

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, 2006 to December 31, 2006



FILED
07/31/2007

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Scott Pletka	01-01-06 to 06-13-06
	Larry Cunningham (Interim)	06-14-06 to 07-31-06
	Carol Jackson	08-01-06 to 12-31-07
Treasurer	Vicky Shumowsky	01-01-06 to 10-11-06
	Rebecca Church	10-12-06 to 12-31-07
President of the Board	Ronald Cole	01-01-06 to 12-31-07



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STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: 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, 2006 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 year ended December 31, 2006, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

June 15, 2007

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 Period Ended December 31, 2006

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Governmental Funds:				
General	\$ 382,947	\$ 820,474	\$ 884,298	\$ 319,123
Gift	10,930	3,596	10,971	3,555
Rainy Day	59,244	-	5,630	53,614
Levy Excess	8,438	-	-	8,438
Bond and Interest Redemption	104,944	213,256	209,000	109,200
Library Improvement Reserve	432,457	404,748	422,991	414,214
Fiduciary Funds:				
Marmon/Finney Trust	4,123	-	12	4,111
Payroll Withholdings	-	10,458	7,701	2,757
PLAC	-	62	62	-
Totals	<u>\$ 1,003,083</u>	<u>\$ 1,452,594</u>	<u>\$ 1,540,665</u>	<u>\$ 915,012</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 cultural and 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.

CULVER-UNION 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.

Note 7. Long-Term Debt

The Library has entered into a capital lease for building expansion and renovation that was completed in 2002. The outstanding principal at December 31, 2006, was \$2,200,000.

CULVER-UNION TOWNSHIP PUBLIC LIBRARY
EXAMINATION RESULTS AND COMMENTS

CASH NECESSARY TO BALANCE, BANK RECONCILIATIONS

A comparison of the records to the bank account at December 31, 2006, indicated a cash necessary to balance of \$1,827.77.

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

CONDITION OF RECORDS

The following deficiencies, relating to the recordkeeping of Culver-Union Township Public Library, were present during our period of audit:

- (1) Depository reconcilements of the fund balances to the bank account balances were incorrect for the months of October, November, and December.

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) Library Improvement Reserve Fund (LIRF) expenditures of \$25,650.80 were spent out of the "general" checking account, although monies were not transferred from the "LIRF" bank account to cover the expenses. Library staff have recognized this oversight and intend to adjust their bank accounts accordingly.

Also, the Library Annual Financial Report contained several errors, which included fund receipt and disbursement amounts that did not trace to the unit's records, and the Statement of Receipts, Disbursements, Cash Balances, and Investment Balances did not agree with the detail of receipts and disbursements as reported in the detail on Parts 2 and 3 of the report.

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) A review of 2007 transactions to date indicate ongoing problems with inaccurate fund balances and postings, per the monthly Financial Report by Fund printouts. Beginning fund balances do not always agree with the prior month's ending balance. Also, no accurate reconciliation of the Library's records to bank balances has been made up to present date.

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)

CULVER-UNION TOWNSHIP PUBLIC LIBRARY
EXIT CONFERENCE

The contents of this report were discussed on June 15, 2007, with Carol Jackson, Director; and Jim Faulkner, Bookkeeper. The officials concurred with our findings.