

**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, 2007 to December 31, 2009



**FILED**  
12/08/2010



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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Darci Kessie Margaret Renee Wozniak	01-01-07 to 04-15-09 04-16-09 to 12-31-10
Treasurer	Nathan Myers (Vacant) Tim Kahn Randall Holler	01-01-07 to 09-30-09 10-01-09 to 10-07-09 10-08-09 to 04-08-10 04-09-10 to 12-31-10
President of the Board	Sarah Rickerd Patty Weybright	01-01-07 to 12-31-08 01-01-09 to 12-31-10



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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302 WEST WASHINGTON STREET  
ROOM E418  
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513  
Fax: (317) 232-4711  
Web Site: [www.in.gov/sboa](http://www.in.gov/sboa)

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, 2007 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, 2007, 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

October 5, 2010

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, 2007, 2008, And 2009

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds:				
Operating	\$ 143,451	\$ 417,590	\$ 371,908	\$ 189,133
Eli Lilly Grant	56,723	-	8,419	48,304
Gift	20,499	1,130	500	21,129
Grant	1,618	1,000	1,365	1,253
Library Improvement Reserve	819	1,000	-	1,819
Book Buddies	440	234	-	674
Levy Excess	488	-	488	-
State Technology Fund Grant	3,600	3,600	7,200	-
Rainy Day	-	50,000	-	50,000
Building	199,721	517,553	717,274	-
Capital Projects	4,638	5,914	6,246	4,306
Fiduciary Funds:				
Payroll Withholdings	2,708	29,841	29,732	2,817
PLAC	124	930	814	240
Totals	<u>\$ 434,829</u>	<u>\$ 1,028,792</u>	<u>\$ 1,143,946</u>	<u>\$ 319,675</u>
	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
Governmental Funds:				
Operating	\$ 189,133	\$ 423,360	\$ 444,003	\$ 168,490
Eli Lilly Grant	48,304	-	36,467	11,837
Gift	21,129	1,425	140	22,414
Grant	1,253	1,349	1,345	1,257
Library Improvement Reserve	1,819	20,000	-	21,819
Book Buddies	674	419	-	1,093
State Technology Fund Grant	-	4,500	-	4,500
Rainy Day	50,000	62,078	1,238	110,840
Capital Projects	4,306	628	4,934	-
Fiduciary Funds:				
Payroll Withholdings	2,817	38,080	37,627	3,270
PLAC	240	1,050	870	420
Totals	<u>\$ 319,675</u>	<u>\$ 552,889</u>	<u>\$ 526,624</u>	<u>\$ 345,940</u>
	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
Governmental Funds:				
Operating	\$ 168,490	\$ 725,024	\$ 467,962	\$ 425,552
Eli Lilly Grant	11,837	1,100	-	12,937
Gift	22,414	2,883	55	25,242
Grant	1,257	1,000	1,000	1,257
Library Improvement Reserve	21,819	25,000	-	46,819
Book Buddies	1,093	89	-	1,182
State Technology Fund Grant	4,500	6,720	4,500	6,720
Rainy Day	110,840	66,629	-	177,469
Fiduciary Funds:				
Payroll Withholdings	3,270	38,071	37,929	3,412
PLAC	420	1,050	1,200	270
Totals	<u>\$ 345,940</u>	<u>\$ 867,566</u>	<u>\$ 512,646</u>	<u>\$ 700,860</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  
EXAMINATION RESULTS AND COMMENTS

CONDITION OF RECORDS

The following deficiencies relating to the recordkeeping were present during our period of examination. A similar comment appeared in prior Report B31439.

- (1) Record balances were not reconciled to depository balances at December 31, 2009.

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 number of posting errors. These errors included investment transactions posted in duplicate, transfers posted as "transfer entries" instead of receipts and disbursements, and negative receipts and disbursements.
- (3) Receipts and disbursements reported on the Library Annual Financial Report (LAR-1) for 2007, 2008, and 2009, did not agree with the 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)

INVESTMENT REGISTER

The Investment Register presented for examination was incomplete and not accurate.

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)

ERRORS ON CLAIMS

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

- (1) Mileage Form 101 tested was not properly completed nor signed by the claimant.
- (2) Several claims tested were not adequately itemized. Invoices provided did not always agree with amount paid to claimant. Credit card slips were submitted for payment instead of the actual itemized receipt. One invoice was paid twice

SOUTH WHITLEY - CLEVELAND TOWNSHIP PUBLIC LIBRARY  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

(3) Some claims were paid from a statement instead of actual invoices.

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for audit to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 4)

DEPOSITS

A test of desk collection deposits disclosed that funds were not being deposited in the same form as noted on the collection report.

IC 5-13-6-1(c) states in part: "Public funds deposited . . . shall be deposited in the same form in which they were received."

CAPITAL ASSET RECORDS

The capital asset records presented for examination were incomplete because a construction project completed during the examination period was not included.

Every governmental unit should have a complete inventory of all capital assets owned which reflects their acquisition value. Such inventory should be recorded on the applicable Capital Assets Ledger. 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)

SERVICE RECORDS

Employee's Service Record (General Form 99A) was incomplete for Darci Kessie, former Director, for 2008 and 2009. Accumulated leave paid to the former Director could not be verified due to these incomplete records.

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)

SOUTH WHITLEY - CLEVELAND TOWNSHIP PUBLIC LIBRARY  
EXIT CONFERENCE

The contents of this report were discussed on October 5, 2010, with Margaret Renee Wozniak, Director; and Sharon Bear, Administrative Assistant/Bookkeeper. The officials concurred with our findings. The official response has been made a part of this report and may be found on pages 10 and 11.



# South Whitley Cleveland Township Public Library

inform empower entertain inspire!

October 15, 2010

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, 2007 to December 31, 2009

To Whom It May Concern,

We would like to add the explanation and procedures taken to correct and prevent future errors disclosed during the audit period:

## CONDITION OF RECORDS

#1. Two checks dated December 31, 2009 were posted after the December 31, 2009 bank statement was reconciled. We were advised by the software representatives that another reconciliation was not necessary and to use the December 31, 2009 date for the January 2010 reconciliation.

#2. After reviewing the procedure used to record investment redemption and purchases it was determined the investment entries were being recorded correctly. The transfers posted as "transfer entries" were the postings of the Resolution to Transfer Funds within Major Categories and Resolution to Transfer Funds from the Operating Fund to Rainy Day Fund at the end of the year. It was determined the Transfer within Major Categories and Resolution to Reduce the Budget were handled correctly. The SBOA auditor suggested establishing a new "Transfer Account" to record the Rainy Day Resolution.

#3. Because the method used in recording the Rainy Day Resolution changed the year end expenses for the accounts used and the LAR-1 requests the actual expense amount incurred, the LAR-1 was prepared using the reports prior to posting the Resolution. The SBOA auditor suggested establishing a new "Transfer Account" to record the Rainy Day Resolution rather than using the individual expense accounts.



## INVESTMENT RECORD

Crossroads Bank audit response incorrectly reported the total investments and did not include a certificate of deposit redemption on December 29, 2008 which was reinvested at Lake City Bank on December 30, 2008. Lake City Bank did not record the certificate of deposit purchase until January 2, 2009.

## ERRORS ON CLAIMS

#1. The correct completion of Mileage Form 101 was reviewed with the SBOA auditor and suggested procedures will be followed in the future.

#2. Two examples provided by the SBOA auditor did show a credit card receipt and a restaurant receipt submitted, duplicating the payment.

#3. The claim tested was for continuing education and an invoice was not available. The SBOA auditor suggested obtaining a receipt of payment rather than the statement provided by the university.

## DEPOSITS

The SBOA auditor suggested if two forms of payment are made for an income classification a note be made when recording the deposit.

## CAPITAL ASSETS RECORDS

The Capital assets records have been corrected to reflect the construction project completed.

## SERVICE RECORDS

Payroll form 99A is now being completed for the Director along with the computerized record of benefit hours.

Sincerely,

A handwritten signature in cursive script, appearing to read "Renee Wozniak Anderson".

Renee Wozniak Anderson  
Director