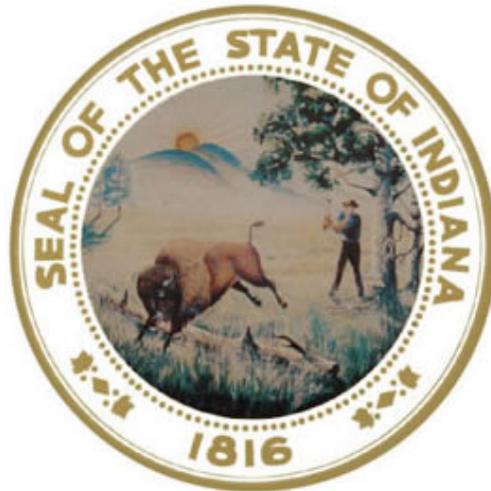


STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

EXAMINATION REPORT
OF
WASHINGTON TOWNSHIP PUBLIC LIBRARY
RANDOLPH COUNTY, INDIANA
January 1, 2008 to December 31, 2009



FILED
08/16/2010

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Suzanne Robinson	01-01-08 to 12-31-10
Treasurer	Kaylene Straley Sharon Abshear	01-01-08 to 12-31-09 01-01-10 to 12-31-10
President of the Board	Herold Isenbarger	01-01-08 to 12-31-10



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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE WASHINGTON TOWNSHIP
PUBLIC LIBRARY, RANDOLPH COUNTY, INDIANA

We have examined the financial information presented herein of the Washington Township 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.

The Schedule of Capital Assets, as listed in the Table of Contents, is presented for additional analysis and is not a required part of the basic financial information. It has not been subjected to the examination procedures applied to the basic financial information and, accordingly, we express no opinion on it.

STATE BOARD OF ACCOUNTS

June 24, 2010

WASHINGTON TOWNSHIP 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	\$ 22,636	\$ 75,036	\$ 70,237	\$ 27,435
Gift	44,731	115	4,625	40,221
Library Improvement Reserve	7,525	92	-	7,617
Rainy Day Fund	758	1,083	363	1,478
Fiduciary Funds:				
Payroll Withholdings	-	210	210	-
PLAC	-	8,515	8,515	-
Totals	<u>\$ 75,650</u>	<u>\$ 85,051</u>	<u>\$ 83,950</u>	<u>\$ 76,751</u>

	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
Governmental Funds:				
General	\$ 27,435	\$ 73,256	\$ 73,703	\$ 26,988
Gift	40,221	-	-	40,221
Library Improvement Reserve	7,617	122	-	7,739
Rainy Day Fund	1,478	161	-	1,639
Fiduciary Funds:				
Payroll Withholdings	-	240	240	-
PLAC	-	8,267	8,267	-
Totals	<u>\$ 76,751</u>	<u>\$ 82,046</u>	<u>\$ 82,210</u>	<u>\$ 76,587</u>

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

WASHINGTON TOWNSHIP 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. 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.

WASHINGTON TOWNSHIP PUBLIC LIBRARY
NOTES TO FINANCIAL INFORMATION
(Continued)

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.

Note 6. Pension Plan

Public Employees' Retirement Fund

Plan Description

The Library contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system, and give the Library authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

PERF administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Public Employees' Retirement Fund
Harrison Building, Room 800
143 West Market Street
Indianapolis, IN 46204
Ph. (317) 233-4162

Funding Policy and Annual Pension Cost

The contribution requirements of the plan members for PERF are established by the Board of Trustees of PERF.

WASHINGTON TOWNSHIP PUBLIC LIBRARY
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS
For The Year Ended December 31, 2009

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Machinery and equipment	<u>\$ 65,454</u>

WASHINGTON TOWNSHIP PUBLIC LIBRARY
EXAMINATION RESULTS AND COMMENTS

FEDERAL AND STATE AGENCIES - COMPLIANCE REQUIREMENTS

The following deficiencies were noted during a review of payroll and contract payments:

1. In 2008, payments to one employee totaled \$369, at a rate of \$9 per hour, and payments to another employee totaled \$200, at a rate of \$25 per hour. In 2009, payments to one employee totaled \$3,789, at a rate of \$9 per hour, and payments to another employee totaled \$684, at a rate of \$9 per hour. These employees were paid through the claims process rather than through the payroll records. None of the hourly rates paid were approved by the Board.
2. The individual performing maintenance duties, which was a contracted position, was paid \$7,851 and \$7,860 in 2008 and 2009, respectively. The individual performing cleaning services, which is a contracted position, was paid \$3,000 and \$2,604 in 2008 and 2009, respectively. No 1099 Miscellaneous forms were issued during the examination period.
3. Penalties and interest of \$3.31 were paid to the Internal Revenue Service for not remitting the proper amount of withholdings for the tax period ended March 31, 2008.

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution or salary schedule adopted by the governing body unless otherwise authorized by statute. Compensation should be made in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

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.

CONDITION OF RECORDS

The following deficiencies were noted:

1. As noted in prior report number B33195 and during the current examination period, the depository reconciliations of the record balances to the bank account balances were incorrect. Bank balances were more than record balances by \$55.70 at December 31, 2008 and bank balances were less than record balances by \$74.24 at December 31, 2009. Outstanding checks were not listed separately on some bank reconcilements.
2. There were a considerable number of posting errors. Some transactions were recorded as negative receipts and disbursements.
3. Correct balances for some funds were not properly carried forward to the next month in the Library Financial and Appropriation Record. The investment balance noted in the Library Financial and Appropriation Record for the Library Improvement Reserve fund did not agree with the actual investment amount.

WASHINGTON TOWNSHIP PUBLIC LIBRARY
EXAMINATION RESULTS AND COMMENTS
(Continued)

4. Disbursements of payroll withholdings were not posted to the ledgers.

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."

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)

CONTRACTS

Payments totaling \$450 were paid for bookkeeping services in 2009 without a contract.

Payments made or received for contractual services should be supported by a written contract. Each governmental unit is responsible for complying with the provisions of its contracts. (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 4)

OPTICAL IMAGES OF WARRANTS

The financial institution did not return the actual cancelled checks with the monthly bank statements, but instead returned only an optical image of the front side of the checks.

IC 5-15-6-3 concerning optical imaging of checks states in part:

"(a) . . . 'original records' . . . includes the optical image of a check or deposit document when:

- (1) the check or deposit document is recorded, copied, or reproduced by an optical imaging process . . . ; and
- (2) the drawer of the check receives an optical image of the check after the check is processed for payment . . ."

Further, IC 26-2-8-111 states in part:

"(a) If a law requires that certain records be retained, that requirement is met by retaining an electronic record of the information in the record that:

- (1) accurately reflects the information set forth in the record after it was first generated in its final form as an electronic record or otherwise; and
- (2) remains accessible for later reference."

"(e) If a law requires retention of a check, that requirement is satisfied by retention of an electronic record of the information on the front and back of the check in accordance with subsection (a)."

WASHINGTON TOWNSHIP PUBLIC LIBRARY
EXIT CONFERENCE

The contents of this report were discussed on June 24, 2010, with Suzanne Robinson, Director, and Sharon Abshear, Treasurer. The officials concurred with our findings.