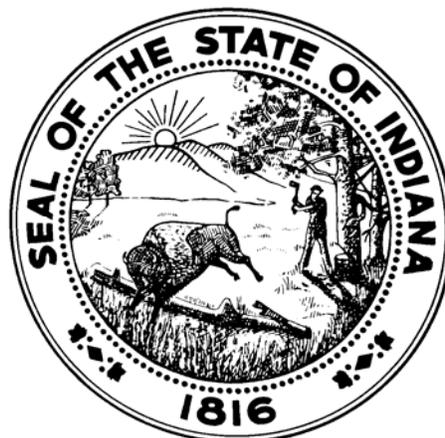


STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2765

EXAMINATION REPORT
OF

YORKTOWN MT. PLEASANT
TOWNSHIP COMMUNITY LIBRARY
DELAWARE COUNTY, INDIANA

January 1, 2004 to December 31, 2005



FILED
10/31/2006

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Officials	2
Independent Accountant's Report	3
Schedules of Receipts, Disbursements, and Cash and Investment Balances.....	4
Notes to Schedules	5-6
Examination Results and Comments:	
Annual Report.....	7
Condition of Records	7
Compensation and Benefits.....	7
Penalties and Interest	7
Appropriations.....	8
Deposits	8
Prescribed Forms	8
Capital Asset Records	8
Transaction Recording.....	9
Ordinances and Resolutions.....	9
Approval of Claims – Receipt of Goods and Services	9
Payroll Fund Balance.....	9
Exit Conference.....	10

OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Gay Ann Rife Elizabeth A. Rozelle	01-01-04 to 02-09-05 02-10-05 to 12-31-06
Treasurer	Virginia Mercer Della D. Gregory	01-01-04 to 12-31-04 01-01-05 to 12-31-06
President of the Board	Beverly LaVelle Carol Ward Christina Ems	01-01-04 to 12-31-04 01-01-05 to 12-31-05 01-01-06 to 12-31-06



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2765

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE YORKTOWN MT. PLEASANT TOWNSHIP
COMMUNITY LIBRARY, DELAWARE COUNTY, INDIANA

We have examined the schedules of receipts, disbursements, and cash and investment balances of the Yorktown Mt. Pleasant Township Community Library (Library), for the period of January 1, 2004 to December 31, 2005. The Library's management is responsible for the schedules. Our responsibility is to express an opinion based on our examination.

Except as discussed in the following paragraph, 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 schedule of receipts, disbursements, and cash and investment balances and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion for the year ended December 31, 2005.

The records presented for examination for the year 2004 did not include detail of receipts and disbursements. We do not express an opinion on the cash receipt and disbursement balances for the year ended December 31, 2004.

In our opinion, the schedules referred to above present fairly, in all material respects, the cash transactions of the Library for the year ended December 31, 2005, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

October 19, 2006

YORKTOWN MT. PLEASANT TOWNSHIP COMMUNITY 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, 2004 And 2005

	Cash and Investments 01-01-04	Receipts	Disbursements	Cash and Investments 12-31-04
Governmental Funds:				
General	\$ 365,112	\$ 462,260	\$ 374,102	\$ 453,270
Gift	10,355	6,472	14,902	1,925
Rainy Day	-	7,879	-	7,879
Library Improvement Reserve	10,500	105	-	10,605
Fiduciary Funds:				
Payroll	(319)	29,583	28,975	289
PLAC	338	1,875	1,745	468
Totals	<u>\$ 385,986</u>	<u>\$ 508,174</u>	<u>\$ 419,724</u>	<u>\$ 474,436</u>

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
General	\$ 453,270	\$ 373,046	\$ 382,943	\$ 443,373
Gift	1,925	65	-	1,990
Rainy Day	7,879	-	-	7,879
Library Improvement Reserve	10,605	-	-	10,605
Excess Levy	-	3,028	-	3,028
Fiduciary Funds:				
Payroll	289	155,029	150,463	4,855
PLAC	468	1,708	-	2,176
Totals	<u>\$ 474,436</u>	<u>\$ 532,876</u>	<u>\$ 533,406</u>	<u>\$ 473,906</u>

The accompanying notes are an integral part of the schedules.

YORKTOWN MT. PLEASANT TOWNSHIP COMMUNITY LIBRARY
NOTES TO SCHEDULES

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. 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. However, the distribution on December 30, 2005, which totaled \$131, 997 was not receipted to the Library records until January 3, 2006.

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.

YORKTOWN MT. PLEASANT TOWNSHIP COMMUNITY LIBRARY
NOTES TO SCHEDULES
(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.

YORKTOWN MT. PLEASANT TOWNSHIP COMMUNITY LIBRARY
EXAMINATION RESULTS AND COMMENTS

ANNUAL REPORT

Annual reports for the years 2004 and 2005 were not presented for examination.

Indiana Code 5-3-1-4 states, in part: "(a) The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality financial reports covering the full period of each fiscal year. . . . (b) The following shall prepare, verify, and file the reports required under subsection (a) not later than sixty (60) days after the end of each year. . . (2) A public library."

CONDITION OF RECORDS

Financial records presented for examination for the year 2004 did not provide sufficient detailed information to examine or establish the accuracy or correctness of the receipt and disbursement totals reported in the Library's financial schedule.

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)

COMPENSATION AND BENEFITS

For the period examined, the Library Board did not pass a salary ordinance, resolution or salary schedule to support the compensation paid to officials and employees. Compensation was approved in the Board minutes as a general percentage increase with no detail included. Salary rates were sometimes mentioned for new hires or when employees changed positions.

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution or salary schedule adopted by the governing body unless otherwise authorized by statute. Compensation should be made in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 4)

PENALTIES AND INTEREST

During examination testing, we noted that penalties and interest totaling \$417 were paid to the Internal Revenue Service and the Indiana Department of Revenue for the late remittance of payroll taxes and finance charges totaling \$143 were paid as a result of late payments made for credit card purchases.

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. 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)

YORKTOWN MT. PLEASANT TOWNSHIP COMMUNITY LIBRARY
EXAMINATION RESULTS AND COMMENTS
(Continued)

APPROPRIATIONS

The following expenditures were in excess of budgeted appropriations:

<u>Fund</u>	<u>Year</u>	<u>Excess Amount Expended</u>
Operating	2004	<u>\$ 10,143</u>

Indiana Code 6-1.1-18-4 states in part: ". . . the proper officers of a political subdivision shall appropriate funds in such a manner that the expenditures for a year do not exceed its budget for that year as finally determined under this article."

DEPOSITS

In testing of daily desk collections and State and County distributions, we noted that receipts were being deposited later than the next business day.

Indiana Code 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."

PRESCRIBED FORMS

The following prescribed or approved forms were not always in use:

1. Daily Record of Desk Collections, Form No. 3, was not in use in 2004 and January 2005.
2. Employee Service Record was not in use after March 2005. An unapproved form was used.

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)

CAPITAL ASSET RECORDS

The Library recorded only one capital asset addition and no disposals during the years 2004 and 2005. During that period several assets were purchased that cost in excess of \$250 which was the amount established as the threshold for recording capital assets.

Every governmental unit should have a complete inventory of all capital assets owned which reflect their acquisition value. Such inventory should be recorded in the Capital Assets Ledger form. A complete inventory should be taken every two years for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 4)

YORKTOWN MT. PLEASANT TOWNSHIP COMMUNITY LIBRARY
EXAMINATION RESULTS AND COMMENTS
(Continued)

TRANSACTION RECORDING

A mutual fund money market account opened in August 2005 in the name of the Library was not included in the Library financial records.

All financial transactions pertaining to the governmental unit should be recorded in the records of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 4)

ORDINANCES AND RESOLUTIONS

The Library adopted a resolution on February 12, 2004, concerning the transfer of funds to the Rainy Day Fund. Transfers to be made were \$7,897 in excess COIT funds received and \$7,828.89 in unused and unencumbered funds from the 2003 budget. The total receipts shown in the financial schedule for the Rainy Day Fund in 2004 were \$7,897 which means that the unused and unencumbered funds from the 2003 budget were not transferred to the Rainy Day Fund.

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)

APPROVAL OF CLAIMS – RECEIPT OF GOODS AND SERVICES

After March 2005, the receipt of goods and services certification on accounts payable vouchers was no longer signed.

Indiana Code 5-11-10-2(a) states: "Claims against a political subdivision of the state must be approved by the officer or person receiving the goods or services, be audited for correctness and approved by the disbursing officer of the political subdivision, and, where applicable, be allowed by the governing body having jurisdiction over allowance of such claims before they are paid. If the claim is against a governmental entity (as defined in section 1.6 of this chapter), the claim must be certified by the fiscal officer."

PAYROLL FUND BALANCE

The Payroll Fund balance at December 31, 2005, had not been reconciled to the actual balance of payroll withholdings on hand.

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)

YORKTOWN MT. PLEASANT TOWNSHIP COMMUNITY LIBRARY
EXIT CONFERENCE

The contents of this report were discussed on October 19, 2006, with Christina Ems, President of the Board; Della D. Gregory, Treasurer; Elizabeth A. Rozelle, Director; and Donna C. Stanley, Business Manager. The officials concurred with our findings.