

B37858

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

EXAMINATION REPORT
OF
NORTH WEBSTER COMMUNITY PUBLIC LIBRARY
KOSCIUSKO COUNTY, INDIANA
January 1, 2008 to December 31, 2009



FILED
11/17/2010

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Helen Leinbach	01-01-08 to 12-31-10
Treasurer	Teresa Frey	01-01-08 to 12-31-10
President of the Board of Trustees	Brenda Rigdon Dana Krull	01-01-08 to 12-31-08 01-01-09 to 12-31-10



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AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE NORTH WEBSTER COMMUNITY
PUBLIC LIBRARY, KOSCIUSKO COUNTY, INDIANA

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

The Schedule of Capital Assets, 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

September 13, 2010

NORTH WEBSTER COMMUNITY 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 And 2009

	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
Governmental Funds:				
General	\$ 283,919	\$ 358,855	\$ 393,487	\$ 249,287
Gift	81,387	8,137	21,569	67,955
Rainy Day	30,000	33,725	-	63,725
Library Improvement Reserve	60,000	104,000	60,000	104,000
Fiduciary Fund:				
PLAC	-	690	510	180
Totals	<u>\$ 455,306</u>	<u>\$ 505,407</u>	<u>\$ 475,566</u>	<u>\$ 485,147</u>
	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
Governmental Funds:				
General	\$ 249,287	\$ 686,528	\$ 613,289	\$ 322,526
Gift	67,955	12,793	16,735	64,013
Rainy Day	63,725	2,167	-	65,892
Library Improvement Reserve	104,000	239,046	-	343,046
Fiduciary Fund:				
PLAC	180	900	570	510
Totals	<u>\$ 485,147</u>	<u>\$ 941,434</u>	<u>\$ 630,594</u>	<u>\$ 795,987</u>

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

NORTH WEBSTER COMMUNITY 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.

Note 6. Subsequent Event

The Library expanded the space that it rents from the Community Center and renovated space for a new children's/teen area. Furniture and equipment was purchased for this area at a cost of \$73,522.

NORTH WEBSTER COMMUNITY PUBLIC LIBRARY
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS
December 31, 2009

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.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Machinery and equipment	<u>\$ 267,669</u>

NORTH WEBSTER COMMUNITY PUBLIC LIBRARY
EXAMINATION RESULTS AND COMMENTS

CONDITION OF RECORDS

Balances for the Payroll Withholding Fund have not been maintained and are not included in the annual report or the Financial and Appropriation Records. Receipt and disbursement totals on the Library Financial and Appropriation Records were not zeroed out at the beginning of each year for each fund, and did not show totals of receipts or disbursements for each month and for the year. The December 31, 2009 cash balances reported are based on the reconciliation to the bank balances. The operating fund has been adjusted so that the total of all funds agrees to the reconciliation.

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)

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)

BANK ACCOUNT RECONCILIATIONS

Depository reconciliations of the fund balances to the bank account balances were incorrect. The December 31, 2009, bank reconciliation prepared by the State Board of Accounts shows a total balance on hand and on deposit of \$795,987.43. The total fund balance shown on the Library Financial and Appropriation Records is \$855,960.75. The Bookkeeper for the Library is making adjustments of \$59,973.32 to the Operating fund balance in 2010 to correct this issue, including adjustments to correct errors in the 2007 Operating Fund in the amount of \$60,000. The statement presented in this report reflect the necessary adjustments.

IC 5-13-6-1(e) states in part: "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 responsibility for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 4)

FEDERAL AND STATE AGENCIES - COMPLIANCE REQUIREMENTS

The W-3 and the W-2 forms for 2009 did not agree with the Library's records. The W-3 form does not agree with the W-2 forms.

The Library should contact the Internal Revenue Service for instructions on correcting the W-3 and W-2 forms.

NORTH WEBSTER COMMUNITY PUBLIC LIBRARY
EXAMINATION RESULTS AND COMMENTS
(Continued)

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

Required payments to federal and state agencies for payroll taxes due were not paid in a timely manner. The Library has not yet been assessed any penalties or interest for federal payroll taxes not paid in a timely manner.

On August 4, 2010, the Library's financial institution withdrew \$727.87 to satisfy a tax levy issued by the Indiana Department of Revenue for the filing date March 31, 2009. At this time, the amount of taxes, penalties and interest to be paid are unknown.

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)

NORTH WEBSTER COMMUNITY PUBLIC LIBRARY
EXIT CONFERENCE

The contents of this report were discussed on September 13, 2010, with Teresa Frey, Treasurer; Dana Krull, President of the Board of Trustees; Helen Leinbach, Director; and Kristi Rhodes, Bookkeeper. The officials concurred with our findings.