

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

EXAMINATION REPORT  
OF  
LOOGOOTEE PUBLIC LIBRARY  
MARTIN COUNTY, INDIANA  
January 1, 2007 to December 31, 2010



**FILED**  
10/25/2011



## TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Officials .....	2
Independent Accountant's Report.....	3
Financial Statements:	
Statements of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis .....	6-7
Notes to Financial Statements .....	8-11
Supplementary Information:	
Combining Schedule of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis .....	14
Schedule of Capital Assets.....	15
Schedule of Long-Term Debt .....	16
Examination Results and Comments:	
Bank Account Reconciliations .....	17
Condition of Records .....	17-18
Appropriations.....	18
Official Bond .....	18
Overdrawn Fund Balances .....	18
Errors on Claims .....	19
Payroll Exceptions .....	19-20
Annual Report.....	20
Exit Conference.....	21

OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Mary Ringwald	01-01-07 to 08-31-10
	Darla Wagler	09-01-10 to 12-31-11
Treasurer	J.D. Faris	01-01-07 to 06-30-07
	Deborah Schwartz (Interim)	07-01-07 to 12-31-07
	Judith F. Walton	01-01-08 to 06-30-10
	Deborah Schwartz (Interim)	07-01-10 to 12-31-10
	Pat Hale	01-01-11 to 12-31-11
President of the Board	Donna K. Graber	01-01-07 to 12-31-08
	Ed Frost	01-01-09 to 09-30-09
	Stephanie D. McAtee	10-01-09 to 12-31-11



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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF LOOGOOTEE PUBLIC LIBRARY, MARTIN COUNTY, INDIANA

We have examined the financial statements of Loogootee Public Library (Library), for the period of January 1, 2007 to December 31, 2010. The Library's management is responsible for the financial statements. 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 statements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

As discussed in Note 1, the Library prepares its financial statements on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The basis noted above is a different basis than that used in the prior year.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the Library for the years ended December 31, 2007, 2008, 2009, and 2010, on the basis of accounting described in Note 1.

The Combining Schedule of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis for the year ended December 31, 2010, Schedule of Capital Assets and Schedule of Long-Term Debt, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statements. They have not been subjected to the examination procedures applied to the financial statements and, accordingly, we express no opinion on them. Combining Schedules of Receipts, Disbursements, and Cash and Investments Balances – Regulatory Basis were not presented for the years ended December 31, 2007, 2008, or 2009.

This report is intended solely for the information and use of the Library's management, the Library Board, and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

August 23, 2011

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FINANCIAL STATEMENTS

LOGOOTE PUBLIC LIBRARY  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS

As Of And For The Years Ended December 31, 2007, 2008 And 2009

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
General	\$ 39,409	\$ 114,869	\$ 109,871	\$ 44,407
Gift	1,258	2,035	1,289	2,004
Rainy Day	5,505	1,021	-	6,526
Library Contractual Services	17,823	30,428	-	48,251
Technology Grant	3,300	3,600	3,600	3,300
PLAC	-	30	30	-
Totals	<u>\$ 67,295</u>	<u>\$ 151,983</u>	<u>\$ 114,790</u>	<u>\$ 104,488</u>
	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
General	\$ 44,407	\$ 97,506	\$ 91,009	\$ 50,904
Gift	2,004	1,642	1,123	2,523
Rainy Day	6,526	1,897	1,897	6,526
Library Contractual Services	48,251	1,185	-	49,436
Technology Grant	3,300	3,600	3,600	3,300
Totals	<u>\$ 104,488</u>	<u>\$ 105,830</u>	<u>\$ 97,629</u>	<u>\$ 112,689</u>
	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
General	\$ 50,904	\$ 92,842	\$ 97,277	\$ 46,469
Gift	2,523	2,000	772	3,751
Rainy Day	6,526	852	-	7,378
Library Contractual Services	49,436	937	-	50,373
Technology Grant	3,300	3,600	3,600	3,300
PLAC	-	-	30	(30)
Totals	<u>\$ 112,689</u>	<u>\$ 100,231</u>	<u>\$ 101,679</u>	<u>\$ 111,241</u>

The notes to the financial statements are an integral part of this statement.

LOOGOOTEE PUBLIC LIBRARY  
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For The Year Ended December 31, 2010

	Cash and Investments <u>01-01-10</u>	Receipts <u>          </u>	Disbursements <u>          </u>	Cash and Investments <u>12-31-10</u>
Operating	\$ 46,469	\$ 137,415	\$ 116,979	\$ 66,905
Gift	3,751	493	1,166	3,078
Rainy Day	7,378	2,272	5,442	4,208
Technology Grant	3,300	-	2,940	360
Library Improvement Reserve Fund	50,373	738	-	51,111
Plac	<u>(30)</u>	<u>-</u>	<u>-</u>	<u>(30)</u>
Totals	<u>\$ 111,241</u>	<u>\$ 140,918</u>	<u>\$ 126,527</u>	<u>\$ 125,632</u>

The notes to the financial statements are an integral part of this statement.

LOGOOTE PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS

**Note 1. Summary of Significant Accounting Policies**

*A. Reporting Entity*

The Library was established under the laws of the State of Indiana. The Library operates under an appointed governing board and provides culture services.

The accompanying financial statements present the financial information for the Library (primary government), and does not include financial information for any of the Library's legally separate component units, which accounting principles generally accepted in the United States of America require to be reported with the financial information of the Library (primary government).

*B. Basis of Accounting*

The financial statements are reported on a regulatory basis of accounting prescribed by the State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when received and disbursements are recorded when paid.

The regulatory basis of accounting differs from accounting principles generally accepted in the United States of America in that receipts are recognized when received in cash, rather than when earned, and disbursements are recognized when paid, rather than when a liability is incurred.

*C. Cash and Investments*

Investments are stated at cost. Any changes in fair value of the investments are reported as receipts in the year of the sale of the investment.

*D. Receipts*

Receipts are presented in the aggregate on the face of the financial statements. The aggregate receipts may include, but are not limited to, the following sources:

Taxes which can include one or more of the following: property taxes, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, wheel tax, innkeepers tax, food and beverage tax, county economic development income tax, boat and trailer excise tax, county adjusted gross income tax, and other taxes that are set by the Library.

Intergovernmental receipts which include receipts from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of this type of receipts include, but are not limited to: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distribution received from the state, local road and street distribution received from the state, financial institution tax received from the state, auto excise surtax received from the state, commercial vehicle excise tax received from the state, major moves distributions received from the state, and riverboat receipts received from the county.

LOGOOTE PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Charges for services which can include, but are not limited to the following: planning commission charges, building department charges, copies of public records, copy machine charges, accident report copies, gun permit applications, 911 telephone services, recycling fees, dog pound fees, emergency medical service fees, park rental fees, swimming pool receipts, cable tv receipts, ordinance violations, fines and fees, bond forfeitures, court costs, and court receipts.

Fines and forfeits which include receipts derived from fines and penalties imposed for the commission of statutory offenses, violation of lawful administrative rules and regulations (fines), and for the neglect of official duty and monies derived from confiscating deposits held as performance guarantees (forfeitures).

Other receipts which include amounts received from various sources which can include, but are not limited to the following: net proceeds from borrowings; interfund loan activity; transfers authorized by statute, ordinance, resolution or court order; internal service receipts; and fiduciary receipts.

*E. Disbursements*

Disbursements are presented in the aggregate on the face of the financial statements. The aggregate disbursements may include, but are not limited to, the following uses:

Personal services include outflows for salaries, wages, and related employee benefits provided for all persons employed. In those units where sick leave, vacation leave, overtime compensation, and other such benefits are appropriated separately, such payments would also be included.

Supplies which include articles and commodities that are entirely consumed and materially altered when used and/or show rapid depreciation after use for a short period of time. Examples of supplies include office supplies, operating supplies, and repair and maintenance supplies.

Other services and charges which include, but are not limited to: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

Debt service principal and interest which include fixed obligations resulting from financial transactions previously entered into by the Library. It includes all expenditures for the reduction of the principal and interest of the Library's general obligation indebtedness.

Capital outlay which include all outflows for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

Other disbursements which include, but are not limited to the following: interfund loan payments, loans made to other funds, internal service disbursements, and transfers out that are authorized by statute, ordinance, resolution, or court order.

LOGOOTE PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

*F. Interfund Transfers*

The Library may, from time to time, transfer money from one fund to another. These transfers, if any, are included as a part of the receipts and disbursements of the affected funds and as a part of total receipts and disbursements. The transfers are used for cash flow purposes as provided by various statutory provisions.

*G. Fund Accounting*

Separate funds are established, maintained, and reported by the Library. Each fund is used to account for money received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds are internally restricted by the Library. The money accounted for in a specific fund may only be available for use for certain, legally restricted purposes. Additionally, some funds are used to account for assets held by the Library in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and therefore the funds cannot be used for any expenditures of the unit itself.

**Note 2. Budgets**

The operating budget is initially prepared and approved at the local level. The fiscal officer of the Library submits a proposed operating budget to the governing board for the following calendar year. The budget is advertised as required by law. Prior to adopting the budget, the governing board conducts public hearings and obtains taxpayer comments. Prior to November 1, the governing board approves the budget for the next year. The budget for funds for which property taxes are levied or highway use taxes are received is subject to final approval by the Indiana Department of Local Government Finance.

**Note 3. Property Taxes**

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the Library in June and December; however, situations can arise which would delay the distributions. 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 percent 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 normally become delinquent if not paid by May 10 and November 10, respectively.

**Note 4. Deposits and Investments**

Deposits, made in accordance with state statute (IC 5-13), with financial institutions in the State of Indiana at year end should be 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 statutes authorize 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.

LOGOOTE PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

**Note 5. Risk Management**

The Library may be exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents; and natural disasters.

These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third party. The establishment of a self-insurance fund allows the Library to set aside money for claim settlements. The self-insurance fund would be included in the financial statements. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks. These risks may also be mitigated by the Library by recording as a disbursement and replacement items purchased.

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SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the Library's Annual Reports can be found on the Indiana Transparency Portal website: [www.in.gov/itp/annual\\_reports/](http://www.in.gov/itp/annual_reports/).

LOOGOOTEE PUBLIC LIBRARY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2010

	Operating	Gift	Rainy Day	Technology Grant	Library Improvement Reserve Fund	PLAC	Totals
Cash and investments - beginning	\$ 46,469	\$ 3,751	\$ 7,378	\$ 3,300	\$ 50,373	\$ (30)	\$ 111,241
Receipts:							
Taxes	90,325	-	-	-	-	-	90,325
Intergovernmental	33,716	-	2,272	-	-	-	35,988
Charges for services	484	-	-	-	-	-	484
Fines and forfeits	3,370	-	-	-	-	-	3,370
Other receipts	9,520	493	-	-	738	-	10,751
Total receipts	137,415	493	2,272	-	738	-	140,918
Disbursements:							
Personal services	48,559	-	-	-	-	-	48,559
Supplies	2,686	-	-	-	-	-	2,686
Other services and charges	27,129	-	-	-	-	-	27,129
Capital outlay	30,179	-	-	-	-	-	30,179
Other disbursements	8,426	1,166	5,442	2,940	-	-	17,974
Total disbursements	116,979	1,166	5,442	2,940	-	-	126,527
Excess (deficiency) of receipts over disbursements	20,436	(673)	(3,170)	(2,940)	738	-	14,391
Cash and investments - ending	\$ 66,905	\$ 3,078	\$ 4,208	\$ 360	\$ 51,111	\$ (30)	\$ 125,632

LOOGOOTEE PUBLIC LIBRARY  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CAPITAL ASSETS  
 December 31, 2010

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.

The Loogootee Public Library is a small unit with revenue falling within the Phase III category; therefore, the Library has been reporting infrastructure as of January 1, 2004, and thereafter.

General infrastructure assets are included if acquired (purchased, constructed, or donated) after January 1, 2004, or if they received major renovations, restorations, or improvements after that date. The government was able to estimate the historical cost for the initial reporting of these assets through backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). As the government constructs or acquires additional capital assets each period, including infrastructure assets, they are reported at historical cost.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Buildings	\$ 151,685
Machinery and equipment	<u>55,591</u>
 Total governmental activities, capital assets not being depreciated	 <u><u>\$ 207,276</u></u>

LOOGOOTEE 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:		
Notes and loans payable:		
Purchase of the Library Building	\$ <u>10,272</u>	\$ <u>5,349</u>

LOGOOTE PUBLIC LIBRARY  
EXAMINATION RESULTS AND COMMENTS

***BANK ACCOUNT RECONCILIATIONS***

Depository reconciliations of the fund balances to the bank account balances were presented for examination for 2007, 2008, 2009, and 2010.

The depository reconciliation of the fund balances to the bank account balances for 2010 was incorrect. The funds ledger did not reconcile to the bank statements by the amount of \$4,020.30. Discussions with the Bookkeeper disclosed a check for \$4,523.00 not included in the disbursements and \$503.20 added to the disbursements in error, reducing the unidentified variance, as of December 31, 2010, to \$.50.

The errors will be corrected so that the carryover balances will be accurate for the 2011 ledger.

Indiana Code 5-13-6-1(e) states: "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)

***CONDITION OF RECORDS***

The following deficiencies, relating to the recordkeeping that were cited in the prior report, were again present during our period of examination:

1. The Bookkeeper was not properly maintaining the Library Financial and Appropriation Record. There were multiple errors in addition and subtraction in monthly and yearly totals.
2. The Bookkeeper crossed out and erased many entries which made reviewing the ledger very difficult.
3. The County Treasurer distribution dated July 2010 was posted to the Levy Excess Fund in the amount of \$171.85. This distribution should have been posted to the General Fund, \$137.05 and to the Debt Service Fund, \$34.80, for a total of \$171.85. A transfer should be made from the Levy Excess fund to the correct funds to correct this posting error.
4. The final year of the examination, 2010, was not reconciled to the annual report by the amount of \$4,020.30 due to the many errors in the ledgers.

Indiana Code 5-13-6-1(e) states: "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."

LOGOOTE PUBLIC LIBRARY  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

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)

A similar comment appeared in the prior report.

**APPROPRIATIONS**

The following expenditures were in excess of budgeted appropriations:

<u>Fund</u>	<u>Year</u>	<u>Excess Amount Expended</u>
General	2010	<u>\$ 15,420</u>

Indiana Code 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."

**OFFICIAL BOND**

The official bond covering the Treasurer and Deputy Treasurer was not filed in the Office of the County Recorder for 2010 or 2011.

Indiana Code 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)

A similar comment appeared in the prior report.

**OVERDRAWN FUND BALANCES**

The Debt Reserve Fund was overdrawn in 2007, 2008, and 2009, in the amounts of \$3,515, \$536, and \$1,208, respectively. The Debt Reserve Fund is combined with the Library General Fund for financial statement presentation.

The PLAC Card Fund was overdrawn in 2009 and 2010, in the amount of \$30 each year.

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)

LOGOOTE PUBLIC LIBRARY  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

***ERRORS ON CLAIMS***

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

1. Three of the claims tested were not adequately itemized.
2. All claims did not have Board approval.
3. All claims or invoices did not have evidence to support receipt of goods or services.
4. The Treasurer did not always certify the claim.

Indiana Code 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;
- (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."

***PAYROLL EXCEPTIONS***

During the testing of payroll, several exceptions were noted:

1. Time records were not maintained for the employees.
2. Salary ordinances were not provided for all examination years.
3. W-2's were not provided for all examination years.
4. Employee service records were not maintained.

LOGOOTE PUBLIC LIBRARY  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, and 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 Libraries, Chapter 4)

Each governmental unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (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)

***ANNUAL REPORT***

An Annual Report for 2009 was not submitted to the Indiana State Board of Accounts as required by statute.

Indiana Code 5-3-1-4 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. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of the fiscal year."

LOOGOOTEE PUBLIC LIBRARY  
EXIT CONFERENCE

The contents of this report were discussed on August 23, 2011, with Stephanie D. McAtee, President of the Board. The official concurred with our findings.

The contents of this report were discussed on August 23, 2011, with Darla Wagler, Director.