

B37759

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

EXAMINATION REPORT  
OF  
GAS CITY - MILL TOWNSHIP PUBLIC LIBRARY  
GRANT COUNTY, INDIANA  
January 1, 2007 to December 31, 2009



**FILED**  
11/10/2010



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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Nancy L. Bryant	01-01-07 to 12-31-10
Treasurer	Jane E. Edwards Jennifer A. Moon	01-01-07 to 12-31-08 01-01-09 to 12-31-10
President of the Board	Michael A. Chenoweth	01-01-07 to 12-31-10



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF GAS CITY - MILL TOWNSHIP PUBLIC LIBRARY, GRANT COUNTY, INDIANA

We have examined the financial information presented herein of the Gas City - Mill Township Public Library (Library), for the period of January 1, 2007 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.

Due to inaccurate and incomplete accounting records, we were unable to present cash receipts and disbursements for the years 2007, 2008 and 2009 and we were unable to obtain sufficient, competent, evidential matter to support the cash and investment balances at December 31, 2007, 2008, and 2009.

Since the Library did not maintain accurate and complete records and we were not able to apply other examination procedures to satisfy ourselves as to the accuracy of cash and investment balances, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on the financial information presented herein.

The Schedule of Long-Term Debt, 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

August 11, 2010

GAS CITY - MILL TOWNSHIP PUBLIC LIBRARY  
 CASH AND INVESTMENT BALANCES  
 ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES  
 December 31, 2007, 2008 And 2009

	Cash and Investments 12-31-07	Cash and Investments 12-31-08	Cash and Investments 12-31-09
Total All Funds	\$ 575,746	\$ 593,322	\$ 528,168

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

GAS CITY - MILL 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 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.

GAS CITY - MILL 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.

GAS CITY - MILL TOWNSHIP PUBLIC LIBRARY  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF LONG-TERM DEBT  
 December 31, 2009

The Library has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:		
Capital lease:		
Library Building	\$ 350,000	\$ 108,000

GAS CITY - MILL TOWNSHIP PUBLIC LIBRARY  
EXAMINATION RESULTS AND COMMENTS

FINANCIAL REPORT OPINION MODIFICATION

The financial records did not provide sufficient information to examine or establish beginning balances, receipts, disbursements, ending balances, or the accuracy or correctness of the transactions. Therefore, the State Board of Accounts was unable to provide an unqualified opinion on the Independent Accountant's Report for the financial statements.

Accounting records and other public records must be maintained in a manner that will support accurate financial statements. Anything other than an unqualified opinion on the Independent Accountant's Report on the financial statements may have adverse financial consequences with the possibility of an increase in interest rate cost to the taxpayers of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 4)

FINANCIAL TRANSACTIONS RECORDING

The Library did not maintain a Library Financial and Appropriations Ledger, Form 1, for 2007, 2008, and 2009, which is a record of receipts, disbursements, and balances by fund. The Library has an approved accounting software program that would provide adequate financial reports, but the program was not used.

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)

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)

BANK ACCOUNT RECONCILIATIONS

Depository reconciliations of the fund balances to the bank account balances for 2007 were not presented for examination. Depository reconciliations presented for 2008 and 2009 consisted of reconciling the deposit slips and the claim register for the month to the transactions on the bank statements. A similar comment appeared in prior Report B29892.

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."

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)

GAS CITY - MILL TOWNSHIP PUBLIC LIBRARY  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

ANNUAL REPORTS

The Library did not prepare annual reports for 2007, 2008, or 2009. A similar comment appeared in prior Report B29892.

IC 5-11-1-4 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."

REGISTER OF INVESTMENTS

The Library did not maintain a Register of Investments, General Form 350, or any other form to record investment information.

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)

EMPLOYEE SERVICE RECORDS

Employee's Service Record, General Form 99A, was not maintained. Vacation, sick, personal, and compensatory time used is recorded on the employee's time sheets and a "calendar" for that employee, but a cumulative record of compensated absences earned, used, and unused balances was not maintained.

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)

ACCOUNTS PAYABLE VOUCHERS

The Accounts Payable Voucher, Form 4, was not properly completed. When the Bookkeeper would enter a voucher number for a current disbursement, the system would revert back to a previous voucher with the same voucher number because the system was not closed out at the end of each year. The voucher would be printed with the previous year's information and then the current year's vendor name and amount would be manually entered on the voucher. The voucher did not provide fund and appropriation information for the current year's disbursement.

The Library Director did not sign the vouchers or the voucher register.

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)

GAS CITY - MILL TOWNSHIP PUBLIC LIBRARY  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

IC 36-12-3-16 provides that "each payment of expenses lawfully incurred for library purposes must be supported by a fully itemized invoice or other documentation. The library director must certify to the library board before payment that each claim for payment is true and correct. The certification must be on a form prescribed by the State Board of Accounts." To satisfy the certification requirements, the library director may either sign each accounts payable voucher individually or sign in the area designated on the Accounts Payable Voucher Register, General Form 364. (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 3)

CONTRACTUAL SERVICES

Payments totaling \$11,050, \$11,050, and \$11,875 for the years 2007, 2008, and 2009, respectively, were made to an individual for janitorial services without a written 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)

CAPITAL ASSET RECORDS

The Library does not maintain a record of capital assets. A similar comment appeared in prior Report B29892.

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. 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)

GAS CITY - MILL TOWNSHIP PUBLIC LIBRARY  
EXIT CONFERENCE

The contents of this report were discussed on August 11, 2010, with Nancy L. Bryant, Director; Jennifer A. Moon, Treasurer; and Michael A. Chenoweth, President of the Board. The officials concurred with our findings.