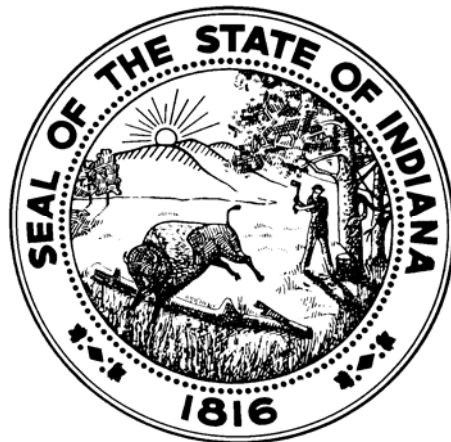


STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

EXAMINATION REPORT
OF
PENDLETON COMMUNITY PUBLIC LIBRARY
MADISON COUNTY, INDIANA
January 1, 2005 to December 31, 2006



FILED
10/29/2007

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Vacant Lynn Hobbs	01-01-05 to 05-31-05 06-01-05 to 12-31-07
Treasurer	Beverly Kilmer Katie Hupfer Beverly Kilmer	01-01-05 to 06-30-06 07-01-06 to 06-30-07 07-01-07 to 12-31-07
President of the Library Board	Eric Reske Katie Hupfer	01-01-05 to 06-30-07 07-01-07 to 12-31-07



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE PENDLETON COMMUNITY
PUBLIC LIBRARY, MADISON COUNTY, INDIANA

We have examined the financial information presented herein of the Pendleton Community 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 Capital Assets and Schedule of Long-Term Debt, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the basic financial information. They have not been subjected to the examination procedures applied to the basic financial information, and accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

September 10, 2007

PENDLETON COMMUNITY 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	\$ 393,461	\$ 511,622	\$ 490,565	\$ 414,518
Gift	373	663	657	379
Library Fund SMCF	119	65	-	184
Employee Purchases	-	1,060	1,030	30
Arabian Readers	1,030	1,020	656	1,394
Levy Excess	-	2,131	-	2,131
Bond and Interest Redemption	55,467	108,248	125,963	37,752
Library Improvement Reserve	75,360	28,259	40,130	63,489
Library Capital Projects	19,461	63,609	44,686	38,384
Construction	-	670,811	89	670,722
Summer Reading	169	471	534	106
Community Day	422	-	307	115
Homeward Bound	1,045	-	1,045	-
Memorial Fund	1,018	422	740	700
Johnston Swain	342	205	-	547
Petty Cash	100	857	857	100
Cash Change	60	-	-	60
Fiduciary Funds:				
Payroll Withholdings	374	-	44	330
PLAC	234	1,118	1,240	112
Totals	\$ 549,035	\$ 1,390,561	\$ 708,543	\$ 1,231,053

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

PENDLETON COMMUNITY 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
 (Continued)

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Governmental Funds:				
General	\$ 414,518	\$ 538,405	\$ 558,256	\$ 394,667
Gift	379	467	555	291
Library Fund SMCF	184	168	-	352
Employee Purchases	30	536	566	-
Arabian Readers	1,394	450	1,047	797
Levy Excess	2,131	13,368	-	15,499
Bond and Interest Redemption	37,752	819,376	549,401	307,727
Library Improvement Reserve	63,489	10,020	4,744	68,765
Library Capital Projects	38,384	52,351	44,000	46,735
Construction	670,722	3,361	2	674,081
Summer Reading	106	450	475	81
Community Day	115	-	115	-
Memorial Fund	700	215	43	872
Johnston Swain	547	270	-	817
State Tech Grant Fund	-	5,400	2,250	3,150
Petty Cash	100	848	848	100
Cash Change	60	-	-	60
Fiduciary Funds:				
Payroll Withholdings	330	30	-	360
PLAC	112	1,175	1,070	217
Totals	\$ 1,231,053	\$ 1,446,890	\$ 1,163,372	\$ 1,514,571

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

PENDLETON COMMUNITY PUBLIC LIBRARY
NOTES TO FINANCIAL INFORMATION

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.

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.

PENDLETON COMMUNITY PUBLIC LIBRARY
NOTES TO FINANCIAL INFORMATION
(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. Restatements and Reclassifications

For the year ended December 31, 2004, certain changes have been made to the financial statements to more appropriately reflect financial activity of the Library. The following schedule presents a summary of restated beginning balances by fund. New Funds represents the inclusion of existing funds which were combined in the prior Report B25600, but are now presented individually.

PENDLETON COMMUNITY PUBLIC LIBRARY
NOTES TO FINANCIAL INFORMATION
(Continued)

<u>Combined Fund</u>	Balance as Reported December 31, 2004	Restated Individual Fund	Balance Restated January 1, 2005
General Fund	\$ 393,621	General Fund	\$ 393,461
		Petty Cash	100
		Cash Change	<u>60</u>
			<u>\$ 393,621</u>
Gift Fund	1,510	Gift Fund	\$ 373
		Memorial Fund	1,018
		Library Fund SMCF	<u>119</u>
			<u>\$ 1,510</u>
Programming Fund	1,621	Summer Reading	\$ 169
		Arabian Readers	1,030
		Community Day	<u>422</u>
			<u>\$ 1,621</u>

PENDLETON COMMUNITY PUBLIC LIBRARY
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS

December 31, 2006

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.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 50,000
Buildings	1,100,000
Machinery and equipment	216,665
Construction in progress	<u>113,386</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 1,480,051</u>

PENDLETON COMMUNITY PUBLIC LIBRARY
SUPPLEMENTARY INFORMATION
SCHEDULE OF LONG-TERM DEBT

December 31, 2006

CAPITAL LEASES

The Library has entered into the following capital leases:

Description of Debt	Ending Balance	Due Within One Year
Governmental Activities:		
Capital leases:		
Library Expansion and Renovation Project	\$ 7,034,000	\$ 232,000

PENDLETON COMMUNITY PUBLIC LIBRARY
EXIT CONFERENCE

The contents of this report were discussed on September 10, 2007, with Katie Hupfer, President of the Library Board; Lynn Hobbs, Director; and JoAnn Fryback, Business Manager. Our examination disclosed no material items that warrant comment at this time.