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

EXAMINATION REPORT

OF

JENNINGS COUNTY PUBLIC LIBRARY

JENNINGS COUNTY, INDIANA

January 1, 2008 to December 31, 2009

FILED
12/09/2010

TABLE OF CONTENTS

OFFICIALS

Office	Official	Term
Director	Edwin M. Kellar (Interim)	01-01-08 to 01-27-08
	Mary J. Hougland	01-28-08 to 12-31-10
Treasurer	Peggy A. Peck	01-01-08 to 03-31-08
	Nancy J. Eastman	04-01-08 to 12-31-10
President of the Board of Trustees	Gayle Hughes	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 JENNINGS COUNTY PUBLIC LIBRARY, JENNINGS COUNTY, INDIANA

We have examined the financial information presented herein of the Jennings 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. The Schedule 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 22, 2010

JENNINGS 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	$ 622,946	$ 533,326	$ 674,301	$ 481,971
Gift	37,389	10,377	9,017	38,749
Rainy Day	-	118,821	-	118,821
State Technology Grant	1,350	-	-	1,350
Library Improvement Reserve	183,814	236,157	201,865	218,106
Library Capital Projects	558,813	50,483	65,906	543,390
Construction	119,884	1,606	117,785	3,705
Fiduciary Funds:				
Payroll Withholdings	887	82,701	81,890	1,698
PLAC	-	180	180	-
Totals	$ 1,525,083	$ 1,033,651	$ 1,150,944	$ 1,407,790

	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
Governmental Funds:				
General	$ 481,971	$ 706,359	$ 800,237	$ 388,093
Gift	38,749	8,318	16,549	30,518
Rainy Day	118,821	12,884	-	131,705
State Technology Grant	1,350	12,240	6,120	7,470
Library Improvement Reserve	218,106	23,123	19,206	222,023
Library Capital Projects	543,390	51,083	53,542	540,931
Construction	3,705	-	3,705	-
Fiduciary Funds:				
Payroll Withholdings	1,698	75,306	77,543	(539)
PLAC	-	180	180	-
Totals	$ 1,407,790	$ 889,493	$ 977,082	$ 1,320,201

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

JENNINGS 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 culture and recreation 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. 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.

JENNINGS 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.

	Ending Balance
Governmental activities:	
Capital assets, not being depreciated:	
Land	$ 50,000
Buildings	2,008,404
Improvements other than buildings	354,299
Machinery and equipment	231,896
Total governmental activities, capital assets not being depreciated	$ 2,644,599

OPTICAL IMAGES OF CHECKS AND DEPOSIT SLIPS

The financial institutions did not return the actual checks with the monthly bank statements. Three of the six financial institutions used by the Library are only returning an optical image of the front of the deposit slips and checks.

IC 5-15-6-3(a) concerning optical imaging of checks states in part:

". . . 'original records' includes the optical image of a check or deposit document when:

(1) the check or deposit document is recorded, copied, or reproduced by an optical imaging process . . . ; and

(2) the drawer of the check receives an optical image of the check after the check is processed for payment . . ."

Furthermore, IC 26-2-8-111 states in part:

"(a) If a law requires that certain records be retained, that requirement is met by retaining an electronic record of the information in the record that:

(1) accurately reflects the information set forth in the record after it was first generated in its final form as an electronic record or otherwise; and

(2) remains accessible for later reference."

"(e) If a law requires retention of a check, that requirement is satisfied by retention of an electronic record of the information on the front and back of the check in accordance with subsection (a)."

JENNINGS COUNTY PUBLIC LIBRARY
EXIT CONFERENCE

The contents of this report were discussed on September 22, 2010, with Nancy J. Eastman, Treasurer; Mary J. Hougland, Director; and Melissa K. Lang, Administrative Assistant/Bookkeeper. The officials concurred with our findings.