

B36986

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

EXAMINATION REPORT
OF
KEWANNA-UNION TOWNSHIP PUBLIC LIBRARY
FULTON COUNTY, INDIANA
January 1, 2008 to December 31, 2009



FILED
05/18/2010

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Linda Hawkey	01-01-08 to 12-31-10
Treasurer	Richard Hoff	01-01-08 to 12-31-10
President of the Board	Verl Kreamer Beverly Ton	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 KEWANNA-UNION TOWNSHIP
PUBLIC LIBRARY, FULTON COUNTY, INDIANA

We have examined the financial information presented herein of Kewanna-Union Township 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.

STATE BOARD OF ACCOUNTS

February 1, 2010

KEWANNA-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, 2008 And 2009

	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
Governmental Funds:				
General	\$ 74,796	\$ 69,270	\$ 100,975	\$ 43,091
Gift	529	-	-	529
Rainy Day	2,034	-	-	2,034
Levy Excess	180	-	-	180
Library Improvement Reserve	414	500	-	914
Summer Reading Program	96	-	-	96
Internet	2,475	1,800	2,325	1,950
Building	10,575	5	-	10,580
Fiduciary Fund:				
Payroll Withholdings	552	6,966	7,204	314
Totals	<u>\$ 91,651</u>	<u>\$ 78,541</u>	<u>\$ 110,504</u>	<u>\$ 59,688</u>
	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
Governmental Funds:				
General	\$ 43,091	\$ 115,537	\$ 86,709	\$ 71,919
Gift	529	-	-	529
Rainy Day	2,034	822	-	2,856
Levy Excess	180	-	-	180
Library Improvement Reserve	914	-	-	914
Summer Reading Program	96	-	-	96
Internet	1,950	2,700	2,175	2,475
Building	10,580	1,011	-	11,591
Fiduciary Fund:				
Payroll Withholdings	314	7,317	7,287	344
Totals	<u>\$ 59,688</u>	<u>\$ 127,387</u>	<u>\$ 96,171</u>	<u>\$ 90,904</u>

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

KEWANNA-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 the following services: public safety, health and social 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.

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.

KEWANNA-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.

KEWANNA-UNION TOWNSHIP PUBLIC LIBRARY
EXAMINATION RESULTS AND COMMENTS

DEPOSITS

As stated in the prior Report B31992, in numerous instances, receipts were deposited later than the next business day and, in some instances, were deposited up to one month later.

IC 5-13-6-1 (c) states in part:

". . . all local officers . . . who collect public funds of their respective political subdivisions, shall deposit funds not later than the business day following the receipt of funds on business days of the depository in the depository or depositories selected by the several local boards of finance that have jurisdiction of the funds. Public funds deposited under this subsection shall be deposited in the same form in which they were received."

TIMELY RECORDKEEPING

Receipts or disbursements were only posted on a monthly basis. December 2009 transactions were not posted until January 18, 2010. A similar comment was included in prior Report B31992.

All documents and entries to records should be done in a timely manner to ensure that accurate financial information is available to allow the governmental unit to make informed management decisions and to help ensure compliance with IC 5-15-1-1 et seq., commonly referred to as the Public Records Law. (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 4)

ERRORS ON CLAIMS

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

- (1) Sales tax was paid.
- (2) Flowers were purchased for the funeral for a former Board member.
- (3) One claim was supported only by a handwritten note from Library Director. Another claim had no invoice attached.
- (4) A claim was paid for work approved in the Board minutes, but the amount paid did not agree with amount approved.

A similar comment was included in prior Report B31992.

IC 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;

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

- (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."

CONDITION OF RECORDS

The following deficiencies, relating to the recordkeeping that were cited in the prior report, were again present during our period of examination:

- (1) Record balances were not reconciled to depository balances during the two year period. The December 31, 2009, depository reconciliation presented indicated a cash shortage of \$292.

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."

- (2) There were a considerable number of posting errors. These errors included deposits not receipted, receipts not deposited and transfers and payroll withholding accounts not posted properly.

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)

- (3) The Library Financial and Appropriation Record does not balance due to the improper posting of payroll transactions.

At all times, the manual and/or computerized records, subsidiary ledgers, control ledgers, and reconciled bank balances 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)

TRANSACTION RECORDING

The Library Financial and Appropriation Ledger did not account for the Building Fund transactions or include the beginning balance of \$11,591 in 2009.

All financial transactions pertaining to the governmental unit should be recorded in the records of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 4)

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

ANNUAL REPORT

An annual report for 2008 was not presented for examination. A similar comment was included in prior Report B31992.

IC 5-3-1-4 states in part:

"(a) The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality financial reports covering the full period of each fiscal year. . . . (b) The following shall prepare, verify, and file the reports required under subsection (a) not later than sixty (60) days after the end of each year. . . (2) A public library."

COLLECTION OF AMOUNTS DUE

A three year analytical review of desk collections and the Daily Record of Desk Collections determined that \$485 in desk collections had never been deposited. When questioned, Linda Hawkey, Library Director, admitted to removing the cash from the cash drawer. Additionally, an analysis of the Library's Petty Cash Fund indicated the fund was \$30 short. Linda Hawkey also admitted to removing this cash from the petty cash. (See Summary, page 11)

Review of deposits determined that Linda Hawkey, Library Director, has repaid the above fees and fines and petty cash via the following deposits to Library accounts.

<u>Date</u>	<u>Deposit Amount</u>
01-11-10	\$ 40
01-19-10	380
01-20-10	95

Governmental units have a responsibility to collect amounts owed to the governmental unit pursuant to procedures authorized by statute. (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 4)

CAPITAL ASSET RECORDS

Capital asset records are only updated through 2008.

Every governmental unit should have a complete inventory of all capital assets owned which reflects their acquisition value. Such inventory should be recorded in the Capital Assets Ledger form. A complete inventory should be taken at least 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)

KEWANNA-UNION TOWNSHIP PUBLIC LIBRARY
EXIT CONFERENCE

The contents of this report were discussed on February 1, 2010, with Linda Hawkey, Director; Richard Hoff, Treasurer; Julie Shafer, Board member; and LaDonna Laclance, Board member.

KEWANNA-UNION TOWNSHIP PUBLIC LIBRARY
SUMMARY

	Charges	Credits	Balance Due
Linda Hawkey, Director:			
Collection of Amounts Due, page 9:			
Fines and Fees	\$ 485	\$ 485	\$ -
Petty Cash	30	30	-
Totals	\$ 515	\$ 515	\$ -