

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

EXAMINATION REPORT  
OF  
POSEYVILLE CARNEGIE PUBLIC LIBRARY  
POSEY COUNTY, INDIANA  
January 1, 2005 to December 31, 2006



**FILED**  
08/01/2007



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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Stanley Campbell	01-01-05 to 09-12-05
	Vacant	09-13-05 to 10-09-05
	Aimee Nelson	10-10-05 to 12-31-07
Treasurer	Crystal Folz	01-01-05 to 12-31-07
President of the Board	William C. Heilman	01-01-05 to 12-31-06
	Vicki Emge	01-01-07 to 12-31-07



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE POSEYVILLE CARNEGIE PUBLIC LIBRARY, POSEY COUNTY, INDIANA

We have examined the financial information presented herein of the Poseyville Carnegie Public Library (Library), for the period of January 1, 2005 to December 31, 2006. 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, 2005 and 2006, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

July 16, 2007

POSEYVILLE CARNEGIE PUBLIC LIBRARY  
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
ALL GOVERNMENTAL FUND TYPES  
As Of And For The Years Ended December 31, 2005 And 2006

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
General	\$ 117,002	\$ 108,807	\$ 83,005	\$ 142,804
Library Improvement Reserve	106,831	2,244	-	109,075
Levy Excess	-	4,145	-	4,145
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Totals	<u>\$ 223,833</u>	<u>\$ 115,196</u>	<u>\$ 83,005</u>	<u>\$ 256,024</u>

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Governmental Funds:				
General	\$ 142,804	\$ 62,903	\$ 88,855	\$ 116,852
Library Improvement Reserve	109,075	2,284	-	111,359
Levy Excess	4,145	-	4,145	-
State Tech Fund	-	5,400	2,350	3,050
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Totals	<u>\$ 256,024</u>	<u>\$ 70,587</u>	<u>\$ 95,350</u>	<u>\$ 231,261</u>

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

POSEYVILLE CARNEGIE PUBLIC LIBRARY  
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

The Library was established under the laws of the State of Indiana. The Library provides cultural 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.

POSEYVILLE CARNEGIE PUBLIC LIBRARY  
EXAMINATION RESULTS AND COMMENTS

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

As stated in several prior reports, the Library does not maintain capital asset records.

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 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)

OPTICAL IMAGES OF WARRANTS

The financial institution did not return the actual cancelled checks with the monthly bank statements, but instead returned only an optical image of the front side of the checks.

Indiana Code 5-15-6-3 concerning optical imaging of checks states in part:

"(a) . . . 'original records' . . . includes the optical image of a check or deposit document when:

- (1) the check or deposit document is recorded, copied, or reproduced by an optical imaging process . . . ; and
- (2) the drawer of the check receives an optical image of the check after the check is processed for payment . . . "

Further, Indiana Code 26-2-8-111 states in part:

"(a) If a law requires that certain records be retained, that requirement is met by retaining an electronic record of the information in the record that:

- (1) accurately reflects the information set forth in the record after it was first generated in its final form as an electronic record or otherwise: and
- (2) remains accessible for later reference."

"(e) If a law requires retention of a check, that requirement is satisfied by retention of an electronic record of the information on the front and back of the check in accordance with subsection (a)."

POSEYVILLE CARNEGIE PUBLIC LIBRARY  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

ERRORS ON CLAIMS

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

- (1) Claims were not prepared for all disbursements.
- (2) Some claims were not adequately itemized.
- (3) Some claims did not have board approval.
- (4) 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."

POSEYVILLE CARNEGIE PUBLIC LIBRARY  
EXIT CONFERENCE

The contents of this report were discussed on July 16, 2007, with Crystal Folz, Treasurer. The official concurred with our findings.