

B36993

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

EXAMINATION REPORT
OF

BARTON REES POGUE
MEMORIAL PUBLIC LIBRARY
GRANT COUNTY, INDIANA

January 1, 2008 to December 31, 2009



FILED
05/18/2010

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Barbara Dixon	01-01-08 to 12-31-10
Treasurer	Marilyn Bottoms Martha Wenger	01-01-08 to 08-18-09 08-19-09 to 12-31-10
President of the Board	Pamela Stump	01-01-08 to 12-31-10



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE BARTON REES POGUE
MEMORIAL PUBLIC LIBRARY, GRANT COUNTY, INDIANA

We have examined the financial information presented herein of the Barton Rees Pogue Memorial Public Library (Library), for the period of January 1, 2008 to December 31, 2009. 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, 2008 and 2009, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

March 16, 2010

BARTON REES POGUE MEMORIAL 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, 2008 And 2009

	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
Governmental Funds:				
General	\$ 45,925	\$ 52,921	\$ 47,815	\$ 51,031
Gift	5,263	-	-	5,263
Grant	1,236	-	-	1,236
Library Improvement Reserve	38,986	853	2,138	37,701
Fiduciary Funds:				
Payroll Withholdings	281	5,183	5,050	414
PLAC	196	1,081	811	466
Totals	<u>\$ 91,887</u>	<u>\$ 60,038</u>	<u>\$ 55,814</u>	<u>\$ 96,111</u>
	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
Governmental Funds:				
General	\$ 51,031	\$ 59,987	\$ 51,771	\$ 59,247
Gift	5,263	-	-	5,263
Grant	1,236	-	-	1,236
Library Improvement Reserve	37,701	349	10,313	27,737
Fiduciary Funds:				
Payroll Withholdings	414	11,666	11,541	539
PLAC	466	930	1,500	(104)
Totals	<u>\$ 96,111</u>	<u>\$ 72,932</u>	<u>\$ 75,125</u>	<u>\$ 93,918</u>

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

BARTON REES POGUE MEMORIAL PUBLIC LIBRARY
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

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

BARTON REES POGUE MEMORIAL PUBLIC LIBRARY
EXAMINATION RESULTS AND COMMENTS

CONDITION OF RECORDS

The following deficiencies relating to the recordkeeping were noted during our period of examination:

1. Investment balances used in the reconciliation were incorrect. A similar comment appeared in prior Report B31956.

IC 5-13-6-1(e) states in part: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

2. There were a considerable number of posting errors. These errors included collections not posted, receipts posted to incorrect funds, investment interest not posted, mathematical errors, and totals carried over incorrectly from one month to the next. A similar comment appeared in prior Report B31956.

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)

3. Some transactions were not entered into the Financial and Appropriations Record, but were shown as notations on separate pieces of paper that were attached to the Financial and Appropriation Record. These transactions were included in the receipts, disbursements, and balance totals.

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)

ANNUAL REPORT

The Library Annual Reports prepared for 2008 and 2009 were not accurate. The balances reported at December 31, 2008, did not agree with the Library Financial and Appropriation Record. Additionally, the beginning balances reported did not agree with the ending balances on the prior year's annual report.

IC 5-3-1-4 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 year. . . (2) A public library."

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)

BARTON REES POGUE MEMORIAL PUBLIC LIBRARY
EXAMINATION RESULTS AND COMMENTS
(Continued)

INVESTMENTS

The investment register in use was not a prescribed or approved form and did not provide accurate information. Investments balances were not included in the Library Financial and Appropriation Record. Additionally, interest on two investments was added to the investment balances and not recorded in the records.

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)

Interest on 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)

PUBLIC LIBRARY ACCESS CARDS

The library collects money for the sale of Public Library Access Cards (PLAC). Several problems were noted in the recording, depositing, remittance, and reporting of PLAC.

1. The records indicate that collections for PLAC were not deposited timely. Some PLAC receipts were held up to 12 days before deposit.

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."

2. Some PLAC receipts were posted to the General Fund rather than the PLAC Fund.

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)

3. The PLAC register indicates a card was sold on September 20, 2008. However, a corresponding deposit or receipt was not recorded in the records.

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)

4. The Library is required to submit a report along with the receipts for PLAC on a quarterly basis to the Indiana State Library. A report for the second quarter 2008 along with \$210 of PLAC receipts was not remitted. Additionally, the report for the first quarter 2009 PLAC receipts for \$240 was remitted twice, in May and July.

BARTON REES POGUE MEMORIAL PUBLIC LIBRARY
EXAMINATION RESULTS AND COMMENTS
(Continued)

Political subdivisions are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings, and filing requirements concerning reports and other procedural matters of federal and state agencies, including opinions of the Attorney General of the State of Indiana, and court decisions. Governmental units should file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 4)

5. The PLAC Fund at December 31, 2009, has a negative balance in the amount of \$104.

The cash 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)

DEBIT CARD DISBURSEMENTS

Disbursements were not always made by check. The Library used a debit card to make some purchases.

Disbursements, other than properly authorized petty cash disbursements, shall be by check or warrant, not by cash or other methods unless specifically authorized by statute, federal or state rule. (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 4)

SUPPORTING DOCUMENTATION

Several payments were observed which were not supported by adequate documentation, such as receipts, invoices, and other public records. Due to the lack of supporting information, the validity and accountability for some money disbursed could not be established.

Supporting documentation such as receipts, canceled checks, tickets, 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)

APPROPRIATIONS

The General Fund expenditures exceeded the budgeted appropriations by \$548 in 2009.

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."

BARTON REES POGUE MEMORIAL PUBLIC LIBRARY
EXAMINATION RESULTS AND COMMENTS
(Continued)

CAPITAL ASSET RECORDS

The Library did not maintain a record of capital assets.

Every governmental unit should have a complete inventory of all capital assets owned which reflects their acquisition value. Such inventory should be recorded on the applicable 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)

BARTON REES POGUE MEMORIAL PUBLIC LIBRARY
EXIT CONFERENCE

The contents of this report were discussed on March 16, 2010, with Barbara Dixon, Director; Pamela Stump, President of the Board; and Martha Wenger, Treasurer. The officials concurred with our findings.