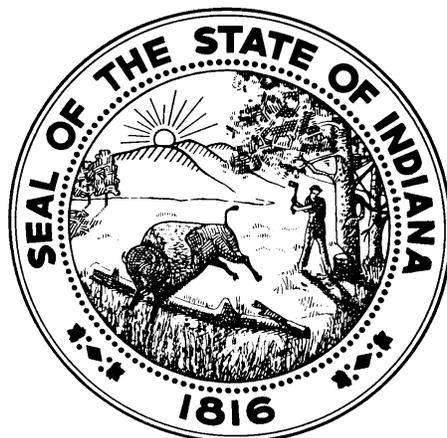


**STATE BOARD OF ACCOUNTS**  
**302 West Washington Street**  
**Room E418**  
**INDIANAPOLIS, INDIANA 46204-2769**

EXAMINATION REPORT  
OF  
CULVER-UNION TOWNSHIP PUBLIC LIBRARY  
MARSHALL COUNTY, INDIANA  
January 1, 2007 to December 31, 2008



**FILED**  
01/27/2010



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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Carol Jackson Colleen McCarty	01-01-07 to 08-10-08 08-11-08 to 12-31-09
Treasurer	Rebecca Church Rita Lawson	01-01-07 to 07-21-08 07-22-08 to 12-31-09
President of the Board	Ronald Cole James Hahn	01-01-07 to 12-31-08 01-01-09 to 12-31-09



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Web Site: [www.in.gov/sboa](http://www.in.gov/sboa)

INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE CULVER-UNION TOWNSHIP  
PUBLIC LIBRARY, MARSHALL COUNTY, INDIANA

We have examined the financial information presented herein of the Culver-Union Township Public Library (Library), for the period of January 1, 2007 to December 31, 2008. 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, 2007 and 2008, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Schedule of Capital Assets and Schedule of Long-Term Debt, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the basic financial information. They have not been subjected to the examination procedures applied to the basic financial information and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

October 13, 2009

CULVER-UNION 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, 2007 And 2008

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds:				
General	\$ 319,123	\$ 352,742	\$ 503,469	\$ 168,396
Gift	3,555	16,485	15,234	4,806
Rainy Day	53,614	75,451	56,395	72,670
Levy Excess	8,438	-	8,438	-
Bond and Interest Redemption	109,200	132,414	201,000	40,614
Library Improvement Reserve	414,214	18,181	71,370	361,025
Fiduciary Funds:				
Marmon/Finney Trust	4,111	123	-	4,234
Payroll Withholdings	2,757	2,488	4,492	753
PLAC	-	30	31	(1)
Totals	<u>\$ 915,012</u>	<u>\$ 597,914</u>	<u>\$ 860,429</u>	<u>\$ 652,497</u>
	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
Governmental Funds:				
General	\$ 168,396	\$ 461,357	\$ 344,721	\$ 285,032
Gift	4,806	6,628	9,339	2,095
Rainy Day	72,670	41,935	51,895	62,710
Bond and Interest Redemption	40,614	236,915	201,000	76,529
Library Improvement Reserve	361,025	7,019	328,068	39,976
Fiduciary Funds:				
Marmon/Finney Trust	4,234	-	123	4,111
Payroll Withholdings	753	1,497	2,034	216
PLAC	(1)	31	30	-
Totals	<u>\$ 652,497</u>	<u>\$ 755,382</u>	<u>\$ 937,210</u>	<u>\$ 470,669</u>

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

CULVER-UNION 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 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.

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.

CULVER-UNION TOWNSHIP PUBLIC LIBRARY  
NOTES TO FINANCIAL INFORMATION  
(Continued)

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. 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.

CULVER-UNION TOWNSHIP PUBLIC LIBRARY  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CAPITAL ASSETS  
 As of December 31, 2008

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:	
Land	\$ 170,500
Buildings	2,510,000
Improvements other than buildings	200,346
Machinery, materials, and equipment	<u>493,951</u>
 Total governmental activities, capital assets not being depreciated	 <u>\$ 3,374,797</u>

CULVER-UNION TOWNSHIP PUBLIC LIBRARY  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF LONG-TERM DEBT  
 December 31, 2008

The Library has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:		
Capital leases:		
Building expansion and renovation	<u>\$ 1,985,000</u>	<u>\$ 201,000</u>

CULVER-UNION TOWNSHIP PUBLIC LIBRARY  
EXAMINATION RESULTS AND COMMENTS

CREDIT CARDS

Some library employees used credit cards to purchase items that did not comply with approved credit card policies. In several instances, payment was made on the basis of a credit card statement or slip only. A lack of controls over credit card transactions was observed.

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

- (1) The governing board must authorize credit card use through an ordinance or resolution, which has been approved in the minutes.
- (2) Issuance and use should be handled by an official or employee designated by the Board.
- (3) The purposes for which the credit card may be used must be specifically stated in the ordinance or resolution.
- (4) When the purpose for which the credit card has been issued has been accomplished, the card should be returned to the custody of the responsible person.
- (5) The designated responsible official or employee should 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, etc.
- (6) Credit cards should 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 board and other officials with timely and accurate accounting information and monitoring of the accounting system.
- (7) Payment should not be made on the basis of a statement or a credit card slip only. Procedures for payments should 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 should be the responsibility of that officer or employee.
- (8) If properly authorized, an annual fee may be paid.

(Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 4)

CULVER-UNION TOWNSHIP PUBLIC LIBRARY  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

FINANCE CHARGES

The Library incurred, and subsequently paid, financial charges for delinquent payment of credit card invoices during 2007 and 2008. This problem has not been noted in prior examinations of the unit.

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. 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)

PERSONAL EXPENSES

Library claims paid during 2007 and 2008, included \$985.85 of personal expenses for Carol Jackson, former Director. Ms. Jackson has repaid some of these claims in the amount of \$332.38, and we have requested her to reimburse the Library for the remaining balance of these personal expenses. (See the Summary, page 14)

Public funds may not be used to pay for personal items or for expenses which do not relate to the functions and purposes of the governmental unit. Any personal expenses paid by the governmental entity may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 4)

CULVER-UNION TOWNSHIP PUBLIC LIBRARY  
EXIT CONFERENCE

The contents of this report were discussed on October 13, 2009, with Carol Jackson, former Director. The official response has been made a part of this report and may be found on pages 12 and 13.

The contents of this report were discussed on October 13, 2009, with Rita Lawson, Treasurer; Colleen McCarty, Director; and Jim Faulkner, Financial Manager. The official response has been made a part of this report and may be found on pages 12 and 13.

October 13, 2009

To the State Board of Accounts:  
Re: Culver-Union Township Public Library  
Fiscal Audit 2007-2008

I have received and reviewed a copy of the audit and have also reviewed the library accounting records. There were several claims that were missing documentation and I agree to reimburse the Culver Public Library for these charges.

  
Carol Jackson



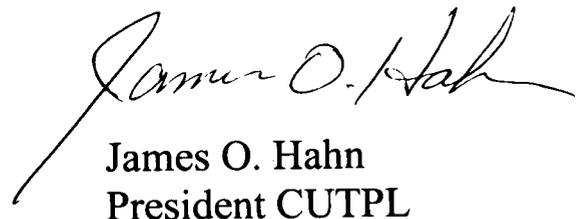
**CULVER-UNION TWP. PUBLIC LIBRARY**

107 N. Main · Culver, IN 46511 · Phone (574) 842-2941 · Fax (574) 842-3441

October 2, 2009

Statement from the President of the CUTPL re: 2007-2008 SBOA  
Audit

The Indiana State Board of Accounts (SBOA) recently conducted an audit of the Culver Union Township Library (CUTPL) records for 2007 - 2008. The audit identified some record keeping deficiencies. The CUTPL Board of Trustees and library management are taking steps to identify, correct and implement policies and procedures that will address these deficiencies.

  
James O. Hahn  
President CUTPL

CULVER-UNION TOWNSHIP PUBLIC LIBRARY  
SUMMARY

	Charges	Credits	Balance Due
Carol Jackson, former Library Director:			
Personal Expenses, page 10	\$ 985.85	\$	\$
Payment as of October 13, 2009		332.38	
Payment received December 31, 2009,			
Check 1295		653.47	-
 Totals	\$ 985.85	\$ 985.85	\$ -