

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

EXAMINATION REPORT  
OF  
JASONVILLE PUBLIC LIBRARY  
GREENE COUNTY, INDIANA  
January 1, 2007 to December 31, 2010



**FILED**  
12/05/2011



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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Judith K. Stone	01-01-07 to 12-31-11
Treasurer	Charlotte Thomas Sue Kennady Janelle Russell	01-01-07 to 09-13-10 09-14-10 to 03-22-11 03-23-11 to 12-31-11
President of the Library Board	Lola Borders	01-01-07 to 12-31-11



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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF JASONVILLE PUBLIC LIBRARY, GREENE COUNTY, INDIANA

We have examined the financial statements of Jasonville 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 years ended December 31, 2009 and 2010, 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. The Combining Schedules of Receipts, Disbursements, and Cash and Investments Balances – Regulatory Basis were not presented for the years ended December 31, 2007 or 2008.

This report is intended solely for the information and use of the Library's management, 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

November 9, 2011

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FINANCIAL STATEMENTS

JASONVILLE PUBLIC LIBRARY  
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For The Years Ended December 31, 2007 And 2008

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
General	\$ 27,812	\$ 49,178	\$ 70,771	\$ 6,219
Gift	7,026	431	-	7,457
Rainy Day	5,000	313	-	5,313
Hubbell Book	3,679	112	147	3,644
Book Reimbursement	348	462	534	276
Wal-Mart Grant	875	-	875	-
Library Improvement Reserve	19,446	2,214	-	21,660
Summer Reading	-	114	-	114
Payroll Withholdings	-	22,509	22,509	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Totals	<u>\$ 64,186</u>	<u>\$ 75,333</u>	<u>\$ 94,836</u>	<u>\$ 44,683</u>
	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
General	\$ 6,219	\$ 94,548	\$ 81,004	\$ 19,763
Gift	7,457	982	-	8,439
Rainy Day	5,313	7,066	-	12,379
Hubbell Book	3,644	130	-	3,774
Book Reimbursement	276	483	202	557
Library Improvement Reserve	21,660	2,687	-	24,347
Summer Reading	114	200	150	164
Payroll Withholdings	-	22,833	22,833	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Totals	<u>\$ 44,683</u>	<u>\$ 128,929</u>	<u>\$ 104,189</u>	<u>\$ 69,423</u>

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

**JASONVILLE PUBLIC LIBRARY**  
**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -**  
**REGULATORY BASIS**  
**For The Year Ended December 31, 2009**

	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
General	\$ 19,763	\$ 49,820	\$ 48,833	\$ 20,750
Gift	8,439	743	-	9,182
Rainy Day	12,379	11,226	5,520	18,085
Jess Hubbell CD	3,774	84	215	3,643
Book Reimbursement	558	421	824	155
Library Improvement Reserve	24,347	1,500	-	25,847
Summer Reading	163	200	363	-
Payroll	-	22,700	22,700	-
Totals	<u>\$ 69,423</u>	<u>\$ 86,694</u>	<u>\$ 78,455</u>	<u>\$ 77,662</u>

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

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

	Cash and Investments 01-01-10	Receipts	Disbursements	Cash and Investments 12-31-10
General	\$ 20,750	\$ 46,470	\$ 42,772	\$ 24,448
Gift	9,182	694	-	9,876
Rainy Day	18,085	297	-	18,382
Jess Hubbell CD	3,643	63	5	3,701
Book Reimbursement	155	472	5	622
Library Improvement Reserve	25,847	1,878	-	27,725
Summer Reading	-	335	335	-
Payroll	-	22,991	22,950	41
Totals	<u>\$ 77,662</u>	<u>\$ 73,200</u>	<u>\$ 66,067</u>	<u>\$ 84,795</u>

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

JASONVILLE 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.

JASONVILLE 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.

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.

*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.

JASONVILLE PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

*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.

JASONVILLE 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.

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/).

JASONVILLE PUBLIC LIBRARY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2009

	General	Gift	Rainy Day	Jess Hubbell CD	Book Reimbursement	Library Improvement Reserve	Summer Reading	Payroll	Totals
Cash and investments - beginning	\$ 19,763	\$ 8,439	\$ 12,379	\$ 3,774	\$ 558	\$ 24,347	\$ 163	\$ -	\$ 69,423
Receipts:									
Taxes	29,364	-	-	-	-	-	-	-	29,364
Intergovernmental	19,638	711	565	-	-	-	-	-	20,914
Charges for Services	253	-	-	-	-	-	-	-	253
Fines, Forfeitures, and Fees	168	-	-	-	-	-	-	-	168
Miscellaneous	26	32	141	84	-	-	200	-	483
Other receipts	371	-	10,520	-	421	1,500	-	22,700	35,512
Total receipts	49,820	743	11,226	84	421	1,500	200	22,700	86,694
Disbursements:									
Personal services	22,700	-	-	-	-	-	-	-	22,700
Supplies	2,960	-	-	-	-	-	363	-	3,323
Other services and charges	10,081	-	-	-	-	-	-	-	10,081
Capital outlay	6,592	-	-	215	824	-	-	-	7,631
Other disbursements	6,500	-	5,520	-	-	-	-	22,700	34,720
Total disbursements	48,833	-	5,520	215	824	-	363	22,700	78,455
Excess (deficiency) of receipts over disbursements	987	743	5,706	(131)	(403)	1,500	(163)	-	8,239
Cash and investments - ending	\$ 20,750	\$ 9,182	\$ 18,085	\$ 3,643	\$ 155	\$ 25,847	\$ -	\$ -	\$ 77,662

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

	General	Gift	Rainy Day	Jess Hubbell CD	Book Reimbursement	Library Improvement Reserve	Summer Reading	Payroll	Totals
Cash and investments - beginning	\$ 20,750	\$ 9,182	\$ 18,085	\$ 3,643	\$ 155	\$ 25,847	\$ -	\$ -	\$ 77,662
Receipts:									
Taxes	23,097	-	-	-	-	-	-	-	23,097
Intergovernmental	19,590	-	-	-	-	-	-	-	19,590
Fines, Forfeitures, and Fees	-	-	-	-	472	-	-	-	472
Miscellaneous	3,783	694	297	63	-	-	335	-	5,172
Other receipts	-	-	-	-	-	1,878	-	22,991	24,869
Total receipts	46,470	694	297	63	472	1,878	335	22,991	73,200
Disbursements:									
Personal services	21,100	-	-	-	-	-	-	-	21,100
Supplies	4,460	-	-	-	-	-	-	-	4,460
Other services and charges	2,951	-	-	-	-	-	-	-	2,951
Other disbursements	14,261	-	-	5	5	-	335	22,950	37,556
Total disbursements	42,772	-	-	5	5	-	335	22,950	66,067
Excess (deficiency) of receipts over disbursements	3,698	694	297	58	467	1,878	-	41	7,133
Cash and investments - ending	\$ 24,448	\$ 9,876	\$ 18,382	\$ 3,701	\$ 622	\$ 27,725	\$ -	\$ 41	\$ 84,795

JASONVILLE PUBLIC LIBRARY  
EXAMINATION RESULTS AND COMMENTS

**PRESCRIBED FORMS**

Register of Investments, General Form 350, was not in use during the examination period.

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)

**ERRORS ON CLAIMS**

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

1. The March 2009 Accounts Payable Register containing the signature of the fiscal officer certifying the claims was not retained for examination.
2. The March 2009 Accounts Payable Register containing the signatures for Board approval was not retained for examination.
3. Claims or invoices did not have evidence to support receipt of goods or services.

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."

JASONVILLE PUBLIC LIBRARY  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

***LIST OF EMPLOYEES NOT FILED WITH COUNTY TREASURER***

A list of employees was not certified to the County Treasurer.

Indiana Code 6-1.1-22-14(a) states in part: "On or before June 1 and December 1 of each year . . . the disbursing officer of each political subdivision . . . shall certify the names and addresses of each person who has money due from the political subdivision to the treasurer of each county in which the political subdivision is located."

***CAPITAL ASSET RECORDS***

The Library did not maintain the Capital Assets Ledger for the examination period.

Every governmental unit should have a complete inventory of all capital assets owned which reflect their acquisition value. Such inventory should be recorded in the 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)

***ANNUAL REPORT NOT FILED TIMELY***

The 2010 Annual Financial Report for the Jasonville Public Library was not filed timely.

Indiana Code 5-11-1-4 states:

"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 each fiscal year. The reports must be filed electronically, in a manner prescribed by the state examiner that is compatible with the technology employed by the political subdivision."

***COMPENSATION AND BENEFITS***

The employees of the Library received salaries and wages in 2007 for which there was not a salary ordinance or resolution in place.

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

JASONVILLE PUBLIC LIBRARY  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

***INTEREST ON INVESTMENTS***

Interest earned on investments was automatically added to the principal and not recorded in the records in some instances.

Interest on investments should not be automatically added into the investment. Instead, interest on investments should be paid to the governmental unit at each maturity date and posted to the appropriate fund. (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 4)

***FEDERAL AND STATE AGENCIES - COMPLIANCE REQUIREMENTS***

The Library did not retain Form 941 (Employer's Quarterly Federal Tax Return) for any of the quarters in 2010. The 2008 wages for an employee did not agree with the amount of wages on their 2008 Form W-2 (Wage and Tax Statement).

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)

***PENALTIES, INTEREST, AND OTHER CHARGES***

Penalties and interest totaling \$63 were paid to the Internal Revenue Service on April 25, 2011, for the quarter ending December 31, 2010.

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Failure to pay claims or remit taxes in a timely manner could be an indicator of serious financial problems which should be investigated by the governmental unit.

Additionally, officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the governmental unit.

Any penalties, interest or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 4)

JASONVILLE PUBLIC LIBRARY  
EXIT CONFERENCE

The contents of this report were discussed on August 23, 2011, with Judith K. Stone, Director, and Janelle Russell, Treasurer. The officials concurred with our findings.

The contents of this report were discussed on November 9, 2011, via telephone, with Janelle Russell, Treasurer. The official concurred with our findings.