

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

EXAMINATION REPORT

OF

GENEVA PUBLIC LIBRARY

ADAMS COUNTY, INDIANA

January 1, 2005 to December 31, 2006



FILED
08/07/2007

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Rose Bryan	01-01-05 to 12-31-07
Treasurer	Andrew Briggs	01-01-05 to 12-31-07
President of the Board	Betty Overdorf Bill Hubbard	01-01-05 to 07-31-06 08-01-06 to 12-31-07



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF GENEVA PUBLIC LIBRARY, ADAMS COUNTY, INDIANA

We have examined the financial information presented herein of Geneva Public Library (Library), for the period of January 1, 2005 to December 31, 2006. 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, 2005 and 2006, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Schedule of Long-Term Debt, as listed in the Table of Contents, is presented for additional analysis and is not a required part of the basic financial information. It has not been subjected to the examination procedures applied to the basic financial information, and accordingly, we express no opinion on it.

STATE BOARD OF ACCOUNTS

July 25, 2007

GENEVA 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, 2005 And 2006

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
General	\$ 9,514	\$ 86,258	\$ 86,402	\$ 9,370
Gift	1,601	1,055	2,382	274
Book Gift	8,168	10,736	284	18,620
Building Gift	655	19,608	2,171	18,092
Brogdon Estate Gift	73,010	-	10,475	62,535
Grant	-	800	4,669	(3,869)
Library Improvement Reserve	1,000	500	-	1,500
Library Capital Projects	(2,111)	3,195	3,621	(2,537)
Fiduciary Funds:				
Payroll Withholdings	(70)	4,840	4,836	(66)
PLAC	26	112	138	-
Totals	<u>\$ 91,793</u>	<u>\$ 127,104</u>	<u>\$ 114,978</u>	<u>\$ 103,919</u>

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Governmental Funds:				
General	\$ 9,370	\$ 83,979	\$ 82,728	\$ 10,621
Gift	274	1,427	1,162	539
Book Gift	18,620	325	-	18,945
Building Gift	18,092	1,552	4,696	14,948
Brogdon Estate Gift	62,535	-	-	62,535
Grant	(3,869)	13,748	9,392	487
Library Improvement Reserve	1,500	-	-	1,500
Library Capital Projects	(2,537)	-	-	(2,537)
Fiduciary Funds:				
Payroll Withholdings	(66)	5,352	5,367	(81)
PLAC	-	62	-	62
Totals	<u>\$ 103,919</u>	<u>\$ 106,445</u>	<u>\$ 103,345</u>	<u>\$ 107,019</u>

The accompanying notes are an integral part of the financial information.

GENEVA PUBLIC LIBRARY
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

The Library was established under the laws of the State of Indiana. The Library provides culture and recreation 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.

GENEVA PUBLIC LIBRARY
SUPPLEMENTARY INFORMATION
SCHEDULE OF LONG-TERM DEBT

December 31, 2006

<u>Description of Asset</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities: Notes and loans payable Line of Credit	<u>\$ 21,695</u>	<u>\$ 21,695</u>

GENEVA PUBLIC LIBRARY
EXAMINATION RESULTS AND COMMENTS

APPROPRIATIONS

The following expenditures were in excess of budgeted appropriations. A similar comment appeared in prior Report B25653.

<u>Fund</u>	<u>Years</u>	<u>Excess Amount Expended</u>
Operating	2005	\$ 7,902
Operating	2006	786

Indiana Code 6-1.1-18-4 states in part: ". . . the proper officers of a political subdivision shall appropriate funds in such a manner that the expenditures for a year do not exceed its budget for that year as finally determined under this article."

OVERDRAWN CASH BALANCES

The cash balances of the Library Capital Projects Fund, Grant Fund and Payroll Withholding Fund were overdrawn in 2005. The Library Capital Projects Fund and Payroll Withholding Fund were overdrawn in 2006. Overdrawn bank account balances in May of 2007 resulted in \$700 of overdraft charges. A similar comment appeared in prior Report B25653.

The cash 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)

PENALTIES, INTEREST AND OTHER CHARGES

Penalties and interest totaling \$3,442 were paid to the Internal Revenue Service (IRS) on March 1, 2006, for the year 2002. Penalties and interest were assessed because the IRS has no record that the Library submitted copies of the W-2's issued for the year 2002. The Library is requesting a refund of this assessment.

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)

GENEVA PUBLIC LIBRARY
EXIT CONFERENCE

The contents of this report were discussed on July 25, 2007, with Rose Bryan, Director; and Andrew Briggs, Treasurer. The official response has been made a part of this report and may be found on page 9.

GENEVA PUBLIC LIBRARY

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July 26, 2007

Attn: State Board of Accounts

RE: Audit of the Geneva Public Library

The Geneva Public Library concurs with the audit performed by State Board of Accounts. In an effort to rectify the errors noted the following steps are being taken:

1. The library director will file additional appropriation requests in the future to stay within approved budgets.
2. The library director will carefully monitor the cash flow in order to maintain a balance within the checking account
3. The library believes that all (or most) funds will be returned by IRS. All documents have been submitted that have been requested.

Sincerely,

A handwritten signature in cursive script that reads "Rose M. Bryan". The signature is written in black ink and extends across the width of the page.

Rose Bryan, director

RECEIVED

JUL 31 2007

STATE BOARD OF ACCOUNTS

Established 1945. Rose M. Bryan, director