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

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



FILED
11/30/2010

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Sabrina Frederick	01-01-08 to 06-12-09
	Patricia Weathers (Interim)	06-13-09 to 11-17-09
	Ginger Rogers	11-18-09 to 12-31-10
Treasurer	James Lemoin Woods	01-01-08 to 12-31-10
President of the Board	Ronald H. Ballard	01-01-08 to 09-27-08
	Donna Poehlein	09-28-08 to 12-31-10
Bookkeeper	Thomas E. Behme	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 THE PIKE COUNTY PUBLIC LIBRARY, PIKE COUNTY, INDIANA

We have examined the financial information presented herein of the Pike 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, 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 29, 2010

PIKE 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	\$ 315,331	\$ 774,628	\$ 733,038	\$ 356,921
Gift	236,696	183,376	177,402	242,670
Levy Excess	4,112	-	-	4,112
Library Improvement Reserve	808,835	111,211	90,000	830,046
Fiduciary Funds:				
Nichols Trust	5,000	-	-	5,000
Boonshoot Trust	10,000	-	-	10,000
Payroll Withholdings	1,117	56,005	54,828	2,294
PLAC	-	60	60	-
Totals	<u>\$ 1,381,091</u>	<u>\$ 1,125,280</u>	<u>\$ 1,055,328</u>	<u>\$ 1,451,043</u>

	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
Governmental Funds:				
General	\$ 356,921	\$ 532,017	\$ 452,602	\$ 436,336
Gift	242,670	8,041	1,562	249,149
Levy Excess	4,112	4,165	2,405	5,872
Library Improvement Reserve	830,046	20,899	-	850,945
Fiduciary Funds:				
Nichols Trust	5,000	-	-	5,000
Boonshoot Trust	10,000	-	-	10,000
Payroll Withholdings	2,294	45,983	47,982	295
PLAC	-	30	30	-
Totals	<u>\$ 1,451,043</u>	<u>\$ 611,135</u>	<u>\$ 504,581</u>	<u>\$ 1,557,597</u>

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

PIKE 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.

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.

PIKE 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. Subsequent Events

Library Building Project

On August 16, 2010, the Library Board awarded bids for the construction of a new library building as follows: Seufert Construction for general construction for \$876,927; Mehringer's Plumbing, Heating, and Air Conditioning for the automatic sprinkler system for \$37,518; Messmer Mechanical for HVAC and plumbing for \$223,600; and Weyer Electric for the electrical work for \$109,885. The total cost of the project is \$1,247,930 which is to be paid through Library Improvement Reserve and Gift Funds.

USDA Grant

In 2010, the Library was awarded a \$200,000 USDA Grant to be used to purchase furniture and equipment for the new library.

PIKE 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.

The Pike County 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:	
Land	\$ 98,500
Infrastructure	-
Buildings	300,000
Machinery and equipment	<u>350,134</u>
 Total governmental activities, capital assets not being depreciated	 <u>\$ 748,634</u>

PIKE COUNTY PUBLIC LIBRARY
EXAMINATION RESULTS AND COMMENTS

CONTRACTS

Payments were paid to individuals for mowing, snow removal, and legal services without a contract.

Payments made or received for contractual services should be supported by a written contract. Each governmental unit is responsible for complying with the provisions of its contracts. (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 4)

A similar comment appeared in the prior report.

ERRORS ON CLAIMS

The following deficiencies were noted on claims during the examination period:

Claims or invoices did not have evidence to support receipt of goods or services.

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."

A similar comment appeared in the prior report.

POLICIES

The Library has a policy stating that mileage will be paid at the state rate; however, mileage was paid at the Federal rate effective January 1, 2008 throughout all of 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)

PIKE COUNTY PUBLIC LIBRARY
EXIT CONFERENCE

The contents of this report were discussed on September 20, 2010, with Ginger Rogers, Director; Donna Poehlein, President of the Board; and Thomas E. Behme, Bookkeeper; and on September 29, 2010, with James Lemoin Woods, Treasurer, via telephone. The officials concurred with our findings.