

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

EXAMINATION REPORT

OF

NEW HARMONY WORKINGMEN'S INSTITUTE PUBLIC LIBRARY

POSEY COUNTY, INDIANA

January 1, 2007 to December 31, 2010



FILED
05/19/2011

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Sherry Graves	01-01-07 to 12-31-11
Treasurer	Ernest Rapp Gene Culiver	01-01-07 to 10-16-07 10-17-07 to 12-31-11
President of the Board	Fred Frayser	01-01-07 to 12-31-11



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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 NEW HARMONY WORKINGMEN'S
INSTITUTE PUBLIC LIBRARY, POSEY COUNTY, INDIANA

We have examined the financial information presented herein of the New Harmony Workingmen's Institute Public Library (Library), for the period of January 1, 2007 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, 2007, 2008, 2009, and 2010, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

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

April 26, 2011

NEW HARMONY WORKINGMEN'S INSTITUTE PUBLIC LIBRARY
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL FUND TYPES
As Of And For The Years Ended December 31, 2007, 2008, 2009, And 2010

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds:				
General	\$ 14,554	\$ 105,708	\$ 119,607	\$ 655
Gift	1,911,466	592,964	346,329	2,158,101
Library Improvement Reserve	27,021	2,634	1,720	27,935
Library Capital Projects	15,004	11,109	26,096	17
State Technology Fund	4,500	4,500	3,750	5,250
AT&T Grant Fund	-	5,000	-	5,000
Totals	<u>\$ 1,972,545</u>	<u>\$ 721,915</u>	<u>\$ 497,502</u>	<u>\$ 2,196,958</u>
	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
Governmental Funds:				
General	\$ 655	\$ 112,977	\$ 108,691	\$ 4,941
Gift	2,158,101	121,557	104,438	2,175,220
Library Improvement Reserve	27,935	11,331	4,573	34,693
Library Capital Projects	17	4,355	-	4,372
State Technology Fund	5,250	4,500	4,500	5,250
AT&T Grant Fund	5,000	-	2,500	2,500
Totals	<u>\$ 2,196,958</u>	<u>\$ 254,720</u>	<u>\$ 224,702</u>	<u>\$ 2,226,976</u>
	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
Governmental Funds:				
General	\$ 4,941	\$ 89,880	\$ 119,313	\$ (24,492)
Gift	2,175,220	102,469	316,805	1,960,884
Library Improvement Reserve	34,693	500	27,000	8,193
Library Capital Projects	4,372	4,456	8,000	828
State Technology Fund	5,250	8,400	6,125	7,525
AT&T Grant Fund	2,500	-	2,500	-
Construction Fund	-	188,100	-	188,100
Totals	<u>\$ 2,226,976</u>	<u>\$ 393,805</u>	<u>\$ 479,743</u>	<u>\$ 2,141,038</u>
	Cash and Investments 01-01-10	Receipts	Disbursements	Cash and Investments 12-31-10
Governmental Funds:				
General	\$ (24,492)	\$ 161,116	\$ 135,582	\$ 1,042
Gift	1,960,884	69,795	210,459	1,820,220
Library Improvement Reserve	8,193	42,000	68,217	(18,024)
Library Capital Projects	828	-	-	828
State Technology Fund	7,525	4,529	6,950	5,104
Construction Fund	188,100	414,504	558,396	44,208
State Grant Fund	-	50,000	-	50,000
Levy Excess	-	185	-	185
Totals	<u>\$ 2,141,038</u>	<u>\$ 742,129</u>	<u>\$ 979,604</u>	<u>\$ 1,903,563</u>

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

NEW HARMONY WORKINGMEN'S INSTITUTE 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.

NEW HARMONY WORKINGMEN'S INSTITUTE PUBLIC LIBRARY
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2010

The Library has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:		
Bonds payable:		
General Obligation Bonds of 2009	\$ 190,000	\$ 24,378

NEW HARMONY WORKINGMEN'S INSTITUTE PUBLIC LIBRARY
EXAMINATION RESULTS AND COMMENTS

INVESTMENTS NOT AUTHORIZED BY STATUTE

The Library invested in mutual funds with a portfolio of corporate stock in 2007, 2008, 2009, and 2010. A similar comment was included in the prior report.

IC 5-13-9-2.5 states in part:

"(a) An officer designated in section 1 of this chapter may invest or reinvest funds that are held by the officer and available for investment in investments commonly known as money market mutual funds that are in the form of securities of or interests in an open-end, no-load, management-type investment company or investment trust registered under the provisions of the federal Investment Company Act of 1940, as amended (15 U.S.C. 80a et seq.). . . .

(c) The portfolio of an investment company or investment trust described in subsection (a) must be limited to the following:

- (1) Direct obligations of the United States.
- (2) Obligations issued by any of the following:
 - (A) A federal agency.
 - (B) A federal instrumentality.
 - (C) A federal government sponsored enterprise.
- (3) Repurchase agreements full collateralized by obligations described in subdivision (1) or (2)."

Investments should only be made in accordance with statute. Expenses related to any unauthorized investments may be the personal obligation of the responsible official or employee.

Losses related to investments and investment procedures which are not authorized by statute may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 4)

NEW HARMONY WORKINGMEN'S INSTITUTE PUBLIC LIBRARY
EXAMINATION RESULTS AND COMMENTS
(Continued)

OVERDRAWN FUND BALANCES

The General Fund was overdrawn in 2009 and the Library Improvement Reserve Fund was overdrawn in 2010.

The fund 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)

CAPITAL ASSET RECORDS

The Library did not maintain an inventory of capital assets. A similar comment was included in the prior report.

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)

OFFICIAL BOND

The official bond of the Treasurer was not filed in the Office of the County Recorder. A similar comment was included in the prior report.

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)

NEW HARMONY WORKINGMEN'S INSTITUTE PUBLIC LIBRARY
EXIT CONFERENCE

The contents of this report were discussed on April 26, 2011, with Sherry Graves, Director, and Gene Culiver, Treasurer. The officials concurred with our findings.