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

EXAMINATION REPORT

OF

JOHNSON COUNTY PUBLIC LIBRARY

JOHNSON COUNTY, INDIANA

January 1, 2006 to December 31, 2007

FILED
12/31/2008

TABLE OF CONTENTS

OFFICIALS

Office	Official	Term
Director	Beverly Martin	01-01-06 to 12-31-08
Treasurer	Ray A. Jones	01-01-06 to 04-01-09
President of the Board	Gary Kiesel Tom Armor	01-01-06 to 03-31-07 04-01-07 to 04-01-10

STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE JOHNSON COUNTY PUBLIC LIBRARY, JOHNSON COUNTY, INDIANA

We have examined the financial information presented herein of the Johnson County Public Library (Library), for the period of January 1, 2006 to December 31, 2007. 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, 2006 and 2007, 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

October 30, 2008

JOHNSON COUNTY 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, 2006 And 2007

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Governmental Funds:				
General	$ 906,770	$ 4,634,437	$ 4,565,192	$ 976,015
Gift	9,757	2,503	855	11,405
Rainy Day	1,081,751	13,338	-	1,095,089
Step Ahead	666	-	-	666
Bond and Interest Redemption	515,450	2,391,482	1,923,252	983,680
Construction Fund 2003	331,141	-	-	331,141
Library Capital Projects	665,538	455,314	191,442	929,410
Library Improvement Reserve	611,986	21,163	175,382	457,767
Construction Fund 2005	5,125,006	205,045	3,160,436	2,169,615
Special Funds	688,987	26,914	600	715,301
Community Network	24,753	-	107	24,646
Adult Learning Center	6,374	750	2,740	4,384
Friends	3,756	25,158	17,013	11,901
Levy Excess	60,752	-	38,039	22,713
One Book/One Community	815	1,100	1,782	133
Youth Connect Grant 2005	95	-	95	-
Escrow Retainage - Construction 05	-	236,022	-	236,022
Art Work Fund	-	1,242	400	842
Fiduciary Fund:				
PLAC	-	4,898	3,906	992
Totals	$ 10,033,597	$ 8,019,366	$ 10,081,241	$ 7,971,722

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds:				
General	$ 976,015	$ 4,900,332	$ 5,054,867	$ 821,480
Gift	11,405	1,641	1,916	11,130
Rainy Day	1,095,089	143,821	177,742	1,061,168
Step Ahead	666	-	-	666
Bond and Interest Redemption	983,680	1,846,031	1,914,383	915,328
Construction Fund 2003	331,141	-	328,231	2,910
Library Capital Projects	929,410	647,931	611,885	965,456
Library Improvement Reserve	457,767	16,659	-	474,426
Construction Fund 2005	2,169,615	61,852	2,231,467	-
Special Funds	715,301	41,267	-	756,568
Community Network	24,646	-	7	24,639
Adult Learning Center	4,384	4,570	3,538	5,416
Friends	11,901	15,621	21,106	6,416
Levy Excess	22,713	-	-	22,713
One Book/One Community	133	-	133	-
Escrow Retainage - Construction 05	236,022	7,040	209,972	33,090
Art Work Fund	842	-	-	842
Private foundation Grant	-	685	685	-
State Grant	-	34,424	21,060	13,364
Construction #4	-	2,471	-	2,471
Fiduciary Fund:				
PLAC	992	5,190	4,982	1,200
Totals	$ 7,971,722	$ 7,729,535	$ 10,581,974	$ 5,119,283

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

JOHNSON COUNTY 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 received 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.

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.

JOHNSON COUNTY PUBLIC LIBRARY
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS

For The Year Ended December 31, 2007

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.

	Ending Balance
Governmental activities:	
Capital assets, not being depreciated:	
Land	$ 1,189,118
Infrastructure	249,516
Buildings	9,141,054
Improvements other than buildings	704,709
Machinery and equipment	1,664,622
Artwork	54,500
Construction in progress	-
Total governmental activities, capital assets not being depreciated	$ 13,003,519

JOHNSON COUNTY PUBLIC LIBRARY
SUPPLEMENTARY INFORMATION
SCHEDULE OF LONG-TERM DEBT
December 31, 2007

The Unittype has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental Activities:		
Bonds payable:		
General obligation bonds:		
Construction of new Trafalgar Branch	$ 3,635,000	$ 1,912,700

JOHNSON COUNTY PUBLIC LIBRARY
EXAMINATION RESULT AND COMMENT

INTERNAL CONTROLS

Controls over the money received at the branch for copying, fines, and fees is not reconciled and could not be determined during the cash counts performed at each branch. When each branch opens in the morning, they count the start-up change for the daily operations and all other monies are deposited directly to the bank or turned over to a currier for Library Services Center.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control. (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 4)

JOHNSON COUNTY PUBLIC LIBRARY
EXIT CONFERENCE

The contents of this report were discussed on November 12, 2008, with Ray A. Jones, Treasurer; Beverly Martin, Director; Sara Reese, Financial Manager; and Diane Thompson, Financial Assistant. The official response has been made a part of this report and may be found on page 11.

JOHNSON COUNTY
PUBLIC LIBRARY
FRANKLIN BRANCH

November 12, 2008

OFFICIAL RESPONSE
State Board of Accounts
302 West Washington St, Room E 418
Indianapolis, IN 46204-2738

This is the official response of the Johnson County Public Library to the State Board of Accounts Audit Report dated November 12, 2008 for the audit period January 1, 2006 to December 31, 2007.

We concur with the Internal Control comment on the Audit Report concerning controls over cash received at the library's branches. We have had discussions about these concerns internally as well as with the auditor.

In order to address and comply with the recommendations made in the Audit Report, Johnson County Public Library will place cash registers at all branches to account for cash received. We plan to integrate the registers with our current operating system to provide a means for daily cash reconciliation. In the interim, we will institute new procedures for reconciling cash to available reports and for recording cash received into the receipt books. We will also consider purchasing a safe for each branch which would hold cash drawer monies and petty cash overnight.

Sara Reese
Sara Reese
Financial Manager
Johnson County Public Library

Beverly Martin
Beverly Martin
Director
Johnson County Public Library

PH. 317-738-2833 FX. 317-738-9635 401 STATE STREET FRANKLIN, IN 46131