

STATE BOARD OF ACCOUNTS
302 West Washington Street
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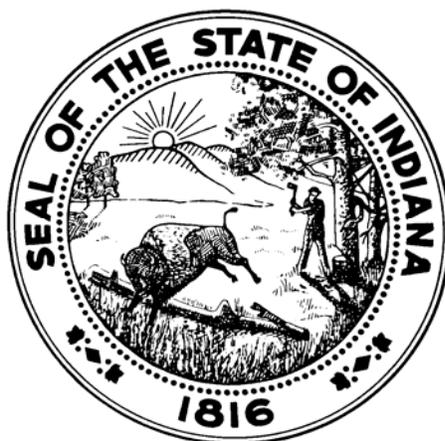
EXAMINATION REPORT

OF

SHOALS PUBLIC LIBRARY

MARTIN COUNTY, INDIANA

January 1, 2005 to December 31, 2006



FILED
11/16/2007

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:	
Appropriations.....	6
Old Outstanding Checks	6
Deposits	7
Capital Asset Records	7
Accountable Items	7
Penalties, Interest and Other Charges	7-8
Annual Report.....	8
Exit Conference.....	9

OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Linda G. Jones	01-01-05 to 12-31-07
Treasurer	Mason A. Read	01-01-05 to 12-31-07
President of the Library Board	John D. Heckard	01-01-05 to 12-31-07



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE SHOALS PUBLIC LIBRARY, MARTIN COUNTY, INDIANA

We have examined the financial information presented herein of the Shoals 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

October 4, 2007

SHOALS 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	\$ 7,178	\$ 40,547	\$ 33,813	\$ 13,912
Gift	5,947	1,411	-	7,358
Rainy Day	-	2,188	1,805	383
Technology Grant	43	-	-	43
Cinergy/PSI Grant	1,071	-	-	1,071
Gates Grant	472	-	157	315
Library Improvement Reserve	4,597	-	-	4,597
Fiduciary Funds:				
Payroll Withholdings	319	2,058	2,118	259
PLAC	57	56	-	113
Totals	<u>\$ 19,684</u>	<u>\$ 46,260</u>	<u>\$ 37,893</u>	<u>\$ 28,051</u>

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Governmental Funds:				
General	\$ 13,912	\$ 37,911	\$ 29,895	\$ 21,928
Gift	7,358	6,755	5,057	9,056
Rainy Day	383	-	-	383
Technology Grant	43	282	-	325
Cinergy/PSI Grant	1,071	-	-	1,071
Gates Grant	315	-	60	255
Summer Reading	-	250	250	-
Levy Excess	-	1,052	-	1,052
Library Improvement Reserve	4,597	-	-	4,597
Fiduciary Funds:				
Payroll Withholdings	259	1,645	1,610	294
PLAC	113	93	206	-
Totals	<u>\$ 28,051</u>	<u>\$ 47,988</u>	<u>\$ 37,078</u>	<u>\$ 38,961</u>

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

SHOALS 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: public safety, 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. Property tax settlements for 2006 made on December 28, 2006, were not receipted into the unit's records until January 3, 2007.

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.

SHOALS PUBLIC LIBRARY
EXAMINATION RESULTS AND COMMENTS

APPROPRIATIONS

The following expenditures were in excess of budgeted appropriations:

<u>Fund</u>	<u>Year</u>	<u>Excess Amount Expended</u>
General	2005	<u>\$ 1,693</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."

OLD OUTSTANDING CHECKS

As stated in the prior report, our review of the bank reconciliements as of December 31, 2005 and 2006, revealed checks outstanding in excess of two years.

Indiana Code 5-11-10.5-2 states in part: "All warrants or checks drawn upon public funds of a political subdivision that are outstanding and unpaid for a period of two (2) or more years as of the last day of December of each year are void."

Indiana Code 5-11-10.5-3 states in part: "Not later than March 1 of each year, the treasurer of each political subdivision shall prepare or cause to be prepared a list in triplicate of all warrants or checks that have been outstanding for a period of two (2) or more years as of December 31 of the preceding year. The original copy of each list shall be filed with the board of finance of the political subdivision or the fiscal body of a city or town. The duplicate copy shall be transmitted to the disbursing officer of the political subdivision. The triplicate copy of each list shall be filed in the office of the treasurer of the political subdivision. If the treasurer serves also as the disbursing officer of the political subdivision, only two (2) copies of each list need be prepared or caused to be prepared by the treasurer."

Indiana Code 5-11-10.5-5 states:

"(a) Upon the preparation and transmission of the copies of the list of the outstanding warrants or checks, the treasurer of the political subdivision shall enter the amounts so listed as a receipt into the fund or funds from which they were originally drawn and shall also remove the warrants or checks from the record of outstanding warrants or checks.

(b) If the disbursing officer does not serve also as treasurer of the political subdivision, the disbursing officer shall also enter the amounts so listed as a receipt into the fund or funds from which the warrants or checks were originally drawn. If the fund from which the warrant or check was originally drawn is not in existence, or cannot be ascertained, the amount of the outstanding warrant or check shall be receipted into the general fund of the political subdivision."

SHOALS PUBLIC LIBRARY
EXAMINATION RESULTS AND COMMENTS
(Continued)

DEPOSITS

As stated in the prior report, in numerous instances, receipts were 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."

CAPITAL ASSET RECORDS

As stated in the prior report, capital asset additions and disposals are not being recorded. When the Library purchases a capital asset, the cost of the asset should be recorded as an addition and when the Library disposes of a capital asset, the cost of the asset should also be recorded in the records as a deletion.

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)

ACCOUNTABLE ITEMS

Some quarterly PLAC reports and checks written for PLAC cards issued in 1999 and 2002 through 2006 were held in the Library PLAC file presented for examination. Total funds required to account for these cards were \$376. Deposits totaling \$376 were made to the bank account of the governmental unit. Quarterly reports were completed and checks were written for the remittance; however, the quarterly reports and checks were not forwarded to the Indiana State Library. An inventory of PLAC cards revealed appropriate accounting of individual PLAC cards on hand and the proper balance of all PLAC cards on consignment with the Shoals Public Library.

All money received from the sale of PLAC cards should be receipted to a PLAC Card Fund. Payments are to be made to the State Library of such receipts on a quarterly basis as required by 5901AC3. (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 3)

A similar comment appeared on a prior report.

PENALTIES, INTEREST AND OTHER CHARGES

In some cases, amounts payable to vendors and other suppliers of goods and services were not paid until after the invoice due date. Although this exception has been improved upon, the exception has not been totally corrected. The test of claims revealed immaterial late charges were paid by the unit during the months of July and August 2006.

SHOALS PUBLIC LIBRARY
EXAMINATION RESULTS AND COMMENTS
(Continued)

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Failure to pay claims or remit taxes in a timely manner could be an indicator of serious financial problems which should be investigated by the governmental unit.

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)

ANNUAL REPORT

Annual reports for 2005 and 2006 were not presented for examination.

Indiana Code 5-11-1-4 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 fiscal year. . . (2) A public library."

SHOALS PUBLIC LIBRARY
EXIT CONFERENCE

The contents of this report were discussed on October 4, 2007, with Linda G. Jones, Director; and Mason A. Read, Treasurer. The officials concurred with our findings.