

B27796

**STATE BOARD OF ACCOUNTS**  
**302 West Washington Street**  
**Room E418**  
**INDIANAPOLIS, INDIANA 46204-2765**

EXAMINATION REPORT

OF

CLAYTON-LIBERTY TOWNSHIP PUBLIC LIBRARY

HENDRICKS COUNTY, INDIANA

January 1, 2004 to December 31, 2005



**FILED**  
08/30/2006



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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Jonnie Wallis	01-01-04 to 12-31-06
Treasurer	Gary Simpson	01-01-04 to 12-31-06
President of the Board	John McNabb	01-01-04 to 12-31-06



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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE CLAYTON-LIBERTY TOWNSHIP  
PUBLIC LIBRARY, HENDRICKS COUNTY, INDIANA

We have examined the schedules of receipts, disbursements, and cash and investment balances of the Clayton-Liberty Township Public Library (Library), for the period of January 1, 2004 to December 31, 2005. The Library's management is responsible for the schedules. 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 schedule of receipts, disbursements, and cash and investment balances 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 schedules referred to above present fairly, in all material respects, the cash transactions of the Library for the years ended December 31, 2004 and 2005, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

July 20, 2006

CLAYTON-LIBERTY TOWNSHIP 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, 2004 And 2005

	Cash and Investments 01-01-04	Receipts	Disbursements	Cash and Investments 12-31-04
Governmental Funds:				
General	\$ 43,899	\$ 146,501	\$ 130,218	\$ 60,182
Gift	2,674	1,645	203	4,116
Rainy Day	-	25,436	21,000	4,436
Bond and Interest Redemption	32,305	115,560	96,826	51,040
Library Improvement Reserve	35,360	20	-	35,379
Library Capital Projects	36,571	7,197	13,551	30,216
Fiduciary Funds:				
Payroll Withholdings	-	13,981	13,981	-
PLAC	26	208	130	104
Totals	<u>\$ 150,834</u>	<u>\$ 310,547</u>	<u>\$ 275,909</u>	<u>\$ 185,472</u>

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
General	\$ 60,182	\$ 100,655	\$ 134,835	\$ 26,001
Gift	4,116	3,820	1,112	6,824
Rainy Day	4,436	4,963	-	9,399
Bond and Interest Redemption	51,040	78,749	94,875	34,914
Library Improvement Reserve	35,379	27	24,260	11,146
Library Capital Projects	30,216	20,769	10,436	40,549
Fiduciary Funds:				
Payroll Withholdings	-	13,499	13,499	-
PLAC	104	28	106	26
Totals	<u>\$ 185,472</u>	<u>\$ 222,510</u>	<u>\$ 279,123</u>	<u>\$ 128,860</u>

The accompanying notes are an integral part of the schedules.

CLAYTON-LIBERTY TOWNSHIP PUBLIC LIBRARY  
NOTES TO SCHEDULES

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.

CLAYTON-LIBERTY TOWNSHIP PUBLIC LIBRARY  
NOTES TO SCHEDULES  
(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.

Note 7. Long-Term Debt

The Library has entered into a capital lease for a building addition. The outstanding principal at December 31, 2005, was \$955,000.

CLAYTON-LIBERTY TOWNSHIP PUBLIC LIBRARY  
EXAMINATION RESULTS AND COMMENTS

CAPITAL ASSET RECORDS

Library capital asset additions and disposals were not recorded for the years 2004 and 2005. When the Library disposes of a capital asset, the cost of the asset and, if applicable, the related accumulated depreciation should also be recorded in the records as deletions.

Every governmental unit should have a complete inventory of all capital assets owned which reflect their acquisition value. Such inventory should be recorded in the Capital Assets Ledger form. A complete inventory should be taken 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)

DEPOSITS

As stated in the prior Audit Report B24456, there were numerous instances where receipts were deposited later than the next business day. During this audit period, most receipts were deposited twice a month.

Verification of funds being deposited in the same form in which they were received could not occur because the unit did not document the form in which the funds were received.

Indiana Code 5-13-6-1 (c) states, in part: ". . . all local officers . . . who collect public funds of their respective political subdivisions, shall deposit funds not later than the business day following the receipt of funds on business days of the depository in the depository or depositories selected by the several local boards of finance that have jurisdiction of the funds. Public funds deposited under this subsection shall be deposited in the same form in which they were received."

CLAYTON-LIBERTY TOWNSHIP PUBLIC LIBRARY  
EXIT CONFERENCE

The contents of this report were discussed on July 20, 2006, with Gary Simpson, Treasurer; Jonnie Wallis, Director; and John McNabb, President of the Board. The officials concurred with our findings.