

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

EXAMINATION REPORT
OF
KNIGHTSTOWN PUBLIC LIBRARY
HENRY COUNTY, INDIANA
January 1, 2008 to December 31, 2010



FILED
02/17/2011

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Mary Miller Vanda Carnes	01-01-08 to 12-31-09 01-01-10 to 12-31-11
Treasurer	William Bergmann	01-01-08 to 12-31-11
President of the Board	Ross Miller	01-01-08 to 12-31-11



STATE OF INDIANA
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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE KNIGHTSTOWN PUBLIC LIBRARY, HENRY COUNTY, INDIANA

We have examined the financial information presented herein of the Knightstown Public Library (Library), for the period of January 1, 2008 to December 31, 2010. 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, 2009, and 2010, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

January 25, 2011

KNIGHTSTOWN 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, 2009, And 2010

	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
Governmental Funds:				
Operating	\$ 30,817	\$ 74,491	\$ 62,403	\$ 42,905
Gift	4,107	2,772	3,821	3,058
Library Improvement Reserve	35,482	564	-	36,046
Henry County Foundation Grant	-	2,869	2,783	86
Fiduciary Funds:				
Trust	6,500	-	6,500	-
PLAC	30	60	90	-
Totals	<u>\$ 76,936</u>	<u>\$ 80,756</u>	<u>\$ 75,597</u>	<u>\$ 82,095</u>

	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
Governmental Funds:				
Operating	\$ 42,905	\$ 55,456	\$ 75,267	\$ 23,094
Gift	3,058	2,138	2,331	2,865
Library Improvement Reserve	36,046	5,249	6,653	34,642
Henry County Foundation Grant	86	-	86	-
Fiduciary Fund:				
PLAC	-	60	30	30
Totals	<u>\$ 82,095</u>	<u>\$ 62,903</u>	<u>\$ 84,367</u>	<u>\$ 60,631</u>

	Cash and Investments 01-01-10	Receipts	Disbursements	Cash and Investments 12-31-10
Governmental Funds:				
Operating	\$ 23,094	\$ 93,646	\$ 66,911	\$ 49,829
Gift	2,865	965	65	3,765
Library Improvement Reserve	34,642	176	-	34,818
Rainy Day	-	742	-	742
Fiduciary Fund:				
PLAC	30	150	130	50
Totals	<u>\$ 60,631</u>	<u>\$ 95,679</u>	<u>\$ 67,106</u>	<u>\$ 89,204</u>

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

KNIGHTSTOWN 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.

KNIGHTSTOWN PUBLIC LIBRARY
HENRY COUNTY
EXAMINATION RESULTS AND COMMENTS

CAPITAL ASSET RECORDS

The Library's records for capital assets have not been properly maintained. No additions have been made since the year 2000. Assets that should have been removed from the capital asset records have not been removed.

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)

FEDERAL AND STATE AGENCIES - COMPLIANCE REQUIREMENTS

The Library did not comply with directives of Internal Revenue Service or the Indiana Department of Revenue by not correctly completing forms W-3 and WH-3, respectively, for 2009. The amounts reported on Form W-3 for Social Security Taxes, Medicare Taxes, State taxes and Local income taxes did not agree with the sum of the Form W-2. The amounts reported to the Indiana Department of Revenue on Form WH-3 for State Income Taxes did not agree with the amount on Form W-3. In addition, the amounts for State Income Tax and Local Income Tax on the Form WH-3 did not agree with the sum of Form W-2.

In addition, amounts that were paid to both the Internal Revenue Service and the Indiana Department of Revenue were more than was calculated as due based on the withholdings as abstracted from the form W-2

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)

Each governmental unit is responsible for compliance with all rules, regulations, guidelines, and directives of the Internal Revenue Service and the Indiana Department of Revenue. All questions concerning taxes should be directed to these agencies. (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 4)

KNIGHTSTOWN PUBLIC LIBRARY
HENRY COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

OFFICIAL BOND

The following official bonds were not filed in the Office of the County Recorder:

William Bergman and Ross Miller for the period January 1, 2010 to January 1, 2011

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)

ACCOUNTABLE ITEMS

Records presented for audit indicated prenumbered PLAC cards were on hand to sell for out-of-town library patrons. Card 122370 was not listed as being sold, nor was the card on hand on the date of inventory. Library management could not account for the status of the card.

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)

KNIGHTSTOWN PUBLIC LIBRARY
HENRY COUNTY
EXIT CONFERENCE

The contents of this report were discussed on January 25, 2011, with Vanda Carnes, Director; Dawn Mogg, Bookkeeper; and William Bergmann, Treasurer. The officials concurred with our findings.