

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

EXAMINATION REPORT
OF
VAN BUREN PUBLIC LIBRARY
GRANT COUNTY, INDIANA
January 1, 2007 to December 31, 2008



FILED
07/28/2009

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:	
Overpayment of Wages.....	6
Personal Expenses.....	6
Expense Reimbursement Itemization.....	6
Employee Service Records	6
Loan Between Library Funds.....	7
Appropriations.....	7
Condition of Records – Investment Transactions.....	7-8
Capital Asset Records	8
Board Minutes.....	8
Exit Conference.....	9
Official Response	10-14
Summary	15

OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Stephanie Beck	01-01-07 to 04-27-09
	Vacant	04-28-09 to 05-06-09
	Sue A. Israel (Interim)	05-07-09 to 12-31-09
Treasurer	Nancy E. Cook	07-01-06 to 05-31-09
	Vacant	06-01-09 to 06-21-09
	Linda Bragg	06-22-09 to 06-30-10
President of the Board	Larry D. Beouy	07-01-06 to 06-30-09



STATE OF INDIANA
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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE VAN BUREN PUBLIC LIBRARY, GRANT COUNTY, INDIANA

We have examined the financial information presented herein of the Van Buren Public Library (Library), for the period of January 1, 2007 to December 31, 2008. 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, 2007 and 2008, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

June 25, 2009

VAN BUREN 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, 2007 And 2008

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds:				
Operating	\$ 45,720	\$ 96,584	\$ 137,737	\$ 4,567
Gift	492	1,167	1,348	311
State Grant for Internet	2,100	3,600	3,600	2,100
Library Improvement Reserve	28,848	35,092	-	63,940
Library Capital Projects	5,442	5,362	10,799	5
Fiduciary Funds:				
Payroll Withholdings	-	9,517	9,517	-
PLAC	-	180	30	150
Totals	<u>\$ 82,602</u>	<u>\$ 151,502</u>	<u>\$ 163,031</u>	<u>\$ 71,073</u>

	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
Governmental Funds:				
Operating	\$ 4,567	\$ 147,364	\$ 151,143	\$ 788
Gift	311	3,900	948	3,263
State Grant for Internet	2,100	3,600	3,600	2,100
Library Improvement Reserve	63,940	51,583	51,249	64,274
Library Capital Projects	5	6,842	6,016	831
Fiduciary Funds:				
Payroll Withholdings	-	10,462	10,462	-
PLAC	150	120	270	-
Totals	<u>\$ 71,073</u>	<u>\$ 223,871</u>	<u>\$ 223,688</u>	<u>\$ 71,256</u>

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

VAN BUREN PUBLIC LIBRARY
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

The Library was established under the laws of the State of Indiana and provides cultural 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.

VAN BUREN PUBLIC LIBRARY
EXAMINATION RESULTS AND COMMENTS

OVERPAYMENT OF WAGES

The Library Board authorized a 3% bonus to be paid to certain employees in December 2008. A calculation error resulted in the former Director being overpaid \$416.23. The former Director was requested to reimburse the Library \$416.23. (See Summary, page 15)

Governmental units should collect any overpayments made. (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 4)

PERSONAL EXPENSES

There were numerous personal long distance telephone calls made by the former Director to family members and friends. Not all personal calls were reimbursed by the former Director. The unreimbursed amount is \$20.72. There were numerous other long distance telephone calls that may have been personal, but the exact nature of the calls could not be determined. The former Director was requested to reimburse the Library \$20.72. (See Summary, page 15)

Public funds may not be used to pay for personal items or for expenses which do not relate to the functions and purposes of the governmental unit. Any personal expenses paid by the governmental entity may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 4)

EXPENSE REIMBURSEMENT ITEMIZATION

The former Director received a reimbursement for Library related items that were purchased with her personal funds. When calculating the amount for reimbursement, an error was made resulting in an overpayment to the former Director of \$23.76. The former Director was requested to reimburse the Library \$23.76. (See Summary, page 15)

All claims, invoices, receipts, accounts payable vouchers, including those presented to the governing body for approval in accordance with Indiana Code 5-11-10, should contain adequate detailed documentation. All claims, invoices, receipts, and accounts payable vouchers regarding reimbursement for meals and expenses for individuals must have specific detailed information of the names of all individuals for whom amounts are claimed, including the nature, name and purpose of the business meeting, to enable the governing body to authorize payment. Payments which do not have proper itemization showing the business nature of the claim may be the personal obligation of the responsible official, employee or other person for whom the claim is made. (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 4)

EMPLOYEE SERVICE RECORDS

Employee service records (General Payroll Form 99A) were not maintained. This form records hours worked as well as vacation and sick time earned, used, and remaining balances.

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)

VAN BUREN PUBLIC LIBRARY
EXAMINATION RESULTS AND COMMENTS
(Continued)

LOAN BETWEEN LIBRARY FUNDS

A temporary loan of \$6,227 was made in 2003 from the Library Improvement Reserve Fund to the Library Capital Projects Fund and has not been repaid as of the date of this report. A similar comment appeared in prior Report B31440.

IC 36-1-8-4 concerning temporary loans states in part:

"(a) . . . (3) Except as provided in subsection (b), the prescribed period must end during the budget year of the year in which the transfer occurs; (4) The amount transferred must be returned to the other fund at the end of the prescribed period. . ."

"(b) If the fiscal body of a political subdivision determines that an emergency exists that requires an extension of the prescribed period of a transfer under this section, the prescribed period may be extended for not more than six (6) months beyond the budget year of the year in which the transfer occurs if the fiscal body does the following:

- (1) Passes an ordinance or a resolution that contains the following:
 - (A) A statement that the fiscal body has determined that an emergency exists.
 - (B) A brief description of the grounds for the emergency.
 - (C) The date the loan will be repaid that is not more than six (6) months beyond the budget year in which the transfer occurs.
- (2) Immediately forwards the ordinance or resolution to the state board of accounts and department of local government finance."

APPROPRIATIONS

The Library Capital Projects Fund expenditures exceeded budgeted appropriations by \$2,914 in the year 2007.

IC 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."

CONDITION OF RECORDS - INVESTMENT TRANSACTIONS

There were numerous occasions where a certificate of deposit would mature and one of the following would occur:

1. The matured certificate of deposit was replaced by a new certificate of deposit for the same amount of principal. No funds were deposited or disbursed from the Library bank account.

VAN BUREN PUBLIC LIBRARY
EXAMINATION RESULTS AND COMMENTS
(Continued)

2. A Library check was issued to increase the principal amount of the matured certificate of deposit. A new certificate of deposit with the new principal amount was issued. The matured certificate of deposit was not deposited to the Library bank account.
3. A new certificate of deposit was issued with a principal amount less than the matured certificate of deposit. The difference between the matured certificate of deposit and the new certificate of deposit was deposited to the Library bank account.

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)

When an investment is made the treasurer shall issue a warrant payable to the financial institution from which the investment is purchased. (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 9)

CAPITAL ASSET RECORDS

The Library did not record capital asset additions or disposals on the Capital Assets Ledger during the period of examination.

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 form. A complete inventory should be taken at least 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)

BOARD MINUTES

Minutes of meetings of the governing body did not indicate an organizational meeting each year where officers were elected. In addition, the minutes were not always clear on what motions were made, what issues were voted on and the results of votes taken.

IC 5-14-1.5-4 states in part:

"(b) As the meeting progresses, the following memoranda shall be kept:

- (1) The date, time, and place of the meeting.
- (2) The members of the governing body recorded as either present or absent.
- (3) The general substance of all matters proposed, discussed, or decided.
- (4) A record of all votes taken, by individual members if there is a roll call.
- (5) Any additional information required under IC 5-1.5-2-2.5."

VAN BUREN PUBLIC LIBRARY
EXIT CONFERENCE

The contents of this report were discussed on June 25, 2009, with Sue A. Israel, Director; Nancy E. Cook, former Treasurer; Larry D. Beouy, President of the Board; and Henrietta Story, Board member. The officials concurred with our findings.

The contents of this report were discussed on June 25, 2009, with Stephanie Beck, former Director. The official response has been made a part of this report and may be found on pages 10 through 14.

Van Buren Public Library
Examination Results and Comments Response
For Period January 1, 2007 to December 31, 2008

Overpayment of Wages

In December 2008 (it was the 22nd not the 23rd as the minutes say- the 4th Monday of the month according to the policy) the board authorized a bonus for certain employees. This was noted in the minutes of the meeting. The minutes stated that in November Stephanie asked for a 3% "across the board" salary increase for employees for 2009 (see exhibit C). Actually I asked the board to consider an additional pay for employees in 2008 because of a budget cut in 2009 and I suggested 3% which was the amount we had added to our 2008 budget when it was created. At the Dec. meeting I was asked to leave the room while the board discussed salaries. I went to the downstairs of the building. After two and one half-hours, I was called upstairs. Everyone was ready to leave so I asked what went on. They had voted to give some raises (Open Door Law violation). I was told about some employees getting raises in 2009 (not me and not the student employee). I told them that was not possible because again the 2009 budget had been cut and they were supposed to be deciding on an 2008 extra payroll. They said they did not realize this (I had given them a worksheet with hours worked by each employee in 2008-see exhibit A). They got the worksheet out again and did some calculations on how much it would be. Mike Long made a motion to give a bonus payment to Rose, Randy, Ralph, and Steph, with a second by John Brane. The minutes note the total is \$2781.00. I was given the worksheet with the bonus amounts on it. (see exhibit B) I paid these amounts the next day. The overpayment was made because the bonus amounts given to the director were calculated incorrectly.

This amount was repaid to the Van Buren Public Library on July 2, 2009.

Personal Expenses

I had not calculated some long distance phone call charges. My error.

This amount was paid to the Van Buren Public Library on July 2, 2009.

Expense Reimbursement Itemization

Again, my error, I just did the human thing (to error is human).

This amount was paid to the Van Buren Public Library on July 2, 2009.

Employee Service Records

I printed form #99B from the Computrain Software. These forms were allowed in the last audits. The forms were located in the library in the payroll files (Sue Israel can verify).

Loan Between Library Funds

Part of the \$6227.00 loan was repaid at year-end 2008. My plans were to limit the 2009 expenses in LCPF and repay as much as possible. A plan for 2010 was in progress but according to IC-36-12-12-3 &4, the public hearing was held within 30 days of the certified plan being submitted to the appropriate fiscal body. The library board completed the 2010 plan and the public hearing for the fiscal body the week of April 27th was not held and so a plan for 2010 is not valid. Part of the loan can be repaid using 2009 money that had been scheduled to pay the technology person who resigned when the director was fired.

Appropriations

I believe there were funds left in 2006 that were carried over to 2007 to cover this amount. (see 2005-2006, "Schedule of . . ." page- audit report)

Condition of Records-Investment Transaction

These activities were recorded on the Investment forms. I did use varying methods of processing certificates of deposit when they matured and we purchased new certificates. Sometimes we added more money to the CD balance and I used a check for the new amount only. These transactions are in a certificate of deposit folder (blue) at the library. I was not consistent in processing these CDs.

Capital Asset Records

Computers were purchased for the library in the fall of 2006 and were added to the Capital Asset Records. The actual charges for the computers occurred in 2007 and not recorded in the 2007 records. (Sue Israel assisted me with researching this item).

Board Minutes

The minutes of the board meetings were my responsibility from the time the previous board secretary (Lana Shafer) retired until December 2007 when the current board secretary took over. This was about the time (though not noted in the minutes) that my hours worked were mentioned. Almost every month there were corrections to the official minutes, usually addressed by me. When I corrected the minutes from the previous month and my correction was ignored, I began to keep my own minutes and made no more "additions or corrections" to the minutes. Important items such as passing a resolution, what days to close the building for holidays, and Certificate transactions such as renewals and matured, were not in the official minutes, I listed them in my own minutes in my "Board" folder. When I was dismissed from the library position in April 2009, I was not allowed to take my "Board" file folder until the board president went through it. My file folder was given to me in May 2009. Some of my papers, including my board notes, had been removed from my files.



Stephanie Beck July 6, 2009
Director of Van Buren Public Library, January 2001-April 2009

Exhibit A

Proposed 2008 salaries +3%	2005 4.50%	2006 2%	2007 5 % - June 2007	2008 3% proposed	hours worked	Increase/hour	+difference
Karen X	\$12.02	\$12.26	\$12.87	\$13.26	417	\$0.39	\$162.63
Rose	\$8.43	\$9.00	\$9.45	\$9.73	976	\$0.28	\$273.28
Christine X	\$5.25	\$5.75	\$6.10	\$6.28	674.75	\$0.18	\$75.06
Randy	\$577.18 mthly	\$600.27	\$606.00	\$624.18	annual pay old \$7272. new \$7490.16		\$218.16
Ralph	\$444.15 qtrly	\$461.92	\$485.02	\$499.57			\$58.20
Steph	\$18.77	\$18.77 (no increase)	\$19.71	\$20.53	1820	\$0.82	\$1,492.40
Natalie (student)		\$5.15	\$5.85 in July 2007	\$6.55 in July 2008	676.5		
Minimum wage increases							
2007	\$5.85						
2008	\$6.55						
2009	\$7.25						

USED
FOR
'08
BONUSES

Information from 12/08
MEETING.

Michael Long
7-2-09

1893.⁰⁰ cap projects

Appropriation Financial Report

Van Buren Public Library

Amounts used for '08
bonuses,
Michael Long 7-2-09

Period Beginning Date

12/01/08

Period Ending Date

12/31/08

Account Number and Description	YR Appropriation	Month BB	Change to Appropriations	MTD Expense	YTD Expense	Unexpended Bal.	Encumberanc	Unencumbered Bal %
100 Operating Fund								
10 Personal Services								
100.10.011 Salary of Librarian	37,370.34	4,487.49	0.00	2,989.35	35,872.20	1,498.14	0.00	1,498.14 95.99% 1492.4
100.10.012 Salary of Assistants	29,053.23	7,629.88	0.00	1,575.26	22,998.61	6,054.62	0.00	6,054.62 79.16% 510.9
100.10.014 Wages of Janitors	7,691.19	758.11	0.00	630.28	7,563.36	127.83	0.00	127.83 98.34% 218.16
100.10.021 Employer's Share FICA	5,642.35	957.43	0.00	397.41	5,082.33	560.02	0.00	560.02 90.07%
100.10.022 Other benefits	527.05	443.75	0.00	0.00	83.30	443.75	0.00	443.75 15.80%
10 Personal Services Totals	80,284.16	14,276.66	0.00	5,592.30	71,599.80	8,684.36	0.00	8,684.36 89.18%
<i>Ralph - Library Capital Projects</i>								
20 Supplies								
100.20.010 Office Supplies	1,284.20	144.20	0.00	144.04	1,284.04	0.16	0.00	0.16 99.99%
100.20.020 Operating Supplies	428.07	54.29	0.00	34.18	407.96	20.11	0.00	20.11 95.30%
100.20.030 Repair & Maintenance S	267.54	163.23	0.00	105.19	209.50	58.04	0.00	58.04 78.31%
100.20.040 Other Supplies	535.09	2.88	0.00	0.00	532.21	2.88	0.00	2.88 99.46%
20 Supplies Totals	2,514.90	364.60	0.00	283.41	2,433.71	81.19	0.00	81.19 96.77%
30 Other Services								
100.30.010 Professional Services	1,214.03	519.46	0.00	0.00	694.57	519.46	0.00	519.46 57.21%
100.30.020 Communications & Tran	3,936.07	428.52	0.00	195.90	3,703.45	232.62	0.00	232.62 94.09%
100.30.025 Internet	400.00	400.00	0.00	0.00	0.00	400.00	0.00	400.00 0.00%
100.30.030 Printing & Advertising	1,177.19	842.47	0.00	0.00	334.72	842.47	0.00	842.47 28.43%
100.30.040 Insurance	2,889.46	876.55	0.00	0.00	2,012.91	876.55	0.00	876.55 69.86%
100.30.050 Utilities	4,210.51	386.67	0.00	41.63	3,865.47	345.04	0.00	345.04 91.81%
100.30.060 Repairs & Maintenance	580.53	180.53	0.00	0.00	380.00	180.53	0.00	180.53 67.79%
100.30.090 Dues, Interest, Taxes	749.12	574.12	0.00	0.00	175.00	574.12	0.00	574.12 23.38%
30 Other Services Totals	15,136.91	4,208.32	0.00	237.53	11,166.12	3,970.79	0.00	3,970.79 73.77%

\$5902.81

2781.53

\$58

-13-

Exhibit C

Van Buren Public Library

Board of Trustees Minutes

December ²²~~23~~, 2008

The Library Board met December ²²~~23~~, 2008, with all board members and the librarian present.

The minutes of the November meeting passed with Larry making the motion to accept and Mike seconding. John made motion to accept claims 821 – 842 and checks 7719 – 7740 with Mike seconding the motion. Larry made motion to accept Treasurers report of \$67,528.16 and Mike seconded. Henrietta made a motion to continue our lawn care with Pierce Bro. for 2009 and Mike seconded. The Board voted for Stephanie to attend a conference on January 8, 2009, in Muncie for Consolidation Coalition. The February 27 seminar was rejected.

We will apply for the Community Foundation Grant of \$9,000.00 to help pay for retaining wall project.

The board president pointed out to Stephanie that several patrons had questioned various board members about her availability and attendance at the library. Mike Long suggested we install a time clock, so there would be no more confusion, as to hours worked, by any employee. This was discussed and Larry is to check on prices of time clocks and this will be discussed more at a later meeting.

Linda Bragg agreed to take over as Treasurer when Nancy fulfills this year.

At the November meeting, Stephanie asked for a 3% "across the board" salary increase for library employees for 2009. After a lengthy discussion on salaries and preliminary decisions, Stephanie informed us, our 2009, \$20,000.00 budget cut had been made to the salary budget and not straight across the board, as in years previous. Therefore, there will be no money for salary increases in 2009. This can be visited at a later meeting but Linda reiterated that it was agreed no salaries can be decided upon without the entire board present. Larry made the motion again and Henrietta seconded it.

We had an excess amount of \$8684.36 in the salary budget for 2008, due to the resignation of Karen and Christine. There was discussion about where to transfer this money, so as not to lose it. Since we already have borrowed \$50,000.00 from the LIRF fund there was a question as to putting it back into LIRF. Also, the Rainy Day Fund was discussed as the place to put it. Henrietta will speak with Karen Ainsley at the State Library Board about best way to handle this and let Stephanie know. Mike Long made a motion to pay employees approximately \$2781.00 (3% of 2008 salaries) as a bonus or retroactive pay for 2008 only. John Brane seconded this motion. This will leave approximately \$5902.00 to put into another fund. Linda Bragg made motion to put all remainder into LIRF or Rainy Day Fund, which either one Ms. Ainsley recommended. Larry seconded. *Note: She advised me to have it put into Rainy Day Fund. I met with Step. on Friday and advised her of this.

The board meeting was adjourned and next meeting will be January ²⁶~~25~~, 2009

Henrietta L. Story, Secretary
Nancy E. Cook
Larry Brane

VAN BUREN PUBLIC LIBRARY
SUMMARY

	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
Stephanie Beck, former Director:			
Overpayment of Wages, page 6	\$ 416.23	\$	\$
Personal Expenses, page 6	20.72		
Expense Reimbursement Itemization, page 6	23.76		
Reimbursed by Stephanie Beck on July 7, 2009	<u> </u>	460.71	<u>-</u>
Totals	<u>\$ 460.71</u>	<u>\$ 460.71</u>	<u>\$ -</u>