments*

Investments are stated at cost. Any changes in fair value of the investments are reported as receipts in the year of the sale of the investment.

*D. Receipts*

Receipts are presented in the aggregate on the face of the financial statements. The aggregate receipts may include, but are not limited to, the following sources:

Taxes which can include one or more of the following: property taxes, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, wheel tax, innkeepers tax, food and beverage tax, county economic development income tax, boat and trailer excise tax, county adjusted gross income tax, and other taxes that are set by the Library.

Licenses and permits which include amounts received from businesses, occupations, or nonbusinesses that must be licensed before doing business within the government's jurisdiction or permits levied according to the benefits presumably conferred by the permit. Examples of licenses and permits include: peddler licenses, dog tax licenses, auctioneer license, building and planning permits, demolition permits, electrical permits, sign permits, and gun permits.

BENTON COUNTY PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Intergovernmental receipts which include receipts from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of this type of receipts include, but are not limited to: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distribution received from the state, local road and street distribution received from the state, financial institution tax received from the state, auto excise surtax received from the state, commercial vehicle excise tax received from the state, major moves distributions received from the state, and riverboat receipts received from the county.

Charges for services which can include, but are not limited to the following: planning commission charges, building department charges, copies of public records, copy machine charges, accident report copies, gun permit applications, 911 telephone services, recycling fees, dog pound fees, emergency medical service fees, park rental fees, swimming pool receipts, cable tv receipts, ordinance violations, fines and fees, bond forfeitures, court costs, and court receipts.

Fines and forfeits which include receipts derived from fines and penalties imposed for the commission of statutory offenses, violation of lawful administrative rules and regulations (fines), and for the neglect of official duty and monies derived from confiscating deposits held as performance guarantees (forfeitures).

Utility fees which are comprised mostly of charges for current services.

Other receipts which include amounts received from various sources which can include, but are not limited to the following: net proceeds from borrowings; interfund loan activity; transfers authorized by statute, ordinance, resolution or court order; internal service receipts; and fiduciary receipts.

*E. Disbursements*

Disbursements are presented in the aggregate on the face of the financial statements. The aggregate disbursements may include, but are not limited to, the following uses:

Personal services include outflows for salaries, wages, and related employee benefits provided for all persons employed. In those units where sick leave, vacation leave, overtime compensation, and other such benefits are appropriated separately, such payments would also be included.

Supplies which include articles and commodities that are entirely consumed and materially altered when used and/or show rapid depreciation after use for a short period of time. Examples of supplies include office supplies, operating supplies, and repair and maintenance supplies.

Other services and charges which include, but are not limited to: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

Debt service principal and interest which include fixed obligations resulting from financial transactions previously entered into by the Library. It includes all expenditures for the reduction of the principal and interest of the Library's general obligation indebtedness.

BENTON COUNTY PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Capital outlay which include all outflows for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

Utility operating expenses which include all outflows for operating the utilities.

Other disbursements which include, but are not limited to the following: interfund loan payments, loans made to other funds, internal service disbursements, and transfers out that are authorized by statute, ordinance, resolution, or court order.

*F. Interfund Transfers*

The Library may, from time to time, transfer money from one fund to another. These transfers, if any, are included as a part of the receipts and disbursements of the affected funds and as a part of total receipts and disbursements. The transfers are used for cash flow purposes as provided by various statutory provisions.

*G. Fund Accounting*

Separate funds are established, maintained, and reported by the Library. Each fund is used to account for money received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds are internally restricted by the Library. The money accounted for in a specific fund may only be available for use for certain, legally restricted purposes. Additionally, some funds are used to account for assets held by the Library in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and therefore the funds cannot be used for any expenditures of the unit itself.

**Note 2. Budgets**

The operating budget is initially prepared and approved at the local level. The fiscal officer of the Library submits a proposed operating budget to the governing board for the following calendar year. The budget is advertised as required by law. Prior to adopting the budget, the governing board conducts public hearings and obtains taxpayer comments. Prior to November 1, the governing board approves the budget for the next year. The budget for funds for which property taxes are levied or highway use taxes are received is subject to final approval by the Indiana Department of Local Government Finance.

**Note 3. Property Taxes**

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the Library in June and December; however, situations can arise which would delay the distributions. 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 percent 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 normally become delinquent if not paid by May 10 and November 10, respectively.

BENTON COUNTY PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

**Note 4. Deposits and Investments**

Deposits, made in accordance with state statute (IC 5-13), with financial institutions in the State of Indiana at year end should be 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 statutes authorize 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.

**Note 5. Risk Management**

The Library may be exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents; and natural disasters.

These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third party. The establishment of a self-insurance fund allows the Library to set aside money for claim settlements. The self-insurance fund would be included in the financial statements. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks. These risks may also be mitigated by the Library by recording as a disbursement and replacement items purchased.

**Note 6. Pension Plan**

*Public Employees' Retirement Fund*

*Plan Description*

The Indiana Public Employees' Retirement Fund (PERF) is 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 percent 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:

BENTON COUNTY PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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.

SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the Library's Annual Reports can be found on the Indiana Transparency Portal website: [www.in.gov/itp/annual\\_reports/](http://www.in.gov/itp/annual_reports/).

BENTON COUNTY PUBLIC LIBRARY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2009

	<u>General-Operating</u>	<u>Gift</u>	<u>Rainy Day/Excess Cagit</u>	<u>Ella Grant Lawson</u>	<u>Wind Farm</u>
Cash and investments - beginning	\$ 75,743	\$ 2,014	\$ 5,587	\$ -	\$ -
Receipts:					
Taxes	177,123	-	-	-	-
Intergovernmental	57,414	-	-	-	11,560
Fines and forfeits	1,524	-	-	-	-
Other receipts	17,649	2,237	-	150	-
Total receipts	<u>253,710</u>	<u>2,237</u>	<u>-</u>	<u>150</u>	<u>11,560</u>
Disbursements:					
Personal services	89,257	-	-	-	-
Supplies	4,444	-	-	-	-
Other services and charges	56,468	-	-	-	-
Capital outlay	25,922	-	-	-	-
Other disbursements	-	506	-	100	7,165
Total disbursements	<u>176,091</u>	<u>506</u>	<u>-</u>	<u>100</u>	<u>7,165</u>
Excess (deficiency) of receipts over disbursements	<u>77,619</u>	<u>1,731</u>	<u>-</u>	<u>50</u>	<u>4,395</u>
Cash and investments - ending	<u>\$ 153,362</u>	<u>\$ 3,745</u>	<u>\$ 5,587</u>	<u>\$ 50</u>	<u>\$ 4,395</u>

BENTON COUNTY PUBLIC LIBRARY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2009  
 (Continued)

	State Technology	Capital Projects	Lirf	Payroll	Totals
Cash and investments - beginning	\$ -	\$ 59,221	\$ 52,008	\$ 2,850	\$ 197,423
Receipts:					
Taxes	-	41,313	-	-	218,436
Intergovernmental	2,700	4,063	-	-	75,737
Fines and forfeits	-	-	-	-	1,524
Other receipts	-	-	243	20,874	41,153
Total receipts	<u>2,700</u>	<u>45,376</u>	<u>243</u>	<u>20,874</u>	<u>336,850</u>
Disbursements:					
Personal services	-	-	-	-	89,257
Supplies	-	-	-	-	4,444
Other services and charges	-	-	-	-	56,468
Capital outlay	-	5,913	18,336	-	50,171
Other disbursements	-	-	17,000	24,151	48,922
Total disbursements	<u>-</u>	<u>5,913</u>	<u>35,336</u>	<u>24,151</u>	<u>249,262</u>
Excess (deficiency) of receipts over disbursements	<u>2,700</u>	<u>39,463</u>	<u>(35,093)</u>	<u>(3,277)</u>	<u>87,588</u>
Cash and investments - ending	<u>\$ 2,700</u>	<u>\$ 98,684</u>	<u>\$ 16,915</u>	<u>\$ (427)</u>	<u>\$ 285,011</u>

BENTON COUNTY PUBLIC LIBRARY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2010

	General-Operating	Gift	Rainy Day/Excess Cagit	State Technology	Ella Grant Lawson	Levy Excess
Cash and investments - beginning	\$ 153,362	\$ 3,745	\$ 5,587	\$ 2,700	\$ 50	\$ -
Receipts:						
Taxes	184,536	-	-	-	-	-
Intergovernmental	55,579	-	6,393	1,741	-	-
Fines and forfeits	1,450	-	-	-	-	-
Other receipts	543	2,222	96,800	-	-	538
Total receipts	<u>242,108</u>	<u>2,222</u>	<u>103,193</u>	<u>1,741</u>	<u>-</u>	<u>538</u>
Disbursements:						
Personal services	92,079	-	-	-	-	-
Supplies	5,406	-	-	-	-	-
Other services and charges	33,068	-	-	-	-	-
Capital outlay	37,495	-	-	-	-	-
Other disbursements	488	872	-	2,363	-	-
Total disbursements	<u>168,536</u>	<u>872</u>	<u>-</u>	<u>2,363</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>73,572</u>	<u>1,350</u>	<u>103,193</u>	<u>(622)</u>	<u>-</u>	<u>538</u>
Cash and investments - ending	<u>\$ 226,934</u>	<u>\$ 5,095</u>	<u>\$ 108,780</u>	<u>\$ 2,078</u>	<u>\$ 50</u>	<u>\$ 538</u>

BENTON COUNTY PUBLIC LIBRARY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2010  
 (Continued)

	Wind Farm	Capital Projects	Lif	Payroll	Totals
Cash and investments - beginning	\$ 4,395	\$ 98,684	\$ 16,915	\$ (427)	\$ 285,011
Receipts:					
Taxes	-	-	-	-	184,536
Intergovernmental	11,760	-	-	-	75,473
Fines and forfeits	-	-	-	-	1,450
Other receipts	-	-	160	21,695	121,958
Total receipts	<u>11,760</u>	<u>-</u>	<u>160</u>	<u>21,695</u>	<u>383,417</u>
Disbursements:					
Personal services	-	-	-	-	92,079
Supplies	-	-	-	-	5,406
Other services and charges	-	-	-	-	33,068
Capital outlay	-	1,885	-	-	39,380
Other disbursements	9,008	96,799	-	21,268	130,798
Total disbursements	<u>9,008</u>	<u>98,684</u>	<u>-</u>	<u>21,268</u>	<u>300,731</u>
Excess (deficiency) of receipts over disbursements	<u>2,752</u>	<u>(98,684)</u>	<u>160</u>	<u>427</u>	<u>82,686</u>
Cash and investments - ending	<u>\$ 7,147</u>	<u>\$ -</u>	<u>\$ 17,075</u>	<u>\$ -</u>	<u>\$ 367,697</u>

BENTON COUNTY PUBLIC LIBRARY  
EXAMINATION RESULT AND COMMENT

***PENALTIES, INTEREST, AND OTHER CHARGES***

Penalties totaling \$60 were paid to the Indiana Department of Revenue on November 1, 2010, for the liability period ending December 31, 2009.

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Failure to pay claims or remit taxes in a timely manner could be an indicator of serious financial problems which should be investigated by the governmental unit.

Additionally, officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the governmental unit.

Any penalties, interest or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee.

(Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 4)

BENTON COUNTY PUBLIC LIBRARY  
EXIT CONFERENCE

The contents of this report were discussed on August 18, 2011, with Sandra Furr, Director, and William L. Leburg, Treasurer. The officials concurred with our finding.