

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

EXAMINATION REPORT
OF
PRINCETON PUBLIC LIBRARY
GIBSON COUNTY, INDIANA
January 1, 2005 to December 31, 2006



FILED
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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Brenda M. Williams	01-01-05 to 12-31-07
Treasurer	Bruce Byers Merle Bryant	01-01-05 to 12-31-06 01-01-07 to 12-31-07
President of the Board	Ed Prior Steven M. Nixon	01-01-05 to 12-31-05 01-01-06 to 12-31-07



ACCOUNTANT'S REPORT
AN EQUAL OPPORTUNITY EMPLOYER

STATE OF INDIANA

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TO: THE OFFICIALS OF THE PRINCETON PUBLIC LIBRARY, GIBSON COUNTY, INDIANA

We have examined the financial information presented herein of the Princeton Public Library (Library), for the period of January 1, 2005 to December 31, 2006. 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, 2005 and 2006, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

May 30, 2007

PRINCETON 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, 2005 And 2006

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
General	\$ 234,725	\$ 558,101	\$ 540,253	\$ 252,573
Gift	90,114	26,259	33,988	82,385
Literacy	7,575	-	339	7,236
Genealogy	1,430	322	12	1,740
Automation	1,398	1,023	-	2,421
Levy Excess	-	1,569	-	1,569
Library Improvement Reserve	215,328	1,469	6,814	209,983
Library Capital Projects	133,766	62,162	179,742	16,186
Totals	<u>\$ 684,336</u>	<u>\$ 650,905</u>	<u>\$ 761,148</u>	<u>\$ 574,093</u>

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Governmental Funds:				
General	\$ 252,573	\$ 602,091	\$ 592,178	\$ 262,486
Gift	82,385	29,293	41,458	70,220
Literacy	7,236	-	1,536	5,700
Genealogy	1,740	333	329	1,744
Automation	2,421	1,647	2,097	1,971
Levy Excess	1,569	-	1,569	-
Library Improvement Reserve	209,983	23,967	189,604	44,346
Library Capital Projects	16,186	62,969	24,810	54,345
Fiduciary Fund:				
PLAC	-	31	-	31
Totals	<u>\$ 574,093</u>	<u>\$ 720,331</u>	<u>\$ 853,581</u>	<u>\$ 440,843</u>

The accompanying notes are an integral part of the schedules.

PRINCETON 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. Subsequent Events

The Library has entered into a five year lease of the property adjacent to the Library's property on the east for \$1 per year with the option to purchase.

The Library has also entered into a contract for metal roofing for the newer portion of the Library at a cost of \$37,500. Work is starting in June 2007.

PRINCETON PUBLIC LIBRARY
EXAMINATION RESULTS AND COMMENTS

APPROVAL OF FORMS

The Princeton Public Library has been using various unapproved computerized forms and not using the following prescribed forms:

Library Form 1, 1A, 1B, 1C (Revised 1982)	Financial and Appropriation Record
Library Form 4 (Revised 1984)	Accounts Payable Voucher
Form 350 (1964)	Register of Investments
Form 364 (Revised 1997)	Accounts Payable Voucher Register
Form 99B (Revised 1993)	Employee's Earnings Record

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)

FUNDS HELD AT UNAPPROVED FIRM

Funds were held by Hilliard Lyons which is not, by definition, a financial institution approved for deposit of public funds.

Investments in money market mutual funds, described in Indiana Code 5-13-9-2.5(a), shall be made through depositories designated by the State Board of Finance as depositories for state deposits under Indiana Code 5-13-9.5. [IC 5-13-9-2.5(c)]

A depository is a financial institution designated as a depository of public funds. A financial institution is defined to mean:

1. A bank, trust company, or mutual savings bank that:
 - A. was incorporated under the law of Indiana or any other state; and
 - B. has its principal office or a branch in Indiana.
2. A national banking association with its principal office or a branch in Indiana.
3. A savings association operating as a deposit association incorporated under Indiana law.
4. A federally chartered savings association with its principal office or branch in Indiana.
5. A federally chartered savings bank with its principal office or a branch in Indiana.
6. A state chartered credit union in Indiana that is federally insured or privately insured and that has assets of three million dollars (\$3,000,000) or more. [IC 5-13-4-10]

(Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 9)

PRINCETON PUBLIC LIBRARY
EXAMINATION RESULTS AND COMMENTS
(Continued)

CAPITAL ASSET RECORDS

The Library records of capital assets remain incomplete.

Every governmental unit should have a complete inventory of all capital assets owned which reflects their acquisition value. Such inventory should be recorded in the Capital Assets Ledger. 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)

INTERNAL CONTROLS

Controls for the posting of disbursements generated by the computer system are insufficient in that changes can be made to posting after the check has been prepared with no available audit trail. During the examination period, disbursements were not displayed in chronological or check number order in the ledger.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 4)

PRINCETON PUBLIC LIBRARY
EXIT CONFERENCE

The contents of this report were discussed on May 30, 2007, with Brenda M. Williams, Director; Bruce Byers, former Treasurer; Steven M. Nixon, President of the Board; and Jennie K. Stewart, Bookkeeper. The officials concurred with our findings.