

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

EXAMINATION REPORT
OF
OXFORD PUBLIC LIBRARY
BENTON COUNTY, INDIANA
September 1, 2007 to December 31, 2008



FILED
02/03/2010

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OFFICIALS

| <u>Office</u> | <u>Official</u> | <u>Term</u> |
|------------------------|-------------------------------|--|
| Director | (Vacant) Danielle A. Payne | 09-01-07 to 09-03-07 09-04-07 to 12-31-09 |
| Treasurer | Kristine M. Mermoud | 09-01-07 to 12-31-09 |
| President of the Board | James Schoen | 09-01-07 to 12-31-09 |



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE OXFORD PUBLIC LIBRARY, BENTON COUNTY, INDIANA

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

STATE BOARD OF ACCOUNTS

December 3, 2009

OXFORD PUBLIC LIBRARY
 SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
 ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES
 For the Period Ended December 31, 2007
 And For the Year ended December 31, 2008

| | Cash and Investments 09-01-07 | Receipts | Disbursements | Cash and Investments 12-31-07 |
|-----------------------------|-------------------------------------|-------------------|-------------------|-------------------------------------|
| Governmental Funds: | | | | |
| General | \$ 60,473 | \$ 57,425 | \$ 48,269 | \$ 69,629 |
| Gift | 15,832 | 1,079 | 2,490 | 14,421 |
| Library Improvement Reserve | 200,727 | 7,792 | - | 208,519 |
| Fiduciary Fund: | | | | |
| Payroll Withholdings | 1,230 | 1,052 | 1,319 | 963 |
| Totals | <u>\$ 278,262</u> | <u>\$ 67,348</u> | <u>\$ 52,078</u> | <u>\$ 293,532</u> |
| | | | | |
| | Cash and Investments 01-01-08 | Receipts | Disbursements | Cash and Investments 12-31-08 |
| Governmental Funds: | | | | |
| General | \$ 69,629 | \$ 96,033 | \$ 130,115 | \$ 35,547 |
| Gift | 14,421 | 12,525 | 13,407 | 13,539 |
| Library Improvement Reserve | 208,519 | 12,410 | 5,822 | 215,107 |
| Fiduciary Fund: | | | | |
| Payroll Withholdings | 963 | 13,663 | 13,590 | 1,036 |
| Totals | <u>\$ 293,532</u> | <u>\$ 134,631</u> | <u>\$ 162,934</u> | <u>\$ 265,229</u> |

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

OXFORD 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.

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. However, due to reassessment, 2007 taxes were due in two installments on July 25, 2007 and November 12, 2007, and 2008 taxes were due in one installment on November 10, 2008.

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.

OXFORD PUBLIC LIBRARY
EXAMINATION RESULTS AND COMMENTS

INTEREST ON INVESTMENTS

Interest earned on a Certificate of Deposit purchased in 2006 was automatically added to the principal of the investment by the issuing bank. Of the \$5,227 interest earned on the certificate, \$5,000 was not posted to the Library's records. When the certificate matured, the \$5,000 interest was included in the purchase of a new certificate, but was not posted to the Library's records. Current bank reconciliations do not include the new investment at its purchase cost.

Interest on some investments should not be automatically added into the investment. Instead, interest on investments should be paid to the governmental unit at each maturity date and posted to the appropriate fund. (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 4)

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)

DEPOSITS

The Library collects public funds for fines and fees nearly every day the Library is open for business; however, deposits are routinely made only one to three times per month. The Library has normal business hours Monday through Saturday.

IC 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."

FINES AND FEES FOR LOST OR DESTROYED MATERIALS

Fines and fees collected for lost or destroyed materials were incorrectly receipted into the Gift Fund.

IC 36-12-3-11(a) states in part:

"(a) A library board shall establish funds to keep money and securities of the public library as follows:

- (1) All money collected from tax levies, interest on investments, fees, fines, rentals, and other revenues:

- (A) shall be deposited into the library operating funds, except as otherwise provided in this section."

OXFORD PUBLIC LIBRARY
EXAMINATION RESULTS AND COMMENTS
(Continued)

Income in the form of tax receipts, fees, sale of library property, rental, etc. may not be receipted into the library gift fund. (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 3)

Sources and uses of funds should be limited to those authorized by the enabling statute, ordinance, resolution, or grant agreement. (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 4)

CREDIT CARDS

The Library is using credit cards to purchase items without a credit card policy.

The State Board of Accounts will not take exception to the use of credit cards by a governmental unit provided the following criteria are observed:

- (1) The governing board must authorize credit card use through an ordinance or resolution, which has been approved in the minutes.
- (2) Issuance and use should be handled by an official or employee designated by the board.
- (3) The purposes for which the credit card may be used must be specifically stated in the ordinance or resolution.
- (4) When the purpose for which the credit card has been issued has been accomplished, the card should be returned to the custody of the responsible person.
- (5) The designated responsible official or employee should maintain an accounting system or log which would include the names of individuals requesting usage of the cards, their position, estimated amounts to be charged, fund and account numbers to be charged, date the card is issued and returned, etc.
- (6) Credit cards should not be used to bypass the accounting system. One reason that purchase orders are issued is to provide the fiscal officer with the means to encumber and track appropriations to provide the governing board and other officials with timely and accurate accounting information and monitoring of the accounting system.
- (7) Payment should not be made on the basis of a statement or a credit card slip only. Procedures for payments should be no different than for any other claim. Supporting documents such as paid bills and receipts must be available. Additionally, any interest or penalty incurred due to late filing or furnishing of documentation by an officer or employee should be the responsibility of that officer or employee.
- (8) If properly authorized, an annual fee may be paid.

(Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 4)

OXFORD PUBLIC LIBRARY
EXIT CONFERENCE

The contents of this report were discussed on December 3, 2009, with Danielle A. Payne, Director; and Kristine M. Mermoud, Treasurer. The officials concurred with our findings.