

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

EXAMINATION REPORT

OF

WINCHESTER COMMUNITY LIBRARY

RANDOLPH COUNTY, INDIANA

January 1, 2004 to December 31, 2005



**FILED**  
09/22/2006



TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Officials .....	2
Independent Accountant's Report .....	3
Schedules of Receipts, Disbursements, and Cash and Investment Balances.....	4
Notes to Schedules .....	5-6
Examination Result and Comment: Optical Images of Warrants .....	7
Exit Conference .....	8

OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Jenny Stonerock Jana Barnes	01-01-02 to 01-31-05 02-01-05 to 12-31-06
Treasurer	Thomas Herold	07-01-03 to 06-30-07
President of the Board	Rosemary Sears Melissa Williams	07-01-03 to 06-30-05 07-01-05 to 06-30-07



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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE WINCHESTER COMMUNITY LIBRARY, RANDOLPH COUNTY, INDIANA

We have examined the schedules of receipts, disbursements, and cash and investment balances of the Winchester Community 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

August 17, 2006

WINCHESTER COMMUNITY 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	\$ 86,831	\$ 335,052	\$ 310,787	\$ 111,096
Book Gift	9,742	523	1,886	8,379
Communication	9,570	9,692	9,802	9,460
Anna A. Hirsch	2,681	3	2,684	-
Winchester Foundation	3,088	3	3,091	-
Hinty Estate	39,937	516	-	40,453
Community Foundation No. 1	15,687	137	7,207	8,617
Community Foundation No. 2	3,112	372	-	3,484
LIRF	228,627	2,308	-	230,935
Fiduciary Funds:				
Payroll Withholdings	-	58,138	58,138	-
PLAC	-	1,171	1,171	-
Totals	<u>\$ 399,275</u>	<u>\$ 407,915</u>	<u>\$ 394,766</u>	<u>\$ 412,424</u>

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
General	\$ 111,096	\$ 298,146	\$ 300,242	\$ 109,000
Book Gift	8,379	2,231	1,174	9,436
Excess Levy	-	516	-	516
Communication	9,460	9,064	8,862	9,662
Hinty Estate	40,453	5,082	4,352	41,183
Community Foundation No. 1	8,617	8,389	941	16,065
Community Foundation No. 2	3,484	4,552	8,036	-
LIRF	230,935	7,636	-	238,571
Fiduciary Funds:				
Payroll Withholdings	-	51,188	51,188	-
PLAC	-	1,344	1,344	-
Totals	<u>\$ 412,424</u>	<u>\$ 388,148</u>	<u>\$ 376,139</u>	<u>\$ 424,433</u>

The accompanying notes are an integral part of the schedules.

WINCHESTER COMMUNITY 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.

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.

WINCHESTER COMMUNITY 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.

WINCHESTER COMMUNITY LIBRARY  
EXAMINATION RESULT AND COMMENT

OPTICAL IMAGES OF WARRANTS

The financial institution did not return the actual cancelled checks with the monthly bank statements, but instead returned only an optical image of the front side of the checks.

Indiana Code 5-15-6-3 concerning optical imaging of checks states, in part:

"(a) . . . 'original records' . . . includes the optical image of a check or deposit document when:

- (1) the check or deposit document is recorded, copied, or reproduced by an optical imaging process . . . ; and
- (2) the drawer of the check receives an optical image of the check after the check is processed for payment . . . "

Further, Indiana Code 26-2-8-111 states, in part:

"(a) If a law requires that certain records be retained, that requirement is met by retaining an electronic record of the information in the record that:

- (1) accurately reflects the information set forth in the record after it was first generated in its final form as an electronic record or otherwise: and
- (2) remains accessible for later reference."

"(e) If a law requires retention of a check, that requirement is satisfied by retention of an electronic record of the information on the front and back of the check in accordance with subsection (a)."

WINCHESTER COMMUNITY LIBRARY  
EXIT CONFERENCE

The contents of this report were discussed on August 17, 2006, with Jana Barnes, Director; and Thomas Herold, Treasurer. The officials concurred with our findings.