

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

EXAMINATION REPORT

OF

FARMLAND PUBLIC LIBRARY

RANDOLPH COUNTY, INDIANA

January 1, 2006 to December 31, 2007



FILED
09/02/2008

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Lynnette Beach Laurel Garrett Lyle Spath Connie Howell (Interim) Andrea Lutz	12-01-05 to 08-31-06 09-01-06 to 07-31-07 08-01-07 to 12-31-07 01-01-08 to 02-28-08 03-01-08 to 12-31-09
Treasurer	Susan J. Main	07-01-06 to 06-30-09
President of the Board	Paula Keister	07-01-06 to 06-30-09



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

INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF FARMLAND PUBLIC LIBRARY, RANDOLPH COUNTY, INDIANA

We have examined the financial information presented herein of Farmland Public Library (Library), for the period of January 1, 2006 to December 31, 2007. 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, 2006 and 2007, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

July 24, 2008

FARMLAND 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, 2006 And 2007

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Governmental Funds:				
General	\$ 34,789	\$ 40,068	\$ 38,607	\$ 36,250
Unrestricted Gift	654	-	857	(203)
Restricted Gift	2,086	3,187	3,015	2,258
Library Capital Projects	5,226	2,594	1,271	6,549
Fiduciary Funds:				
Payroll Withholdings	-	5,351	5,351	-
PLAC	-	826	496	330
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Totals	<u>\$ 42,755</u>	<u>\$ 52,026</u>	<u>\$ 49,597</u>	<u>\$ 45,183</u>

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds:				
General	\$ 36,250	\$ 40,451	\$ 35,658	\$ 41,043
Unrestricted Gift	(203)	2,021	332	1,486
Restricted Gift	2,258	710	1,323	1,644
Rainy Day	-	418	-	418
Library Capital Projects	6,549	3,551	159	9,942
Fiduciary Funds:				
Payroll Withholdings	-	4,816	4,950	(135)
PLAC	330	538	829	39
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Totals	<u>\$ 45,183</u>	<u>\$ 52,506</u>	<u>\$ 43,252</u>	<u>\$ 54,437</u>

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

FARMLAND 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 or highway use taxes are received 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.

FARMLAND PUBLIC LIBRARY
EXAMINATION RESULTS AND COMMENTS

OFFICIAL BOND

The Library Treasurer's official bonds were not filed in the Office of the County Recorder.

Indiana Code 5-4-1-5.1(b) states in part: "Every elected or appointed officer, official, deputy, or employee of a political subdivision . . . shall file the bond in the office of the county recorder. . . ."

PUBLIC RECORDS RETENTION

The Registers of Disbursements were not presented for examination for the months of July and August of the year 2006.

Indiana Code 5-15-6-3(f) concerning destruction of public records, states in part: "Original records may be disposed of only with the approval of the commission according to guidelines established by the commission."

Supporting documentation such as receipts, canceled checks, invoices, bills, contracts, and other public records must be available for audit to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 4)

OVERDRAWN FUND BALANCES

The payroll withholdings were over paid by \$132.52. This resulted in the Payroll Fund being overdrawn in the year 2007. Also, the Unrestricted Gift Fund was overdrawn by \$203.00 in the year 2006.

The fund 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)

FARMLAND PUBLIC LIBRARY
EXAMINATION RESULTS AND COMMENTS
(Continued)

DEPOSITS

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."

CONDITION OF RECORDS

Financial records presented for examination did not agree to the Annual Reports for the years 2006 and 2007.

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)

CAPITAL ASSET RECORDS

The Library is not maintaining capital asset records.

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)

FARMLAND PUBLIC LIBRARY
EXIT CONFERENCE

The contents of this report were discussed on July 24, 2008, with Andrea Lutz, Director; Susan J. Main, Treasurer; and Connie Howell, Trustee. The officials concurred with our findings.