

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

EXAMINATION REPORT
OF
HARRISON COUNTY PUBLIC LIBRARY
HARRISON COUNTY, INDIANA
January 1, 2007 to December 31, 2009



FILED
12/01/2010

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Officials	2
Independent Accountant's Report.....	3
Financial Information:	
Schedules of Receipts, Disbursements, and Cash and Investment Balances	4
Notes to Financial Information	5-6
Supplementary Information:	
Schedule of Capital Assets.....	7
Examination Results and Comments:	
Condition of Records	8
Deposits	9
Penalties, Interest, and Other Charges	9
Exit Conference.....	10
Summary	11

OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Violet L. Eckart	01-01-07 to 12-31-10
Treasurer	Thomas R. Tucker	01-01-07 to 12-31-10
President of the Board	Dr. Leonard C. Waite	01-01-07 to 12-31-10



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 HARRISON COUNTY PUBLIC
LIBRARY, HARRISON COUNTY, INDIANA

We have examined the financial information presented herein of the Harrison County Public Library (Library), for the period of January 1, 2007 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, 2007, 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 2, 2010

HARRISON 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, 2007, 2008, And 2009

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds:				
General	\$ 1,579,392	\$ 1,992,650	\$ 1,954,557	\$ 1,617,485
Gift	221,015	7,309	128,593	99,731
Rainy Day	708,005	179,479	-	887,484
Library Improvement Reserve	352,808	350,000	204,359	498,449
Keller Stock	4,560	115	-	4,675
Fiduciary Funds:				
Payroll Withholdings	28,235	156,666	173,649	11,252
PLAC	238	-	-	238
Totals	<u>\$ 2,894,253</u>	<u>\$ 2,686,219</u>	<u>\$ 2,461,158</u>	<u>\$ 3,119,314</u>

	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
Governmental Funds:				
General	\$ 1,617,485	\$ 1,312,754	\$ 2,155,868	\$ 774,371
Gift	99,731	3,494	12,697	90,528
Rainy Day	887,484	253,506	-	1,140,990
Library Improvement Reserve	498,449	350,000	18,215	830,234
Keller Stock	4,675	-	146	4,529
Fiduciary Funds:				
Payroll Withholdings	11,252	188,293	177,047	22,498
PLAC	238	-	-	238
Totals	<u>\$ 3,119,314</u>	<u>\$ 2,108,047</u>	<u>\$ 2,363,973</u>	<u>\$ 2,863,388</u>

	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
Governmental Funds:				
General	\$ 774,371	\$ 2,600,519	\$ 2,632,172	\$ 742,718
Gift	90,528	3,783	18,280	76,031
Rainy Day	1,140,990	177,816	1,257,936	60,870
Library Improvement Reserve	830,234	350,000	70,675	1,109,559
Keller Stock	4,529	-	412	4,117
Fiduciary Funds:				
Payroll Withholdings	22,498	174,002	197,423	(923)
PLAC	238	-	90	148
Totals	<u>\$ 2,863,388</u>	<u>\$ 3,306,120</u>	<u>\$ 4,176,988</u>	<u>\$ 1,992,520</u>

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

HARRISON COUNTY PUBLIC LIBRARY
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

The Library was established under the laws of the State of Indiana. The Library operates under an appointed board and provides cultural 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.

HARRISON 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 Event

The Library completed its expansion of branch libraries to Lanesville and Palmyra during 2010. The Library Director reported total costs to establish the branches to be \$785,981 at Lanesville, and \$674,102 at Palmyra. Costs of the projects were paid from Rainy Day and Library Improvement Reserve funds.

HARRISON 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:	
Buildings	\$ 2,211,681
Machinery and equipment	<u>356,245</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 2,567,926</u>

HARRISON COUNTY PUBLIC LIBRARY
EXAMINATION RESULTS AND COMMENTS

CONDITION OF RECORDS

General Ledger

The General Ledger does not reconcile to the depository balances or to the fund balance summaries that are used by the Library officials as their official financial reports. There were a considerable number of posting errors which were not corrected by the officials. The General Fund per the General Ledger had a balance of \$2,119,174.39. The General Fund actually had a reconciled balance of \$742,718.41. The officials were instructed to reconcile postings to the General Ledger in a timely manner.

Receipts from PLAC card sales were posted to the General Fund and not the PLAC Fund. Proper posting of the receipts should be made to properly account for the PLAC card sales and activity.

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 4)

Receipt Issuance

In some instances, receipts were not issued at the time of the transaction.

Receipts shall be issued and recorded at the time of the transaction; for example, when cash or a check is received, a receipt is to be immediately prepared and given to the person making payment. (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 4)

Payroll Withholdings Fund

Financial records presented for examination were incomplete and not reflective of the activity of the Payroll Withholdings Fund. The records presented did not provide sufficient information to audit or establish beginning balances, receipts, disbursements, ending balances, or the accuracy or correctness of the transactions. The records of the Library reconciled to a Payroll Withholdings balance of a negative \$923.12. The Director presented a detail of the withholding accounts at December 31, 2009, which totaled a negative \$12,658.95. The differences could not be explained.

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 4)

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 4)

HARRISON COUNTY PUBLIC LIBRARY
EXAMINATION RESULTS AND COMMENTS
(Continued)

DEPOSITS

In some instances, receipts were deposited later than the next business day. In one instance, a check dated March 30, 2009, in the amount of \$116,827.50, written by the Harrison County Auditor for a CAGIT distribution, was deposited on August 11, 2009.

IC 5-13-6-1 (c) states in part:

". . . all local officers . . . who collect public funds of their respective political subdivisions, shall deposit funds not later than the business day following the receipt of funds on business days of the depository in the depository or depositories selected by the several local boards of finance that have jurisdiction of the funds. Public funds deposited under this subsection shall be deposited in the same form in which they were received."

PENALTIES, INTEREST, AND OTHER CHARGES

In some cases, amounts paid to credit card companies are not being paid until after the amounts are due.

Late fees, finance charges, and interest totaling \$571.73 were paid on numerous charge card claims. This was discussed with the Library Director who indicated that she was responsible for the late payments and promptly reimbursed the Library the amount of \$571.73. (See Summary, page 11)

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)

HARRISON COUNTY PUBLIC LIBRARY
EXIT CONFERENCE

The contents of this report were discussed on September 2, 2010, with Thomas R. Tucker, Treasurer; Violet L. Eckart, Director; and Kelly Level, Business Manager. The officials concurred with our findings.

HARRISON COUNTY PUBLIC LIBRARY
SUMMARY

	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
Violet L. Eckart, Director:			
Penalties, Interest, and Other Charges, page 9	\$ 571.73	\$	\$
Paid by Violet L. Eckart, Director,			
Deposited on August 31, 2010	<u> </u>	<u>571.73</u>	<u> </u> -
Totals	<u>\$ 571.73</u>	<u>\$ 571.73</u>	<u>\$ -</u>