

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

EXAMINATION REPORT
OF
HENLEY MEMORIAL PUBLIC LIBRARY
RUSH COUNTY, INDIANA
January 1, 2008 to December 31, 2009



FILED
02/09/2011

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:	
Official Bond	6
Deposits.....	6
Errors on Claims.....	6-7
Appropriations.....	7
Capital Asset Records	7
Prescribed Forms	7
Exit Conference.....	8

OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Shelli Wilson	09-01-06 to 12-31-10
Treasurer	Kim Heim	08-31-06 to 12-31-10
President of the Board	Marlene Eickhoff	01-01-06 to 12-31-10



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE HENLEY MEMORIAL PUBLIC LIBRARY, RUSH COUNTY, INDIANA

We have examined the financial information presented herein of the Henley 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

January 6, 2011

HENLEY MEMORIAL PUBLIC LIBRARY
 SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
 ALL GOVERNMENTAL 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 Fund: General	<u>\$ 61,101</u>	<u>\$ 13,714</u>	<u>\$ 31,115</u>	<u>\$ 43,700</u>										
<table border="0"> <thead> <tr> <th style="text-align: left;"></th> <th style="text-align: center;">Cash and Investments 01-01-09</th> <th style="text-align: center;">Receipts</th> <th style="text-align: center;">Disbursements</th> <th style="text-align: center;">Cash and Investments 12-31-09</th> </tr> </thead> <tbody> <tr> <td style="text-align: left;">Governmental Fund: General</td> <td style="text-align: right;"><u>\$ 43,700</u></td> <td style="text-align: right;"><u>\$ 14,160</u></td> <td style="text-align: right;"><u>\$ 12,880</u></td> <td style="text-align: right;"><u>\$ 44,980</u></td> </tr> </tbody> </table>						Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09	Governmental Fund: General	<u>\$ 43,700</u>	<u>\$ 14,160</u>	<u>\$ 12,880</u>	<u>\$ 44,980</u>
	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09										
Governmental Fund: General	<u>\$ 43,700</u>	<u>\$ 14,160</u>	<u>\$ 12,880</u>	<u>\$ 44,980</u>										

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

HENLEY 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 the following services: culture and recreation and general administrative 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.

HENLEY MEMORIAL PUBLIC LIBRARY
EXAMINATION RESULTS AND COMMENTS

OFFICIAL BOND

The official bond for the Treasurer was not filed in the Office of the County Recorder.

IC 36-12-2-22(g) requires the Treasurer's bond to be deposited in the office of the County Recorder. Other library employee bonds shall also be filed in the office of the County Recorder. (Accounting and Uniform Compliance Guidelines manual for Libraries, Chapter 1)

DEPOSITS

In numerous instances, receipts were deposited later than the next business day.

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."

ERRORS ON CLAIMS

The following deficiencies were noted on claims during the examination period:

1. Claims were not prepared for all disbursements.
2. It could not be determined that disbursements had board approval.
3. Some invoices did not have evidence to support receipt of goods or services.

IC 5-11-10-1.6 states in part:

"(b) As used in this section, 'claim' means a bill or an invoice submitted to a governmental entity for goods or services.

(c) The fiscal officer of a governmental entity may not draw a warrant or check for payment of a claim unless:

- (1) there is a fully itemized invoice or bill for the claim;
- (2) the invoice or bill is approved by the officer or person receiving the goods and services;
- (3) the invoice or bill is filed with the governmental entity's fiscal officer;

HENLEY MEMORIAL PUBLIC LIBRARY
EXAMINATION RESULTS AND COMMENTS
(Continued)

- (4) the fiscal officer audits and certifies before payment that the invoice or bill is true and correct; and
- (5) payment of the claim is allowed by the governmental entity's legislative body or the board or official having jurisdiction over allowance of payment of the claim."

APPROPRIATIONS

The following expenditures were in excess of budgeted appropriations:

<u>Fund</u>	<u>Year</u>	<u>Excess Amount Expended</u>
General	2008	<u>\$ 17,804.76</u>

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."

CAPITAL ASSET RECORDS

The Library is not maintaining capital asset records.

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)

PRESCRIBED FORMS

The following prescribed or approved form was not in use:

Library Form 4 - Accounts Payable Voucher

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)

HENLEY MEMORIAL PUBLIC LIBRARY
RUSH COUNTY
EXIT CONFERENCE

The contents of this report were discussed on January 6, 2011, with Kim Heim, Treasurer. The official concurred with our findings.