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

EXAMINATION REPORT

OF

MICHIGAN CITY PUBLIC LIBRARY

LAPORTE COUNTY, INDIANA

January 1, 2008 to December 31, 2009



FILED
11/16/2010

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Don Glossinger	01-01-08 to 12-31-10
Controller	Beth Thiede	01-01-08 to 12-31-10
President of the Library Board of Trustees	Robert Reyher Dr. Kenneth Rottman	01-01-08 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 MICHIGAN CITY PUBLIC LIBRARY, LAPORTE COUNTY, INDIANA

We have examined the financial information presented herein of the Michigan City 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.

The Schedule of Capital Assets, as listed in the Table of Contents, is presented for additional analysis and is not a required part of the basic financial information. The Schedule has not been subjected to the examination procedures applied to the basic financial information and, accordingly, we express no opinion it.

STATE BOARD OF ACCOUNTS

September 2, 2010

MICHIGAN CITY 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	\$ 464,365	\$ 4,859,704	\$ 5,290,888	\$ 33,181
Gift/Forum Speakers	7,890	9,056	11,579	5,367
Endowment Interest	23,476	15,426	16,396	22,506
Platt-Coffin Estate Interest	20,866	15,939	11,631	25,174
Literacy	1,758	2,838	1,518	3,078
Charles DeYoung Literacy Internship	1,750	-	-	1,750
Programming/Writing Out Loud	69	7,082	5,645	1,506
Levy Excess	18,676	-	-	18,676
Library Improvement Reserve	345,987	390,000	265,753	470,234
Fiduciary Funds:				
Payroll Withholdings	12,480	390,887	392,162	11,205
PLAC	30	-	30	-
Sinai Forum	-	1,020	1,020	-
Friends	382	10,921	11,071	232
Endowment Trust	440	-	179	261
Endowment Investment	890,005	30,469	2,373	918,101
Platt-Coffin Estate Investment	481,604	10,728	12,656	479,676
Totals	\$ 2,269,778	\$ 5,744,070	\$ 6,022,901	\$ 1,990,947
	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
Governmental Funds:				
General	\$ 33,181	\$ 4,330,833	\$ 3,972,537	\$ 391,477
Gift/Forum Speakers	5,367	85	20	5,432
Rainy Day	-	140,000	-	140,000
Endowment Interest	22,506	13,483	24,798	11,191
Platt-Coffin Estate Interest	25,174	6,377	9,314	22,237
Literacy	3,078	11,750	7,396	7,432
Charles DeYoung Literacy Internship	1,750	-	-	1,750
Programming/Writing Out Loud	1,506	2,862	3,740	628
Levy Excess	18,676	-	-	18,676
Library Improvement Reserve	470,234	-	450,000	20,234
Fiduciary Funds:				
Payroll Withholdings	11,205	426,087	421,776	15,516
PLAC	-	91	61	30
Sinai Forum	-	1,875	1,875	-
Friends	232	9,696	9,643	285
Endowment Trust	261	96	-	357
Endowment Investment	918,101	35,488	3,825	949,764
Platt-Coffin Estate Investment	479,676	-	20,797	458,879
Totals	\$ 1,990,947	\$ 4,978,723	\$ 4,925,782	\$ 2,043,888

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

MICHIGAN CITY 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: 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.

MICHIGAN CITY 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. Subsequent Events

- (a) LaPorte County has not completed and settled an approved property tax cycle since the 2005 payable 2006 property tax year. Each subsequent year the County has sent out various forms of provisional bills with the notice that a reconciliation bill will be provided to taxpayers once assessments are approved and certified and final tax rates are established. These delays and uncertainties have resulted in a lower than budgeted property tax collection rate for the Library. It is undeterminable how much property tax collections the Library will receive once all the reconciliation bills have been distributed and the collections received. Provisional bills for taxes payable in 2009 were due January 29, 2010. The Library received their distribution on February 11, 2010. Provisional bills for taxes payable in 2010, based upon the 2006 pay 2007 tax rates, were mailed in June 2010 and are due in two installments, July 9, 2010 and November 10, 2010.
- (b) Due to the Library receiving tax collections lower than amounts budgeted, the Library has borrowed money from the Indiana Bond Bank in the form of tax anticipation warrants in the years 2008, 2009, and 2010 and has not repaid the following amounts, \$288,455, \$492,725, and \$850,177, respectively, for a total of \$1,631,357. It is not known when these amounts will be repaid, as repayment depends upon the completed and approved tax collection cycle.

MICHIGAN CITY PUBLIC LIBRARY
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 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	\$ 206,213
Buildings	1,612,115
Materials	6,060,400
Equipment	<u>656,042</u>
 Total governmental activities, capital assets not being depreciated	 <u>\$ 8,534,770</u>

MICHIGAN CITY PUBLIC LIBRARY
EXIT CONFERENCE

The contents of this report were discussed on September 2, 2010, with Beth Thiede, Controller; and Donald Glossinger, Director. Our examination disclosed no material items that warrant comment at this time.