

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

EXAMINATION REPORT

OF

PIERCETON-WASHINGTON TOWNSHIP PUBLIC LIBRARY

KOSCIUSKO COUNTY, INDIANA

January 1, 2005 to December 31, 2006



**FILED**  
10/30/2007



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
Examination Results and Comments:	
Capital Asset Records .....	6
Deposits .....	6
Prescribed Forms .....	6
Transaction Recording - Library Improvement Reserve Fund .....	6
Compensation and Benefits.....	7
List of Employees Not Filed With County Treasurer .....	7
Certified Report Not Filed .....	7
Exit Conference.....	8

OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Pamela Myers	01-01-05 to 12-31-07
Treasurer	Nancy Stoddard	01-01-05 to 12-31-07
President of the Board	Mary Joan Plew	01-01-05 to 12-31-07



**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](http://www.in.gov/sboa)

INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE PIERCETON-WASHINGTON TOWNSHIP  
PUBLIC LIBRARY, KOSCIUSKO COUNTY, INDIANA

We have examined the financial information presented herein of the Pierceton-Washington Township 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

September 12, 2007

PIERCETON-WASHINGTON TOWNSHIP 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	\$ 86,904	\$ 64,013	\$ 67,203	\$ 83,714
Library Improvement Reserve	193,803	10,907	-	204,710
Fiduciary Funds:				
Payroll Withholdings	218	4,220	4,438	-
PLAC	104	1,848	1,476	476
Totals	<u>\$ 281,029</u>	<u>\$ 80,988</u>	<u>\$ 73,117</u>	<u>\$ 288,900</u>

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Governmental Funds:				
General	\$ 83,714	\$ 94,531	\$ 77,882	\$ 100,363
Library Improvement Reserve	204,710	6,190	-	210,900
Fiduciary Funds:				
Endowment Fund	-	245	-	245
Payroll Withholdings	-	4,301	4,301	-
PLAC	476	1,175	1,651	-
Totals	<u>\$ 288,900</u>	<u>\$ 106,442</u>	<u>\$ 83,834</u>	<u>\$ 311,508</u>

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

PIERCETON-WASHINGTON TOWNSHIP 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: 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.

Note 6. Subsequent Event

The Library has substantially completed in 2007 an \$800,000 expansion/renovation project which included the purchase of new equipment. This project was financed totally by the Mary K. Peabody Foundation, North Manchester, Indiana.

PIERCETON-WASHINGTON TOWNSHIP PUBLIC LIBRARY  
EXAMINATION RESULTS AND COMMENTS

CAPITAL ASSET RECORDS

The Library does not keep a Capital Asset Ledger showing an inventory of the Library's 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. 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)

DEPOSITS

In numerous instances, various tax distribution checks received from the County Auditor were deposited from 6 to 24 days later than the next business day. Prescribed receipt forms were not issued by the Treasurer during the examination period, contributing to this situation.

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 in use:

Receipt Form, General Form 352  
Capital Assets Ledger, General Form 369

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)

TRANSACTION RECORDING - LIBRARY IMPROVEMENT RESERVE FUND

Financial records presented for examination were incomplete and not reflective of the activity of the Library Improvement Reserve Fund. The investment transactions and interest income earned for 2005 and 2006 on LIRF Fund investments were not properly posted to the LIRF Fund Ledger. The actual transactions and ending balances for the examination period were reconstructed from the supporting documentation received from the banks when purchasing, selling, and receiving interest on the investments.

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)

PIERCETON-WASHINGTON TOWNSHIP PUBLIC LIBRARY  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

COMPENSATION AND BENEFITS

The Library employees were paid their salary and wages for the examination period without a salary ordinance being adopted by the Library Board of Trustees.

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)

LIST OF EMPLOYEES NOT FILED WITH COUNTY TREASURER

A list of employees was certified to the County Treasurer by December 1, 2005, but no list was certified by June 1, 2005, by June 1, 2006, or by December 1, 2006, as required by statute. This was also an Examination Result and Comment in the last Examination Report B24779.

Indiana Code 6-1.1-22-14(a) states in part: "On or before June 1 and December 1 of each year . . . the disbursing officer of each political subdivision . . . shall certify the names and addresses of each person who has money due from the political subdivision to the treasurer of each county in which the political subdivision is located."

CERTIFIED REPORT NOT FILED

The Library did not file a Certified Report of Compensation of Officers and Employees (Form 100-R or its equivalent) with the State Board of Accounts for the year 2005.

Indiana Code 5-11-13-1 states in part: "Every state, county, city, town, township, or school official . . . shall during the month of January of each year prepare, make, and sign a written or printed certified report, correctly and completely showing the names and addresses of each and all officers, employees, and agents . . . and the respective duties and compensation of each, and shall forthwith file said report in the office of the state examiner of the state board of accounts."

PIERCETON-WASHINGTON TOWNSHIP PUBLIC LIBRARY  
EXIT CONFERENCE

The contents of this report were discussed on September 12, 2007, with Nancy Stoddard, Treasurer; Pamela Myers, Director; and Sue A. DeLorme, Board member. The officials concurred with our findings.