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

EXAMINATION REPORT
OF
JASPER PUBLIC LIBRARY
DUBOIS COUNTY, INDIANA
January 1, 2008 to December 31, 2009



FILED
11/17/2010

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Rita C. Douthitt	01-01-08 to 12-31-10
Treasurer	Deborah J. Stemle	01-01-08 to 12-31-10
Bookkeeper	Rita Lovell	01-01-08 to 12-31-10
President of the Board	Patricia A. Seger Robert Stenftenagel Mary Ellen Backer	01-01-08 to 12-31-08 01-01-09 to 12-31-09 01-01-10 to 12-31-10



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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE JASPER PUBLIC LIBRARY, DUBOIS COUNTY, INDIANA

We have examined the financial information presented herein of the Jasper Public Library (Library), for the period of January 1, 2008 to December 31, 2009. 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, 2008 and 2009, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Schedule of Capital Assets, 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

September 9, 2010

JASPER 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, 2008 And 2009

	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
Governmental Funds:				
General	\$ 195,674	\$ 1,036,302	\$ 1,006,499	\$ 225,477
Gift	10,516	2,426	2,016	10,926
Rainy Day	132,217	119,276	-	251,493
State Technology Grant	2,250	7,410	5,584	4,076
Library Improvement Reserve	997,187	145,634	186,808	956,013
Fiduciary Funds:				
Payroll Withholdings	3,588	336,479	335,495	4,572
PLAC	30	120	120	30
Other Agency	-	15	15	-
Totals	<u>\$ 1,341,462</u>	<u>\$ 1,647,662</u>	<u>\$ 1,536,537</u>	<u>\$ 1,452,587</u>

	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
Governmental Funds:				
General	\$ 225,477	\$ 1,056,453	\$ 1,057,399	\$ 224,531
Gift	10,926	2,251	3,029	10,148
Rainy Day	251,493	99,211	-	350,704
State Technology Grant	4,076	7,130	7,606	3,600
Levy Excess	-	5,404	-	5,404
Library Improvement Reserve	956,013	150,000	122,150	983,863
Fiduciary Funds:				
Payroll Withholdings	4,572	379,047	378,891	4,728
PLAC	30	30	30	30
Other Agency	-	36	36	-
Totals	<u>\$ 1,452,587</u>	<u>\$ 1,699,562</u>	<u>\$ 1,569,141</u>	<u>\$ 1,583,008</u>

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

JASPER 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.

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.

JASPER 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.

JASPER PUBLIC LIBRARY
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 For The Year Ended December 31, 2009

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.

The Jasper Public Library is a small unit with revenue falling within the Phase III category; therefore, the Library has been reporting infrastructure as of January 1, 2004 and thereafter. However, there has been no change to date in infrastructure since January 1, 2004.

General infrastructure assets are included if acquired (purchased, constructed, or donated) after January 1, 2004, or if they received major renovations, restorations, or improvements after that date. The government was able to estimate the historical cost for the initial reporting of these assets through backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). As the government constructs or acquires additional capital assets each period, including infrastructure assets, they are reported at historical cost.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Buildings	\$ 778,929
Improvements other than buildings	2,002
Machinery and equipment	298,462
Library Materials (Books, etc.)	<u>1,695,248</u>
 Total governmental activities, capital assets not being depreciated	 <u>\$ 2,774,641</u>

JASPER PUBLIC LIBRARY
EXAMINATION RESULTS AND COMMENTS

ERRORS ON CLAIMS

The following deficiency was noted on claims during the examination period:

Claims were not adequately itemized.

IC 5-11-10-1.6 states in part:

"(b) As used in this section, 'claim' means a bill or an invoice submitted to a governmental entity for goods or services.

(c) The fiscal officer of a governmental entity may not draw a warrant or check for payment of a claim unless:

- (1) there is a fully itemized invoice or bill for the claim;
- (2) the invoice or bill is approved by the officer or person receiving the goods and services;
- (3) the invoice or bill is filed with the governmental entity's fiscal officer;
- (4) the fiscal officer audits and certifies before payment that the invoice or bill is true and correct; and
- (5) payment of the claim is allowed by the governmental entity's legislative body or the board or official having jurisdiction over allowance of payment of the claim."

COMPENSATION AND BENEFITS

Salaries and wages paid were not always approved by the library board. The salary resolution passed by the library board did not include all job classifications. Employees' hourly rates were approved by the library director.

IC 36-12-2-24(b) provides that:

"the library board shall employ and discharge librarians and other persons that are necessary in the administration of the affairs of the library. The board shall:

1. Fix and pay their compensation;
2. Classify them and adopt schedules of salaries; and
3. Determine their number and prescribe their duties; all with the advice and recommendations of the library director."

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution or salary schedule adopted by the governing body unless otherwise authorized by statute. Compensation should be made in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 8)

JASPER PUBLIC LIBRARY
EXIT CONFERENCE

The contents of this report were discussed on September 9, 2010, with Deborah J. Stemle, Treasurer; Rita C. Douthitt, Director; and Rita Lovell, Bookkeeper.