

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

EXAMINATION REPORT

OF

SOUTH WHITLEY-CLEVELAND TOWNSHIP PUBLIC LIBRARY

WHITLEY COUNTY, INDIANA

January 1, 2005 to December 31, 2006



**FILED**  
12/28/2007



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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Darci Kessie	01-01-05 to 12-31-07
Treasurer	Nathan Myers	01-01-05 to 12-31-07
President of the Board	Edna Arnold Charles Trump Sarah Rickerd	01-01-05 to 06-30-05 07-01-05 to 12-31-06 01-01-07 to 12-31-07



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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE SOUTH WHITLEY-CLEVELAND TOWNSHIP  
PUBLIC LIBRARY, WHITLEY COUNTY, INDIANA

We have examined the financial information presented herein of the South Whitley-Cleveland Township 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.

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

November 19, 2007

SOUTH WHITLEY-CLEVELAND TOWNSHIP 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, 2005 And 2006

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
Operating	\$ 118,045	\$ 225,361	\$ 203,820	\$ 139,586
Eli Lilly Grant	56,723	-	-	56,723
Gift	20,499	-	-	20,499
Grant	1,618	-	-	1,618
Library Improvement Reserve	819	-	-	819
Book Buddies	70	206	-	276
Levy Excess	-	488	-	488
Building	63,666	70,141	-	133,807
Fiduciary Funds:				
Payroll Withholdings	1,552	16,687	16,356	1,883
PLAC	26	560	448	138
Totals	<u>\$ 263,018</u>	<u>\$ 313,443</u>	<u>\$ 220,624</u>	<u>\$ 355,837</u>

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Governmental Funds:				
Operating	\$ 139,586	\$ 225,555	\$ 221,690	\$ 143,451
Eli Lilly Grant	56,723	-	-	56,723
Gift	20,499	-	-	20,499
Grant	1,618	3,750	3,750	1,618
Library Improvement Reserve	819	-	-	819
Book Buddies	276	164	-	440
Levy Excess	488	5,948	5,948	488
State Technology Fund Grant	-	3,600	-	3,600
Building	133,807	327,312	261,398	199,721
Capital Projects	-	4,638	-	4,638
Fiduciary Funds:				
Payroll Withholdings	1,883	20,678	19,853	2,708
PLAC	138	989	1,003	124
Totals	<u>\$ 355,837</u>	<u>\$ 592,634</u>	<u>\$ 513,642</u>	<u>\$ 434,829</u>

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

SOUTH WHITLEY-CLEVELAND TOWNSHIP 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.

SOUTH WHITLEY-CLEVELAND TOWNSHIP PUBLIC LIBRARY  
NOTES TO FINANCIAL INFORMATION  
(Continued)

Note 6. Pension Plan

Public Employees' Retirement Fund

Plan Description

The Library contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system, and give the Library authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

PERF administers the plan and 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:

Public Employees' Retirement Fund  
Harrison Building, Room 800  
143 West Market Street  
Indianapolis, IN 46204  
Ph. (317) 233-4162

Funding Policy and Annual Pension Cost

The contribution requirements of the plan members for PERF are established by the Board of Trustees of PERF.

SOUTH WHITLEY-CLEVELAND TOWNSHIP PUBLIC LIBRARY  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF CAPITAL ASSETS

December 31, 2006

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>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 1,000
Buildings	371,404
Machinery and equipment	416,268
Construction in progress	<u>261,398</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 1,050,070</u>

SOUTH WHITLEY-CLEVELAND TOWNSHIP PUBLIC LIBRARY  
EXAMINATION RESULTS AND COMMENTS

CONDITION OF RECORDS

The following deficiencies relating to the recordkeeping were present during our period of examination:

- (1) Record balances were not reconciled to depository balances at December 31, 2006.

Indiana Code 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."

- (2) There were a number of posting errors. These errors included net payroll entered as a deposit to the Operating Fund, interest not posted and correcting entries posted twice.
- (3) Receipts and disbursements reported on the Library Annual Financial Report (LAR-1) for 2006 did not agree with the detailed records used to prepare the LAR-1.

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)

OFFICIAL BOND

The official bond of the Library Board Treasurer was not filed in the office of the County Recorder.

Indiana Code 36-12-2-22(g) states:

"The treasurer shall give a surety bond for the faithful performance of the treasurer's duty and for the accurate accounting of all money coming into the treasurer's custody. The bond must be:

- (1) written by an insurance company licensed to do business in Indiana;
- (2) for the term of office of the treasurer;
- (3) in an amount determined by the library board;
- (4) paid for with the money from the library fund;
- (5) payable to the state of Indiana;
- (6) approved by the library board; and
- (7) deposited in the office of the recorder of the county in which the library district is located."

SOUTH WHITLEY-CLEVELAND TOWNSHIP PUBLIC LIBRARY  
EXIT CONFERENCE

The contents of this report were discussed on November 19, 2007, with Darci Kessie, Director; and Nathan Myers, Treasurer. The official response has been made a part of this report and may be found on page 10.



# South Whitley Cleveland Township Public Library

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November 19, 2007

State Board of Accounts  
302 West Washington Street  
Room E 418  
Indianapolis, IN 46204-2765

RE: OFFICIAL RESPONSE to the Audit Report  
Period Examined January 1, 2005 to December 31, 2006

To Whom It May Concern,

We would like to add the explanation that the discrepancies in balances were found by the Library. When it could not be resolved, the Library requested assistance from the State Board of Accounts. A field representative helped track the problem to a problem with the accounting software. The software company was contacted and acknowledged that an update had caused processing changes and altered the beginning and ending balances. They have since made changes in the software to correct this.

Sincerely,

Darci Kessie

sb

