

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

FINANCIAL STATEMENT EXAMINATION REPORT

OF

JASPER PUBLIC LIBRARY

DUBOIS COUNTY, INDIANA

January 1, 2010 to December 31, 2011



FILED
08/10/2012

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Officials	2
Independent Accountant's Report.....	3
Financial Statements:	
Statements of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis	6-7
Notes to Financial Statements	8-12
Supplementary Information:	
Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis	14-15
Schedule of Capital Assets.....	16
Examination Results and Comments:	
Annual Report.....	17
Board Minutes.....	17
List of Employees Not Filed with County Treasurer	17
Compensation and Benefits	18
Record of Hours Worked	18
Exit Conference.....	19

OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Rita C. Douthitt	01-01-10 to 12-31-12
Treasurer	Deborah J. Stemle	01-01-10 to 12-31-12
Bookkeeper	Rita Lovell James Sheetz	01-01-10 to 03-01-12 03-01-12 to 12-31-12
President of the Board	Mary Ellen Backer William G. Hewitt	01-01-10 to 12-31-10 01-01-11 to 12-31-12



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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE JASPER PUBLIC LIBRARY, DUBOIS COUNTY, INDIANA

We have examined the financial statements of the Jasper Public Library (Library), for the period of January 1, 2010 to December 31, 2011. 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, 2010 and 2011, on the basis of accounting described in Note 1.

The Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis and Schedule of Capital Assets, 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 others within the entity 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

June 25, 2012

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FINANCIAL STATEMENTS

The financial statements and accompanying notes were approved by management of the Library. The financial statements and notes are presented as intended by the Library.

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

Fund	Cash and Investments 01-01-10	Receipts	Disbursements	Cash and Investments 12-31-10
Operating Fund	\$ 224,531	\$ 1,026,914	\$ 921,489	\$ 329,956
State Tech Grant	3,600	8,591	3,875	8,316
Gift Fund	10,148	2,702	2,532	10,318
Rainy Day Fund	350,704	23,684	-	374,388
Levy Excess	5,404	1,637	5,404	1,637
Library Improvement Reserve	983,863	57,000	198,256	842,607
Plac Card	30	-	30	-
Payroll & Withholdings	4,728	405,574	403,903	6,399
Totals	<u>\$ 1,583,008</u>	<u>\$ 1,526,102</u>	<u>\$ 1,535,489</u>	<u>\$ 1,573,621</u>

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

JASPER PUBLIC LIBRARY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Year Ended December 31, 2011

Fund	Cash and Investments 01-01-11	Receipts	Disbursements	Cash and Investments 12-31-11
Operating Fund	\$ 329,956	\$ 940,080	\$ 911,266	\$ 358,770
LSTA Public Aware Grant	-	4,411	4,411	-
Rainy Day Fund	374,388	1,780	-	376,168
Levy Excess	1,637	-	1,637	-
Library Improvement Reserve	842,607	-	221,382	621,225
State Tech Grant	8,316	9,439	8,316	9,439
Gift Fund	10,318	4,093	3,495	10,916
Payroll & Withholdings	6,399	112,089	115,673	2,815
Totals	<u>\$ 1,573,621</u>	<u>\$ 1,071,892</u>	<u>\$ 1,266,180</u>	<u>\$ 1,379,333</u>

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

JASPER 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.

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 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.

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

JASPER PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

Penalties which include fees received for late payments.

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 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.

JASPER 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 are 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.

JASPER 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 any replacement items purchased.

Note 6. *Pension Plans*

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 Indiana Public Retirement System (INPRS) 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.

INPRS 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:

Indiana Public Retirement System
1 North Capital Street, Suite 001
Indianapolis, IN 46204
Ph. (888) 526-1687

JASPER PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
(Continued)

Funding Policy and Annual Pension Cost

The contribution requirements of the plan members for PERF are established by the Board of Trustees of INPRS.

SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the Library's 2010 Annual Report can be found on the Indiana Transparency Portal website: www.in.gov/itp/annual_reports/.

For additional financial information, the Library's 2011 Annual Report information can be found on the Gateway website: <https://gateway.ifionline.org/>.

Differences may be noted between the financial information presented in the financial statements contained in this report and the financial information presented in the Annual Reports of the Library which are referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the examination. This is a common occurrence in any financial statement examination. The financial information presented in this report is examined information, and the accuracy of such information can be determined by reading the opinion given in the Independent Accountant's Report.

The supplementary information presented was approved by management of the Library. It is presented as intended by the Library.

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

	Operating Fund	State Tech Grant	Gift Fund	Rainy Day Fund	Levy Excess	Library Improvement Reserve	Plac Card	Payroll & Withholdings	Totals
Cash and investments - beginning	\$ 224,531	\$ 3,600	\$ 10,148	\$ 350,704	\$ 5,404	\$ 983,863	\$ 30	\$ 4,728	\$ 1,583,008
Receipts:									
Taxes	573,713	-	-	-	1,637	-	-	-	575,350
Intergovernmental	239,937	8,591	-	19,919	-	-	-	-	268,447
Charges for services	105,519	-	-	-	-	-	-	-	105,519
Fines and forfeits	32,954	-	-	-	-	-	-	-	32,954
Other receipts	74,791	-	2,702	3,765	-	57,000	-	405,574	543,832
Total receipts	1,026,914	8,591	2,702	23,684	1,637	57,000	-	405,574	1,526,102
Disbursements:									
Personal services	460,846	-	-	-	-	-	-	-	460,846
Supplies	24,139	-	-	-	-	-	-	-	24,139
Other services and charges	107,419	3,875	-	-	-	56,404	-	-	167,698
Capital outlay	272,085	-	-	-	-	84,852	-	-	356,937
Other disbursements	57,000	-	2,532	-	5,404	57,000	30	403,903	525,869
Total disbursements	921,489	3,875	2,532	-	5,404	198,256	30	403,903	1,535,489
Excess (deficiency) of receipts over disbursements	105,425	4,716	170	23,684	(3,767)	(141,256)	(30)	1,671	(9,387)
Cash and investments - ending	\$ 329,956	\$ 8,316	\$ 10,318	\$ 374,388	\$ 1,637	\$ 842,607	\$ -	\$ 6,399	\$ 1,573,621

JASPER PUBLIC LIBRARY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011

	Operating Fund	LSTA Public Aware Grant	Rainy Day Fund	Levy Excess	Library Improvement Reserve	State Tech Grant	Gift Fund	Payroll & Withholdings	Totals
Cash and investments - beginning	\$ 329,956	\$ -	\$ 374,388	\$ 1,637	\$ 842,607	\$ 8,316	\$ 10,318	\$ 6,399	\$ 1,573,621
Receipts:									
Taxes	582,432	-	-	-	-	-	-	-	582,432
Intergovernmental	199,458	4,411	-	-	-	9,439	-	-	213,308
Charges for services	104,806	-	-	-	-	-	-	-	104,806
Fines and forfeits	30,310	-	-	-	-	-	-	-	30,310
Other receipts	23,074	-	1,780	-	-	-	4,093	112,089	141,036
Total receipts	940,080	4,411	1,780	-	-	9,439	4,093	112,089	1,071,892
Disbursements:									
Personal services	491,182	-	-	-	-	-	-	-	491,182
Supplies	18,972	116	-	-	-	-	-	-	19,088
Other services and charges	126,621	115	-	-	153,693	8,316	-	-	288,745
Capital outlay	274,491	4,180	-	-	67,689	-	-	-	346,360
Other disbursements	-	-	-	1,637	-	-	3,495	115,673	120,805
Total disbursements	911,266	4,411	-	1,637	221,382	8,316	3,495	115,673	1,266,180
Excess (deficiency) of receipts over disbursements	28,814	-	1,780	(1,637)	(221,382)	1,123	598	(3,584)	(194,288)
Cash and investments - ending	\$ 358,770	\$ -	\$ 376,168	\$ -	\$ 621,225	\$ 9,439	\$ 10,916	\$ 2,815	\$ 1,379,333

JASPER PUBLIC LIBRARY
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 December 31, 2011

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

The Jasper Public Library is a small unit with revenue falling within the Phase III category; therefore, the Library has been reporting infrastructure as of January 1, 2004 and thereafter. However, there has been no change to date in infrastructure since January 1, 2004.

General infrastructure assets are included if acquired (purchased, constructed, or donated) after January 1, 2004, or if they received major renovations, restorations, or improvements after that date. The government was able to estimate the historical cost for the initial reporting of these assets through backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). As the government constructs or acquires additional capital assets each period, including infrastructure assets, they are reported at historical cost.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Buildings	\$ 778,929
Improvements other than buildings	2,002
Machinery and equipment	418,564
Library Materials (Books, etc.)	<u>2,413,402</u>
 Total governmental activities, capital assets not being depreciated	 <u>\$ 3,612,897</u>

JASPER PUBLIC LIBRARY
EXAMINATION RESULTS AND COMMENTS

ANNUAL REPORT

The Annual Reports for 2010 and 2011 were presented for audit. However, the 2011 Annual Report was not submitted timely to the State Board of Accounts through the Gateway software.

The Bookkeeper for the Library resigned March 1, 2012, and the new Bookkeeper began employment February 27, 2012. During the changeover of the Bookkeepers, the filing of the Annual Report was not completed timely.

Indiana Code 5-11-1-4(a) states in part:

"The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year."

BOARD MINUTES

Board minutes were not always clear on actions taken (i.e., contract, temporary loan, transfers, etc., approved but did not always include the amount approved).

Indiana Code 5-14-1.5-4 states in part:

"(b) As the meeting progresses, the following memoranda shall be kept:

- (1) The date, time, and place of the meeting.
- (2) The members of the governing body recorded as either present or absent.
- (3) The general substance of all matters proposed, discussed, or decided.
- (4) A record of all votes taken, by individual members if there is a roll call.
- (5) Any additional information required under IC 5-1.5-2-2.5."

LIST OF EMPLOYEES NOT FILED WITH COUNTY TREASURER

A list of employees was not certified to the County Treasurer for the audit year 2010. The list was submitted once for the audit year of 2011 by the Library.

Indiana Code 6-1.1-22-14(a) states in part:

"On or before June 1 and December 1 of each year . . . the disbursing officer of each political subdivision . . . shall certify the names and addresses of each person who has money due from the political subdivision to the treasurer of each county in which the political subdivision is located."

JASPER PUBLIC LIBRARY
EXAMINATION RESULTS AND COMMENTS
(Continued)

COMPENSATION AND BENEFITS

Salaries and wages paid were not always approved by the Library Board. The salary resolution passed by the Library Board did not include all job classifications. Employees' hourly rates were approved by the Library Director.

Indiana Code 36-12-2-24(b) provides that:

"The library board shall employ and discharge librarians and other persons that are necessary in the administration of the affairs of the library. The board shall:

1. fix and pay their compensation;
2. classify them and adopt schedules of salaries; and
3. determine their number and prescribe their duties; all with the advice and recommendations of the library director."

A similar comment appeared in the prior examination report.

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, and resolution or salary schedule adopted by the governing body unless otherwise authorized by statute. Compensation should be made in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 4)

RECORDS OF HOURS WORKED

The Director, Technology Manager and the Bookkeeper work for both the Jasper Public Library and the Dubois County Contractual Library. The Director and the Bookkeeper are paid strictly from the Jasper Public Library but the Technology Manager is paid by both libraries.

The Computer Tech is paid for "remote time" (work performed offsite) with no documentation of the hours worked offsite or what tasks were performed offsite. Documentation of "remote" hours and a brief description of tasks performed should be prepared and attached to the time sheet.

The employees are required to record the hours that are worked for each subdivision.

Indiana Code 5-11-9-4 requires that records be maintained showing which hours are worked each day for employees employed by more than one political subdivision or in more than one position by the same public agency.

JASPER PUBLIC LIBRARY
EXIT CONFERENCE

The contents of this report were discussed on June 25, 2012, with Deborah J. Stemle, Treasurer; William G. Hewitt, President of the Board; and Rita C. Douthitt, Director.