

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

FINANCIAL STATEMENTS REVIEW REPORT
OF
HAGERSTOWN-JEFFERSON TOWNSHIP PUBLIC LIBRARY
WAYNE COUNTY, INDIANA
January 1, 2016 to December 31, 2020



FILED
06/24/2022

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Ruth Frasur Brenda Campbell	01-01-16 to 07-17-18 07-18-18 to 12-31-22
Treasurer	Everett Hampton	01-01-16 to 12-31-22
President of the Library Board	Dave Henley Sandy Campbell Lynn Logston	01-01-16 to 12-31-18 01-01-19 to 12-31-20 01-01-21 to 12-31-22



INDEPENDENT ACCOUNTANT'S REVIEW REPORT

TO: THE OFFICIALS OF THE HAGERSTOWN-JEFFERSON TOWNSHIP
PUBLIC LIBRARY, WAYNE COUNTY, INDIANA

We have reviewed the accompanying financial statements of the Hagerstown-Jefferson Township Public Library (Library), for the period of January 1, 2016 to December 31, 2020. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the Library's management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with a regulatory basis of accounting that demonstrates compliance with the reporting requirements established by the Indiana 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. This includes determining that the basis of accounting the Library uses is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatements whether due to fraud or error.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with *Statements on Standards for Accounting and Review Services* promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with the prescribed basis of accounting described in Note 1. We believe that the results of our procedures provide a reasonable basis for our conclusion.


INDEPENDENT ACCOUNTANT'S REVIEW REPORT
(Continued)

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with the prescribed basis of accounting described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the Indiana 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. Our conclusion is not modified with respect to this matter.


Beth Kelley, CPA, CFE
Deputy State Examiner

June 8, 2022

FINANCIAL STATEMENTS AND ACCOMPANYING NOTES

The financial statements and accompanying notes were approved by management of the Library. The financial statements and notes are presented as intended by the Library.

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HAGERSTOWN-JEFFERSON TOWNSHIP PUBLIC LIBRARY
 STATEMENT OF RECEIPTS, DISBURSEMENTS,
 AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Years Ended December 31, 2016 and 2017

Fund	Cash and Investments 01-01-16	Receipts	Disbursements	Cash and Investments 12-31-16	Receipts	Disbursements	Cash and Investments 12-31-17
Operating Fund	\$ 407,487	\$ 280,241	\$ 285,355	\$ 402,373	\$ 285,364	\$ 258,174	\$ 429,563
Rainy Day	38,021	6,933	-	44,954	-	5,000	39,954
Lirf Cd	35,000	-	-	35,000	-	-	35,000
Memorial - Sally Asche	49	-	-	49	-	49	-
Evergreen Pass Through	5	108	101	12	96	71	37
Payroll Withholding Fund	-	25,408	25,408	-	27,123	27,123	-
Levy Excess Fund	27	-	-	27	-	-	27
Gift	756	1,307	1,395	668	1,400	954	1,114
Memorial	815	530	837	508	980	925	563
Friends Fund	19	475	-	494	350	811	33
LIRF FUND	59,322	19,800	9,386	69,736	-	16,410	53,326
Totals	<u>\$ 541,501</u>	<u>\$ 334,802</u>	<u>\$ 322,482</u>	<u>\$ 553,821</u>	<u>\$ 315,313</u>	<u>\$ 309,517</u>	<u>\$ 559,617</u>

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

HAGERSTOWN-JEFFERSON TOWNSHIP PUBLIC LIBRARY
 STATEMENT OF RECEIPTS, DISBURSEMENTS,
 AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Years Ended December 31, 2018 and 2019

Fund	Cash and Investments 01-01-18	Receipts	Disbursements	Cash and Investments 12-31-18	Receipts	Disbursements	Cash and Investments 12-31-19
Operating Fund	\$ 429,563	\$ 286,481	\$ 286,921	\$ 429,123	\$ 325,870	\$ 330,023	\$ 424,970
Rainy Day	39,954	-	-	39,954	-	9,524	30,430
Lirf Cd	35,000	-	-	35,000	-	-	35,000
Payroll Withholding Fund	-	29,775	26,544	3,231	33,176	32,458	3,949
Evergreen Pass Through	37	8	44	1	-	-	1
Levy Excess Fund	27	-	-	27	-	-	27
Gift	1,114	251	805	560	3,080	3,619	21
Memorial	563	342	-	905	196	-	1,101
Friends Fund	33	-	-	33	-	-	33
LIRF FUND	<u>53,326</u>	<u>-</u>	<u>23,822</u>	<u>29,504</u>	<u>12,000</u>	<u>6,035</u>	<u>35,469</u>
Totals	<u>\$ 559,617</u>	<u>\$ 316,857</u>	<u>\$ 338,136</u>	<u>\$ 538,338</u>	<u>\$ 374,322</u>	<u>\$ 381,659</u>	<u>\$ 531,001</u>

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

HAGERSTOWN-JEFFERSON TOWNSHIP PUBLIC LIBRARY
STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Year Ended December 31, 2020

Fund	Cash and Investments 01-01-20	Receipts	Disbursements	Cash and Investments 12-31-20
Operating Fund	\$ 424,970	\$ 315,330	\$ 324,572	\$ 415,728
Rainy Day	30,430	-	20,000	10,430
Evergreen Pass Through	1	-	-	1
Payroll Withholding Fund	3,949	30,674	31,750	2,873
Levy Excess Fund	27	-	-	27
Gift	21	1,159	643	537
Memorial	1,101	375	1,099	377
Friends Fund	33	-	-	33
CARES Act Grant Fund	-	1,400	1,396	4
LIRF FUND	<u>70,469</u>	<u>20,000</u>	<u>67,511</u>	<u>22,958</u>
Totals	<u>\$ 531,001</u>	<u>\$ 368,938</u>	<u>\$ 446,971</u>	<u>\$ 452,968</u>

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

HAGERSTOWN-JEFFERSON TOWNSHIP 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 a governing board and provides culture services.

The accompanying financial statements present the financial information for the Library.

B. Basis of Accounting

The financial statements are reported on a regulatory basis of accounting prescribed by the Indiana 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. The basis of accounting involves the reporting of only cash and investments and the changes therein resulting from cash inflows (receipts) and cash outflows (disbursements) reported in the period in which they occurred.

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 include the following sources:

Taxes. Amounts received from one or more of the following: property tax, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, wheel tax, innkeeper's 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. Amounts received from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of intergovernmental receipts include, but are not limited to, the following: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distributions received from the state, local road and street distributions 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.

Charges for services. Amounts received for services including, but not limited to, the following: planning commission charges, building department charges, copies of public records, copy machines 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.

HAGERSTOWN-JEFFERSON TOWNSHIP PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
(Continued)

Fines and forfeits. Amounts received 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. Amounts received from various sources, including, but 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 include the following uses:

Personal services. Amounts disbursed 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. Amounts disbursed for 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, but are not limited to, the following: office supplies, operating supplies, and repair and maintenance supplies.

Other services and charges. Amounts disbursed for services including, but not limited to, the following: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

Capital outlay. Amounts disbursed for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

Other disbursements. Amounts disbursed for various other purposes including, but 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, make transfers 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 amounts 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 amounts 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.

HAGERSTOWN-JEFFERSON TOWNSHIP PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
(Continued)

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 December 31 of the year preceding the budget year or January 15 of the budget year if the Library is issuing debt after December 1 or intends on filing a shortfall appeal. These rates were based upon the assessed valuations adjusted for various tax credits from the preceding year's lien date of January 1. 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, the following: 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 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.

HAGERSTOWN-JEFFERSON TOWNSHIP PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
(Continued)

Note 6. Pension Plan

Public Employees' Retirement Fund

Plan Description

The Indiana Public Employees' Retirement Fund Defined Benefit Plan (PERF DB) is a cost-sharing multiple-employer defined benefit plan and provides retirement, disability, and survivor benefits to plan members. PERF DB is administered through the Indiana Public Retirement System (INPRS) Board in accordance with state statutes (IC 5-10.2 and IC 5-10.3) and administrative code (35 IAC 1.2), which govern most requirements of the system and give the Library authority to contribute to the plan.

The Public Employees' Hybrid Plan (PERF Hybrid) consists of two components: PERF DB, the employer-funded monthly defined benefit component, and the Public Employees' Hybrid Members Defined Contribution Account, the defined contribution component.

The Retirement Savings Plan for Public Employees (My Choice) is a multiple-employer defined contribution plan. It is administered through the INPRS Board in accordance with state statutes (IC 5-10.2 and IC 5-10.3) and administrative code (35 IAC 1.2), which govern most requirements of the system and give the Library authority to contribute to the plan.

New employees hired have a one-time election to join either the PERF Hybrid or the My Choice.

Financial Report

INPRS issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Indiana Public Retirement System
One North Capitol, Suite 001
Indianapolis, IN 46204
Ph. (844) 464-6777

Contributions

Members' contributions are set by state statute at 3 percent of compensation for both the defined contribution component of PERF Hybrid and My Choice. The employer may elect to make the contribution on behalf of the member of the defined contribution component of PERF Hybrid and My Choice members may receive additional employer contribution in lieu of the PERF DB. Contributions to the PERF DB are determined by INPRS Board based on actuarial valuation.

HAGERSTOWN-JEFFERSON TOWNSHIP PUBLIC LIBRARY
REVIEW RESULTS AND COMMENTS

ANNUAL FINANCIAL REPORT

A similar comment also appeared in prior Report B47075.

Condition and Context

The Library's financial information was entered into the Indiana Gateway for Government Units financial reporting system, which was the source for the Annual Financial Report (AFR) and financial statements. The AFRs for each year reviewed contained errors including the Payroll Withholding Fund activity was omitted for 2018, 2019, and 2020 and the CARES Act Grant Fund activity was omitted for 2020. The 2017, 2018, 2019, and 2020 AFRs reported the following net overstatements/understatements of receipts and disbursements.

Years	Net Overstatement/ (Understatement) of Receipts	Net Overstatement/ (Understatement) of Disbursements
2017	\$ 22,500	\$ 22,500
2018	(29,775)	(9,605)
2019	(2,825)	2,499
2020	(32,074)	(17,636)

Adjustments to correct the errors were proposed, approved by the Library, and made to the financial statements.

Criteria

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every audited entity 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 in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under [IC 5-14-3.8-7](#)."

PENALTIES, INTEREST, AND OTHER CHARGES

A similar comment also appeared in prior Report B47075.

Condition and Context

The Library was assessed a total of \$727 in credit card penalties, fees, and interest charges during the review period. The Library's credit card policy does not authorize the payment of any fees.

HAGERSTOWN-JEFFERSON TOWNSHIP PUBLIC LIBRARY
REVIEW RESULTS AND COMMENTS
(Continued)

Criteria

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 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 unit. Any penalties, interest, or other charges paid by the unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 1)

The SBOA will not take exception to the use of credit cards by a unit provided the following criteria are observed:

- (1) The governing board must authorize credit card use through an ordinance/resolution, which has been approved in a meeting and documented in the minutes.
- (2) Issuance and use should be handled by an official or employee designated by the governing body.
- (3) The purposes for which the credit card may be used must be specifically stated in the ordinance/resolution.
- (4) When the purpose for which the credit card has been issued has been accomplished, the card must be returned to the custody of the responsible person.
- (5) The designated responsible official or employee must maintain an accounting system or log which would include the names of individuals requesting usage of the cards, their position, estimated amounts to be charged, fund and account numbers to be charged, date the card is issued and returned.
- (6) Credit cards must not be used to bypass the accounting system. One reason that purchase orders are issued is to provide the fiscal officer with the means to encumber and track appropriations to provide the governing body and other officials with timely and accurate accounting information and monitoring of the accounting system.
- (7) Payment cannot be made on the basis of a statement or a credit card slip only. Procedures for payments must be no different than for any other claim. Supporting documents such as paid bills and receipts must be available. Additionally, any interest or penalty incurred due to late filing or furnishing of documentation by an officer or employee may be the personal obligation of the responsible officer or employee.
- (8) If authorized, an annual fee may be paid.

(Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 1)



Hagerstown-Jefferson Township Public Library

OFFICIAL RESPONSE

Date: June 9, 2022

Indiana State Board of Accounts
302 West Washington St. Room E418
Indianapolis, IN 46204-2765

Re: Financial Statements Review Report

In response to the findings of the **Annual Financial Report**:

Based on the recommendation of the State Board of Accounts, changes have been made in Gateway that adhere to the Payroll Withholding Fund. In addition, CARES Act Fund activity was added to the report.

In response to the findings of **Penalties, Interest and Other Charges**:

Revisions have been made to the Credit Card Policy that require the Board of Trustees to review and make decisions on any penalties/fees/ or interest charges that occur.

Brenda J. Campbell
Director

10 W. College Street. Hagerstown, IN 47346
p: (765) 489-5632 / f: (765) 489-5808
hagerstownlibrary.org

HAGERSTOWN-JEFFERSON TOWNSHIP PUBLIC LIBRARY
EXIT CONFERENCE

The contents of this report were discussed on June 8, 2022, with Brenda Campbell, Director, and Everett Hampton, Treasurer.