

**STATE BOARD OF ACCOUNTS**  
**302 West Washington Street**  
**Room E418**  
**INDIANAPOLIS, INDIANA 46204-2765**

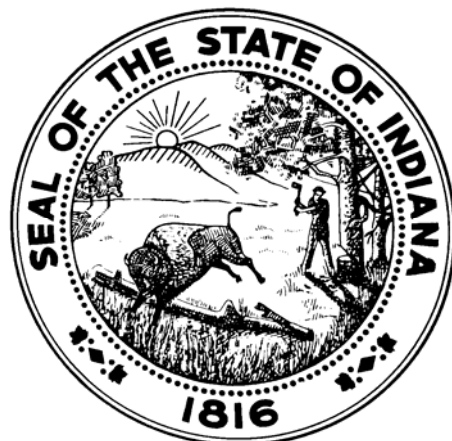
EXAMINATION REPORT

OF

KEWANNA-UNION TOWNSHIP PUBLIC LIBRARY

FULTON COUNTY, INDIANA

January 1, 2003 to December 31, 2005



**FILED**

7/19/06



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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Linda E. Hawkey	01-01-03 to 12-31-06
Treasurer	Richard L. Hoff	01-01-03 to 12-31-06
President of the Board	Mark A. Smith	01-01-03 to 12-31-06



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE KEWANNA-UNION TOWNSHIP  
PUBLIC LIBRARY, FULTON COUNTY, INDIANA

We have examined the schedules of receipts, disbursements, and cash and investment balances of the Kewanna-Union Township Public Library (Library), for the period of January 1, 2003 to December 31, 2005. The Library's management is responsible for the schedules. 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 schedule of receipts, disbursements, and cash and investment balances 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 schedules referred to above present fairly, in all material respects, the cash transactions of the Library for the years ended December 31, 2003, 2004, and 2005, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

May 30, 2006

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, 2003, 2004, And 2005

	Cash and Investments 01-01-03	Receipts	Disbursements	Cash and Investments 12-31-03
Governmental Funds:				
General	\$ 65,871	\$ 50,999	\$ 70,102	\$ 46,768
Gift	509	20	-	529
Levy Excess	1,162	-	1,162	-
Library Improvement Reserve	914	-	-	914
Fiduciary Fund:				
Payroll Withholdings	324	7,637	7,451	510
Totals	<u>\$ 68,780</u>	<u>\$ 58,656</u>	<u>\$ 78,715</u>	<u>\$ 48,721</u>

	Cash and Investments 01-01-04	Receipts	Disbursements	Cash and Investments 12-31-04
Governmental Funds:				
General	\$ 46,768	\$ 106,546	\$ 71,224	\$ 82,090
Gift	529	-	-	529
Rainy Day	-	2,034	-	2,034
Library Improvement Reserve	914	-	-	914
Summer Reading Program	-	406	-	406
Fiduciary Fund:				
Payroll Withholdings	510	7,942	7,953	499
Totals	<u>\$ 48,721</u>	<u>\$ 116,928</u>	<u>\$ 79,177</u>	<u>\$ 86,472</u>

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
General	\$ 82,090	\$ 111,128	\$ 71,890	\$ 121,328
Gift	529	-	-	529
Rainy Day	2,034	-	-	2,034
Library Improvement Reserve	914	-	-	914
Summer Reading Program	406	58	150	314
Fiduciary Fund:				
Payroll Withholdings	499	8,451	8,443	507
Totals	<u>\$ 86,472</u>	<u>\$ 119,637</u>	<u>\$ 80,483</u>	<u>\$ 125,626</u>

The accompanying notes are an integral part of the schedules.

KEWANNA-UNION TOWNSHIP PUBLIC LIBRARY  
NOTES TO SCHEDULES

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. 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.

KEWANNA-UNION TOWNSHIP PUBLIC LIBRARY  
NOTES TO SCHEDULES  
(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.

KEWANNA-UNION TOWNSHIP PUBLIC LIBRARY  
EXAMINATION RESULTS AND COMMENTS

ANNUAL REPORT

An annual report for 2003 and 2005 was not presented for audit. The annual report submitted for 2004 was incomplete and inaccurate.

Indiana Code 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."

ERRORS ON CLAIMS

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

- (1) Supporting documentation such as invoices were not provided for all claims.
- (2) Sales tax was paid on some claims.

Indiana Code 5-11-10-1.6 states in part:

"(a) As used in this section, 'claim' means a bill or an invoice submitted to a governmental entity for goods or services."

"(b) 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;
- (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."

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

RECEIPT ISSUANCE

The information presented for audit indicates receipts were not issued for any cash or checks received by the unit. A similar comment was in prior Audit Report B20863.

Receipts shall be issued and recorded at the time of the transaction; for example, when cash or a check is received, a receipt is to be immediately prepared and given to the person making payment. (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 4)

TIMELY RECORDKEEPING

We noted instances where deposits were not posted to the records for up to 22 days.

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 Indiana Code 5-15-1-1 et seq., commonly referred to as the Public Records Law. (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 May 30, 2006, with Richard L. Hoff, Treasurer; and Linda E. Hawkey, Director. The officials concurred with our findings.