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

EXAMINATION REPORT
OF
BROWN COUNTY PUBLIC LIBRARY
BROWN 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	Yvonne Oliger	01-01-08 to 12-31-10
Treasurer	Don Stuart	01-01-08 to 12-31-10
President of the Library Board	Doug Cauble	01-01-08 to 12-31-10



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the financial information presented herein of the Brown County 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 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

August 19, 2010

BROWN 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, 2008 And 2009

	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
Governmental Funds:				
General	\$ 74,187	\$ 585,799	\$ 540,202	\$ 119,784
Gift	35,933	28,618	34,836	29,715
Building Gift	27,314	-	21,000	6,314
Friends Gift	35,377	8,000	10,321	33,056
Davee Foundation	25,256	25,175	24,912	25,519
Bond and Interest Redemption	245,746	72,829	211,318	107,257
Library Improvement Reserve	25,575	27,761	-	53,336
Library Capital Projects	124,439	43,217	70,198	97,458
Fiduciary Fund:				
PLAC	90	390	480	-
Totals	<u>\$ 593,917</u>	<u>\$ 791,789</u>	<u>\$ 913,267</u>	<u>\$ 472,439</u>
	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
Governmental Funds:				
General	\$ 119,784	\$ 517,835	\$ 489,821	\$ 147,798
Gift	29,715	87,314	7,067	109,962
Building Gift	6,314	1,871	-	8,185
Friends Gift	33,056	-	3,263	29,793
Davee Foundation	25,519	25,056	21,152	29,423
Bond and Interest Redemption	107,257	221,271	215,293	113,235
Library Improvement Reserve	53,336	13,500	29,931	36,905
Library Capital Projects	97,458	359,218	93,109	363,567
Rainy Day	-	7,746	-	7,746
Fiduciary Fund:				
PLAC	-	300	270	30
Totals	<u>\$ 472,439</u>	<u>\$ 1,234,111</u>	<u>\$ 859,906</u>	<u>\$ 846,644</u>

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

BROWN 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 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. Due to Brown County property reassessment issues, property taxes for 2008 pay 2009 were not settled and distributed until March 2010.

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.

BROWN COUNTY 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. Interfund Transfers

Interfund transfers for the year ended December 31, 2007, were as follows:

BROWN COUNTY PUBLIC LIBRARY
NOTES TO FINANCIAL INFORMATION
(Continued)

<u>Transfer From</u>	<u>Transfer To</u>	<u>2008</u>	<u>2009</u>
Bond and Interest			
Redemption Fund	General Fund	\$ 19,000	\$ -
Gift Fund	General Fund	93,000	-
Building Gift Fund	General Fund	21,000	21,000
Gift Fund	General Fund	-	25,000
Library Improvement Reserve Fund	Bond and Interest Redemption Fund	-	29,930
Totals		<u>\$ 133,000</u>	<u>\$ 75,930</u>

The Library typically uses transfers for cash flow purposes, debt transfers, or interfund loan activity.

Note 8. Interfund Loans

Interfund loans due as of December 31, 2009, were as follows:

<u>Due From</u>	<u>Due To</u>	<u>Amount</u>
Operating Fund	Library Improvement Reserve Fund	\$ 256,496
Operating Fund	Building Gift Fund	21,000
Operating Fund	Gift Fund	25,000
Bond and Interest Redemption Fund	Library Improvement Reserve Fund	29,930
Bond and Interest Redemption Fund	Building Gift Fund	226,330
Total		<u>\$ 558,756</u>

Note 9. Subsequent Event

The Library issued \$1,675,000 of General Obligation Refunding Bonds on February 2, 2010, with an interest rate range of 1.6% to 3.5%.

BROWN COUNTY 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.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 720,000
Buildings	2,499,581
Improvements other than buildings	442,823
Machinery and equipment	<u>1,675,459</u>
 Total governmental activities, capital assets not being depreciated	 <u><u>\$ 5,337,863</u></u>

BROWN COUNTY PUBLIC LIBRARY
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2009

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:		
Bonds payable:		
General obligation bonds:		
1999 Library Improvement Bonds	\$ 1,650,000	\$ 218,688

BROWN COUNTY PUBLIC LIBRARY
EXAMINATION RESULTS AND COMMENTS

ORDINANCES AND RESOLUTIONS

The Library approved a Salary Resolution for compensation to be paid for 2008 and 2009 establishing a wage range for each classification. A Library Assistant was paid less than the minimum wage of her classification for the years 2008 and 2009.

Each governmental unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 4)

PENALTIES, INTEREST, AND OTHER CHARGES

Penalties totaling \$352.80 were paid to the Internal Revenue Service on April 2, 2008, for the quarter ending December 31, 2007. Penalties totaling \$130.00 were paid to the Indiana Department of Revenue on July 21, 2008, for the year ending December 31, 2007.

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)

BROWN COUNTY PUBLIC LIBRARY
EXIT CONFERENCE

The contents of this report were discussed on August 19, 2010, with Doug Cauble, President of the Library Board; Don Stuart, Treasurer; and Yvonne Olinger, Director. The officials concurred with our findings.