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

EXAMINATION REPORT

OF

NAPPANEE PUBLIC LIBRARY

ELKHART COUNTY, INDIANA

January 1, 2007 to December 31, 2009



FILED
07/23/2010

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Linda Yoder Lissa Krull (Interim) Lissa Krull	01-01-07 to 07-09-09 07-10-09 to 02-22-10 02-23-10 to 12-31-10
Treasurer	Janet Dorsey Angie Stillson	01-01-07 to 10-31-07 11-01-07 to 12-31-10
President of the Board	Steve Walters Brad Newcomer	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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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE NAPPANEE PUBLIC LIBRARY, ELKHART COUNTY, INDIANA

We have examined the financial information presented herein of the Nappanee 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.

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

June 28, 2010

NAPPANEE 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:				
General	\$ 608,847	\$ 1,093,346	\$ 893,334	\$ 808,859
Gift	4,214	210,712	210,595	4,331
Heritage Center	23,477	44,459	33,830	34,106
Computer Support Agreement	23,139	3,870	2,821	24,188
Leadership Academy	4,627	2,242	4,466	2,403
State Technology Fund Grant	2,250	4,500	2,250	4,500
Levy Excess	4,068	-	4,068	-
Bond and Interest Redemption	22,923	313,348	316,000	20,271
Library Improvement Reserve	266,027	138,835	75,632	329,230
Library Capital Projects	44,706	2,533	-	47,239
Rainy Day	-	2,893	-	2,893
Fiduciary Funds:				
Payroll Withholdings	3,069	18,522	18,620	2,971
PLAC	-	180	60	120
Totals	\$ 1,007,347	\$ 1,835,440	\$ 1,561,676	\$ 1,281,111

	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
Governmental Funds:				
General	\$ 808,859	\$ 762,744	\$ 885,805	\$ 685,798
Gift	4,331	14,853	14,551	4,633
Heritage Center	34,106	1,507	12,796	22,817
Computer Support Agreement	24,188	3,992	976	27,204
Leadership Academy	2,403	3,151	3,232	2,322
State Technology Fund Grant	4,500	4,500	4,500	4,500
Bond and Interest Redemption	20,271	245,194	238,000	27,465
Library Improvement Reserve	329,230	5,648	137,191	197,687
Library Capital Projects	47,239	930	-	48,169
Rainy Day	2,893	28,750	-	31,643
Fiduciary Funds:				
Payroll Withholdings	2,971	22,538	21,614	3,895
PLAC	120	150	240	30
Totals	\$ 1,281,111	\$ 1,093,957	\$ 1,318,905	\$ 1,056,163

	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
Governmental Funds:				
General	\$ 685,798	\$ 1,396,213	\$ 1,026,633	\$ 1,055,378
Gift	4,633	5,622	5,406	4,849
Heritage Center	22,817	15	231	22,601
Computer Support Agreement	27,204	3,500	1,011	29,693
Leadership Academy	2,322	3,215	2,401	3,136
State Technology Fund Grant	4,500	8,400	4,500	8,400
Bond and Interest Redemption	27,465	432,821	355,000	105,286
Library Improvement Reserve	197,687	165,150	37,000	325,837
Library Capital Projects	48,169	31	-	48,200
Rainy Day	31,643	11,181	-	42,824
Fiduciary Funds:				
Payroll Withholdings	3,895	22,618	21,865	4,648
PLAC	30	240	240	30
Totals	\$ 1,056,163	\$ 2,049,006	\$ 1,454,287	\$ 1,650,882

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

NAPPANEE 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 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.

NAPPANEE 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.

NAPPANEE PUBLIC LIBRARY
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 As of December 31, 2009

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	\$ 198,000
Buildings	2,407,000
Machinery and equipment	<u>1,370,000</u>
 Total governmental activities, capital assets not being depreciated	 <u><u>\$ 3,975,000</u></u>

NAPPANEE PUBLIC LIBRARY
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2009

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:		
Capital Lease:		
Addition and Renovation of the Library Building	\$ 1,295,000	\$ 237,000

NAPPANEE PUBLIC LIBRARY
EXIT CONFERENCE

The contents of this report were discussed on June 28, 2010, with Angie Stillson, Treasurer; Lissa Krull, Director; and Lynette Kirkdorffer, Bookkeeper. Our examination disclosed no material items that warrant comment at this time.