

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

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



**FILED**  
12/27/2010



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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Ellen Stuckey	01-01-08 to 12-31-10
Treasurer	Sherry Crisp-Ridge (Vacant) Jeff Jones	01-01-08 to 02-16-10 02-17-10 to 03-08-10 03-09-10 to 12-31-10
President of the Board	Larry Moore	01-01-08 to 12-31-10



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Fax: (317) 232-4711  
Web Site: [www.in.gov/sboa](http://www.in.gov/sboa)

INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE BUTLER PUBLIC LIBRARY, DEKALB COUNTY, INDIANA

We have examined the financial information presented herein of the Butler 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

October 14, 2010

BUTLER 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	\$ 47,147	\$ 277,302	\$ 283,841	\$ 40,608
Gift	155,283	1,123,712	720,161	558,834
Rainy Day	-	5,175	489	4,686
Library Improvement Reserve	23,041	24,818	24,800	23,059
Library Capital Projects	5,825	13,407	18,185	1,047
Construction	-	351,295	-	351,295
Fiduciary Funds:				
Payroll Withholdings	2,027	28,860	28,634	2,253
PLAC	-	150	120	30
Totals	<u>\$ 233,323</u>	<u>\$ 1,824,719</u>	<u>\$ 1,076,230</u>	<u>\$ 981,812</u>
	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
Governmental Funds:				
General	\$ 40,608	\$ 267,348	\$ 287,773	\$ 20,183
Gift	558,834	210,060	654,954	113,940
Rainy Day	4,686	2,834	4,205	3,315
Library Improvement Reserve	23,059	25,823	24,807	24,075
Library Capital Projects	1,047	11,407	14,611	(2,157)
Construction	351,295	-	351,295	-
Fiduciary Funds:				
Payroll Withholdings	2,253	27,005	27,063	2,195
PLAC	30	90	120	-
Totals	<u>\$ 981,812</u>	<u>\$ 544,567</u>	<u>\$ 1,364,828</u>	<u>\$ 161,551</u>

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

BUTLER 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: health and social 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. 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.

BUTLER 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	\$ 110,000
Buildings	2,288,381
Machinery and equipment	133,451
Total governmental activities, capital assets not being depreciated	\$ 2,531,832

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

The Library has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:		
Loans Payable - Expansion Project	\$ 320,396	\$ 48,705
Total governmental activities debt	<u>\$ 320,396</u>	<u>\$ 48,705</u>

BUTLER PUBLIC LIBRARY  
EXAMINATION RESULT AND COMMENT

OVERDRAWN CASH BALANCE

The cash balance of the Library Capital Projects Fund was overdrawn by \$2,157 at December 31, 2009.

The cash balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 4)

BUTLER PUBLIC LIBRARY  
EXIT CONFERENCE

The contents of this report were discussed on October 14, 2010, with Sarah Dempsey, Bookkeeper; Ellen Stuckey, Director; and Larry Moore, President of the Board. The official response has been made a part of this report and may be found on pages 10 through 12.

# Butler Public Library

Ellen Stuckey, DIRECTOR

October 14, 2010

Indiana State Library  
315 West Ohio St.  
Indianapolis, IN 46202

To whom it may concern:

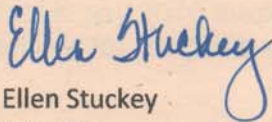
This letter is in response to an examination comment by the Indiana State Board of Accounts for overdrawn cash balance in the Library Capital Projects Fund for year 2009.

This overdrawn Library Capital Projects Fund balance was the result of a shortfall in tax collections due to three major industries in our taxing district declaring bankruptcy and consequently leaving their property taxes unpaid. In 2009, Butler Public Library collected only 79% of the anticipated tax levy for this fund. Due to the fact that the final property tax disbursement was not received until mid-December, purchases for 2009 had been already made based upon the approved budget for that year. My business manager made an inquiry prior to closing the 2009 accounting books to our field representative of Indiana Department of Local Government and Finance as to how she should handle the negative balance in this account. His response to her inquiry is attached.

In order to rectify this balance, permission has been given by the Indiana State Board of Accounts to transfer \$2,157 from Rainy Day Funds to Library Capital Projects Fund to bring the existing negative balance to zero. As we no longer maintain a Library Capital Projects Fund with a tax levy, this situation will not repeat itself. In the future my business manager will first contact Indiana State Board of Accounts with questions regarding accounting practices.

Please contact me at 260-868-2351 should you have any further questions regarding this situation.

Sincerely,



Ellen Stuckey  
Director

340 South Broadway Butler, Indiana 46721

PHONE (260) 868-2351 FAX (260) 868-5491 [www.ButlerPublicLibrary.net](http://www.ButlerPublicLibrary.net)



Sarah Dempsey &lt;sarah@butlerpubliclibrary.net&gt;

**LCPF fund balance**

2 messages

**Sarah Dempsey <sarah@butlerpubliclibrary.net>**

Thu, Jan 7, 2010 at 3:17 PM

To: "Deniston, Mike" &lt;mdeniston@dlgf.in.gov&gt;

Mike

I have a situation here at year end that I'm not sure how to handle.

Our 1782 notice for 2009 granted us an LCPF appropriation amt of \$14,642.

I came into '09 with a fund balance of \$1,045.

I spent in '09 a total \$14,609.

Due to delinquent taxes, I only collected \$11,407.

I am now sitting with a negative fund balance of (\$2,157)

Mike, I am anticipating these taxes being collected in '10, but what do I need to do about this year end negative balance, anything?

Let me know if you need clarification on any of this info. Thanks

Sarah Dempsey  
Butler Public Library

**Deniston, Mike <MDeniston@dlgf.in.gov>**

Thu, Jan 7, 2010 at 3:31 PM

To: Sarah Dempsey &lt;sarah@butlerpubliclibrary.net&gt;

Sarah,

At this point you cannot do anything about it. If the SBOA take exception in an audit you will have to answer that it was caused by a property tax shortfall. With the Circuit Breaker going into full effect in pay 2010 these kinds of situations are probably going to be happening more frequently so planning for shortfalls will be the game plan.

Mike Deniston

Auditor/Assessor - Budget Division  
Indiana Department of Local Government Finance

100 N. Senate, N-1058B

Indianapolis, IN 46204

[mdeniston@dlgf.in.gov](mailto:mdeniston@dlgf.in.gov)

Cell (317) 519-1811

[www.in.gov/dlgf](http://www.in.gov/dlgf)

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**From:** Sarah Dempsey [mailto:[sarah@butlerpubliclibrary.net](mailto:sarah@butlerpubliclibrary.net)]

**Sent:** Thursday, January 07, 2010 3:17 PM

**To:** Deniston, Mike

**Subject:** LCPF fund balance

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